



# 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, August 17, 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 Deputy City Clerk of the Covina City Council hereby declares that the agenda for the **August 17, 2010**, Regular City Council meeting was posted on August 12, 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. 54956.9(b) – CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION
- B. 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  
Executive Group  
Unaffiliated Employees (see attached)
- C. 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)
  - Mercy Moreno – 147-151 East College Street (APN: 8445-001-918)
  - Off Citrus – 114 E. Italia Street (APN 8445-001-905)
  - Hassen Imports Partnership – Northeast corner of San Bernardino Road and Park Avenue (APN 8430-024-012)

**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 Pro Tem King.

### **INVOCATION**

Led by the Covina Police Chaplain David Truax.

### **PRESENTATIONS**

Recognition of the 2010 Preschool Teacher of the Year Belen Lara.

Recognition of the Covina Hills Girls Softball for winning the 8 and Under Division District Championship.

Recognition of the Charter Oak Girls Softball 6 and Under Division All Star Team.

### **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, July 20, 2010 Regular City Council/Redevelopment Agency Meeting.
- CC 2. City Council to adopt **Resolution No. 10-6865**, delegating authority to Risk Manager, to act on behalf of the City of Covina with regard to Official Matters of CSAC EIA.
- CC 3. City Council to adopt **Resolution No. 10-6870**, requiring members of the City of Covina General Employee Unit (AFSCME) and members of the Unaffiliated employee group to pay 3% of the Employer Paid Member Contribution to PERS.
- CC 4. City Council to approve the tentative agreement between the City of Covina and AFSCME.
- CC 5. City Council to approve a title change for the position of Management Analyst in Human Resources.
- CC 6. City Council to adopt **Resolution No. 10-6876**, authorizing budget adjustments for Fiscal Year 2009 – 2010.
- CC 7. City Council to approve authorization of a financing team to begin process of issuing water revenue bonds in fiscal year 2010 – 2011.
- CC 8. City Council to approve Payment of Demands in the amount of \$4,750,904.29.
- CC 9. City Council to receive and file the Quarterly Report of the Treasurer for the Quarter Ended June 30, 2010.
- CC 10. City Council to receive and file the Public Works Department Monthly Activity report.
- CC 11. City Council to adopt **Resolution No. 10-6868**, acknowledging the City's participation in Los Angeles County's expanded Recycling Market Development Zone (RMDZ) program.
- CC 12. City Council to adopt **Resolution No. 10-6871**, adopting policies and procedures for the operation of the City's water utility.
- CC 13. City Council to receive and file City of Covina Bicycle Network Study and approve development of Covina Bicycle Master Plan to apply for Fiscal Year 2010 – 2013 California Bicycle Transportation Account Funding.

## CONSENT CALENDAR CONT.

- CC 14. City Council to determine that note terms, agreement terms and program requirements are satisfied for the following CDBG Special Economic Development Program participants: Jimmy Roman, doing business as Fonda Don Chon and Raquel Olamendi and Maria Olamendi doing business as Olamendi's Zona Roza; authorize removal of the loan/grant restrictions, and authorize the City Manager or his designee to execute related documents.
- CC 15. Redevelopment Agency to approve Payment of Demands in the amount of \$2,766,988.11.
- CC 16. Redevelopment Agency to receive and file the Quarterly Report of the Treasurer for the Quarter Ended June 30, 2010.
- CC 17. Redevelopment Agency to approve the agreement between the Covina Redevelopment Agency and Adaya Asset Corporation, owner of industrial unit located at 850 East Edna Place, Covina, CA for 105 days while Covina Valley Unified School District obtains entitlements for Welding School, which the Covina Redevelopment Agency will relocate from Olson Citrus Walk Project site to 850 East Edna Place.
- CC 18. Redevelopment Agency to approve a partial funding of the request by Covina Center for the Performing Arts (CCPA) for Agency assistance with royalties, fees, and production expenses.
- CC 19. City Council:
- a.) Set Public Hearing for September 7, 2010 for Vacation of School Street and Alley that runs north and south between School and Italia Streets; and
  - b.) Adopt **Resolution No. 10-6873**, declaring its intention to vacate portions of the public right-of-way known as School Street commencing at the intersection of Citrus Avenue and School Street and running easterly for approximately 263 feet and a 13 foot wide public alley running northerly approximately 250 feet, pursuant to Street and Highway Code Section 8300 ET SEQ. and directing City Clerk to administratively set the hearing date, time and place and to publish and post required notices for Olson Citrus Walk Project.

