City of Covina/ Covina Redevelopment Agency

Mayor Peggy Delach – Mayor Pro Tem John King
Council Members Walt Allen, III – Bob Low – Kevin Stapleton

REGULAR MEETING AGENDA
125 E College Street, Covina, CA
Council Chambers of City Hall
Tuesday, April 6, 2010
6:30 p.m.

- **The City Council/Redevelopment Agency will meet in closed session from 6:30 p.m.-7:30 p.m.**
- As a courtesy to Council/Agency Members, staff and attendees, everyone is asked to silence all pagers, cellular telephones and any other communication devices.
- Any member of the public may address the City Council, and Redevelopment Agency during both the public comment period and on any scheduled item on the agenda. Comments are limited to a maximum of five minutes per speaker unless, for good cause, the Mayor/Agency Chair amends the time limit. Anyone wishing to speak is requested to submit a yellow Speaker Request Card to the City Clerk; cards are located near the agendas or at the City Clerk's desk.
- Please provide 10 copies of any information intended for use at the City Council/Covina Redevelopment Agency meeting to the City Clerk prior to the meeting.
- MEETING ASSISTANCE INFORMATION: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk Department at (626) 384-5430. Services such as American Sign Language interpreters, a reader during the meeting, and/or large print copies of the agenda are available. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. Assisted listening devices are now available. Please see the City Clerk before the meeting or during a break for more information.
- DOCUMENT AVAILABILITY: Any writings or documents provided to a majority of the City Council/Redevelopment Agency regarding any item on this agenda will be made available for public inspection at the City Clerk counter at City Hall located at 125 E. College Street and the Reference Desk at the Covina Library located at 234 N. Second Avenue during normal business hours. In addition, such writings and documents are available in the City Clerk's office and may be posted on the City's website at *http://www.covinaca.gov/clerk/agendas.htm*.
- Pursuant to Government Code Section 54954.2, no matter shall be acted upon by the City Council/Redevelopment Agency unless listed on agenda, which has been posted not less than 72 hours prior to meeting.
- The City Clerk of the Covina City Council hereby declares that the agenda for the **April 6, 2010,** Regular City Council meeting was posted on April 1, 2010 near the front entrance of the City Hall, 125 East College Street, Covina, in accordance with Section 54954.2 (a) of the Government Code.

CITY COUNCIL/REDEVELOPMENT AGENCY
JOINT MEETING—CLOSED SESSION
6:30 p.m.

CALL TO ORDER

ROLL CALL
Council/Agency Members Allen, Low, Stapleton, Mayor Pro Tem/Vice Chairperson King, Mayor/Chairperson Delach.

PUBLIC COMMENTS
The Public is invited to make comment on Closed Session items only at this time. To address the Council/Agency, please complete a yellow Speaker Request card located at the entrance and give it to the City Clerk. Your name will be called when it is your turn to speak. Individual speakers are limited to five minutes each.

The City Council and Redevelopment Agency will adjourn to Closed Session for the following:

CLOSED SESSION

A. G.C. 54957.6 – CONFERENCE WITH LABOR NEGOTIATORS
AGENCY DESIGNATED REPRESENTATIVE: Anthony Arroyo, Human Resources Director
EMPLOYEE ORGANIZATIONS: A.F.S.C.M.E. – American Federation of State, County & Municipal Employees
P.A.C. – Police Association of Covina
P.M.G. – Police Management Group
Unaffiliated Employees (see attached)

B. G.C. 54956.8 - CONFERENCE WITH REAL PROPERTY NEGOTIATOR – NEGOTIATIONS TO INCLUDE BOTH PRICE AND TERMS:
- Covina Valley Unified School District – 120 East School Street (APN 8430-027-900)
- Covina Valley Unified School District – Vacant Land South Side Puente Street at Third Avenue (APN: 8444-021-904)
- The Olson Company – 116 East School Street – (APN 8430-027-009)
- The Olson Company – 322 North Citrus Avenue (APN 8430-027-017)
- The Olson Company – 316 North Citrus Avenue (APN 8430-027-907)
- The Olson Company – 300 North Citrus Avenue (APN 8430-027-023)
- The Olson Company – 115 East Italia Street (APN 8430-027-010)
- The Olson Company – 125 East Italia Street (APN 8430-027-011)
- The Olson Company – 117 East Italia Street (APN 8430-027-903, 904 & 905)
- The Olson Company – 312 North Citrus Avenue (APN 8430-027-906)
- RJS Financial – 1151 N. Azusa Ave. – (APN 8409-017-037)

C. G.C. 54956.9(b)—CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION: ONE (1)

RECESS

CITY COUNCIL/REDEVELOPMENT AGENCY
JOINT MEETING—OPEN SESSION
7:30 p.m.

CALL TO ORDER

ROLL CALL
Council/Agency Members Allen, Low, Stapleton, Mayor Pro Tem/Vice Chairperson King, Mayor/Chairperson Delach

PLEDGE OF ALLEGIANCE
Led by Mayor Delach.

INVOCATION
Led by the Covina Police Chaplain

PRESENTATIONS
- Recognition of the 2010 School Crossing Guard of the Year.

PUBLIC COMMENTS
To address the City Council/Redevelopment Agency, please complete a yellow Speaker Request card located at the entrance and give it to the City Clerk/Agency Secretary. Your name will be called when it is your turn to speak. Those wishing to speak on a LISTED AGENDA ITEM will be heard when that item is addressed. Those wishing to speak on an item NOT ON THE AGENDA will be heard at this time. State Law prohibits the Council/Agency Members from taking action on any item not on the agenda. Individual speakers are limited to five minutes each.

COUNCIL/AGENCY COMMENTS
Council/Agency Members wishing to make any announcements of public interest or to request that specific items be added to future City Council/Redevelopment Agency Agendas may do so at this time.

CITY MANAGER COMMENTS

CONSENT CALENDAR
All matters listed under consent calendar are considered routine, and will be enacted by one motion. There will be no separate discussion on these items prior to the time the Council/Redevelopment Agency votes on them, unless a member of the Council/Agency requests a specific item be removed from the consent calendar for discussion.

CC 1. City Council to approve the Minutes of the Tuesday, March 16, 2010 Regular City Council Meeting.

CC 2. City Council to approve the Minutes of the Tuesday, March 23, 2010 Special Study Session Meeting.

CONSENT CALENDAR CONT.

CC 3. City Council to approve Kommah Seray Inflammatory Breast Cancer Foundation business license tax exemption request since the organization appears to have complied with the Covina Municipal Code exemption requirements.

CC 4. City Council to adopt **Resolution No. 10-6825**, approving Administering Agency-Federal Master Agreement No. 07-5118R and Program Supplement Agreement No. 011-N for Federal-Aid Project No. HPLUL-5118(015) between the California Department of Transportation (Caltrans) and the City of Covina for a planning study to improve the efficiency of transportation facilities, Project No. T-0814A; and authorize the Director of Public Works to execute all necessary documents on the City's behalf.

CC 5. City Council to adopt **Resolution No. 10-6826**, in support of the Local Taxpayer, Public Safety and Transportation Protection Act of 2010.

CC 6. City Council to:

a.) Award a construction contract to John Joseph Mooers Construction, 2456 Buenos Aires Drive, Covina, 91724 in the amount of $58,898.05 for the Covina Park Maintenance Office Restoration Project #F-1008; and

b.) Adopt **Resolution No. 10-6828**, amending the fiscal year 2009-2010 Risk Management Budget for the Covina Park Maintenance Office Restoration Project.

CC 7. City Council to receive and file the report on the League of California Cities Administrative Policy committee meeting attended by the City Clerk.

CC 8. City Council to receive and file report on the 2010 California Water Environment Association Annual Training Conference attended by the Development Services Division Staff.

CC 9. City Council to receive and file Downtown Covina Parking Study Update.

CONTINUED BUSINESS

CB 1. Urgency Ordinance to Amend the Contract between the City of Covina and PERS.

Staff Recommendation:
City Council to Adopt Urgency **Ordinance No. 10-1981**, amending the contract between the City Council of the City of Covina and the Board of Administration of the California Public Employees' Retirement System (PERS).

CB 2. Approval of an Agreement between Global Water Management, LLC, and the City of Covina for Water Utility Billing Services.

Staff Recommendation:
City Council to approve the Agreement between Global Water Management, LLC, and the City of Covina for Water Utility billing services.

NEW BUSINESS

NB 1. Introduction and Waiving of Further Reading of **Ordinance No. 10-1982** Amending Title 13 Pertaining to Sanitary Sewers, Industrial Wastes and the Control of Fats, Oils and Greases in the Sanitary Sewer System.

Staff Recommendation:
City Council to introduce and waive further reading of **Ordinance No. 10-1982** amending Title 13 of the Covina Municipal Code pertaining to sanitary sewers, industrial wastes and the control of fats, oils and greases in the sanitary sewer system.

ADJOURNMENT

The Covina City Council/Redevelopment Agency will adjourn the next Regular Meeting to be held on **Tuesday, April 20, 2010 at 6:30 p.m.** in the Council Chambers of City Hall, 125 E College Street, Covina, CA 91723.

UNAFFILIATED MANAGEMENT

Mid-Management
Supervisory, and Professional

- Accountant
- Accounting Supervisor
- Administrative Services Supervisor
- Assistant City Librarian
- Benefits Coordinator
- Building Official
- City Planner
- Community Relations Supervisor
- Community Services Supervisor
- Computer Systems Analyst
- Environmental Services Manager
- Equipment Supervisor
- Finance Manager
- Human Resources Manager
- Information Technology Manager
- Library Circulation Supervisor
- Management Analyst
- Management Analyst Trainee
- Marketing Manager
- Network Supervisor
- Parks Maintenance Supervisor
- Police Records Supervisor
- Pool Manager
- Principal Librarian
- Public Safety Communications Supervisor
- Public Works Manager
- Public Works Superintendent
- Recreation Services Supervisor
- Redevelopment Manager
- Risk Manager
- Senior Accountant
- Senior Management Analyst
- Senior Planner
- Senior Services Supervisor
- Street Maintenance Supervisor
- Supervising Civil Engineer
- Water Services Supervisor

Confidential

- Administrative Secretary
- Administrative Technician
- Business License Technician
- Deputy City Clerk
- Executive Assistant to the City Manager
- Finance Technician
- Personal Computer Support Technician
- Senior Administrative Technician
- Senior Finance Technician

Executives

- Assistant to the City Manager
- Assistant City Manager
- Chief Deputy City Clerk
- Chief of Police
- Director of Community Development/Deputy Director CRA
- Director of Finance
- Director of Library Services
- Director of Parks & Recreation
- Director of Public Works
- Director of Human Resources
- Public Information Supervisor

PART-TIME UNAFFILIATED

- Administrative Intern
- Asst Pool Mgr
- Background Investigator
- Building Maintenance Assistant
- Community Resources Aide
- Community Resources Aide/Library Page Shelver
- Community Resources Assistant I
- Community Resources Assistant II
- Community Resources Specialist
- Duplicating Assistant
- Engineering Intern
- Library Clerk
- Lifeguard
- Lifeguard/Instructor
- Overnight Parking Enforcement Officer
- Park Maintenance Assistant
- Planning Aide
- Police Aide Clerical
- Police Cadet
- Student Aid

MINUTES OF THE MARCH 16, 2010 REGULAR MEETING OF THE COVINA CITY COUNCIL HELD IN THE COUNCIL CHAMBERS OF CITY HALL, 125 EAST COLLEGE STREET AT 6:30 P.M.

CALL TO ORDER

Mayor Allen called the City Council meeting to order at 6:36 p.m.

ROLL CALL

Council/Agency Members Present: Allen, Delach, King, Low, Stapleton

Council/Agency Members Absent: None

Other Elected Officials Present: City Clerk, City Treasurer

Staff Members Present: City Manager, City Attorney, Assistant City Manager, Chief of Police, Interim Finance Director, Human Resources Director, Public Works Director, Chief Deputy City Clerk, Community Development Director, Library Director, Parks & Recreation Director, Police Captain, Public Information Supervisor, Deputy City Clerk, Sr. Redevelopment Manager, Transportation Sr. Management Analyst

AGENDA POSTING DECLARATION

The City Clerk of the Covina City Council hereby declares that the agenda for the March 16, 2010 Regular City Council meeting was posted on March 11, 2010 near the front entrance of the City Hall, 125 East College Street, Covina, in accordance with Section 54954.2 (a) of the Government Code.

CLOSED SESSION

A. G.C. 54957.6 – CONFERENCE WITH LABOR NEGOTIATORS
AGENCY DESIGNATED REPRESENTATIVE: Anthony Arroyo, Human Resources Director
EMPLOYEE ORGANIZATIONS: A.F.S.C.M.E. – American Federation of State, County & Municipal Employees
P.A.C. – Police Association of Covina
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Unaffiliated Employees

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- RJS Financial – 1151 N. Azusa Ave. – (APN 8409-017-037)

ATTORNEY ANNOUNCEMENT

City Attorney Edward Lee stated there were no reportable items from closed session. He noted closed session would continue when the open session was completed.

PLEDGE OF ALLEGIANCE

Pledge of Allegiance led by Mayor Allen.

INVOCATION

Police Chaplain Rev. Patti Venegas gave the invocation.

REORGANIZATION

RO 1. Rotation of Mayor

a. City Clerk receives gavel from outgoing Mayor; receives nominations, and conducts election for Mayor.

b. City Clerk presents gavel to incoming Mayor.

c. *Incoming Mayor assumes chair and receives nominations for Mayor Pro Tem.*

The City Clerk received the gavel from Mayor Allen and called for nominations for Mayor. Council Member Stapleton moved to nominate Mayor Pro Tem Peggy Delach for Mayor, with a second by Council Member King. The motion passed unanimously with a vote of 5-0.

The Honorable Judge Bruce Mento gave the Oath of Office to incoming Mayor Peggy Delach.

The City Clerk called for nominations for Mayor Pro Tem. Council Member Stapleton moved to nominate Council Member King for Mayor Pro Tem, with a second by Council Member Low. The motion passed unanimously with a vote of 5-0.

The City Clerk gave the Oath of Office to incoming Mayor Pro Tem John King.

PRESENTATIONS

Mayor Delach and Council Member Stapleton presented the proclamation recognizing March 30th as Welcome Home Vietnam Veteran Day to Gary A. Southworth.

ORAL COMMUNICATIONS

None.

COUNCIL MEMBER COMMENTS

Council Member Stapleton noted that, the Vietnam Veterans of America Chapter 446 will be celebrating Welcome Home Vietnam Veteran's Day on March 28 in Whittier. Email **vva446@att.net** for more information. He also wished a happy St. Patrick's Day to all Irish people. Council Member Stapleton requested that City Council adjourn in memory of Gustavo Bellinghausen, owner of Cal-Mart Furniture, who recently passed away.

Council Member Allen thanked the City Council for working as a team over his year as Mayor. He stated it was the worst year of his personal life, and the support of staff and colleagues helped him endure. Council Member Allen also thanked

Giovani's and Bob Cruz from the Gas Company for providing refreshments at the reception held prior to the Council Meeting.

Mayor Delach presented a plaque of appreciation to Council Member Allen in appreciation for his year as Mayor. Mayor Delach called for a three minute recess.

After the recess, Council Member Low presented Council with documents outlining his plan for a "Harry Frandsen—P.G. Wodehouse" Donor Recognition Wall. He stated he would donate $5,600 towards it providing certain stipulations were made including: the location and design of the plaque; that he would get to approve the proof; that $3,000 would go to purchase books targeted at serving the needs of children under the age of nine; that each book purchased will be labeled that it was donated in memory of Henry Frandsen and P.G. Wodehouse; that the list of books purchased with the money be provided to Council by March 15, 2011; and that all Leo Politi books not currently held by the Covina Public Library will be purchased. He also required a response on or before April 6, 2010.

The City Manager suggested the Library Board of Trustees should meet to discuss the stipulations and the donation.

Mayor Pro Tem King complimented Council Member Allen for representing the community wonderfully during his term. Mayor Delach concurred with Mayor Pro Tem King.

Mayor Delach reminded the public to complete and send in their US Census forms. Council Member Stapleton noted that City funds are affected by the population.

Mayor Delach made the community announcements: Mock S.A.T. Test at Covina Public Library on Saturday, March 20th and the 9th Annual Covina Showdown Quiz on Tuesday, April 13th to take place at Nick's Taste of Texas.

CITY MANAGER COMMENTS

City Manager Daryl Parrish noted a hardware issue with the camera led to the meeting not being video recorded. He also noted that rather than adjourn to the Strategic Planning meeting as noted on the agenda, the City Council should adjourn to a study session on tiered water rates.

CONSENT CALENDAR

CC 1. City Council to approve the Minutes of the Tuesday, March 2, 2010 Regular City Council Meeting.

CC 2. City Council to determine that note terms, agreement terms and program requirements are satisfied for the following CDBG Special Economic Development Program participant: Carolyn Green, doing business as Green's BBQ and Soul Food; authorize removal of the loan/grant restrictions, and authorize the City Manager or his designee to execute related documents.

CC 3. City Council to approve the reservation of $60,000 of Measure R Local Return funds to establish a revolving loan fund for potential low-priority street repair projects to be administered under the provisions of the benefit assessment act of 1982.

CC 4. City Council to receive and file update on a possible tiered water rate structure.

CC 5. City Council to award the bid for water main replacement project, project no. W-0906 to Stephan Doreck Equipment Rentals, Incorporated as the lowest responsive and responsible bidder in the amount of $323,255.00.

CC 6. City Council to receive and file the public works department monthly activity report.

CC 7. City Council to approve payment of demands in the amount of $4,915,928.93.

CC 8. City Council to receive and file report on enforcement of the provisions of the Chapter 14.20 of the Covina Municipal Code pertaining to earthquake hazard reduction in unreinforced masonry buildings.

CC 9. Redevelopment Agency to approve payment of demands in the amount of $307,354.44.

CC 10. Redevelopment Agency to approve participation in the Downtown Façade Improvement Program for Property Owner, Lorenzo Vargas, at 235 East Badillo Street, Covina, encumber $6,000, and authorize the Executive Director to enter into a Façade Improvement Program Agreement with Property Owner.

CC 11. Redevelopment Agency to approve contract for 2010 operator of the Downtown Street/Farmers' Market and authorize the Executive Director to sign said contract.

Mayor Pro Tem King moved approval of staff's recommendation for Consent Calendar Items 1-11, with a second by Council Member Low. Motion passed unanimously with a vote of 5-0.

Council Member Allen noted that Green's BBQ and Soul Food is one of the best in the San Gabriel Valley. Mayor Pro Tem King noted Thematic Attic is one of the coolest businesses in town.

PUBLIC HEARING

PH 1. Public Hearing for month to month lease agreement between the Covina Redevelopment Agency and Mickey Kissell Ternus for Agency-owned property located at 312 North Citrus Avenue, Units G and H.

Staff Recommendation: Authorize Executive Director or his designee to enter into a month to month lease agreement with Mickey Kissell Ternus for operation of a fine art gallery at Agency-owned property located at 312 North Citrus Avenue, units G and H.

Mayor Delach opened the public hearing. She verified with the City Clerk that the public hearing was properly noticed and that no written correspondence

regarding was received. Mayor Pro Tem King moved to close the public hearing, with a second by Council Member Stapleton.

Council Member Stapleton moved approval of staff's recommendation for Public Hearing Item 1, with a second by Mayor Pro Tem King. Motion passed unanimously with a vote of 5-0.

NEW BUSINESS

NB 1. Amendment to the Contract between the City of Covina and PERS.