## PUBLIC HEARING

PH 1. Fiscal Year 2010-2011 Refuse Collection Rates and Charges.

### Staff Recommendation:

- a.) Conduct the public hearing and if it is determined that a majority protest does not exist;
- b.) Adopt **Resolution No. 10-6869**, setting the City's refuse collection rates and charges for residential and commercial customers for 2010-2011, retroactive to July 1, 2010.

## **PUBLIC HEARING CONT**

PH 2. Consider Approval of Covina's Local Development Report for Los Angeles County's Congestion Management Program.

### **Staff Recommendation:**

- a.) Conduct the public hearing; and
- b.) Adopt **Resolution No. 10-6866**, finding the City to be in conformance with the Congestion Management Program (CMP) and adopting the CMP Local Development Report, in accordance with California Government Code Section 65089.

## **JOINT PUBLIC HEARING**

JPH 1. Joint Public Hearing to Extend Sublease and Commercial Agreements with Seidner Enterprises LLC and RJS Financial Inc. for Bert's Mega Mall located at 1151-1211 N. Azusa Avenue, Covina CA.

### **Staff and Agency Recommendation:**

- a.) Conduct the public hearing; and
- b.) Adopt **Agency Resolution No. 10-635**, making certain findings pursuant to Health & Safety Code Section 33433 and approving a Sublease; and
- c.) Adopt **Agency Resolution No. 10-636**, approving a Commercial Lease by and between the Redevelopment Agency and RJS Financial Inc., a California Corporation; and
- d.) Adopt **Resolution No. 10-6872**, making certain findings pursuant to Health and Safety Code Section 33433 and approving Sublease and Commercial Lease Agreements.

## **NEW BUSINESS**

NB 1. Amendment of Exclusive Waste Collection Franchise Agreement

### **Staff Recommendation:**

Adopt **Resolution No. 10-6867**, approving Amendment No. 10 to the Exclusive Waste Collection Franchise Agreement with Arakelian Enterprises, Inc., adjusting refuse collection and recycling fees for fiscal year 2010-2011 and fixing the Integrated Waste Management Fee for fiscal year 2010-2011.

## **CONTINUED BUSINESS**

CB 1. Update of the City of Covina Strategic Plan.

### **Staff Recommendation:**

Receive and file the updated City of Covina Strategic Plan from the June 7, 2010 Strategic Planning Meeting.

## **CONTINUED BUSINESS CONT**

CB 2. Appointment to the Housing & Community Development Advisory Committee.

**Staff Recommendation:**

Appoint applicant Woody Dahlen to the Housing & Community Development Advisory Committee.

CB 3. Designation of voting delegate and alternate for the League of California Cities Annual Conference.

**Staff Recommendation:**

Designate a voting delegate and alternate from those members who will be attending the 2010 League of California Cities Annual Conference.

## **ADJOURNMENT**

The Covina City Council/Redevelopment Agency will adjourn to the next Regular Meeting to be held on **Tuesday, September 7, 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  
Executive Assistant to the Police Chief  
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

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### **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 JULY 20, 2010 REGULAR MEETING OF  
THE COVINA CITY COUNCIL/REDEVELOPMENT AGENCY  
HELD IN THE COUNCIL CHAMBERS OF CITY HALL, 125  
EAST COLLEGE STREET**

**CALL TO ORDER**

Mayor Delach called the City Council meeting to order at 7:32 p.m.