Staff Recommendation: City Council to:

a. *Adopt **Resolution No. 10-6823**, a Resolution of Intention to approve an amendment to the contract between the Board of Administration of the California Public Employees' Retirement System (PERS) and the City Council of the City of Covina; and*

b. *Adopt Urgency **Ordinance No. 10-1981**, authorizing amendment to the contract between the City Council of the City of Covina and the Board of Administration of the California Public Employees' Retirement System (PERS).*

Mayor Delach recused herself from this item and asked Mayor Pro Tem King to go forward with the item.

City Manager introduced the staff report regarding the contract between the City of Covina and PERS.

Human Resources Director, Anthony Arroyo, presented the staff report on the enhanced retirement benefit of 2.5%@55. He also stated that all miscellaneous employees would be allowed to vote for or against the enhanced retirement benefit.

Council Member Stapleton asked about the net financial benefit of savings from this enhanced benefit.

Human Resources Director stated that this retirement benefit was a savings and also a good recruitment tool.

Council Member Allen added that he was in favor of this benefit and that it would benefit the City in the long run by helping to close up the City's current deficit.

Interim Finance Director, Dilu DeAlwis, shared that the enhanced retirement benefit would guarantee savings and to help mitigate the structural deficit.

Human Resources Director explained the brake down of rates between the City and employees and how the rates would be phased in order to not greatly impact the salaries of those City employees affected. He also acknowledged and thanked Management Analyst, Guadalupe Marquez, for her time and research in preparing the report on the enhanced retirement benefit.

Council Member Stapleton stated that under ordinary circumstances he would not agree with this change but feels there is no alternative in these economic times.

Council Member Allen agreed with Council Member Stapleton's comment.

City Attorney, Ed Lee, stated that Urgency Ordinance 10-1981 would be considered at the April 6, 2010 Council meeting as an urgency matter and Council would not need to vote on this ordinance at the current time.

Council Member Allen moved approval of staff's recommendation to adopt Resolution No. 10-6823, with a second by Council Member Stapleton. Motion passed unanimously with a vote of 4-0.

ADJOURNMENT

At 8:47 p.m., Mayor Delach adjourned the City Council/Redevelopment Agency in memory of Gustavo Bellinghausen to return to Closed Session with a final adjournment to a Special Study Session to be held on Tuesday, March 23, 2010 at 8:30 a.m. at the City Hall Council Chambers.

Respectfully Submitted,

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Toni Taber
City Clerk/Agency Secretary

Approved this 6th day of April, 2010.

_____

Walt Allen III, Mayor/Chairperson

MINUTES OF THE MARCH 23, 2010 SPECIAL STUDY SESSION MEETING OF THE COVINA CITY COUNCIL HELD IN THE COUNCIL CHAMBERS OF CITY HALL, 125 EAST COLLEGE STREET AT 8:30 A.M.

CALL TO ORDER

Mayor Delach called the City Council meeting to order at 8:33 a.m.

ROLL CALL

Council Members Present: Allen (Left session at 9:05 a.m.), Delach, Low, Stapleton (Arrived at 8:53 a.m.)

Council Members Absent: King

Other Elected Officials Present: City Clerk

Staff Members Present: City Manager, Assistant City Manager, Chief Deputy City Clerk/Agency Secretary, Public Works Director, Public Works Manager, Interim Finance Director, Interim Finance Manager, Public Information Supervisor

AGENDA POSTING DECLARATION

The City Clerk of the Covina City Council hereby declares that the agenda for the March 23, 2010 Special Study Session of the City Council was posted on March 22, 2010 near the front entrance of the City Hall, 125 East College Street, Covina, in accordance with Section 54954.2 (a) of the Government Code.

PLEDGE OF ALLEGIANCE

Pledge of Allegiance led by Mayor Delach.

DISCUSSION ON TIERED WATER RATES

Daryl Parrish, City Manager, opened the discussion on the Tiered Water Rates report.

The General Manager of the Covina Irrigation Company, David DeJesus, gave status on the current water availability which would affect future water rates. He also stated that if rates were to be raised, the City must work to maintain safety and supply. Mr. DeJesus said that conservation was also a component that needs to continue.

Public Works Director, Steve Henley, presented the Tiered Water Rates report to Council and staff.

Council Member Stapleton stated concern regarding the increase in fees on City's population during this stressful economic period.

City Manager suggested that an analysis be brought back for review regarding the increased water rates at a later workshop session.

Council Member Stapleton suggested that this analysis return at a future Council meeting.

Mayor Delach stated that the public was needed to hear about the proposed water rates.

City Manager stated that the analysis on the proposed increase in water rates would return to a future Council meeting. No further action or direction was given by Council.

ADJOURNMENT

At 10:08 a.m., Mayor Delach adjourned the Special Study Session meeting to the Regular meeting to be held on Tuesday, April 6, 2010 at 6:30 p.m. at the City Hall Council Chambers.

Respectfully Submitted,

_____

Toni Taber
City Clerk/Agency Secretary

Approved this 6th day of April, 2010.

_____

Peggy Delach, Mayor/Chairperson

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: April 6, 2010 **ITEM NO.:** CC 3

STAFF SOURCE: Dilu De Alwis, Finance Director DA
Tanya Nguyen, Account Clerk II

ITEM TITLE: Approval of request by Kommah Seray Inflammatory Breast Cancer Foundation for exemption from the City's business license tax, Calendar year 2010. The organization is located at 800 S. Barranca Ave., Suite 220, Covina, CA 91723

STAFF RECOMMENDATION
Approve Kommah Seray Inflammatory Breast Cancer Foundation business license tax exemption request since the organization appears to have complied with the Covina Municipal Code exemption requirements.

FISCAL IMPACT
Forfeit business license tax of $52 (account: 1010-0000-00-40500) and processing fee of $30 (account: 1010-0500-00-43022).

BACKGROUND
Nonprofit organizations are exempt from paying the City's business license tax if the organization submits an application for the exemption and they provide proof of their nonprofit status (Covina Municipal Code Sections 5.04.100 through 5.04.140). Upon presentation of the required information, the City Council shall direct the City's Finance Director to issue the business license to the nonprofit organization without charging the normal tax (CMC 5.04.130).

Kommah Seray Inflammatory Breast Cancer Foundation is a nonprofit organization which provides financial assistance and support groups for patients battling or recovering from Inflammatory Breast Cancer. The foundation also provides free educational seminars to the public.

Kommah Seray Inflammatory Breast Cancer Foundation is seeking exemption from the City's business license tax in order to conduct the charitable business of the organization. The organization appears to have met the City's business license tax exemption requirements.

EXHIBITS
A. Application for Fee Exempt Business License – on file in the Finance Department.
B. Articles Of Incorporation – on file in the Finance Department.
C. Internal Revenue Tax Exempt Ruling – on file in the Finance Department.
D. ByLaws – on file in the Finance Department.

REVIEW TEAM ONLY

City Attorney: _____

Finance Director: _____

City Manager: _____

Other: _____

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: April 6, 2010 **ITEM NO.:** CC 4

STAFF SOURCE: Steve Henley, Director of Public Works
Kalieh Honish, Public Works Manager
Alex Gonzalez, Senior Management Analyst

ITEM TITLE: Adopt Resolution approving an Administering Agency-Federal Master Agreement and a Program Supplement Agreement with Caltrans for Federal Project No. HPLUL-5118(015); a Planning Study to Improve the Efficiency of Transportation Facilities, Project T-0814A

STAFF RECOMMENDATION

Adopt **Resolution No. 10-6825**, approving Administering Agency-Federal Master Agreement No. 07-5118R and Program Supplement Agreement No. 011-N for Federal-Aid Project No. HPLUL-5118(015) between the California Department of Transportation (Caltrans) and the City of Covina for a planning study to improve the efficiency of transportation facilities, Project No. T-0814A; and authorize the Director of Public Works to execute all necessary documents on the City's behalf.

FISCAL IMPACT

There is no general fund impact with this project. The total project cost is estimated to be $215,000 with a federal contribution of $154,782 and a local match of $60,218 from Proposition C reserves. The project will be included for appropriation in the FY 2010-2011 budget.

BACKGROUND

The Planning Study to Improve the Efficiency of Transportation Facilities (Project No. T-0814A) consists of a study that examines pedestrian traffic patterns, bicycle traffic patterns, and automobile circulation on Citrus Avenue between Cypress Boulevard and Badillo Street. The funds were acquired through a Federal appropriation in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) of 2005 at the request of former Congresswoman Hilda Solis. At this time, Caltrans has approved the City's submittal of the project for Federal funding, has issued an Authorization to Proceed – Construction Phase (Form E-76) for the project, and has forwarded an Administering Agency-Federal Master Agreement and Program Supplement Agreement to the City for execution. No invoices for reimbursement for the project may be processed until the Master Agreement and Program Supplement are fully executed.

EXHIBITS

A. Resolution No. 10-6825
B. Program Supplement No. 011-N

REVIEW TEAM ONLY

City Attorney: _____ **Finance Director:** _____

City Manager: _____ **Other:** _____

RESOLUTION NO. 10-6825

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, APPROVING ADMINISTERING AGENCY-FEDERAL MASTER AGREEMENT 07-5118R AND PROGRAM SUPPLEMENT AGREEMENT NO. 011-N FOR FEDERAL AID PROJECT NO. HPLUL-5118(015) BETWEEN THE CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS) AND THE CITY OF COVINA FOR A PLANNING STUDY, PROJECT NO. T-0814A.

WHEREAS, the California Department of Transportation has approved a planning study to improve the efficiency of transportation facilities within the city; and

WHEREAS, the City Council of the City of Covina proposes to enter into agreements with the California Department of Transportation entitled Administering Agency-Federal Master Agreement No. 07-5118R and Program Supplement No. 011-N, for Federal Aid Project Number HPLUL-5118(015) as required for funding; and

WHEREAS, by the terms of said Agreements, the City of Covina agrees to implement the project; and

WHEREAS, the Agreement for Reimbursement for improvements shall commence when the agreements are fully executed.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the City Council of the City of Covina, as follows:

SECTION 1. Those certain agreements entitled Administering Agency-Federal Master Agreement No. 07-5118R and Program Supplement Agreement No. 011-N for Federal Aid Project Number HPLUL-5118(015) by and between the City of Covina and the California Department of Transportation for a planning study is approved.

SECTION 2. The City Council authorizes the Director of Public Works as agent of the City of Covina to conduct all negotiations and to execute and submit all documents including, but not limited to, applications, agreements, amendments, payment requests and so forth, which may be necessary for the completion of the project as described in the application.

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

PASSED, APPROVED AND ADOPTED this day of , 2010.

Peggy Delach, Mayor

ATTEST:

, City Clerk

APPROVED AS TO FORM;

, City Attorney

DEPARTMENT OF TRANSPORTATION
Division of Local Assistance
1120 N STREET
P.O. BOX 942874, MS# 1
Sacramento, CA 94274-0001
TTY 711
(916) 654-3151
Fax (916) 653-7621

File : 07-LA-0-COV
HPLUL-5118(015)
Citrus Ave between Cypress Blvd to Badillo St

March 11, 2010

Mr. Steve Henley
Public Works Director
City of Covina
125 East College Street
Covina, CA 91723-2199

Attn: Mr. Daryl Parrish

Dear Mr. Henley:

Enclosed are two originals of the Program Supplement Agreement No. 011-N to Administering Agency-State Agreement No. 07-5118R and an approved Finance Letter for the subject project. Please retain the signed Finance Letter for your records.

Please note that federal funding will be lost if you proceed with future phase(s) of the project prior to getting the "Authorization to Proceed" with that phase.

Please review the covenants and sign both copies of this Agreement and return both to this office, Office of Project Implementation - MS1 within 60 days from the date of this letter. If the signed Agreements are not received back in this office within 60 days, funds will be disencumbered and/or deobligated. Alterations should not be made to the agreement language or funding. Attach your local agency's certified authorizing resolution that clearly identifies the project and the official authorized to execute the agreement. A fully executed copy of the agreement will be returned to you upon ratification by Caltrans. No invoices for reimbursement can be processed until the agreement is fully executed.

In accordance to Government Code 16304, Federal funds appropriated by the State budget are available for liquidation only for seven years and the State funds are available only for five years. The attached Finance Letter shows these deadlines as the "Reversion Date". Please ensure that your invoices are submitted at least 60 days prior to the reversion date to avoid any lapse of funds. If your agency is unable to seek reimbursement by this date you may request an extension through a Cooperative Work Agreement (CWA). A CWA is subject to the final approval of the State Department of Finance. If approved, the CWA may extend the deadline for up to one year for federal funds and up to three years for State funds.

Please note that Government Code 16304 does not supersede any other more restrictive expenditure deadlines.

Your prompt action is requested. If you have questions, please contact your District Local Assistance Engineer.

Sincerely,

RAY ZHANG, Chief
Office of Project Implementation - South
Division of Local Assistance

Enclosure

c: DLA AE Project Files
(07) DLAE - Kirk Cessna

DEPARTMENT OF TRANSPORTATION
DIVISION OF ACCOUNTING
LOCAL PROGRAM ACCOUNTING BRANCH

FINANCE LETTER

Date: 03/09/2010
Agency: 07-LA-0-COV
Project No: HPLUL-5118(015)
EA No: 07-933561

Attention: City of Covina

FINANCE ITEMS	TOTAL COST OF WORK	FEDERAL PART. COST	FED. REIMB %	FEDERAL HY10	FEDERAL LY10	LOCAL
Agency Preliminary Engineering	$215,000.00	$215,000.00	71.99%	$29,428.00	$125,354.00	$60,218.00
Totals:	$215,000.00	$215,000.00	0.00%	$29,428.00	$125,354.00	$60,218.00

Fed. Partic: 100.00%

This Finance Letter was created based on specific financial information provided by the responsible local agency. The following encumbrance history is prepared by Local Assistance Accounting Office and is provided here for local agency's information and action.

Signature: Nahed Abdin

Title: HQ Sr. Area Engineer

For questions regarding finance letter, contact:

Printed Name : Nahed Abdin

Telephone No: 916-653-7928

Remarks: This FL is based on City's FL dated on 09/01/2009.

ACCOUNTING INFORMATION - HPLUL-5118(015)

Fund	Program	Fed/State	Encumbrance Amount	Approp Year	Expenditure Amount	Reversion Date
10DA	L.A. HIGH PRIOR PROJ	F	$154,782.00	2009	$0.00	06/30/16

PROGRAM SUPPLEMENT NO. N011
to
ADMINISTERING AGENCY-STATE AGREEMENT
FOR FEDERAL-AID PROJECTS NO. 07-5118R

Date: March 03, 2010
Location: 07-LA-0-COV
Project Number: HPLUL-5118(015)
E.A. Number: 07-933561

This Program Supplement hereby incorporates the Administering Agency-State Agreement for Federal Aid which was entered into between the Administering Agency and the State on 10/21/08 and is subject to all the terms and conditions thereof. This Program Supplement is executed in accordance with Article I of the aforementioned Master Agreement under authority of Resolution No. , approved by the Administering Agency on (See copy attached).

The Administering Agency further stipulates that as a condition to the payment by State of any funds derived from sources noted below obligated to this project, the Administering Agency accepts and will comply with the Special covenants or Remarks setforth on the following pages.

PROJECT LOCATION:
Citrus Ave between Cypress Blvd to Badillo St

TYPE OF WORK: Planning Study **LENGTH:** 0 (MILES)

Estimated Cost	Federal Funds		Matching Funds		
	HY10	$29,428.00	LOCAL		OTHER
$215,000.00	LY10	$125,354.00	$60,218.00	$0.00	$0.00

CITY OF COVINA

By _____

Date _____

Attest _____

Title _____

STATE OF CALIFORNIA
Department of Transportation

By _____

Chief, Office of Project Implementation
Division of Local Assistance

Date _____

I hereby certify upon my personal knowledge that budgeted funds are available for this encumbrance:

Accounting Officer _____ Date 3/3/10 $154,782.00

Chapter	Statutes	Item	Year	Program	BC	Category	Fund Source	AMOUNT
1	2009	2660-102-890	2009-2010	20.30.010.680	C	262042	892-F	154,782.00

EXHIBIT B-3 OF 6

SPECIAL COVENANTS OR REMARKS

1. The ADMINISTERING AGENCY will advertise, award and administer this project in accordance with the current published Local Assistance Procedures Manual.

2. ADMINISTERING AGENCY agrees that it will only proceed with work authorized for specific phase(s) with an "Authorization to Proceed" and will not proceed with future phase(s) of this project prior to receiving an "Authorization to Proceed" from the STATE for that phase(s) unless no further State or Federal funds are needed for those future phase(s).

3. ADMINISTERING AGENCY agrees, as a minimum, to submit invoices at least once every six months commencing after the funds are encumbered for each phase by the execution of this Project Program Supplement Agreement, or by STATE's approval of an applicable Finance Letter. STATE reserves the right to suspend future authorizations/obligations, and invoice payments for any on-going or future federal-aid project by ADMINISTERING AGENCY if PROJECT costs have not been invoiced by ADMINISTERING AGENCY for a six-month period.

   If no costs have been invoiced for a six-month period, ADMINISTERING AGENCY agrees to submit for each phase a written explanation of the absence of PROJECT activity along with target billing date and target billing amount.

   ADMINISTERING AGENCY agrees to submit the final report documents that collectively constitute a "Report of Expenditures" within one hundred eighty (180) days of PROJECT completion. Failure of ADMINISTERING AGENCY to submit a "Final Report of Expenditures" within 180 days of PROJECT completion will result in STATE imposing sanctions upon ADMINISTERING AGENCY in accordance with the current Local Assistance Procedures Manual.

4. The Administering Agency shall not discriminate on the basis of race, religion, age, disability, color, national origin, or sex in the award and performance of any Federal-assisted contract or in the administration of its DBE Program Implementation Agreement. The Administering Agency shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of Federal-assisted contracts. The Administering Agency's DBE Implementation Agreement is

SPECIAL COVENANTS OR REMARKS

incorporated by reference in this Agreement. Implementation of the DBE Implementation Agreement, including but not limited to timely reporting of DBE commitments and utilization, is a legal obligation and failure to carry out its terms shall be treated as a violation of this Agreement. Upon notification to the Administering Agency of its failure to carry out its DBE Implementation Agreement, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

5. As a condition for receiving federal-aid highway funds for the PROJECT, the Administering Agency certifies that NO members of the elected board, council, or other key decision makers are on the Federal Government Excluded Parties List System (EPLS).

6. Award information shall be submitted by the ADMINISTERING AGENCY to the District Local Assistance Engineer within 60 days of project contract award or with submittal of the ADMINISTERING AGENCY's first invoice for the construction contract, whichever is earlier.

   Failure to do so will cause a delay in the State processing invoices for the construction phase.
   Please refer to Section 15.7 "Award Package" of the Local Assistance Procedures Manual.

7. Any State and Federal funds that may have been encumbered for this project are available for disbursement for limited periods of time. For each fund encumbrance the limited period is from the start of the fiscal year that the specific fund was appropriated within the State Budget Act to the applicable fund Reversion Date shown on the State approved project finance letter. Per Government Code Section 16304, all project funds not liquidated within these periods will revert unless an executed Cooperative Work Agreement extending these dates is requested by the ADMINISTERING AGENCY and approved by the California Department of Finance.

   ADMINISTERING AGENCY should ensure that invoices are submitted to the District Local Assistance Engineer at least 75 days prior to

SPECIAL COVENANTS OR REMARKS

the applicable fund Reversion Date to avoid the lapse of applicable funds. Pursuant to a directive from the State Controller's Office and the Department of Finance; in order for payment to be made, the last date the DistrictLocal Engineer can forward an invoice for payment to the Department's Local Programs Accounting Office for reimbursable work for funds that are going to revert at the end of a particular fiscal year is May 15th of the particular fiscal year. Notwithstanding the unliquidated sums of project specific State and Federal funding remaining and available to fund project work, any invoice for reimbursement involving applicable funds that is not received by the Department's Local Programs Accounting Office at least 45 days prior to the applicable fixed fund Reversion Date will not be paid. These unexpended funds will be irrevocably reverted by the Department's Division of Accounting on the applicable fund Reversion Date.

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: April 6, 2010 **ITEM NO.:** CC 5

STAFF SOURCE: Assistant City Manager Karen Gallivan

ITEM TITLE: Resolution No. **10-6826** of the City of Covina, California in Support of the Local Taxpayer, Public Safety and Transportation Protection Act of 2010

STAFF RECOMMENDATION

Adopt **Resolution No. 10-6826** in support of the Local Taxpayer, Public Safety and Transportation Protection Act of 2010.

FISCAL IMPACT

Adoption of the Resolution has no direct fiscal impact on the City budget. However, in the long term, the success or failure of the measure to qualify for the ballot and the ultimate outcome if it does appear on the November ballot will have far reaching fiscal impacts on all California cities.

BACKGROUND

California voters have overwhelmingly passed separate ballot measures to dedicate local funding sources to essential local services and to prevent the State from shifting or raiding local government, transit and transportation funds. Despite this, the State passed a budget that borrowed and took approximately $5 billion in city, county, transit, redevelopment and special district funds this current fiscal year. This year's raids and previous, ongoing state raids and borrowing continue to jeopardize the services Californians need most:

- *Police, fire and emergency 911 services have been cut;*
- *Healthcare services for children, seniors and the disabled are being slashed;*
- *Road repair and maintenance, congestion relief and safety improvements are constantly at risk;*
- *Public transit like buses, commuter rail and shuttles are being slashed and fares are being raised;*
- *Parks and libraries are closing, and other local government services critical to protect our neighborhoods and improve our quality of life are shutting down;*
- *Vital community economic development and job creation projects are being shut down.*

The fiscally irresponsible practice of borrowing local taxpayer and transportation funds makes State budget problems worse down the line because local government and transportation funds have to be repaid, with interest. Additionally, many of the outright raids are ultimately rejected by the courts, creating even larger state budget deficits down the line.

The Local Taxpayer, Public Safety and Transportation Protection Act, is a constitutional amendment that Californians to Protect Local Taxpayers and Vital Services is working to place on California's November 2010 statewide ballot. The sponsor is a coalition of taxpayers, public safety, local government, transportation, business and labor, with major funding from the League of California Cities. The initiative would stop the State from raiding or borrowing funding for local public safety, transportation, transit and other essential local government services. Specifically, the measure would:

1) Close loopholes to prevent the taking of local taxpayer funds currently dedicated to cities, counties, special districts and redevelopment agencies and revoke the State's authority to borrow local government property tax funds;
2) Prevent State borrowing, taking or redirecting of the state sales tax on gasoline (Prop 42 funds) and Highway User Tax on gasoline (HUTA) funds that are dedicated to transportation maintenance and improvements and prevent the State from redirecting or taking public transit funds;
3) Keep more of our local tax dollars local where there is more accountability to voters, and ensure once and for all that our gas taxes go to fund road improvements and reduce pressure for local tax and fee increases that become necessary when the State redirects local funds;
4) Reform California's broken budget system by restoring more local control and accountability and stop the irresponsible practice of the State borrowing special funds that have to be repaid with interest, which only puts our State further in debt.

To date more than 200 cities have adopted resolutions in support of this measure. The Coalition has gathered over 800,000 of the necessary 1,100,000 signatures needed to ensure that that the measure meets the 694,354 valid signatures necessary to qualify a constitutional amendment for the statewide ballot.

EXHIBITS

A. Resolution No. **10-6826** In Support Of The Local Taxpayer, Public Safety And Transportation Protection Act Of 2010.
B. Questions and Answers About the Local Taxpayer, Public Safety and Transportation Protection Act.

REVIEW TEAM ONLY

City Attorney: _____ **Finance Director:** _____

City Manager: _____ **Other:** _____

RESOLUTION NO. 10-6826

RESOLUTION NO. 10-6826 OF THE CITY OF COVINA CALIFORNIA IN SUPPORT OF THE LOCAL TAXPAYER, PUBLIC SAFETY AND TRANSPORTATION PROTECTION ACT OF 2010

WHEREAS, California voters have repeatedly and overwhelmingly passed separate ballot measures to stop State raids of local government funds, and to dedicate the taxes on gasoline to fund local and state transportation improvement projects; and

WHEREAS, these local government funds are critical to provide the police and fire, emergency response, parks, libraries, and other vital local services that residents rely upon every day, and gas tax funds are vital to maintain and improve local streets and roads, to make road safety improvements, relieve traffic congestion, and provide mass transit; and

WHEREAS, despite the fact that voters have repeatedly passed measures to prevent the State from taking these revenues dedicated to funding local government services and transportation improvement projects, the State Legislature has seized and borrowed billions of dollars in local government and transportation funds in the past few years; and

WHEREAS, this year's borrowing and raids of local government, redevelopment and transit funds, as well as previous, ongoing raids of local government and transportation funds have lead to severe consequences, such as layoffs of police, fire and paramedic first responders, fire station closures, stalled economic development, healthcare cutbacks, delays in road safety improvements, public transit fare increases and cutbacks in public transit services; and

WHEREAS, State politicians in Sacramento have continued to ignore the will of the voters, and current law provides no penalties when state politicians take or borrow these locally-dedicated funds; and

WHEREAS, a coalition of local government, transportation and transit advocates recently filed a constitutional amendment with the California Attorney General, called the Local Taxpayer, Public Safety, and Transportation Protection Act of 2010, for potential placement on California's November 2010 statewide ballot; and

WHEREAS, approval of this ballot initiative would close loopholes and change the constitution to further prevent State politicians in Sacramento from seizing, diverting, shifting, borrowing, transferring, suspending or otherwise taking or interfering with tax revenues dedicated to funding local government services, including redevelopment, or dedicated to transportation improvement projects and mass transit.

EXHIBIT A-1

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the City Council of the City of Covina, as follows:

SECTION 1. That the City of Covina, California formally endorses the Local Taxpayer, Public Safety and Transportation Protection Act of 2010, a proposed constitutional amendment.

SECTION 2. That we hereby authorize the listing of the City of Covina in support of the Local Taxpayer, Public Safety and Transportation Protection Act of 2010.

SECTION 3. That we instruct staff to fax a copy of this resolution to campaign offices at 916.442.3510.

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

PASSED, APPROVED AND ADOPTED this 6th day of April, 2010.

Peggy Delach, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM;

Edward W. Lee, City Attorney

EXHIBIT A-2

Californians to PROTECT LOCAL Taxpayers & Vital Services

www.savelocalservices.com

Questions & Answers About the Local Taxpayer, Public Safety and Transportation Protection Act

WHAT IS YOUR MEASURE AND WHAT DOES IT PROPOSE TO DO?

The Local Taxpayer, Public Safety and Transportation Protection Act is a constitutional amendment that we are working to place on California's November 2010 statewide ballot. The initiative would stop the State from raiding or borrowing funding for local public safety, transportation, transit and other essential local government services. Specifically, the measure would:

- ✓ **Prohibit the State from taking, borrowing or redirecting local taxpayer funds dedicated to public safety, emergency response and other vital local government services.** The measure would close loopholes to prevent the taking of funds currently dedicated to cities, counties, special districts and redevelopment agencies. It would also end the State's fiscally irresponsible practice of borrowing local government property tax funds.
- ✓ **Protect vital, dedicated transportation and public transit funds from State raids.** The measure would prevent State borrowing, taking or redirecting of the state sales tax on gasoline (Prop 42 funds) and Highway User Tax on gasoline (HUTA) funds that voters have dedicated to transportation maintenance and improvements. It would also prevent the State from redirecting or taking public transit funds.
- ✓ **Protect local taxpayers** by keeping more of our local tax dollars local where there's more accountability to voters, and by ensuring once and for all that our gas taxes go to fund road improvements. The measure also reduces pressure for local tax and fee increases that become necessary when the State redirects local funds.

WHY IS IT NEEDED?

Unfortunately, the State has continued its irresponsible practice of taking and borrowing local taxpayer dollars and dedicated transportation funds. The 2009/10 state budget borrows and takes approximately $5 billion in city, county, transit, redevelopment and special district funds this year despite the fact that voters have overwhelmingly passed ballot measures to keep local funding at the local level to provide essential local services. This year's raids and previous, ongoing state raids and borrowing jeopardize the services Californians need most, including police, fire and emergency 911 services; local economic development and redevelopment; mass transit like buses and commuter rail; and transportation improvements like road repairs and congestion relief. We need to pass this measure to protect these vital local services from State raids and borrowing.

ISN'T FUNDING FOR LOCAL GOVERNMENT AND TRANSPORTATION ALREADY PROTECTED FROM STATE RAIDS?

California voters have overwhelmingly passed separate measures to prevent the State from raiding local government and transportation funds. However, each and every year the State attempts to take or borrow local government, transportation and transit funding using loopholes, or illegal funding diversions that have only been stopped after expensive and lengthy court battles. This year alone, the Legislature:

- Borrowed approximately $2 billion in property taxes from local governments, despite no clear path to repay these funds.

Paid for by Californians to Protect Local Taxpayers and Vital Services, a coalition of taxpayers, public safety, local government, transportation, business and labor, with major funding from the League of California Cities (non-public funds and CitiPAC) and the California Alliance for Jobs 1121 L Street, #803 – Sacramento, CA 95814

- Took $2.05 billion in local redevelopment funds, despite a recent Superior Court ruling that says these types of raids are unconstitutional.
- Shifted $910 million in transit funding away from local transit agencies. The courts have since ruled these types of raids are unconstitutional.
- Voted to take more than $1 billion of the local government share of the Highway User Tax (HUTA) to repay state bond debt (but the measure stalled in Assembly). These are funds that have always been used to finance local road repairs and maintenance.
- Took action to eliminate the state sales tax on gasoline (Prop 42 funds) and HUTA and replace with a gasoline "fee" that would have no constitutional protection from future raids by the legislature (the Governor ultimately vetoed this measure).
- Threatened to borrow Prop 42 transportation funds to address the State's deficit.

Our measure would close loopholes in current law that the legislature has exploited to take or divert local funds. And it would tighten sections of the law to prevent illegal State funding raids of local government and transportation funds before they happen.

WHY DOES YOUR MEASURE PREVENT THE STATE FROM BORROWING LOCAL GOVERNMENT AND TRANSPORTATION FUNDS?

The local government revenue protection measure in 2004 (Prop 1A) and the transportation revenue protection measure in 2006 (Prop 1A) included provisions that allow the State to borrow these funds during fiscal emergencies. However, after several budget cycles it is clear that these borrowing provisions are not only bad for local governments and transportation services, but fiscally irresponsible for the State. Borrowing these dedicated funds only plunges our state deeper into debt because the funds must to be repaid, *with interest* within three years.

The borrowing was meant to provide an outlet in short-term budget emergencies, but it's instead being used to paper over structural budget problems. For example, the State has no clear way to pay back the $2 billion plus interest in local property taxes that the State is borrowing as part of this year's 2009-2010 State budget, yet lawmakers borrowed these funds anyway.

What's more, because the State has the authority to borrow local government and transportation funds, it creates mass uncertainty for cities and counties who need to plan and pass their local budgets, and for transportation and transit planners who aren't sure if they can rely on these revenues in any given year.

DOES THIS MEASURE INCREASE OR DECREASE REVENUES FOR LOCAL GOVERNMENTS OR FOR TRANSPORTATION AND TRANSIT?

This measure does not increase or decrease the existing revenues that are dedicated to local government, transportation and transit funds. It simply prevents the State from borrowing or raiding *existing* local government, transportation and transit revenues that voters have dedicated to these services.

WON'T THIS MAKE OUR STATE'S BUDGET SYSTEM EVEN WORSE BY FURTHER PUTTING A LOCK BOX ON BILLIONS OF DOLLARS IN FUNDING?

First, these are revenues that have historically been dedicated to cities, counties and special districts to fund local government services. It's fiscally irresponsible for State Government to raid funds from local governments.

Second, it's important to remember that these are funds that voters have ALREADY dedicated to local government, transportation and transit services. We are not dedicating any NEW funding for these services, but instead ensuring

Paid for by Californians to Protect Local Taxpayers and Vital Services, a coalition of taxpayers, public safety, local government, transportation, business and labor, with major funding from the League of California Cities (non-public funds and CitiPAC) and the California Alliance for Jobs 1121 L Street, #803 – Sacramento, CA 95814

that the will of voters is upheld by protecting local government and transportation funds from further State raids and borrowing.

This reform is fiscally responsible and a key step in long-term reform for California. The State has gotten itself into this deep fiscal mess in large part because lawmakers have relied on budget gimmicks like tapping into voter-protected funds and borrowing which only pushes our problems into the future.

HOW DOES THIS MEASURE FIT INTO THE NEED FOR BROAD REFORM OF STATE GOVERNMENT IN CALIFORNIA?

This measure is a necessary and responsible first step toward fiscal reform in California. Virtually everyone agrees that State reforms must include the restoration of more local control over local tax dollars, and moving services closer to the people at the local level. This measure ensures local control, predictability, and accountability for local tax dollars that are used to provide the most essential local services.

WILL THIS MEASURE IMPACT FUNDING FOR PUBLIC SCHOOLS, HEALTHCARE OR OTHER SERVICES?

No. This measure does not take away funding from schools or any other service funded by the State because it only protects EXISTING funds that are already dedicated to local services like public safety and transportation. And this measure in no-way alters Proposition 98, which guarantees funding levels for K-14 schools.

HOW WILL THIS MEASURE IMPACT TAXPAYERS?

This measure provides further protections for *existing* revenues that voters have already dedicated to local government, transportation and transit services. It does not increase taxes. In fact, this measure protects taxpayers by keeping more of our tax dollars local where they're more accountable. And this measure decreases pressure for local tax and fee increases at the local government level that become needed when the state takes local revenues and local governments are forced to look for new revenues to protect vital services.

Paid for by Californians to Protect Local Taxpayers and Vital Services, a coalition of taxpayers, public safety, local government, transportation, business and labor, with major funding from the League of California Cities (non-public funds and CitiPAC) and the California Alliance for Jobs 1121 L Street, #803 – Sacramento, CA 95814

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: April 6, 2010 **ITEM NO.:** CC 6

STAFF SOURCE: Amy Hall-McGrade, Parks & Recreation Director
Anthony Arroyo, Human Resources Director
Marie Klymkiw, Risk Manager

ITEM TITLE: Award a Construction Contract to John Joseph Mooers Construction, 2456 Buenos Aires Drive, Covina, 91724 in the amount of $58,898.05 for the Covina Park Maintenance Office Restoration Project #F-1008 and Resolution Amending the Fiscal Year 2009-2010 Risk Management Budget for the Covina Park Maintenance Office Restoration Project.

STAFF RECOMMENDATION

a. Award a construction contract to John Joseph Mooers Construction, 2456 Buenos Aires Drive, Covina, 91724 in the amount of $58,898.05 for the Covina Park Maintenance Office Restoration Project #F-1008; and

b. Adopt **Resolution No. 10-6828**, amending the fiscal year 2009-2010 Risk Management Budget for the Covina Park Maintenance Office Restoration Project.

FISCAL IMPACT

The project will be paid for out of the Risk Management – Liability Claims budget (account # 1010-0870-00-53000) and includes the City's $25,000 property insurance deductible. The City's property insurance policy through CSAC-EIA will cover the needed building repairs and equipment replacement due to the fire damage. Cost estimate completed by American Technologies, Inc. McLarens Young International, for repairs to the Covina Park maintenance office is $59,120.45.

BACKGROUND

On October 20, 2009, there was fire damage to the interior of the 1,000 sq. ft. Covina Park maintenance office. The interior of the building was gutted mainly because of smoke damage from the small fire. Since the fire, the parks maintenance staff has been operating out of a garage at Covina Park. Restoration to the building includes new flooring, drywall, painting, ceiling repairs, lighting and electrical repairs, window and door replacement, and heating and air conditioning replacement.

The City Clerk received and opened one (1) bid for this project on March 16, 2010. John Joseph Mooers Construction was the sole bidder with a bid of $58,898.05. The insurance adjuster's

estimate for this project was approximately $60,000. The licenses and references of John Joseph Mooers Construction were checked, and staff has found them to be in good standing.

The advertisement and bid opening for the Covina Park Maintenance Office Restoration Project F-1008 has been completed. Therefore, it is recommended that the City Council award the contract to the sole bidder John Joseph Mooers Construction and authorize the Mayor and the City Clerk to execute the Agreement. The alternative to this Council action would be to reject the bid. If the bid is rejected, the City would need to readvertise or cancel the project. Staff believes that readvertising the project will not result in lower bids.

EXHIBITS

A. Resolution No. 10-6828

REVIEW TEAM ONLY	
City Attorney:	**Finance Director:**
City Manager:	**Other:**

RESOLUTION NO. 10-6828

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, AMENDING THE FISCAL YEAR 2009-2010 RISK MANAGEMENT BUDGET FOR THE COVINA PARK MAINTENANCE OFFICE RESTORATION PROJECT

WHEREAS, the City of Covina is a municipal corporation duly organized and existing pursuant to the Constitution and laws of the State of California ("City"); and

WHEREAS, the budget for the City of Covina for fiscal year commencing July 1, 2009 and ending June 30, 2010 was approved on June 20, 2009; and

WHEREAS, the approved budget is in accordance with all applicable ordinances of the City and all applicable statutes of the State; and

WHEREAS, the reallocation of the appropriations between departmental activities may be made by the City Manager, amendments (increases/decreases) to the Budget shall be by approval and Resolution of the City Council;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the City Council of the City of Covina, as follows:

SECTION 1. Amend the fiscal year 2009-2010 Risk Management Budget as follows:

1010-0870-00-53000 $58,900

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

PASSED, APPROVED AND ADOPTED this 6th day of April, 2010.

Peggy Delach, Mayor

ATTEST:

Rosalia Conde, Deputy City Clerk

APPROVED AS TO FORM;

Edward W. Lee, City Attorney

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: April 6, 2010 **ITEM NO.:** CC 7

STAFF SOURCE: Toni J. Taber, City Clerk

ITEM TITLE: Reports on Conferences and Meetings from City Clerk's Office.

STAFF RECOMMENDATION
Receive and file the report on the League of California Cities Administrative Policy committee meeting attended by the City Clerk.

FISCAL IMPACT
The expenses associated with attending League of California Cities meeting are included in the FY 2009-2010 Records Management Conference and Meeting budget (1010-00-0700-53200). The total travel cost for attending this meeting was $429.65.

BACKGROUND
The City Clerk was appointed to the League of California Cities Administrative Policy Committee by the president of League of California Cities to serve with the term ending at the League of California Cities 2010 Annual Conference. The Committee meets four times per year with the first meeting held in January 2010. Attached are the highlights of the Committee meeting.

EXHIBITS
A. Highlights of the Administrative Services Policy Committee

REVIEW TEAM ONLY
City Attorney: _____ **Finance Director:** _____
City Manager: _____ **Other:** _____

Exhibit A

ADMINISTRATIVE SERVICES POLICY COMMITTEE
HIGHLIGHTS
January 21, 2010
League Office, Sacramento

ATTENDANCE

Members: Cliff Numark (Chair), Torrance; Helen Kawagoe (Vice Chair), Carson; Janet Abelson, El Cerrito; Dawn Abrahamson, Fremont; Cheryl Brothers, Fountain Valley; Arletta Cortright, Fairfield; Steve Culleton, Paradise; Charles Herbertson, Culver City; Glenda Hill, Orange Grove; Randi Johl, Lodi; Rodney Jones, Fontana; Martin Koczanowicz, Grover Beach; Krista Martinelli-Larson, South San Francisco; Larry McCallon, Highland; Kathryn McCullough, Lake Forest; Stephanie Mizuno, Sacramento; Pam Morrison, Santa Clara; Steve Nagel, Fountain Valley; Cathleen Orchard, Monterey Park; Yvonne Parks, Desert Hot Springs; Joel Rojas, Rancho Palos Verdes; Greg Scoles, Santa Rosa; Karen Spiegel, Corona; Patricia Stephens, Soledad; Toni Taber, Covina; Jerry Taylor, Ridgecrest; Joann Tilton, Manteca

League Partner: Jim Malberg, Project Manager, Willdan Financial Services

League Staff: Natasha Karl and Dwight Stenbakken

Guests: None

I. Welcome and Introductions

The committee members made self introductions.