**ROLL CALL**

Council Members Present: Allen, Delach, King, Low, Stapleton  
Council Members Absent: None  
Other Elected Officials Present: City Clerk

Staff Members Present: City Manager, City Attorney, Chief of Police, Police Captain, Finance Manager, Public Works Director, Community Development Director, Human Resources Director, Parks and Recreation Director, Deputy City Clerk/Agency Secretary, Communications Manager, Sr. Redevelopment Manager, Redevelopment Manager, Human Resources Management Analyst, Environmental Management Analyst, Administrative Technician

**AGENDA  
POSTING  
DECLARATION**

The Deputy City Clerk of the Covina City Council hereby declares that the agenda for the July 20, 2010 Regular City Council/Redevelopment Agency meeting was posted on July 15, 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. 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)
  - Mercy Moreno – 147 – 151 East College Street (APN: 8445-001-918)
- B. G.C. 54956.9(b) – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: ONE (1)

**CITY ATTORNEY  
ANNOUNCEMENT**

City Attorney Edward Lee announced that no reportable action was taken in closed session.

**PLEDGE OF  
ALLEGIANCE**

Council Member Stapleton led the Pledge of Allegiance.

**INVOCATION**

Covina Police Chaplain David Truax gave the invocation.

**PRESENTATIONS**

Mayor Delach presented a Proclamation proclaiming September 10, 2010 as Pat Allen Day to Council Member Allen along with family and friends.

Mayor Delach presented a Proclamation proclaiming August 3, 2010 as National Night Out to Covina Police Chief Kim Raney.

Mayor Delach recognized members of the Covina Woman's Club for being awarded the Outstanding Achievement Award for their work in the Domestic Violence Action Coalition.

Council Member Allen gave a presentation of his trip to the City of Covina's adopted Sister City of the Town of La Vallee de Jacmel, Haiti. Council Member Allen also presented Pastor Carlo Alce with a City of Covina tile.

David Turch, City of Covina's Federal Advocate, gave a presentation on the Federal government's appropriation process and its influence on the City of Covina.

City Attorney Edward W. Lee gave a presentation on the Charter City process.

After further discussion from the City Attorney and the City Council, a Study Session on the Charter City process was scheduled for Wednesday, August 3, 2010 at 6:00 p.m. in the City Hall Council Chambers. Tentative dates of Thursday, August 26, 2010 and Tuesday, August 31, 2010 were also discussed for another Charter City process Study Session.

**PUBLIC COMMENTS**

None.

**COUNCIL/AGENCY  
COMMENTS**

Council Member Stapleton gave a report on the Independent Cities Association seminar which he attended. He stated that topics such as waste pick up, cities going green and the state of California's economy.

Mayor Delach commented on her attendance at the Independent Cities Association seminar.

Council Member Allen spoke on the concerts in the park and encouraged the community to attend.

Mayor Pro Tem King commented on the Wednesday night series which also takes place at the park and the local church bands who perform.

Mayor Delach read a portion from the character building book titled the *ABC's of Character* from the Kid of Character Program. Mayor Delach stated that the group who promotes this program has asked for sponsorship in being able to share this program with all schools located within the City of Covina.

Mayor Delach made the following community announcements:  
Mondays, enjoy free concerts at Starlight Musicale, beginning at 7:30 p.m.; Season finale "Covina's Got Talent Showcase" on August 2<sup>nd</sup>; Tuesdays are Kids Nights Out; "Christmas in July" as the Covina Christmas Parade Committee holds a special event to raise funds for the 60<sup>th</sup> Annual Parade to be held in December; Wednesdays, Celebration Series features music from local church worship groups beginning at 7:30 p.m.; Thursdays, Covina Concert Band & Bingo, beginning at 6:30 p.m.

**CITY MANAGER  
COMMENTS**

City Manager Daryl Parrish informed the Council about the needed date change for the upcoming Strategic Planning Session originally scheduled for November 16, 2010. He explained to Council a date change was needed due to a conflict in scheduling by the planning consultant and that the planning consultant had suggested the following alternative dates to hold the Strategic Planning Session: November 2, 2010, December 15, 2010, December 16, 2010 or December 17, 2010.

**CONSENT  
CALENDAR**

On a motion by Council Member Low and seconded by Mayor Pro Tem King, the City Council/Redevelopment Agency approved Consent Calendar items CC 2, CC 3, CC 4, CC 5, CC 6, CC 9, CC 11, CC 13 & CC 15. Motion carried by a vote of 5-0.