II. Public Comment

There was no public comment.

III. Committee Orientation

A. Overview of Parliamentary Procedure and Roberts Rules to review seven-page document, visit: www.cacities.org/polcomm

Chairman Cliff Numark provided an overview of the roles/responsibilities of committee members. He emphasized that the League relies upon the active involvement and expertise of city officials. He stated that the policy committee process works better when members engage in active discussions and provide their unique perspectives.

B. Overview of League Strategic Goals for 2010

Chairman Numark discussed how the meetings operate. Specific items mentioned included: the role of the committee chair, the fact that meetings are noticed in the spirit of the Brown Act and that the Committee relies on Roberts Rules of Parliamentary Procedure. Members were also briefed on how agendas are developed and when they are distributed. Chairman Numark also explained how members can request an item be added to the agenda by working with League staff.

C. Review of Summary of Existing Policy & Guiding Principles

Mr. Numark highlighted the fact that every two years, policy committees review items for which the League does not have existing policy. Most importantly, the committees make recommendations to the Board. Ultimately, the Board makes final policy decisions.

The Committee reviewed the recommendations presented by staff. The League Board will take action at its February 11th meeting and staff will report back to the committee on its action.

D. Committee Work Program
League staff updated the committee on the 2010 Strategic Goals developed in November. These goals will guide League actions. League staff also provided a review of the Committee's actions from 2009.

There was a motion to approve the 2010 Work Program. This motion was seconded and approved by a unanimous vote.

IV. State Budget/ Governance Reform Update
Chris McKenzie, Executive Director updated the committee on the status of the League co-sponsored ballot measure for the November 2010 ballot, the Local Taxpayer, Public Safety and Transportation Protection Act. The ballot measure is designed to protect local government revenue.

He also discussed two other groups looking at governance and fiscal reform: Bay Area Council and California Forward. He stated that California Forward's initiative intends to protect local revenues but does not provide protections against state borrowing of HUTA gas tax and public transit funding.

Mr. McKenzie reminded city officials about the rules and requirements with spending city time and resources in support of a ballot initiative and to be extra cautious. He pointed out that there should be no petition signing during city council meetings, but the council can adopt a resolution in support of the initiative. He recommended members ask the League regional representatives or refer to League Web site if they had any questions about what is and is not permissible.

V. State Legislative Update

- *SCA 4 (Maldonado) Open Primary*
  Senator Abel Maldonado spoke to the committee in support of SCA 4, while Bob Mulholland, Senior Advisor and Chief Spokesperson, California Democratic Party spoke in opposition. The committee discussed the ballot measure, a motion was made to take "no position," and the committee voted unanimously to recommend to the Board that "no position" be taken on SCA 4.

- *Elections Materials. Electronic Access. Legislative Proposal*
  Chairman Numark presented this item to the committee and explained that providing elections materials through electronic means could not only save money for cities and counties but give voters control over how they receive their elections materials. The committee discussed the proposal and made a motion to "support" legislative proposals that permit elections officials to administer voter information electronically so long as such a process remained voluntary to voters, the committee voted unanimously to recommend to the Board a "support" position on this legislative proposal.

VI. Federal Legislative Update: League Federal Priorities
Staff provided a handout, which outlines the League's Federal Priorities for 2010.

VII. Joint and Several Liability Update
Dwight Stenbakken, League staff, and Jonathan Shull, Chief Executive Officer, California Joint Powers Insurance Authority (attended via conference call) provided an update on the stakeholder meeting that was held in Sacramento on July 14, 2009. Staff drafted a report detailing the discussion of those in attendance as well as the suggested action for joint and several liability reform. The committee discussed the report and suggested that it be amended to include what other states have done in this area. A motion was made to take the staff report to the Board for discussion and action, the motion was seconded, and the committee voted unanimously to send the report to the Board for discussion and action.

VIII. We Draw the Lines: State Auditor Update on Prop 11 Redistricting

Donna Neville, Senior Staff Counsel, California State Auditor's Office, provided an update on the process of selecting the 14 commissioners for the Citizens Redistricting Commission that will draw the new Assembly, Senate, Congressional, and Board of Equalization district boundaries. She explained that those interested should apply online at www.WeDrawTheLines.ca.gov . The deadline to apply is February 17.

IX. 2010 Census

Lia Bolden, Senior Partnership Specialist, Regional Complete Count Committee Specialist, United State Census Bureau gave an update on how the U.S. Census Bureau will be working with elected officials and cities to accurately collect community data during 2010. Data collected will be used as a guide to award federal funds, community planning and to determine the need for additional social services. For updated information, please visit: http://2010.census.gov/2010census/

X. Next Meeting: THURSDAY, April 8, 2010, Ontario Convention Center

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CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: April 6, 2010 **ITEM NO.:** CC 8

STAFF SOURCE: Steve Henley, Director of Public Works
Vivian Castro, Environmental Services Manager

ITEM TITLE: Report on the 2010 California Water Environment Association Annual Training Conference Attended by the Development Services Division Staff

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STAFF RECOMMENDATION
Receive and file report on the 2010 California Water Environment Association Annual Training Conference attended by the Development Services Division staff.

FISCAL IMPACT
A total of $2,060.00 (conference registration fees, transportation and meals) was spent for five participants to attend the conference. These funds are in the Environmental Services budget under Account No. 6200-5550-51005.

BACKGROUND
The Environmental Services Manager, Building Official, Building and Code Enforcement Coordinator, Building Inspector II and Permit Technician attended the California Water Environment Association Annual Training Conference March 2 and 3, 2010, in Long Beach, California. Staff attended all-day sessions on a combination of the following:

- Environmental Compliance Inspector Training
- Fats, Oil and Grease Control Program Training
- Stormwater Treatment 101 Training
- United States Environmental Protection Agency/California Stormwater

The information and skills acquired at the training will aid Staff in implementing and enforcing the City's industrial waste permit and fats, oils and grease (FOG) ordinance to protect the integrity of the City's sanitary sewer system and ensure compliance with sanitary sewer and stormwater pollution prevention regulations.

EXHIBITS
None.

REVIEW TEAM ONLY
City Attorney: _____ **Finance Director:** _____
City Manager: _____ **Other:** _____

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: April 6, 2010 **ITEM NO.:** CC 9

STAFF SOURCE: Steve Henley, Director of Public Works
Alex Gonzalez, Senior Management Analyst

ITEM TITLE: Downtown Covina Parking Study Update

STAFF RECOMMENDATION
Receive and File Downtown Covina Parking Study Update.

FISCAL IMPACT
There is no impact to the General Fund. The Covina City Council has appropriated $27,000 from Proposition A reserves (2400-4350-13-51990) and $23,000 from Municipal Parking District reserves (2600-2800-00-51530) to complete this study.

BACKGROUND
On Thursday, November 19, 2009 and Friday, November 20, 2009 ADVANTEC Consulting Engineers, Incorporated of Diamond Bar, California conducted an inventory of on-street parking and off-street parking lots within the Covina Downtown area. The intention of their inventory was to establish a database of existing parking and to track parking duration.

With the completion of the parking inventory database and parking duration analysis, ADVANTEC has completed tasks one through three of their five part parking analysis. Tasks four and five of the parking study are in process and will address parking management strategies including "best practices" in parking management which are applicable to Covina. It is projected by the consultant that an additional sixty days are required to complete tasks four and five which will result in delivery of the parking study conclusions in June 2010.

EXHIBITS
A. Downtown Covina Parking Study – Existing Parking Conditions (on file in City Clerk's Office)

REVIEW TEAM ONLY
City Attorney: _____ **Finance Director:** _____
City Manager: _____ **Other:** _____

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: April 6, 2010 **ITEM NO.:** CB 1

STAFF SOURCE: Anthony Arroyo, Director of Human Resources
Guadalupe Marquez, Management Analyst

ITEM TITLE: Urgency Ordinance to Amend the Contract between the City of Covina and PERS.

STAFF RECOMMENDATION

Adopt Urgency **Ordinance No. 10-1981**, amending the contract between the City Council of the City of Covina and the Board of Administration of the California Public Employees' Retirement System (PERS).

FISCAL IMPACT

A contract amendment cost analysis (actuarial valuation) has been completed and was based on the most recent annual valuation. Said information was presented at the March 16, 2010 Council meeting.

Future annual costs:

Change in the Present Value of Benefits	$2,569,281
Change in the Accrued Liability	$1,146,434
Change in the Total Employer Rate	2.419% *

* The change in the Total Employer Rate of 2.419% represents approximately $250,000 for the 2010-11 FY.

The employee member contribution rate will be 8% of the reportable earnings, as of the effective date of the amendment to the contract. Human Resources is currently negotiating with bargaining groups for employees to provide up 7% of the 8% employee contribution to offset the costs associated with the increased benefit. It is anticipated this will occur over the next two fiscal years. It is expected that eligible employees will retire on April 13, 2010. The 2.5% @ 55 retirement benefit is not retroactive to former City of Covina employees.

BACKGROUND

On March 16, 2010, the Covina City Council was presented Urgency Ordinance No. 10-1981 authorizing an amendment to the contract between the City Council of the City of Covina and the Board of Administration of the California Public employees' Retirement System. The City gave authority to implement the 2.5% @ 55 PERS retirement plan for all Miscellaneous Employees effective immediately.

EXHIBITS

A. Urgency Ordinance No. 10-1981
B. Contract Amendment

REVIEW TEAM ONLY	
City Attorney:	**Finance Director:**
City Manager:	**Other:**

URGENCY ORDINANCE NO. 10-1981

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, AMENDING THE CONTRACT BETWEEN THE CITY OF COVINA AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law: and

WHEREAS, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract: and

WHEREAS, the City is required to do a first reading of the Ordinance.

THE CITY COUNCIL OF THE CITY OF COVINA DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. An amendment to the contract between the City of Covina and the Board of Administration of the California Public Employees' Retirement System is hereby approved, a copy of said amendment being attached hereto marked "Exhibit" and by such reference made a part hereof as though set out in full.

SECTION 2. The Mayor of the City of Covina is hereby authorized, empowered and directed to execute said amendment for and on behalf of said Agency.

SECTION 3. This ordinance is an urgency ordinance and shall take effect immediately upon adoption in accordance with Section 36937 of the Government Code.

SECTION 4.. The City Clerk shall certify the passage of this ordinance and shall cause the same to be entered in the book of original ordinances of said City; shall make a minute passage and adoption thereof in the records of the meeting at which time the same is passed and adopted; and shall, within fifteen (15) days after the passage and adoption thereof, cause the same to be published as required by law, in a local weekly newspaper of general circulation and which is hereby designated for that purpose.

EXHIBIT A

PASSED AND APPROVED on this 6th day of April, 2010.

Peggy Delach, Mayor

ATTEST:

Toni Taber, City Clerk

APPROVED AS TO FORM:

Edward W. Lee, City Attorney

EXHIBIT A

CalPERS

EXHIBIT

California
Public Employees' Retirement System

AMENDMENT TO CONTRACT

Between the
Board of Administration
California Public Employees' Retirement System
and the
City Council
City of Covina

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective January 1, 1949, and witnessed December 21, 1948, and as amended effective June 1, 1956, January 2, 1969, March 5, 1969, November 1, 1973, January 1, 1978, July 1, 1979, October 1, 1981, January 1, 1984, December 1, 1985, May 7, 1987, February 4, 1988, July 1, 1989, July 5, 1991, June 9, 1994, August 25, 2000, June 4, 2005 and February 21, 2006 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

A. Paragraphs 1 through 14 are hereby stricken from said contract as executed effective February 21, 2006, and hereby replaced by the following paragraphs numbered 1 through 16 inclusive:

1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for local miscellaneous members and age 50 for local safety members.

2. Public Agency shall participate in the Public Employees' Retirement System from and after January 1, 1949 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.

3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorneys fees that may arise as a result of any of the following:

   (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.

   (b) Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than existing retirement benefits, provisions or formulas.

   (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.

   (d) Public Agency's election to file for bankruptcy under Chapter 9 (commencing with section 901) of Title 11 of the United States Bankruptcy Code and/or Public Agency's election to reject this Contract with the CalPERS Board of Administration pursuant to section 365, of Title 11, of the United States Bankruptcy Code or any similar provision of law.

   (e) Public Agency's election to assign this Contract without the prior written consent of the CalPERS' Board of Administration.

DO NOT SIGN "EXHIBIT B"

(f) The termination of this Contract either voluntarily by request of Public Agency or involuntarily pursuant to the Public Employees' Retirement Law.

(g) Changes sponsored by Public Agency in existing retirement benefits, provisions or formulas made as a result of amendments, additions or deletions to California statute or to the California Constitution.

4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:

   a. Local Fire Fighters (herein referred to as local safety members);

   b. Local Police Officers (herein referred to as local safety members);

   c. Employees other than local safety members (herein referred to as local miscellaneous members).

5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:

   a. PERSONS COMPENSATED ON AN HOURLY BASIS IN EMPLOYMENT ON AND AFTER MARCH 5, 1969 AND PRIOR TO FEBRUARY 4, 1988; AND

   b. PERSONS IN EMPLOYMENT ON AND AFTER FEBRUARY 4, 1988 IN THE JOB CLASSIFICATIONS OF:
   COMMUNITY RESOURCES SPECIALIST;
   LIBRARY CLERK I;
   COMMUNITY RESOURCES ASSISTANT I;
   COMMUNITY RESOURCES ASSISTANT II; AND
   COMMUNITY RESOURCES AIDE.

6. This contract shall be a continuation of the contract of the San Gabriel Valley Fire Authority, hereinafter referred to as "Former Agency". A portion of the function of Former Agency having been transferred to Public Agency on February 1, 1989. The accumulated contributions, assets and liability for prior and current service under the Former Agency's contract shall be merged pursuant to Section 20508 of the Government Code.

7. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment before and not on or after the effective date of this amendment to contract shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).

8. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment on or after the effective date of this amendment to contract shall be determined in accordance with Section 21354.4 of said Retirement Law (2.5% at age 55 Full).

9. The percentage of final compensation to be provided for each year of credited prior and current service as a local fire member shall be determined in accordance with Section 21362 of said Retirement Law (2% at age 50 Full).

10. The percentage of final compensation to be provided for each year of credited prior and current service as a local police member shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).

11. Public Agency elected and elects to be subject to the following optional provisions:

    a. Sections 21624 and 21626 (Post-Retirement Survivor Allowance).

    b. Section 21024 (Military Service Credit as Public Service), for local police members entering membership prior to May 7, 1987; for local fire members entering membership prior to July 1, 1989; and for all local miscellaneous members.

    c. Section 20042 (One-Year Final Compensation).

    d. Section 20614, Statutes of 1978, (Reduction of Normal Member Contribution Rate). From July 1, 1979 and until October 1, 1981, the normal local miscellaneous member contribution rate shall be 3.5%. Legislation repealed said Section effective September 29, 1980.

    e. Section 20690, Statutes of 1980, (To Prospectively Revoke Section 20614, Statutes of 1978).

DO NOT SIGN "EXHIBIT B"

f. Section 20965 (Credit for Unused Sick Leave).

g. Section 21622 ($600 Retired Death Benefit).

h. Section 20475 (Different Level of Benefits Provided for New Employees). Section 21024 (Military Service Credit as Public Service), is not applicable to local police members entering membership after May 7, 1987; local fire members entering membership after July 1, 1989.

i. Section 20503 (To Remove the Exclusion of Persons Compensated on an Hourly Basis Hired on or after March 3, 1969, Prospectively from February 4, 1988).

j. Section 20903 (Two Years Additional Service Credit).

k. Section 21574 (Fourth Level of 1959 Survivor Benefits).

12. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on January 1, 1978. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.

13. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members and local safety members of said Retirement System.

14. Public Agency shall also contribute to said Retirement System as follows:

a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members and local safety members.

b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.

c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

15. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.

16. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY_____
LORI MCGARTLAND, CHIEF
EMPLOYER SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL
CITY OF COVINA

BY_____
PRESIDING OFFICER

_____
Witness Date

Attest:

_____
Clerk

AMENDMENT ER# 225
PERS-CON-702A

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: April 6, 2010 **ITEM NO.:** CB 2

STAFF SOURCE: Steve Henley, Director of Public Works
Kalieh Honish, Public Works Manager

ITEM TITLE: Approval of an Agreement Between Global Water Management, LLC, and the City of Covina for Water Utility Billing Services

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STAFF RECOMMENDATION

Approve the Agreement between Global Water Management, LLC, and the City of Covina for Water Utility billing services.

FISCAL IMPACT

The entire cost of the proposed contract with Global Water Management, LLC, will be funded through the Water Utility's Capital Enterprise Fund (Revenue Account 6011-5005-00-46150) and the Environmental Fund's Refuse Collection Fees (Revenue Account 6200-5505-00-46310) from existing payments being made by all active accounts. There will be no negative impacts to the General Fund or to the City's financial condition, in general.

BACKGROUND

The City's current utility billing system for water and trash is functionally obsolete, labor-intensive, and extremely limited in its capabilities and systems integration. Accordingly, as a part of the Department's on-going efforts "to do more with less" staff has been researching new systems to move the City's utility billing into the 21st century in the most cost-effective manner possible. The result of this year-long investigation is the proposal before the City Council this evening which will establish utility billing services through a fully-hosted Application Service Provider (ASP) specifically designed for use by water utilities and hosted by Global Water Management, LLC (Global). This will be Phase 1 of a two-Phase overhaul of the City's meter reading and utility billing processes.

Global owns and operates fourteen regulated private water and wastewater utilities within the State of Arizona and is one of the world's leading innovators in water management. Global has invested heavily in technology to automate traditionally labor-intensive utility operations and processes; to the point that Global's utilities are now some of the "greenest," most efficient operations anywhere. This has been accomplished by developing and implementing two key operational components: 1) a state-of-the-art automated billing system that eliminates labor-intensive operations and management of the system; and 2) an Automated Meter Reading (AMR) infrastructure which automatically and remotely reads meters, eliminating the need to manually read every meter within the system.

The backbone of Global's utility billing system is software developed by Advanced Utility Systems (Advanced), a leader in the utility billing system's market. Attached is a brief overview of Advanced including a list of utilities operating Advanced's billing system (Exhibit A). This list includes the California cities of Cerritos, Colton, Rancho Cucamonga, San Juan Capistrano, Santa Barbara, and the County of Los Angeles. However, rather than operating Advanced's billing system as a stand-alone application, Global further invested in fully-integrating Advanced's billing system with Global's payment and accounting system; creating a seamless transition between its billing, collection, and accounting applications called Customer Information System (CIS) Infinity. The result of this integration allows the CIS Infinity system to:

- Automatically prepare bills to customers via email as well as print mail
- Accept payments on-line over customers' existing Internet bill pay site, via the City's website, via auto payment applications, or by an integrated voice response (IVR) system over the phone
- Allow customers to look at bills on-line, make payment by check, e-check or credit card, update their contact information, and check on their water usage history in a self-serve mode
- Automatically phone potentially delinquent accounts to remind them of the need to pay their bill and provide for IVR payment at the same time
- Route all payments, both received by mail and electronic transfers, to a bank lockbox that processes all remittances and provides an electronic file of payments received that is uploaded into the accounting system without any redundant data entry by utility personnel
- Import all daily transactions into the utility's financial system in an easily audited format
- Allow all City Departments to accept credit card payments for the services they provide

In the past the City, and cities in general, purchased the software, hardware, and information technology (IT) infrastructure necessary to run their desired operating systems. However, rather than following this paradigm, staff is proposing that the City obtain the functionality of the CIS Infinity system through a Software as a Service (SaaS) format, as mentioned previously. Under this format, which is virtually identical to the concept used in obtaining the City's reverse 9-1-1 system from the NTI Group, rather than incurring extensive up-front capital costs, maintenance costs, and on-going software upgrade costs, the City will essentially contract for access to Global's existing system on a per bill basis; negating any up-front capital outlay, IT infrastructure needs, maintenance contracts, or software upgrade costs. Global's server infrastructure is co-located with IBM in a state of the art data center in Phoenix, Arizona. The architectural plan utilizes CITRIX to deploy applications over the Internet to Global and any client utility operations, allowing Global to provide access to the system without any geographic limitations.

Global's SaaS proposal, in cooperation with Advanced, would provide the City with user licenses for their proprietary software on a service on demand basis through a completely turn-key approach. Under this approach, Global would provide the following services:

- Provide all required licenses for both server and desktop applications
- Provide all server hardware and desktop hardware, if required
- Convert all data from the City's old billing system to the new CIS Infinity system

- Develop customized reporting packages specific to the City's requirements
- Training for all users
- Go-Live support and Help Desk support
- All software and hardware upgrades for the duration of the contract
- On-going IT support
- Disaster plan and recovery plan for all applications
- Management of third-party billing and mailing
- Management of third-party bank lockbox operations

As mentioned previously, the cost for accessing these services would require no up-front capital outlays. Rather, the City would pay a per mailing costs to Global for the use of the system, as follows:

Per mailing costs of Software as a Service, per unit	$1.95
Cost to outsource bill printing and mailing	$0.525
Bank transaction fees (average all categories of payments)	$0.78
Total cost inclusive of all envelopes, postage and bank charges	$3.255

By way of comparison, the City's current per unit cost for utility billing is approximately $4.45 per unit, compared to $1.30 as proposed. Additionally, obtaining the necessary hardware and software for the new billing system through the SaaS format of $1.95 per bill in lieu of outright purchases is conservatively estimated to save the City hundreds of thousands of dollars in capital outlay costs for software, hardware, servers, IT infrastructure, while at the same time capping on-going personnel and maintenance costs.

The proposed acquisition of the CIS Infinity billing system through a SaaS contract with Global would represent the completion of Phase 1 of the modernization of the City's utility billing system. The second phase will entail the implementation of an AMR system that will automatically read the City's approximately 8,500 service meters and feed the information seamlessly into the CIS Infinity system. Once this process is completed and an AMR system is integrated into the CIS Infinity system, the City would be able to transition from its current bi-monthly billing status to monthly billing. This change would provide a more uniform cash flow to the utility, as well as assist in reducing the number of account delinquencies, which we believe are sometimes caused by customers simply forgetting to pay their bill due to its bi-monthly status compared to all other utilities billing monthly. Staff is in the process of conducting a test pilot project with Global to determine if their AMR system can successfully operate within the City's topographical climate. Staff has also researched a drive-by AMR system in an effort to select the most viable system for use in the city. Once this process is complete, staff will return to the City Council with a recommendation on which AMR process best meets the City's needs and an implementation proposal.

Three of the City's five current Strategic Plan Goals are *Improve and promote customer service, Enhance financial stability, and Become an environmentally sustainable community.* Staff believes that the acquisition and implementation of the CIS Infinity billing system through a SaaS contract with Global meets each of these three goals by:

- Automating labor-intensive data entry tasks to allow existing personnel to focus on customer service issues, thereby improving customer service
- Providing on-line payment options, electronic billing, and on-line account access for customers, thereby improving customer service and being more environmentally sustainable
- Automating delinquent account notification in an effort to preclude service disconnect inconveniences and fees, thereby improving customer service and enhancing financial stability
- Capping personnel and maintenance costs for system expansion and upgrades, thereby enhancing financial stability
- Taking the first step towards realizing the ability to transition to monthly billing from the current bi-monthly billing which would have a positive impact on cash flow and may assist in eliminating the number of account delinquencies, thereby enhancing financial stability
- Taking the first step in eliminating the labor-intensive process of manually reading service meters, thereby enhancing financial stability and doing so in an environmentally sustainable manner

EXHIBITS

A. Agreement

REVIEW TEAM ONLY

City Attorney: _____ **Finance Director:** _____

City Manager: _____ **Other:** _____

GLOBAL WATER

SOFTWARE AS A SERVICE AGREEMENT

This Software as a Service Agreement (the "Agreement") is made as of the date last written below between GLOBAL WATER MANAGEMENT, LLC, a Delaware limited liability company with an address at 21410 N. 19th Avenue, Suite 201, Phoenix, AZ 85027 ("Global") and THE CITY OF COVINA, a California municipal corporation with its principal offices at _____ ("Covina" or "Customer"), collectively the Parties.

RECITALS

A. Global Water Resources, LLC, is the parent of several private regulated utility companies and has designed and implemented an integrated information technology platform for the administration and operation of its utilities through its affiliate, Global.

B. Global's technology platform includes Automated Meter Reading ("AMR"), Automated Meter Infrastructure ("AMI"), Customer Information System ("CIS"), Supervisory Control and Data Acquisition ("SCADA"), Computerized Maintenance Management System (including Work Order Management ("CMMS"), and numerous other products that in total represent Global's Master Data Management ("MDM") products. Global has also developed and uses its own proprietary software known as Global Green Billing ("G2B") with MDM to operate, query, and provide reports for utility managers, operators, and customers. Global's products are collectively referred to in this Agreement as the "Platform."

C. Global desires that other public and private utilities access the Platform as a fee-based service through its cloud computing environment over the internet.

D. Covina desires to obtain a right to access the Platform for Covina's utility services and receive training from Global on the use of the Platform. Global is willing to grant Covina access to, provide training for, and offer support for the Platform, subject to the terms of this Agreement.

E. The Parties desire to enter into an Agreement where Global will provide the Platform, training, and support services to Covina in accordance with the terms of this Agreement.

AGREEMENT

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. DEFINITIONS.

1.1. As used in this Agreement, the following terms shall have the meanings set forth below:

(A) *Access* means Customer's access to and use of the Platform in accordance with this Agreement and **Exhibit A, Selected Services Schedule and Fees.**

(B) *CIS* means Customer Information System

EXHIBIT A

(C) *Confidential Information* means that information of either party ("*Disclosing Party*") which is disclosed to the other party ("*Receiving Party*") under this Agreement in written form and marked "Confidential," "Proprietary," or similar designation, or if orally disclosed, that information which the Receiving Party should reasonably discern, by an objective examination of the disclosure and the surrounding facts and circumstances, to be confidential in nature. Confidential Information includes, but is not limited to, trade secrets, know-how, inventions, techniques, processes, algorithms, software programs, schematics, designs, contracts, customer lists, financial information, product plans, and business information.

(D) *Documentation* means any instruction, comment, or information whether in printed or electronic form.

(E) *Effective Date* means date last written below for the commencement of this Agreement.

(F) *Global Documentation* means the Documentation related to the Platform including, but not limited to any technical or user documentation relating to the installation, use, or maintenance of the Platform, including reference, user, installation, systems administrator, technical manuals, guides, and "readme" files, whether in hard copy or in on-line format, as may be supplied from time to time by Global to Customer. Global Documentation includes any updates, upgrades, or new versions of the foregoing released by Global, in its sole discretion during the term of this Agreement.

(G) *Platform* means Global's Automated Meter Reading ("AMR"), Automated Meter Infrastructure ("AMI"), Customer Information System ("CIS"), Supervisory Control and Data Acquisition ("SCADA"), Computerized Work Order Management ("CMMS"), Global Green Billing ("G2B"), and Global's Master Data Management ("MDM") products.

(H) *Support Services* means the support services provided by Global with respect to the Access Permit, as set forth in **Exhibit B, Support**.

(I) *Scope of Service* means the document explaining the services to be provided as set forth in **Exhibit I, Scope of Services**. This document is managed and may be altered with the written consent of the project managers for the Parties.

(J) *Force Majeure* means that performance of the duties under this contract become impossible or impracticable due to the occurrence of external events not within the reasonable contemplation and control of the City, including, but not limited to an act of war or other military action, terrorism, a strike of other work blockage, riots, crime, act of God (including, fire, flood, earthquake, storm, tornado, hurricane or other natural disaster or extreme weather condition), legally declared disaster conditions by an authorized entity, any

interruption of telephone or electrical service or any such other external occurrence. All parties agree to minimize delay or damages resulting from such an event.

2. ACCESS.

2.1. Subject to the terms and conditions of this Agreement, Global grants Covina a limited, nonexclusive, nontransferable, and revocable right to use and access Global's Platform only for those services specifically identified in **Exhibit A**, beginning on the Effective Date. Customer acknowledges that Access will be granted to a maximum of 5 concurrent users associated with Customer and operated via one or more internet connections. Access to additional users may be granted in accordance with **Exhibit H, Additional Services Agreement**.

2.2. The Access granted by this Agreement is for a ten (10) year period beginning on the Effective Date ("Initial Period"), and shall thereafter automatically renew for one (1) year periods, unless written notice is provided not later than ninety (90) days prior to the expiration of the Initial Period or the then-current one (1) year renewal period, after which this Agreement shall expire at the end of the Initial Period or the then-current one (1) year renewal period. The parties acknowledge that non-renewal of this Agreement after completion of the Initial Period may be for or without default/cause.

2.3. Customer is allowed Access solely for Customer's own internal operations, and cannot sublicense, rent, or permit anyone other than Customer's own authorized employees and agents that have received proper training by Global personnel, to use or have access to the Platform under any circumstances not authorized by this Agreement.

2.4. Unless otherwise expressly authorized in this Agreement, Customer shall not:

(A) Distribute, disclose, or transfer to any third party, except for Customer's employees and agents, any portion of the Platform or use or demonstrate the Platform in any service bureau arrangement, facility management, or third party training; or

(B) Use the Platform for any purpose or application other than as permitted under this Agreement.

2.5. Global has the right, upon reasonable advance notice and during regular business hours, to inspect Customer's books, records, computers, and facilities with respect to the use of the Platform to verify that:

(A) such use is within the scope of this Agreement,

(B) there are appropriate security procedures to protect any Confidential Information,

(C) Customer is in compliance with Section 2.4

(D) Customer is in compliance with its other obligations under Section 2 of this Agreement.

3. FEES; PAYMENT TERMS; SECURITY INTEREST; TAXES.

3.1. Customer shall pay to Global the fees set forth in **Exhibit A**. Global will deliver monthly invoices for the payment of fees due under this Agreement to Customer at the address set forth in Section 18.

3.2. All payments are due within thirty (30) days from the date of invoice. Any invoices not timely paid will be subject to interest and late fees in accordance with **Exhibit A**. Customer's failure to pay any fees within five (5) days following written notice from Global may, at Global's sole discretion, result in Global exercising any of its rights and remedies at law and in equity, including but not limited to terminating Customer's Access and/or disconnecting Customer from Global's servers and other connection providers without notice to Customer. Customer agrees to pay Global the costs associated with the disconnection of services under this Section 3.2.

3.3. Global's fees for any services provided to Customer under this Agreement will be adjusted annually on the anniversary date of this Agreement. Annual adjustments will calculated based on the prior year's fees for the services plus an inflation adjuster as defined in **Exhibit A**. At no point must any change be less than zero percent.

3.4. The fees listed in this Agreement do not include taxes. If Global is required to pay sales, use, property, value-added, withholding, or other taxes based on the goods and services provided to Customer under this Agreement, then and unless Customer provides Global with a valid tax exemption certificate, such taxes will be billed to and paid by Customer.

4. CUSTOMER'S OBLIGATIONS.

4.1. Customer must, as reasonably requested by Global, provide Global with detailed information about Customer's account information, billing rates, work flow, billing and collecting procedures, transaction volumes, and current and historical account data to assist Global in establishing the Platform for Customer's use; provided that the information is not otherwise subject to disclosure restrictions under federal, state, or local law. Any information provided under this Section 4.1 shall be considered Confidential Information.

4.2. Customer must designate a project manager or an information technology team to coordinate and work with Global in the installation, implementation, and support of the Platform, including testing of the Platform following installation. The identity and contact information of the Customer project manager and information technology team must be provided in **Exhibit G, Contacts**.

4.3. During the transition period to the Platform, Customer may, but is not required to, continue to operate its existing processing operations on a parallel test basis until a thorough testing of the Platform under live production conditions has been completed.

Customer acknowledges and agrees that Global is not liable for any damages that Customer might suffer as a result of a transition to Global's platform.

5. GLOBAL'S OBLIGATIONS.

5.1. Global agrees, at no additional cost to Customer, that Global personnel performing services in connection with this Agreement will have the technical experience, proper training, and qualification to fulfill Global's obligations under the Agreement.

5.2. Global will be solely responsible for obtaining and maintaining appropriate insurance coverage for the training activities conducted by Global personnel under this Agreement, including, but not limited to, comprehensive general liability insurance with limits of not less than $1,000,000 for injury to or death of one or more persons in any one occurrence and for damage or destruction to property in any one occurrence, and professional liability insurance with limits of not less than $500,000 per occurrence and $1,000,000 in the aggregate. The insurance must name the Customer as an additional insured and certify that no alteration, modification, or termination of such coverage will be effective without at least thirty (30) days' advance notice to Customer.

5.3. Global must designate a project manager or an information technology team to coordinate and work with Customer in the installation, implementation, and support of the Platform, including testing of the Platform following installation. The identity and contact information of the Global project manager or information technology team must be provided in **Exhibit G**.

6. INSTALLATION SUPPORT; TRAINING

6.1. Onsite support for the implementation of and access to the Platform at Customer's headquarters location is included within the fees as specified in **Exhibit A**. Support will be provided by Global on an "as needed" basis during the installation and implementation phase, which will be in accordance with a separate, estimated written timetable that will be attached to the individual scope of services as set forth in **Exhibit I**. If Customer requests additional support, Global reserves the right to charge for the additional support, at Global's expenses and the hourly rates set forth in **Exhibit J** or as otherwise agreed to in writing.

6.2. Support Services must be provided in accordance with the **Exhibit B**.

6.3. During implementation of the project, certain standard configurations are required to adjust to specific Customer needs. These configurations are based solely on information obtained from the Customer. Prior to implementation of the configurations, Global and Customer shall execute **Exhibit D, Customer Information Transfer Acceptance Policies and Document List**.

6.4. Global must provide Customer with the appropriate training for Customer's personnel as set forth in **Exhibit E, Training Program and Acceptance of Training Policies,** upon written request by Customer. The written request for Global to provide training must be provided at least 15 days in advance. Unless otherwise stated in **Exhibit E,**

Global's obligation to provide the training in **Exhibit E** will expire within 180 days of the completion of Exhibit F, Standard Acceptance Testing and Expectations.

6.5. Upon completion of training in **Exhibit E**, Global and Customer project manager must execute **Exhibit F, Standard Acceptance Testing and Expectations.**

7. PROPRIETARY AND INTELLECTUAL PROPERTY RIGHTS.

7.1. Customer acknowledges that the Platform and Global Documentation is considered by Global to be valuable trade secrets of Global or third-party providers. Global or its third-party providers are the sole and exclusive owner of the Platform and Global Documentation. The Access granted by this Agreement does not give Customer any ownership interest in the Platform or Global Documentation, but only the limited right to access and use the Platform and Global Documentation under the terms of this Agreement.

7.2. Customer agrees that it will not remove, alter, or otherwise obscure any proprietary rights notices appearing in the Platform or Global Documentation delivered to Customer under this Agreement.

7.3. The Platform or Global Documentation may include certain custom modifications made by Global in order to meet the Customer's expectation. Global will retain title to any custom modifications, and may, at is sole discretion and at any time, make changes, upgrades, updates, enhancements, or other modifications to the Platform or Global Documentation.

8. CONFIDENTIALITY

8.1. The Platform and Global Documentation must be considered Confidential Information of Global's for purposes of this Agreement, regardless of whether or not it is so marked. Except as permitted in this Agreement, Customer must not use, make, have made, distribute, or disclose any copies of the Platform or Global Documentation, in whole or in part, or the information contained therein without the prior written authorization of Global.

8.2. Upon the termination or expiration of this Agreement, Customer will comply with the provisions of Section 15.3.

8.3. Each party acknowledges that in the course of the performance of this Agreement, it may obtain the Confidential Information of the other party. The Receiving Party (as defined in Section 1.1(c) (Confidential Information)) must, at all times, both during the term of this Agreement and for 2 year period after termination keep in confidence and trust all of the Disclosing Party's (as defined in Section 1.3 (Confidential Information)) Confidential Information received by it (except for any source code, which shall be kept in confidence and trust in perpetuity). The Receiving Party must not use the Confidential Information of the Disclosing Party other than as expressly permitted under the terms of this Agreement. The Receiving Party must take reasonable steps to prevent unauthorized disclosure or use of the Disclosing Party's Confidential Information and to prevent it from falling into the public domain or into

the possession of unauthorized persons. The Receiving Party must not disclose Confidential Information of the Disclosing Party to any person or entity other than its officers, employees, contractors, and consultants who need access to the Confidential Information in order to effect the intent of this Agreement. Those officers, employees, contractors, or consultants of the Receiving Party needing access to the Confidential Information to effect the intent of this Agreement will be bound by the same obligations as the Receiving Party. The Receiving Party must immediately give notice to the Disclosing Party of any unauthorized use or disclosure of Disclosing Party's Confidential Information. The Receiving Party agrees to assist the Disclosing Party to remedy such unauthorized use or disclosure of its Confidential Information.

8.4. The obligations set forth in Section 8 do not apply to the extent that Confidential Information includes information which is:

(A) now or afterwards, through no unauthorized act or failure to act on the Receiving Party's part, in the public domain;

(B) was in the Receiving Party's possession before receipt from the Disclosing Party and obtained from a source other than the Disclosing Party and other than through the prior relationship of the Disclosing Party and the Receiving Party

(C) furnished to the Receiving Party by a third party as a matter of right and without restriction on disclosure

(D) furnished to others by the Disclosing Party without restriction on disclosure;

(E) independently developed by the Receiving Party without use of the Disclosing Party's Confidential Information; or

(F) required to be disclosed by the City pursuant to the California Public Records Act, or another public disclosure law of similar effect.

8.5. Nothing in this Agreement prevents the Receiving Party from disclosing Confidential Information to the extent the Receiving Party is legally compelled to do so by any governmental, investigative, or judicial agency in accordance with proceedings over which the agency has jurisdiction; provided, however, that prior to any such disclosure, the Receiving Party must:

(A) assert the confidential nature of the Confidential Information to the agency;

(B) immediately notify the Disclosing Party in writing of the agency's order or request to disclose; and

(C) cooperate fully with the Disclosing Party in protecting against any such disclosure.

Subsection (C) shall not require the Receiving Party to legally defend or be a party to any lawsuit or other legal action regarding disclosure of Confidential Information, the

Parties expressly acknowledging that legal defense of any Confidential Information shall remain the duty of the Disclosing Party.

9. WARRANTY

9.1. Global warrants that the access to the Platform will function for its intended use as documented in **Exhibit I**. In the event the Platform fails to function for its intended use, in whole or in part, and Global is unable to cure the failure within the time frames set forth Section 13 of this Agreement, Customer may terminate this Agreement for default pursuant to Section 15 of this Agreement.