**CITY'S PAYMENT OF  
DEMANDS  
CC 2**

City Council approved the Payment of Demands in the amount of \$2,765,615.39.

**CHARTER OAK USD  
MOU  
CC 3**

City Council approved the Memorandum of Understanding with Charter Oak Unified School District for a School Resource Officer for the 2010 – 2011 school year and authorized the City Manager and Chief of Police to execute.

**COVINA-VALLEY USD  
MOU  
CC 4**

City Council approved the Memorandum of Understanding with Covina-Valley Unified School District for a School Resource Officer for the 2010 – 2011 school year and authorized the City Manager and Chief of Police to execute.

**AZUSA USD MOU  
CC 5**

City Council approved the Memorandum of Understanding with Azusa Unified School District for a School Resource Officer for the 2010 – 2011 school year and authorized the City Manager and Chief of Police to execute.

**INMATE PHONE  
SERVICES  
AGREEMENT  
CC 6**

City Council approved the agreement between Inmate Phone Services and the City for jail inmate telephone services and authorized the City Manager to execute.

**PUBLIC WORKS  
DEPT. ACTIVITY  
REPORT  
CC 9**

City Council received and filed the Public Works Department Monthly Activity Report.

**CITY'S ANIMAL  
CONTROL  
CC 11**

City Council adopted **Ordinance No. 10-1984**, amending Sections 7.04.010 and 7.12.100 of the Covina Municipal Code to update the City's Animal Control Ordinance; and adopted **Resolution No. 10-6850**, providing for the adoption of an Animal Control Fee Schedule; and authorized the City Manager to execute the agreement with the County of Los Angeles Department of Animal Care and Control for animal control services.

**CRA PAYMENT OF  
DEMANDS  
CC 13**

Redevelopment Agency approved the Payment of Demands in the amount of \$2,888,254.84.

**DESTRUCTION OF  
OBSOLETE RECORDS  
CC 15**

City Council and Redevelopment Agency adopted **Resolution No. 10-6861** and **Agency Resolution No. 10-631**, approving the destruction of obsolete records for fiscal year ended 6/30/2010.

**JULY 6, 2010 REGULAR  
CITY COUNCIL/CRA  
MINUTES  
CC 1**

Mayor Delach stated that the adjournment date needed to be amended from August 17, 2010 to July 20, 2010.

Council Member Low asked to have his comment made on the parking signage on page 2 of the July 6, 2010 minutes to be corrected on last line to read "parking structure" and not "parking lot."

On a motion by Council Member Low and seconded by Council Member Allen, the City Council approved the Minutes of the Tuesday, July 6, 2010 Regular City Council/Redevelopment Agency Meeting including the modifications made by Mayor Delach and Council Member Low. Motion carried by a vote of 5-0.

**MARIJUANA  
LEGALIZATION  
INITIATIVE  
CC 7**

Council Member Allen expressed his appreciation to Chief Raney for bringing this resolution forward to oppose the passage of the legalization of Marijuana in the state of California. He also wanted to encourage the Council to vote for this resolution opposing Proposition 19.

Mayor Pro Tem King stated that if this proposition is passed on the November 2010 statewide ballot, that it is one more indication of the degradation of the character and the righteousness of today's society.

On a motion by Council Member Allen and seconded by Council Member Low, the City Council adopted **Resolution No. 10-6860**, opposing the passage of Proposition 19, the Marijuana Legalization Initiative that will be on the November 2010 statewide ballot. Motion carried by a vote of 5-0.

**LA WORKS  
BEAUTIFICATION  
PROGRAM  
CC 8**

City Manager stated two changes were needed to be made to the staff recommendation. The first change was to the original amount of \$57,087 to be changed to \$58,823 and the second change was to have the Mayor and not the City Manager execute the necessary agreement.

On a motion by Council Member Stapleton and seconded by Council Member Allen, the City Council renewed a Beautification Program with LA Works in the amount of \$58,823 and authorized the Mayor to execute the necessary agreement including the amendments specified by the City Manager. Motion carried by a vote of 5-0.

**USED OIL  
COLLECTION  
PROGRAM  
CC 10**

Council Member Stapleton asked the Public Works Director to explain the change in the program.