9.2. Except as provided for in Section 9.1, Global nor its third-party providers make any warranties, terms, or conditions, either express, implied or statutory, as to the Platform or the Global Documentation or as to any other matter whatsoever with respect to the subject matter of this Agreement, and the Platform or the Global Documentation and all other items furnished or made available under this Agreement are provided "as is". In addition and except as provided for in Section 9.1, Global disclaims and excludes any and all warranties, whether statutory, express or implied, including without limitation the implied warranties of merchantability, fitness for a particular purpose, non-infringement, course of dealing, and course of performance.

10. PATENT AND COPYRIGHT INDEMNITY.

10.1. Global must indemnify, defend and hold harmless Customer and its officers, directors, employees, agents, and representatives from and against those damages, losses, liabilities, judgments, awards, costs, and expenses of any nature whatsoever, including reasonable attorney's fees and court costs incurred by Customer solely arising from:

(A) any claim that Customer's use of the Platform or Global Documentation, or any of its components, infringes any patent, copyright, trade secret, trademark, or any other proprietary rights of any kind; or

(B) any misappropriation, misuse, or disclosure of any of Covina's Confidential Information by Global or any of its employees, contractors, or agents.

10.2. Customer must promptly notify Global in writing of any claim arising under Section 10.1. Under no circumstances will Global be liable for any consequential, special, or punitive damages for any reason.

11. INDEMNIFICATION

11.1. Global must indemnify and defend Covina and each council member, officer, employee, or agent (Covina and any such person being called a "Covina Indemnified Party"), from and against only those losses, claims, damages, liabilities, costs and expenses (including, but not limited to, reasonable attorneys' fees, court costs and the costs of appellate proceedings) to which any such Covina Indemnified Party may become subject, under any theory of liability whatsoever ("Claims"), insofar as such Claims (or actions in respect thereof) solely relate to, arise out of, or are caused by or

based upon the gross negligence or intentional misconduct of Global, its officers, employees, or agents in connection with the information provided to Global for establishing the Platform for Covina under this Agreement.

11.2. Covina agrees to indemnify and defend Global, its affiliates, managers, directors, members, officers, agents, and employees (the "Global Indemnified Party") from and against all claims, damages, losses and expenses (including, but not limited to, reasonable attorneys' fees, court costs and the cost of appellate proceedings) to which any such Global Indemnified Party may become subject, under any theory of liability whatsoever ("Claims"), insofar as such Claims (or actions in respect thereof) relate to, arise out of, or are caused by or based upon the gross negligence or intentional misconduct of Covina, its council members, officers, employees, or agents, in connection with Covina use of the Platform; provided that Covina's use of the Platform is in accordance with the terms of this Agreement.

12. LIMITATION OF LIABILITY

12.1. Neither Global nor its third-party providers will have any liability for incidental, consequential, indirect, special or punitive damages, or liabilities of any kind or for loss of revenue, loss of business, or other financial loss arising out of or in connection with this Agreement, regardless of the form of the action, whether in contract, tort (including negligence), strict product liability or otherwise, even if any representative of a party to this Agreement has been advised of the possibility of such damages and even if any limited remedy specified in this Agreement is considered to have failed of its essential purpose.

12.2. Customer acknowledges that the allocation of risk in this Agreement is consistent with software industry pattern and practice and is an integral part of the consideration for this Agreement, without which Global would be unable to provide the Platform and related services at the prices specified. Except for Global's indemnification in Sections 10 and 11.1, Global's entire liability for damages in connection with this Agreement must not exceed the amounts committed to by Customer to Global under this Agreement for any single year of the agreement.

13. DEFAULT

13.1. Failure or unreasonable delay by any Party to perform or otherwise act in accordance with any non-monetary, material provision of this Agreement for a period of thirty (30) days after written notice from the non-breaching Party ("Cure Period"), constitutes a default under this Agreement. The notice shall specify the nature of the alleged default.

13.2. If the failure or delay is such that more than thirty (30) days would reasonably be required to perform such action or comply with any term or provision, then such Party will have additional time as may be necessary to perform or comply so long as such Party completes such performance or fulfills such obligation not more than sixty

(60) days after written notice from the non-breaching Party. Notwithstanding the above, the Parties may mutually agree, in writing, to a longer Cure Period.

13.3. In the event such default is not cured within the Cure Period, the Agreement may be terminated by the Party not in default in accordance with Section 15.1.

14. REMEDIES.

14.1. Either party's breach or violation of the other party's intellectual property rights or Confidential Information may cause irreparable injury to such other party for which such other party may not have an adequate remedy at law. Under those circumstances, each party shall have the right to seek injunctive relief from a court of competent jurisdiction for a breach of any obligation of confidentiality; infringement, misappropriation, or misuse of any intellectual property right; or any other claim where interim relief from the court is sought to prevent serious and irreparable injury to one of the parties or to others.

14.2. Except as provided for in Section 14.1, Global may exercise its rights and remedies, at law and in equity, for a breach of this Agreement by Customer.

15. TERMINATION.

15.1. Either Party may terminate this Agreement, only for default and, only after complying with the provisions of Section 13 in the event of a non-monetary default and Section 3.2 in the event of a monetary default, by providing thirty (30) days written notice to the defaulting Party.

15.2. Within fifteen (15) days after termination or expiration of this Agreement under any circumstances, the following event must occur:

(A) The Access and other provisions of this Agreement are terminated.

(B) Customer's use of the Platform is terminated.

(C) Customer must return to Global or destroy all copies of the Global Documentation, and shall delete or destroy all portions or excerpts of the Platform or Global Documentation contained, commingled, or incorporated in any form with Customer's information and electronic systems, including electronic data files and magnetically encoded media, so that neither Customer nor any of Customer's affiliates retain any of the Platform or Global Documentation in whole or in part. Upon request, Customer must certify in writing the complete return or destruction of the Platform or Global Documentation within 30 days of the request.

(D) Within fifteen (15) days after termination of the Access , Global must either return to Customer or destroy all copies of the Customer data and documentation, including electronic data files and magnetically encoded media, such that neither Global nor any of Global's affiliates retain any of the Customer's data in whole or in part. Upon request, Global must certify such

complete return or destruction in writing to Customer within 30 days of the request.

15.3. Notwithstanding any provision to the contrary, neither the termination nor expiration of this Agreement relieves either party from its obligations to pay the other any sums accrued under this Agreement.

16. ASSIGNMENT.

16.1. Customer cannot assign or transfer this Agreement, the Access, or any other rights granted by this Agreement, whether by operation of law or otherwise.

16.2. Company shall not assign or transfer this Agreement without written acceptance of the Customer, which shall not be unreasonably withheld.

17. DISPUTE RESOLUTION.

17.1. In the event that any dispute arises between the Parties, the Parties must attempt in good faith to identify a neutral third-party acceptable to both Parties who is experienced in matters such as those provided for in this Agreement, and request that person to mediate the dispute. In the event that such mediation is not undertaken and successfully concluded within 60 days after the dispute arises, the Parties to any such dispute may pursue those rights, remedies, and causes of actions provided for in this Agreement.

18. NOTICES

18.1. Any notice provided for or permitted under this Agreement will be treated as having been given when (a) delivered personally, (b) sent by confirmed fax, (c) sent by commercial overnight courier with written verification of receipt, or (d) mailed postage prepaid by certified or registered mail, return receipt requested, to the party to be notified, at the address set forth below, or at such other place of which the other party has been notified in accordance with the provisions of this Section 18.1.

If to Customer: _____
_____
_____
_____

With a copy to: _____
_____
_____
_____

If to Global: Global Water Management, LLC
Attn: Cindy Liles
21410 N. 19th Ave., Ste. 201
Phoenix, Arizona, 85027
Facsimile: (623) 580-9659

With a copy to: Burch & Cracchiolo, P.A.
Attn: Andrew Abraham
702 E. Osborn, Suite 200
Phoenix, Arizona 85014
Facsimile: (602) 234-0341

19. MISCELLANEOUS.

19.1. Survival. The Parties agree that the terms of Sections 7 (Proprietary and Intellectual Property Rights), 8 (Confidentiality), 10 (Patent and Copyright Indemnity), 11 (Indemnification) and 12 (Limitation of Liability) will survive the expiration or termination of this Agreement for a 1 year period.

19.2. Severability. If any provision of this Agreement is declared void or unenforceable (or is construed as requiring any Party to do any act in violation of any constitutional provision, law, regulation, rule or municipal code or ordinance), in whole or in part, such provision shall be deemed severed from this Agreement and this Agreement shall otherwise remain in full force and effect; provided, however, that this Agreement shall retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed Agreement provides essentially the same rights and benefits (economic and otherwise) to the Parties as if such severance and reformation were not required. The Parties further agree, in such circumstances, to do all acts and to execute all amendments, instruments, and consents necessary to accomplish and to give effect to the purposes of this Agreement, as reformed.

19.3. Attorneys' Fees. The prevailing party in any litigation in connection with this Agreement must recover its attorneys' fees and costs from the losing party.

19.4. No Third Party Beneficiaries. No person or entity shall be a third party beneficiary to this Agreement.

19.5. Recitals. All of the recitals set forth above are incorporated into and made an integral part of this Agreement for all purposes by this reference

19.6. Integration. This Agreement constitutes the entire agreement between the Parties with respect to, and supersedes any prior agreement, understanding, negotiation or representation regarding, the subject matter of this Agreement. There are no representations, warranties, understandings or agreements other than those expressly set forth in this Agreement. The Parties expressly acknowledge and agree that any discussion outlines utilized during the course of negotiations do not constitute binding agreements of the Parties and must not be utilized to interpret or construe any provision of this Agreement

19.7. Further Assurances. Each Party agrees to perform such further acts and to execute and deliver such additional agreements, documents, acknowledgments, and instruments as any other Party may reasonably require consummating, evidencing, confirming, or carrying out the transactions contemplated by this Agreement.

19.8. Relationship of Parties. No partnership, joint venture or other business relationship is established among the Parties to this Agreement. Except as expressly provided in this Agreement, no Party shall be liable for any acts, omissions or negligence on the part of any other Party or such other Party's employees, agents, independent contractors, agents or successors-in-interest resulting in either personal injury, economic loss, or property damage to any individual or entity.

19.9. Amendment. The terms, conditions, and representations of the Parties contained in this Agreement may not be orally amended, modified, or altered. This Agreement may be modified only if done in writing, signed by the Parties.

19.10. Force Majeure. A Party's obligations under this Agreement may be suspended by a Party in the event of (a) an occurrence beyond the reasonable control of that Party which materially adversely affects the ability of that Party to perform its obligations hereunder or to comply with the requirements of any governmental order, permit or other approval; (b) acts of God, landslides, lightning, earthquakes, hurricanes, tornadoes, severe weather, fires, explosions, floods, acts of a public enemy, war, terrorist acts, blockades, insurrections, riots or civil disturbances; (c) labor disputes, strikes, work slowdowns or work stoppages; or (d) orders and/or judgments of any federal, state or local court, administrative agency or governmental body, or other entity, if not the result of (i) willful misconduct or negligent action of the Party relying thereon or (ii) failure to act in accordance with this Agreement; provided, however, that the contesting in good faith by such Party of any such order and/or judgment shall not constitute or be construed to constitute willful misconduct or a negligent action or inaction of such Party.

19.11. Governing Law. The terms of this Agreement must be construed in accordance with and governed by the laws of the State of Arizona.

19.12. Counterparts. This Agreement may be executed by signing in counterparts. The execution by all of the Parties to the Agreement by each signing a counterpart of this instrument constitutes a valid execution, and this instrument and all of its counterparts so executed must be considered for all purposes to be a single instrument.

19.13. Inurement. This Agreement inures to the benefit of and is binding upon the Parties, their successors, and assigns.

19.14. Paragraph Headings. The paragraph headings are for convenience only, are not part of this Agreement, do not to limit or alter any provision, and are not relevant in construing this Agreement.

IN WITNESS WHEREOF, the authorized representatives of Customer and Global have duly executed this Agreement as of the date below.

GLOBAL WATER

THE CITY OF COVINA, a California municipal corporation

By: _____

Name: _____

Its: _____

Date: _____

GLOBAL WATER MANAGEMENT, LLC, a Delaware limited liability company

By: Cindy R Liles

Name: Cindy Liles

Its: CFO/COO

Date: March 22, 2010

GLOBAL WATER

EXHIBIT A

SCHEDULE OF SELECTED SERVICES AND FEES

This schedule defines the services to be provided and the fees to be paid for these services (the "Base Fee"). These Base Fees shall be paid monthly based on the mailing of the current invoice billing, past due notice and/or final invoice billings (print or email) (the "Mailing"), not less than 8,000 monthly Mailing for the term of the agreement. Should Covina be unable to access the system due to Force Majeure, the monthly minimum and access to the system shall be suspended. Selected services shall be complete with the accompanying Scope of Services for each selected items. Scopes of Services are included in Exhibit I – Scopes of Services and for this agreement include:

- CIS – Customer Information System Software as a Service

Description	**Base Fee per Unit**	**Unit**
CIS – Software as a Service (five concurrent users)	**$1.95**	**Mailing**
Print Bill (estimated, actual costs are charged)	$0.525	Mailing
Bank Fees (estimated, actual cost are charged)	$0.78	Mailing
CSR Includes 4 phone lines, Customer service representatives, voice mail ports	**N/A**	
Local Virtual Phone Number	N/A	
1-800 Number	N/A	
Plant 4D Implementation Costs include Access Permits and process flow diagrams for 10 sites that will be financed over the life of the contract.	**NA**	
Plant 4D Yearly Support Costs	NA	
GIS Implementation Costs that will be financed over the life of the contract.	**NA**	

GLOBAL WATER

GIS Yearly Support Costs	NA
AMI Implementation Costs include AMI meters, installation, DCUs, network configuration, and software that will be financed over the life of the contract.	**NA**
CMMS/CityWorks Implementation Costs Implementation Costs	**NA**
CMMS/CityWorks Implementation Costs Yearly Support Costs	NA
IT	
Citrix	Included
IT Facility Charge	Included
Power Distribution Unit	Included
Server Hardware	Included
Storage	Included
Tape Library & Backup	Included
Internet	Included

Interest and late fees = 1.5% per month shall be charged as a late fee. Any balance unpaid for a period of 3 months shall incur additional interest at 10% per month.

Inflation adjuster factor = All fees shall be adjusted each June 1 based on the Consumer Price Index, per the Agreement. Consumer Price Index is defined as the Consumer Price Index – United States City Average – for LA/Long Beach/Santa Ana Consumers and all Items published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), with the Index beginning in the month the Agreement is signed. If the Index is discontinued or revised during the term of this Agreement, such other government index or computation with which it is replaced shall be utilized, and modified as necessary, to obtain substantially the same result as would be obtained if the Index had not been so discontinued or revised. The adjustment shall not exceed 5% per year. If the CPI index exceeds 5% in a given year, the City shall immediately open the contract for renegotiation of fees due under this agreement.

GLOBAL WATER

EXHIBIT B

SUPPORT SERVICES

1. COVERAGE

Global shall provide Support Services for the use of the Access, including all modifications created by Global whether or not they are exclusive to Customer until terminated or discontinued by Global. The Support Services to be provided by Global shall not include (a) support of software operation on equipment not identified by Global as an authorized device, (b) support of software not supplied by Global, (c) support of software not properly used or used in an operation environment not designated by Global, or (d) support of business processes not identified during the implementation of the project.

Customer shall designate those employees of Customer who shall be authorized to contact Global for provision of Support Services, and shall maintain and provide Global with an updated listing of employees, including their telephone, fax and pager numbers and e-mail addresses. Only those employees so designated by Customer shall contact Global for the provision of Support Services. In addition, Global shall designate those employees of Global who Customer may contact for provision of Support Services, and shall maintain and provide Customer with an updated listing of employees, including their telephone, fax, and e-mail addresses.

2. SOFTWARE MAINTENANCE

The following maintenance releases will be issued by Global from time to time in Global's discretion to subscribers of Support Services:

a. Fixes to Errors;

b. Updates;

c. Enhancements contained within new releases

d. New Release; and

e. New versions of the Software and/or Platform

Maintenance releases contain proprietary and confidential information and are provided to Customer for Customer's internal use only, subject to the same restrictions and limitations as provided in the Agreement with respect to confidential information.

EXHIBIT C

NOT USED

GLOBAL WATER

EXHIBIT D

CUSTOMER INFORMATION TRANSFER ACCEPTANCE POLICIES AND DOCUMENT LISTS

Global, as part of delivering the Support Services outlined in the Agreement, will rely on certain Customer supplied information to customize the service delivery to the particular needs of the Customer. This Customer specific data includes all information necessary to implement the requested services. Examples of this Customer specific data may include council resolutions, rate schedules, Customer types, and asset classes.

Global will conduct a discovery meeting with the Customer to investigate and assist the Customer in obtaining and providing the required information. However, it is a Customer responsibility to provide all information that is expected to be incorporated into the service delivery.

Prior to the start of service configuration Global and the Customer will review the Customer information detailed list and documents and the Customer shall confirm that all information is contained herein. To the extent Global Water and Customer have already identified this information, it is listed below:

- City of Covina Water Utility Division Department of Public Works, Operating Rules and Regulations dated July 7, 2009 (approved by City Council)
  - Appendix A (Current) – Water Fees and Charges Schedule
  - Appendix A (Proposed) – Water Fees and Charges Schedule

Information can be added to this list at any time prior to the start of service configuration at no additional cost. Prior to the start of service configuration the Customer's project manager shall accept and sign the above list. Customer information added after this acceptance may result in additional fee.

Transmitted Information	Type	Covina Project Manager Approval	Global Project Manager Approval

GLOBAL WATER

EXHIBIT E

STANDARD TRAINING AND ACCEPTANCE OF TRAINING POLICIES

Overview and Daily Process Session

- 3 days of training
- No prerequisites and should be taken by anyone who will be using the system
- Student will be able to use the Main Menu, Main Customer Service form and search for Customers after this session

Cash Processing Session

- 1 day of training
- Overview and Daily Process Session Prerequisite
- Students will learn how to take payments from Customers and from the mail, enter cash, produce cash reports and how to balance cash batches and look for anomalies

Collections Training Session

- 2 days of training
- Overview and Daily Process Session Prerequisite
- Student will learn how to process penalties and notices, how to allow for exemptions, record a bankrupt account, record collection agency information, set up disconnects and reconnects and make single and group payment arrangements.

Creating and Managing Service Orders Session

- 1 day of training
- Overview and Daily Process Session Prerequisite and should be taken by anyone who will be creating new service order template documents for field and internal work.
- As a results of this class, the student will be able to manage the service order system, create reports and produce multiple service orders

Billing Training Session

- 2 days of training
- Overview and Daily Process Session Prerequisite and should be taken by anyone who will be producing or adjusting bills
- Student will be able to use process bills, check for anomalies and how to deal with final bills and billing adjustments after this session

Reports Interface Training Session

- 1 day of training
- Overview and Daily Process Session Prerequisite and should be taken by anyone who will be producing reports from the system
- Multiple types of reports will be covered including Customer management, asset management and accounting depending on the client's needs

Month/Year End Processes Session

- 1 day of training
- Overview and Daily Process Session and Reports Interface Training Prerequisite and should be taken by anyone that will be involved in the monthly or yearly minor accounting processes (closing old month and opening new month), producing reconciliation reports, etc.

Total Number of Training Days: 11

GLOBAL WATER

EXHIBIT F

STANDARD ACCEPTANCE TESTING PROCEDURES AND EXPECTATIONS

Process 1: Customer Requests Service

Requirements:

- Able to check if address exists in CIS
  - If yes, set up service for new Customer whether current Customer or not
  - If not create a new account and set up service…
- Able to create a Service Order for new meter installation or turning on an existing meter
- Able to set up billing codes, meter codes, service types for new meter installations
- Able to ensure account and Customer are ready to bill

Demonstration:

- In order to verify that when a Customer requests service the necessary actions are properly processed, Global will walk through the Process 1 flow chart with the Customer and ensure that the outcome is acceptable. Covina Project Manager and Global will sign off on acceptance.

Process 2: Customer Requests Disconnect Service

Requirements:

- Able to create final bill service order
- Able to change the account status from active to final

Demonstration:

- In order to verify that when a Customer requests a disconnect service the necessary actions are properly processed, Global will walk through the Process 2 flow chart with the Customer and ensure that the outcome is acceptable. Covina Project Manager and Global will sign off on acceptance.

Process 3: Generate Bill

Requirements:

- Ensure that CIS will generate a meter read collection file and that the meter reads are loaded and processed in CIS
- Able to check that the exception reports are working appropriately and Final Service Orders are processed for necessary exception reports
- Ensure system updates and creates text files for bill printing
  - Able to check that the e-mail bills work
  - Ensure that the FTP site of the bill printing vendor accepts the print bill file

Demonstration:

- Global will walk through the Process 3 flow chart with the Customer and ensure that when bills are ready to be processed the process is acceptable. Covina Project Manager and Global will sign off on acceptance.

GLOBAL WATER

Process 4: Non-Recurring Transactions

Requirements:

- Pick up routines run and create cash batches
- Manually request charges on transaction history tab

Demonstration:

- Global will walk through the Process 4 flow chart with the Customer and ensure that the non-recurring transactions process is acceptable. Covina Project Manager and Global will sign off on acceptance.

Process 5: Payments

Requirements:

- Ensure that CIS works for all 7 ways of making a payment
  - eCare website
  - Customer's Personal Bank's Bill Pay
  - Mail
  - Drop Box
  - In Person
  - Via Phone
  - Automated Clearing House (ACH)

Demonstration:

- In order to verify that when a Customer submits a payment the necessary actions are properly processed, Global will walk through the Process 5 flow chart with the Customer and ensure that the outcome is acceptable. Covina Project Manager and Global will sign off on acceptance.

Process 6: Collections

Requirements:

- Ensure that disconnect notice generation process works and able to load to FTP site for billing vendor
- Check to make sure that the service order is created for the disconnect after 1st and 2nd disconnect notices and that the tampering service order works
- Ensure reconnection process (including status update after payment is received) and service order creation works in CIS

Demonstration:

- Global will walk through the Process 6 flow chart with the Customer and ensure that the collections process is acceptable. Covina Project Manager and Global will sign off on acceptance.

IT Verification

All process checks will be complete on Covina computers and if processes are acceptable the IT platform shall be accepted.

GLOBAL WATER

WE, THE UNDERSIGNED, ACKNOWLEDGE THE ABOVE TESTING HAS TAKEN PLACE.

DATE:_____

COVINA PROJECT MANAGER

BY: _____

NAME: _____

TITLE: _____

GLOBAL PROJECT MANAGER

BY: _____

NAME: _____

TITLE: _____

GLOBAL WATER

EXHIBIT G

CONTACTS

COVINA PROJECT MANAGER

Name _____

Title _____

Address _____

City, State Zip _____

Phone _____

Fax _____

Email _____

COVINA IT PROJECT MANAGER

Name _____

Title _____

Address _____

City, State Zip _____

Phone _____

Fax _____

Email _____

GLOBAL PROJECT MANAGER

Jason Bethke
Global Water
21410 N. 19th Avenue, Suite 201
Phoenix, AZ 85027
Phone: (623) 518-4167
Fax: (623) 580-9659
Email: jason.bethke@gwresources.com

GLOBAL IT PROJECT MANAGER

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Global Water
21410 N. 19th Avenue, Suite 201
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Fax: (623) 580-9659
Email: john.peckardt@gwresources.com

GLOBAL WATER

EXHIBIT H

ADDITIONAL SERVICES AGREEMENT

ADDITIONAL SERVICES

Unless noted as being provided on a "Time and Materials" basis, all Services are included in the Base Fee (as that term is defined in Exhibit A).

TIME AND MATERIALS CHARGES

Any Software Services identified as out of scope shall be charged to Customer on a time and materials hourly service fee basis.

Any Support Services identified as out of scope shall be charge to Customer on a time and materials hourly service fee basis.

Any services identified as requiring significant effort, requiring extensive test environment development and support and significantly increasing facility or support level of effort, shall be charged to Customer on a time and materials hourly service fee basis.

Any functionality beyond the defined scope shall be implemented and delivered on a time and materials hourly service fee basis.

MODIFICATIONS TO SCOPE

During the implementation phase, should Customer require any modifications to the software and/or interfaces not previously identified or included in the Scope of Support Services, the following approach will apply:

1. Formal Statement of Work Submitted
2. Specifications created
3. Solution Quoted
4. Specification Review
5. Programming
6. Quality Assurance
7. Modification of Delivery
8. Customer Acceptance

CONSULTING RATE SCHEDULE

All Consulting Services shall be provided to the Customer at Global's then prevailing prices, hourly rates, policies, and terms.

TRAVEL & EXPENSE CHARGES

Customer acknowledges and agrees that Customer is responsible for reasonable travel and lodging expenses associated with all applicable Implementation/Consulting days and/or onsite training days, if any, at the time such additional services are delivered; that the Customer will be invoiced additionally for such Time and Expense; and that Customer shall pay the amount invoiced in accordance with the payment terms specified in the Agreement.

ADDITIONAL ACCESS

Access Purchase Option for Customer: Customer shall have an option (the "Option") to purchase additional Access to be used by Customer for the Platform under terms identical to those found in this Agreement and counterparts thereto for a period of three (3) years, unless the agreement is terminated earlier following execution of this Agreement, under the following terms. The fee for the additional Access shall be $0.75 per month per mailing. The Support Services Fee for additional Access shall be $0.20 per month per Mailing for each additional Access. The Option shall be deemed exercised upon Global's receipt of written notice signed by the Customer.

GLOBAL WATER

EXHIBIT I

SCOPE OF SERVICES

Customer Information System (CIS) is a state-of-the-art automated billing system that eliminates labor intensive operations and management of the system. The software is developed by Advanced Utility Systems (Advanced) and will be provided to the Customer in a software as a service delivery methodology. The CIS system deployed is defined by this scope of services and deliverables detailed below.

CIS is utilized by Global to bill its current utility Customers. It is the intent of this offering to conform to Global's current system configurations to the maximum extent possible in order to leverage Global's sizable investment in the technology and business processes. The business process, available service orders and system report is attached to this scope of services and defines the offering.

The service includes a set of specific deliverables outlined below:

List of CIS deliverables

1. Password and Username
2. CIS Handbook
3. Training
4. Business Processes
5. Data Conversion of Customer account data
6. System Configuration of rates, billing cycles, penalty fees and time frames
7. Financial System Interface
8. Customer Web Portal (eCare)
9. Setup internet bill pay
10. ACH Setup
11. Payment Processor for Credit Card and eCheck payments
12. Specifically Configured Billing File
13. Custom Customer Bill Template
14. Custom Developed Receipts

The scope of services is further described with the following documents:

- CIS Work Flow Drawings **(Labeled Process Diagram 1 through 6)**
- CIS Standard Service Order List
- CIS Standard Reporting List

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: April 6, 2010 **ITEM NO.:** NB 1

STAFF SOURCE: Steve Henley, Director of Public Works
Kalieh Honish, Public Works Manager
Kyle Randall, Building Official

ITEM TITLE: Introduction and Waiving of Further Reading of **Ordinance No. 10-1982** Amending Title 13 Pertaining to Sanitary Sewers, Industrial Wastes and the Control of Fats, Oils and Greases in the Sanitary Sewer System

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STAFF RECOMMENDATION

Introduce and waive further reading of **Ordinance No. 10-1982** amending Title 13 of the Covina Municipal Code pertaining to sanitary sewers, industrial wastes and the control of fats, oils and greases in the sanitary sewer system.

FISCAL IMPACT

Industrial waste programs are fee-based services that do not rely upon General Fund subsidy. The proposed ordinance neither establishes additional service requirements nor creates additional fee-based permitting processes. The regulations contained within the proposed ordinance are to clarify and strengthen existing regulations with respect to the control of fats, oils and greases as industrial wastes.

BACKGROUND

On May 2, 2006, the State Water Resource Control Board (SWRCB) adopted Order No. 2006-0003-DWQ (the Order) entitled, "Statewide General Waste Discharge Requirements (WDR's) for Sanitary Sewer Systems." The specific emphasis of the Order is the elimination of sanitary sewer overflows (SSO's). To facilitate compliance with the Order, every agency responsible for the operation and maintenance of a sanitary sewer system was required to develop and implement a Sewer System Management Plan (SSMP), in compliance with the direction of the SWRCB. At a minimum, the SSMP was required to address the following issues:

- Goal and Organizational Structure
- Overflow Emergency Response Program
- Legal Authority
- Operation and Maintenance Program
- Fats, Oils and Grease (FOG) Control Program
- System Design and Performance
- System Evaluation and Capacity Assurance Plan

- System Financial Plan

The City completed this state-mandated planning process with the City Council's adoption of the City's SSMP in July 2009.

The City's industrial waste program, which is the front-line defense against fats, oils, and grease (FOG) related blockages and main line degradation, was virtually non-existent prior to the City Council's adoption of Ordinance No. 08-1953 in May 2008. The proposed ordinance would expand upon the existing requirement that all commercial, industrial and manufacturing uses are to obtain an industrial waste permit and have, at minimum, annual inspections of their facilities to ensure that deleterious effluents were not being discharged to the City's sanitary sewer system by clarifying the existing regulations as they pertain to FOG. Businesses able to show they generate only standard domestic sewage (i.e. offices with only restroom facilities and/or no floor drains) would continue to be exempt. However all other businesses that generate other than standard domestic sewage, either by floor drains or by industrial process, would continue to be required to obtain a permit and avail themselves of annual inspections; the frequency of which would be determined on a case-by-case basis according to the business' operations. Additionally, the ordinance also makes various technical updates to address new forms of FOG treatment and control, as well as recognizing new industry terminology and business classifications.

EXHIBITS

A. Ordinance No. 10-1982

REVIEW TEAM ONLY	
City Attorney:	**Finance Director:**
City Manager:	**Other:**

ORDINANCE NO. 10-1982

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA AMENDING TITLE 13 OF THE COVINA MUNICIPAL CODE PERTAINING TO SANITARY SEWERS, INDUSTRIAL WASTES AND THE CONTROL OF FATS, OILS AND GREASES IN THE SANITARY SEWER SYSTEM

THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA DOES HEREBY ORDAIN AS FOLLOWS:

Section 1: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by amending Section 13.50.020 to read as follows:

"13.50.020 Deletions. The sanitary sewer and industrial waste code adopted by this chapter is amended by deleting Los Angeles County Code Sections 20.32.200, 20.36.365, 20.40.045, 20.40.046, 20.40.047, 20.40.050, 20.40.060, 20.40.070, 20.40.080, 20.40.081 and Chapter 20.44 in their entirety."

Section 2: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by Section 13.50.030 to read as follows:

"13.50.030 Amendments. The sanitary sewer code adopted by this chapter is amended and changed as set forth in CMC 13.50.035 through 13.50.270."

Section 3: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by adding Section 13.50.035 to read as follows"

"13.50.035 Chapter 20.20 amended – Definitions. Chapter 20.20 of the Sanitary Sewer and Industrial Waste Code of the county of Los Angeles is hereby amended by adding the following Sections to 'Definitions:'

20.20.017 Best management practices (BMPs). 'Best management practices (BMPs)' means schedules of activities, prohibitions of practices, maintenance procedures, and other management practices to prevent or reduce pollutants in discharges, to implement the prohibitions listed in National Pretreatment Standards pursuant to 40 CFR 403.5(a)(1) and (b), and prevent the discharge of substance that may contribute to sanitary sewer overflows. BMPs also include treatment requirements, operating procedures, and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw material storage.

20.20.025 Categorical industrial user (CIU). 'Categorical industrial user (CIU)' means an industrial user that is subject to National Categorical Pretreatment Standards.

20.20.055 Code of federal regulations (CFR). 'Code of federal regulations (CFR)' means the codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the federal government of the United States.

20.20.118 Fats, Oils and Greases (FOG). 'Fats, Oils, and Greases (FOG)' means non-petroleum organic polar compounds derived from animal and/or plant sources that contain multiple carbon chain triglyceride molecules. These substances are detectable and measurable using analytical procedures established in the Unites States Code of Federal Regulations 40 CFR 136, as may be amended from time to time. All are sometimes referred to herein as 'grease' or 'greases'.

20.20.119 FOG disposal system. 'FOG disposal system' means a grease interceptor that reduces fats, oils, and grease (FOG) in effluent by separation, and mass and volume reduction.

20.20.121 Food service establishment. 'Food service establishment" means a facility engaged in preparing food for consumption by the public such as a restaurant, bakery, commercial kitchen, caterer, hotel, school, religious institution, hospital, prison, correctional facility, or care institution.

20.20.122 Gravity grease interceptor. 'Gravity grease interceptor' means a plumbing appurtenance or appliance that is installed in a sanitary drainage system to intercept FOG from a wastewater discharge and is identified by volume, 30-minute retention time, baffle(s), a minimum of two compartments, a minimum total volume of 750 gallons, and gravity separation.

20.20.123 Grease interceptor. 'Grease interceptor' means a plumbing appurtenance or appliance that is installed in a sanitary drainage system to intercept FOG from a wastewater discharge.

20.20.124 Grease removal device (GRD). 'Grease removal device (GRD)' means any hydromechanical grease interceptor that automatically, mechanically removes FOG from the interceptor, the control of which are either automatic or manually initiated.

20.20.126 Grease trap. 'Grease trap' means a multi-baffle, single compartment, 10 to 50 gallon capacity device, serving one (1) to a maximum of four (4) fixtures designed for the removal of FOG from food service establishment discharges and installed prior to the effective date of this ordinance.

20.20.131 Hydromechanical grease interceptor. 'Hydromechanical grease interceptor' means a plumbing appurtenance or appliance that is installed in a sanitary drainage system to intercept FOG from a wastewater discharge and is identified by flow rate, separation and retention efficiency. The design incorporates air entrainment, hydromechanical separation, interior baffling, and/or barriers in combination or separately, and one of the following:

A. External flow control with air intake (vent); directly connected.
B. External flow control without air intake (vent); directly connected.
C. Without external flow control; directly connected.
D. Without external flow control; indirectly connected.

20.20.133 Illicit discharge. 'Illicit discharge' means any discharge to the sanitary sewer system that is prohibited under local, state, or federal statutes, ordinances, codes, or regulations. Illicit discharges include all non-domestic sewage discharges not permitted under the provisions of this division and discharges through connections to the sanitary sewer system, either directly of through satellite collection systems, not authorized pursuant to Chapter 20.32 of this division.

20.20.195 Interference. 'Interference' means a discharge which, alone or in conjunction with a discharge or discharges from other sources:

A. Inhibits or disrupts the POTW, its treatment processes or operations, or its sludge processes, use or disposal; and

B. Is therefore a cause of a violation of any requirement of the POTW's NPDES permit (including an increase in the magnitude or duration of a violation) or of the prevention of sewage sludge use or disposal in compliance with the following statutory provisions and regulations or permits issued thereunder (or more stringent state or local regulations): Section 405 of the Clean Water Act, the Solid Waste Disposal Act (SWDA) [including Title II, more commonly referred to as the Resource Conservation and Recovery Act (RCRA), and including the state regulations contained in any sludge management plan prepared pursuant to Subtitle D of the SWDA], the Clean Air Act, and the Marine Protection, Research and Sanctuaries Act.

C. Inhibits operation, disrupts or causes a condition within the sanitary sewer system that may cause excessive maintenance or a sanitary sewer overflow.

20.20.221 North American Industry Classification System (NAICS). 'North American Industry Classification System' means a classification of business establishments developed and updated periodically by the Executive Office of the President, Office of Management and Budget.

20.20.305 Sanitary sewer overflows (SSO). 'Sanitary sewer overflows (SSO)' means any overflow, spill, release, discharge or diversion of untreated or partially treated wastewater from a sanitary sewer system. SSO include:

A. Overflows or releases of untreated or partially treated wastewater that reach waters of the United States.

B. Overflows or releases of untreated or partially treated wastewater that do not reach waters of the United States.

C. Wastewater backups into buildings and onto private properties that are caused by blockages or flow conditions within the publicly owned portions of a sanitary sewer system.

20.20.362 Significant industrial user (SIU). 'Significant industrial user (SIU)' means that except where the control authority of a POTW has found an industrial user to be exempt pursuant to 40 CFR 403.3(v)(2) and (v)(3):

A. All industrial users subject to categorical pretreatment standards under 40 CFR 403.6 and 40 CFR Chapter I, Subchapter N; and

B. Any other industrial user that discharges an average of 25,000 gallons or more of process wastewater to a POTW (excluding sanitary, non-contact cooling and boiler blowdown wastewater); contributes a process wastestream which makes up 5 percent or more of the average dry weather hydraulic or organic capacity of the POTW treatment plant; or is designated as such

by the POTW control authority on the basis that the industrial user has a reasonable potential for adversely affecting the POTW operation or for violating any pretreatment standard or requirement.

20.20.363 Slug discharge. 'Slug discharge' means any discharge of a non-routine, episodic nature, including but not limited to an accidental spill or a non-customary batch discharge, which has a reasonable potential to cause interference or pass through, or in any other way violate the POTW's regulations, local limits or permit conditions. Discharge of any prohibited material in any concentration shall be considered a slug discharge.

20.20.367 State Board. 'State Board' means the State Water Resources Control Board."

Section 4: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by adding Section 13.50.044 to read as follows:

"13.50.044 Los Angeles County Code Section 20.24.165 added – Administrative fines. Los Angeles County Code Section 20.24.165 is hereby added to read as follows:

Violations of this division are subject to administrative fines pursuant to Chapter 1.25 of this code. The amount of an administrative fine shall not exceed $100.00 for the first violation, $200.00 for the second violation of the same provision of this division within one year after the first violation, and $500.00 for each additional violation of the same provision of this division within one year after the first violation."

Section 5: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by adding Section 13.50.048 to read as follows:

"13.50.048 Los Angeles County Code Section 20.24.200 amended – Notification of uncontrolled or slug discharges required. Los Angeles County Code Section 20.24.200 is hereby amended to read as follows:

A. In the event of an uncontrolled or slug discharge, the discharger or permittee shall immediately notify the director by telephone. The notification shall include location of the discharge, type of material, duration, concentration and volume, and corrective actions taken.

B. Within 5 calendar days after the uncontrolled or slug discharge, the discharger or permittee shall submit to the director a detailed, written report describing the cause of the discharge, corrective action taken and measures to be taken to prevent further occurrences. Such notification shall not relieve the discharger or permittee of liability or fines incurred as a result of the uncontrolled or slug discharge."

Section 6: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by adding Section 13.50.165 to read as follows:

"13.50.165 Los Angeles County Code Section 20.36.135 amended – Monitoring and sampling – pre-notification – procedures – reporting. Los Angeles County Code Section 20.36.135 is hereby amended to read as follows: Any permittee or discharger required by the director, by permit or otherwise, to engage in periodic, stand-alone, backup, follow-up,

compliance or confirmation monitoring or sampling of a discharge shall notify the director by telephone, or other authorized means, at least 48 hours in advance of any monitoring or sampling to be done. Prior to the commencement of any sampling or monitoring, the director may request that the permittee furnish the director a split sample and all supporting data. Notification is not required for internal monitoring and sampling by a discharger for the purpose of process and pretreatment controls unless so requested by the director. However, such procedures, results and records shall be made available to the director upon request. Sample acquisition and monitoring shall be performed at a location of sampling point as designated in any permit or as specified by the director. The director may require the installation of a secured sampling facility to be designated as the sampling point. Sampling and analysis shall be performed in accordance with the techniques prescribed in 40 CFR 136 and amendments thereto. Dischargers to a public sewer system subject to an approved pretreatment program administered by the director shall submit to the director, at minimum, all parameters required by 40 CFR 403.12 as may be amended unless otherwise directed. Each permittee, regardless of industrial waste disposal method, shall submit to the director, certified under penalty of perjury by the permittee, all required monitoring and sampling reports or other requested data within the times specified in the permit."

Section 7: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by amending Section 13.50.190 to read as follows:

"13.50.190 Los Angeles County Code Section 20.36.250 amended – Annual fee – purpose, scheduling and billing. Los Angeles County Code Section 20.36.250 is amended to read as follows:

A. All permitted facilities shall pay an annual fee as established by resolution of the city council. The annual fees are a part of the city's industrial waste control program revenue and pay for the basic level of services which include but are not limited to the following: permitting, inspections, sampling, laboratory analytical services, monitoring facilities and self-monitoring programs, record maintenance, systems development and data management.

B. For each industrial waste disposal permit issued by the director, an annual fee as established by resolution of the city council and determined by Section 20.36.260, Table 1, shall be due and payable to the director annually, in advance, on a billing date to be determined by the director.

C. Immediately upon issuance of a new permit, the permittee shall be billed the above fee for the first annual billing period.

D. The annual fee shall be increased by an additional amount as established by resolution of the city council for each approved rainwater diversion system."

Section 8: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by amending Section 13.50.200 to read as follows:

"13.50.200 Los Angeles County Code Section 20.36.265 amended – Wastewater sampling and analysis fee. Los Angeles County Code Section 20.36.265 is amended to read as follows: The director may charge the discharger a fee as established by resolution of the city council for each analytical determination performed by or on behalf of the director on wastewater samples taken from the discharger's effluent."

Section 9: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by amending Section 13.50.240 to read as follows:

"13.50.240 Los Angeles County Code Section 20.36.310 amended – Permit – required when.

A. A person shall obtain a permit from the director prior to discharge of industrial waste to a public sewer.

B. The director shall not grant such a permit unless he or she finds that sufficient capacity exists in the public sewer to allow for such industrial waste, as determined by the requirements of Section 20.32.080.

C. A separate permit shall be required for each connection discharging industrial wastes to the public sewer.

D. For the purposes of this section, discharges resulting from garbage grinders powered by motors less than one and one-half horsepower installed in food establishments in accordance with the provisions of the plumbing code and where such facilities are not required by other provisions of this division, are not considered to be industrial waste discharges.

E. A person shall obtain a permit form the director to maintain an existing but nonused industrial waste connection to the public sewer. The annual fee for such permit shall be the same as that for Inspection Class A. The connection shall be removed upon the expiration or revocation of such permit pursuant to the criteria established by Section 20.36.220."

Section 10: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by adding Section 13.50.243 to read as follows:

"13.50.243 Los Angeles County Code Section 20.36.320 amended – Permit – application forms – information required.

A. The director shall provide printed application forms for the permit required by this Part 3, indicating thereon the information to be furnished by the applicant. In conjunction therewith, the applicant may be required to furnish the following:

1. The name and address of the applicant;
2. The name and address of the discharger;
3. The address and location of the premises where the discharge will take place;
4. The Standard Industrial Classification (SIC) and/or North American Industry Classification System (NAICS) or the discharger for each operation generating wastewater;
5. Information with respect to constituents and characteristics of wastewater proposed to be discharged, including but not limited to those referred to in this Part 3. Sampling and analysis shall be performed in accordance with procedures established by the EPA pursuant to Section 304(g) of the Act and contained in 40 CFR 136, as amended, and by laboratories certified by the state of California. In the absence of a state certification process, the director may certify a laboratory to perform necessary sampling and analysis;
6. Time and duration of the proposed discharge or discharges;
7. Average daily and five-minute peak wastewater flow rates;
8. Each byproduct waste of the discharges by type, amount and rate of production;
9. Site plans, floor plans, mechanical and plumbing plans and details to show all sewers, storm drains, connections and appurtenances by their size, location and elevation;

10. Description of activities, facilities and plant processes on the applicant's premises, including all pollutants which could be discharged;

11. Detailed plans showing pretreatment facilities, sampling facilities, uncontrolled discharge containment facilities, and operating procedures;

12. Identification of the nature and concentration of any pollutant located at the premises of the discharger (and/or applicant if different) if that pollutant is prohibited from discharge under this Part 3, or any proposed discharge which is regulated by an applicable local permit, plus a statement specifying whether the specific limitations set forth in said local limits are being met, and, if not, what operation and maintenance (O&M) or pretreatment is proposed by the discharger to cause compliance;

13. The shortest time scheduled by which the discharger shall provide the necessary additional pretreatment or O&M, if additional pretreatment or O&M will be required to meet the regulations in this Division 2. Any completion date in such a proposed schedule shall not be later than the compliance date established by the applicable regulations. The schedule shall provide for reporting increments in progress in the form of dates for commencement and completion of major events leading to the construction and operation of additional pretreatment necessary for the discharger to meet the applicable regulation (e.g., hiring an engineer, completing preliminary and final plans, executing contract for major components, commencing construction, completing construction);

14. Each product of the discharger by type, amount, and rate of production;

15. Type and amount of raw materials processed by the discharger (average and maximum per day);

16. Number of employees, hours of operation of plant, and hours of operation of the proposed pretreatment system:

17. Copies of any current NPDES permit, Air Quality Management District permit, Regional Water Quality Control Board permit, fire department business plan, public health department license and State Department of Public Health permit for subject premises;

18. The name, business address and motor vehicle driver's license number of the authorized representative;

19. Any other information deemed by the director to be necessary to evaluate the permit application. The application shall be signed under penalty of perjury by the authorized representative of the discharger.

B. For the purpose of this section, the director may utilize joint permit application forms under agreements established with other public agencies as provided in Section 20.28.090."

Section 11: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by adding Section 13.50.244 to read as follows:

"13.50.244 Los Angeles County Code Section 20.36.385 amended – FOG disposal systems – installation required. Wastewater discharge originating at food service establishments from fixtures and equipment which may contain FOG, including but not limited to, scullery sinks, pot and pan sinks, soup kettles, automatic vent cleaning devices, and floor drains located in the areas where FOG-containing materials may exist, shall be drained into the sanitary waste system through a FOG disposal system approved by the director. Multiple FOG disposal systems may be required to satisfy the requirements of this section. The director may waive this requirement to specific fixtures upon determination that compliance may create a

health hazard and/or impeded by a physical constraint that is impractical to overcome when retrofitting an existing facility."

Section 12: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by adding Section 13.50.245 to read as follows:

"13.50.245 Los Angeles County Code Section 20.36.400 amended – Deposit of certain substances prohibited. No person shall place, throw or deposit, or cause or permit to be placed, thrown, discharged or deposited in any public sewer or main line sewer:

A. Any dead animal, offal or garbage, fish, fruit or vegetable waste, or other solid matters, or materials or obstructions of any kind whatever of such nature as shall clog, obstruct or fill such sewer, or which shall interfere with or prevent the effective use or operation thereof;

B. Any water or sewage, or liquid waste of any kind containing chemicals, fats, greases, oils, tars or other matters in solution or suspension, which may clog, obstruct or fill the same, or which may in any way damage or interfere with or prevent the effective use thereof, or which may in any way damage or interfere with or prevent the effective use thereof, or which may necessitate or require frequent repair, cleaning out or flushing of such sewer to render the same operative;

C. Any discharge or effluent which may obstruct or cause an unwarranted increase in the cost of treatment of the sewage, or which may introduce into a POTW any pollutant(s) which creates a fire or explosive hazard in the sewer or POTW, pollutants which will cause corrosive structural damage to the POTW, but in no case discharges with a pH lower than specified in Section 2.36.420, pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW, or which may introduce into a POTW any pollutant(s) which may cause pass through or interference;

D. Stormwater runoff, unless authorized pursuant to 20.36.390.

Section 13: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by adding Section 13.50.246 to read as follows:

"13.50.246 Los Angeles County Code Section 20.36.406 amended – Slug discharge control plan – when required. A slug discharge control plan shall be prepared, implemented and maintained by SIUs discharging to the sanitary sewer system unless determined to be unnecessary by the director. Such plan shall be submitted in conjunction with an application to discharge industrial waste to a public sewer or within one year of being designated a SIU, which ever comes first. SIUs shall immediately notify the director of any changes at its facility affecting potential for a slug discharge. At a minimum the plan shall contain the following elements:

A. Description of discharge practices, including non-routine batch discharges;

B. Description of stored chemicals;

C. Procedures for immediately notifying the director of slug discharges, including any discharges that would violate a prohibition under Section 20.36.400 with procedures for follow-up written notification within five days;

D. When appropriate, procedures to prevent adverse impact from accidental spills, including maintenance and inspection of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site runoff, worker training, building of

containment structures or equipment, measures for containing toxic organic pollutants (including solvents), and/or measures and equipment for emergency response.

Section 14: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by adding Section 13.50.247 to read as follows:

"13.50.247 Los Angeles County Code Section 20.36.450 amended – Ground garbage – condition. Garbage resulting from the preparation of food may be discharged into the public sewer (but not into a STEP sewer system unless as septic tank effluent) if ground to a fineness sufficient to pass through a three-eighths-inch screen. Ground garbage, dishwasher effluent or other ground food wastes shall not be discharged into any FOG disposal system. Excessive or unnecessarily large quantities of water shall not be used to flush ground garbage in the sewer."

Section 15: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by adding Section 13.50.248 to read as follows:

"13.50.248 Los Angeles County Code Section 20.36.475 amended – Maintenance of existing, nonused facility for industrial waste deposit, discharge or storage. A person shall obtain a permit from the director to maintain an existing but nonused facility designed or formerly used for the deposit, discharge or storage of industrial waste. The annual fee for such permit shall be the same as that for Inspection Class A.

Exception: Such permit is not required when, to the satisfaction of the director, compliance with the permit cancellation criteria of Section 20.36.220 has been provided.

Section 16: Chapter 13.50 of Title 13 of the Covina Municipal Code is hereby amended by adding Section 13.50.249 to read as follows:

"13.50.249 Los Angeles County Code Section 20.36.595 amended – FOG disposal systems – installation requirements. Each FOG disposal system shall be installed at a location shown on plans approved by the director and the health officer an in full compliance with the plumbing code. Such systems shall be located in an area that is at all times easily accessible for inspection, cleaning, maintenance, and removal of the recovered FOG in a manner that does not require entry into a food or utensil handling area as follows:

A. Hydromechanical grease interceptors shall not be installed in a food or utensil handling area unless specifically approved by the health officer. Plumbing fixtures and equipment connected to such devices shall be provided with an approved type of flow control so that the total flow through the device or devices shall not be greater than the rated flow of the grease interceptor.

B. Grease removal devices (GRDs) shall be installed as provided for hydromechanical grease interceptors in subsection A with the additional provision that the storage of removed FOG also be outside food and utensil handling areas in a secure location that protects against the accidental spill of grease into floor drains, parking lots, catch basins, storm drains, sidewalks, streets, or gutters and is protected from inundation by stormwater flows.

C. Gravity grease interceptors shall be installed outside of the structure containing the kitchen, food or utensil handling area(s) in a location affording ease of inspection, maintenance

and servicing without entry to the structure unless otherwise approved by the director and the health officer. Such devices shall be designed and sized to retain FOG until accumulations can be removed by pumping the interceptor. When so required by the director, gravity grease interceptors shall be equipped with an approved sample box."

Section 17: Title 13 of the Covina Municipal Code is hereby amended by adding thereto a new Chapter 13.54 to read as follows:

"Chapter 13.54

OVERFLOW PREVENTION

Sections:

13.54.010 Purpose.
13.54.020 Duty of the discharger.
13.54.030 Duty of tributary jurisdictions.
13.54.040 House lateral maintenance.
13.54.050 Illicit discharges prohibited.
13.54.060 Limitations – director may establish.
13.54.070 Existing FOG disposal systems.
13.54.080 Investigation of SSO incidents.
13.54.090 Use of unauthorized substances prohibited.
13.54.100 FOG control programs.
13.54.110 Minimum standards – director may develop.
13.54.120 Food service establishments – operating permit required.
13.54.130 Food waste disposal units and dishwashers.

13.54.010 Purpose. The purpose of this Chapter is to implement additional specific requirements for the use of the sanitary sewer system to ensure compliance with Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, State Board Order No. 2006-0003-DWQ (State Board Order) and as may be hereinafter amended or superseded.

13.54.020 Duty of the discharger. All dischargers to the sanitary sewer system shall implement BMPs to ensure that their discharge, either singularly or in combination with other dischargers, does not create a condition in the system that might cause damage to the system or a SSO. Commercial and industrial discharges shall be made only in full compliance of the provisions of Title 13 of the Covina Municipal Code.

13.54.030 Duty of tributary jurisdictions. Jurisdictions owning sanitary sewer systems greater than one mile in length that are tributary to or within the city's sewer maintenance district shall enroll in the State Board Order and shall develop a Sewer System Management Plan (SSMP) including adopting legal authority for the control of SSO equivalent to the provisions of Title 13 of the Covina Municipal Code. Jurisdictions that do not contract with the city for Industrial Waste Control Program services shall provide the director with

evidence of FOG control program elements to effectively control FOG discharges from industrial and commercial sources. If a tributary enrollee determines that a FOG program is not needed, the enrollee shall provide justification to the director for why it is not needed.

Tributary jurisdictions shall furnish evidence to the director of compliance with the State Board Order within 60 calendar days from the effective date of this section, or any submittal date specified in the State Board Order, whichever occurs later. Failure to submit the required information may cause the director to initiate procedures to exclude the jurisdiction from a sewer maintenance district.

13.54.040 House lateral maintenance. Dischargers to the sanitary sewer system shall use house lateral maintenance procedures that maximize the recovery of delirious materials and minimize the passage of FOG, debris, cut roots and similar materials to the main line sewers. No person shall interfere with the director's access to house laterals extending from the main line sewer and the right-of-way boundary or property line.

13.54.050 Illicit discharge prohibited. No person shall cause any discharge to the sanitary sewer system unless such discharge:

A. consists entirely of domestic sewage; or
B. consists of industrial waste that is authorized pursuant to the provisions of this Title.

13.54.060 Limitations – director may establish. The director may establish numerical limitations on the amount of fats, oils, and grease, and other debris that may cause blockages or contribute to SSOs on discharges to all or portions of the sanitary sewer system where the director finds that such limitation is necessary to protect the system from damage or potential SSOs. Industrial waste disposal permits issued pursuant to this Title shall include such limitations where imposed.

13.54.070 Existing FOG disposal system. Existing grease interceptors, grease traps or other FOG disposal systems, previously approved by the director, may remain in service provided such systems are properly maintained to effectively reduce FOG discharges, are operating within original design parameters, have not been altered in a manner not approved by the director, and where required are operated under a valid industrial waste disposal permit pursuant to this Title. Such authorization does not preclude the director from establishing discharge limitations which may require the modification, enlargement, addition, or replacement of FOG disposal system to protect the sanitary sewer system from blockages or overflows.

13.54.080 Investigation of SSO incidents. The director shall investigate and determine the probable cause of an actual or potential SSO incident. In the course of any such investigation, the director may enter the premise of any discharger to the sanitary sewer system to determine the presence of potential sources of FOG, inspection of FOG disposal systems, review wastewater disposal procedures, ascertain if BMPs are in place and adequate, review records, photograph disposal systems, and take samples and other measurements in order to determine the cause or sources of an SSO. Section 13.54.060 notwithstanding, where the director determines that additional, improved, upgraded, repaired or more frequently maintained FOG removal systems are required to prevent the contribution to actual or potential SSOs, the

director may serve notice on the discharger to implement such improvements. Such notices may include prohibitions against unauthorized discharges, timetables and/or deadlines.

13.54.090 Use of unauthorized substances prohibited. No person shall introduce or use any chemical, biological, enzyme or bacterial agent or substance into a FOG disposal system with the intent to enhance performance and/or reduce maintenance of such system without the specific authorization of the director. Such prohibition is not intended to preclude the use of commercial drain cleaning substances within plumbing fixtures not tributary to a FOG disposal system unless the director has found that such substances present a general hazard to the sanitary sewer system.

13.54.100 FOG control programs. Where a discharger is required to install and maintain a FOG disposal system pursuant to the provisions of this Title and/or is found to be a potential uncontrolled source of FOG, the director may require that the discharger develop and implement a FOG control program. Where required, such a program is subject to the approval of the director and may be included as a part of the conditions and limitations of any permit issued pursuant to this Title. Such a program may be required to include but is not limited to the following provisions:

A. A plan and schedule for the education and training of personnel or employees that may dispose of FOG containing effluent to the sanitary sewer system.

B. The development of source control measures to minimize the discharge of FOG to the sanitary sewer system and to maximize the efficiency of any required FOG disposal system and/or GRD.

C. A plan and schedule for the removal and legal disposal of FOG removed from effluent by a FOG disposal system and/or GRD. When so required by the director, such a plan and schedule may include the maintenance of a log record detailing cleaning, repair, inspection, accidental spill and disposal events in connection with the system or device. The director shall have access to any required log during all reasonable business hours and may specify a time period during which such a log is maintained.

D. A description of facilities used to store removed FOG prior to disposal and measures taken to prevent accidental and/or uncontrolled discharge of FOG to the sanitary sewer system, sidewalks, parking lots, streets, gutters, storm drains, or other private or public property.

E. A description of equipment and supplies, including the location of such materials, available for the cleanup of accidental and/or uncontrolled spills of FOG or similar materials.

F. The posting in a conspicuous place of notification requirements to the director or other specified entity in the event of any accidental and/or uncontrolled spill of FOG or similar materials that leave or may be carried off the discharger's premise.

15.34.110 Minimum standards – director may develop. The director may develop minimum standards for the performance, construction, installation and maintenance of FOG disposal systems, gravity grease interceptors, GRDs, hydromechanical grease interceptors, and/or components associated with such devices.

15.34.120 Food service establishments – operating permit required. Where the director has determined that installation of a FOG disposal system at a food service establishment is necessary to protect the sanitary sewer system, such installation shall be subject

to plan review and operating industrial waste disposal permit requirements pursuant to this Title. Each separate system connected to the public sewer system shall require a separate permit. The director may authorize multiple food service establishments to discharge through a single FOG disposal system provided that each establishment enters into an agreement with a single entity that maintains the device including continuous maintenance of any permits required for operation of the facility.

15.34.130 Food waste disposal units and dishwashers. Unless specifically required or permitted by the director, no food waste disposal unit, garbage grinder or dishwasher shall be connected to or discharge into any FOG disposal system. Commercial food waste disposers shall discharge directly into the building's sewage drainage system."

Section 18: Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this ordinance, or any part thereof, is for any reason held to be unconstitutional or void, such decision shall not affect the validity of the remaining portion of this ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause or phrase be declared unconstitutional or void.

Section 19: Certification. The City Clerk shall certify the passage of this ordinance and shall cause the same to be entered in the book of original ordinances of said City; shall make a minute passage and adoption thereof in the records of the meeting at which time the same is passes and adopted; and shall, within fifteen (15) days after the passage and adoption thereof, cause the same to be published as required by law, in a local weekly newspaper of general circulation and which is designated for that purpose.

ORDINANCE PASSED AND APPROVED on this ____ day of _____, 2010.

_____
Peggy Delach
Mayor

ATTEST:

_____
Toni Taber
City Clerk

APPROVED AS TO FORM:

_____
City Attorney