Public Works Director stated that this program is county wide. The only change in the program is that the name of the program was changed.

On a motion by Council Member Stapleton and seconded by Mayor Pro Tem King, the City Council adopted **Resolution No. 10-6863**, acknowledging Used Oil Block Grant (UOBG) change to Oil Payment Program (OPP), now administered by CalRecycle, and authorizing signature authority the right to execute all new documents under the OPP to secure payment to support the Used Oil Collection Program. Motion carried by a vote of 5-0.

**COVINA CENTER FOR  
PERFORMING ARTS  
CC 12**

Council Member Stapleton reported that he had spoken to Mrs. Champion and explained to her that this item would only be a receive and file by the City Council due to lack of current Agency funding.

On a motion by Council Member Stapleton and seconded by Mayor Pro Tem King, the Redevelopment Agency received and filed the request by Covina Center for the Performing Arts (CCPA) for Agency assistance with royalties, fees, and production expenses. Motion carried by a vote of 5-0.

**EXCLUSIVE RIGHT  
TO NEGOTIATE  
AGREEMENT  
CC 14**

Council Member Stapleton inquired about the time frame that would be needed for something to happen.

Community Development Director stated that there is a 180 day time period on the agreement with a 30 day cancellation period allowed.

On a motion by Council Member Stapleton and seconded by Mayor Pro Tem King, the Redevelopment Agency adopted **Agency Resolution No. 10-634**, approving an Exclusive Right to Negotiate Agreement ("ERN") between the Covina Redevelopment Agency ("Agency") and Jules Board and Alex Alvarez ("Developer"). Motion carried with a vote of 5-0.

**CDBG FREE SWIM  
PROGRAM 601326-10 FOR  
FY 2010 - 2011  
PH 1**

Mayor Delach opened the public hearing at 8:58 p.m.

Mayor Delach closed the public hearing at 8:59 p.m.

Community Development Director presented the staff report to the City Council.

On a motion by Council Member Allen and seconded by Council Member Low, the City Council adopted **Resolution No. 10-6862**, approving cancellation of CDBG Free Swim Program 601326-10; appropriation of CDBG revenue and expenditures for new CDBG Recreational Activities Assistance Program and authorized City Manager or his designee to enter agreement with Los Angeles County Community Development Commission. Motion carried by a vote of 5-0.

**2010 EDWARD BYRNE  
MEMORIAL JUSTICE  
ASSISTANCE GRANT  
PH 2**

Mayor Delach opened the public hearing at 9:00 p.m.

Mayor Delach closed the public hearing at 9:01 p.m.

Police Chief Raney presented the staff report to the City Council.

On a motion by Council Member Stapleton and seconded by Council Member Allen, the City Council received and filed proposed program for expenditure of 2010 Edward Byrne Memorial Justice Assistance Grant (JAG). Motion carried by a vote of 5-0.

**POMONA VALLEY  
HABITAT FOR  
HUMANITY, INC. D.D.A.  
JPH 1**

Mayor Delach opened the public hearing at 9:01 p.m.

Mayor Delach closed the public hearing at 9:05 p.m.

Community Development Director Neiuber presented the staff report to the City Council.

Scott Nichols and Jody Gmeiner spoke on behalf of the Pomona Valley Habitat for Humanity, Inc. and thanked Council for allowing them to have the first Habitat House in the City of Covina.

On a motion by Council Member Stapleton and seconded by Council Member Allen, the City Council/Redevelopment Agency adopted a Categorical Exemption from the California Quality Act pursuant to Section 15332 of the California Code of Regulations; and adopted **Resolution No. 10-6864**, approving and authorizing the use of a procedure set forth in California Health and Safety Code Section 34433(c) with respect to small housing projects; and adopted **Agency Resolution No. 10-632**, approving an affordable housing agreement between the Covina Redevelopment Agency and Pomona Valley Habitat for Humanity, Inc.; and adopted **Agency Resolution No. 10-633**, amending the fiscal year 2010 – 2011 Redevelopment Budget to reflect an appropriation of \$50,000 to pay for entitlement costs and start-up costs for the building of the residence at 436 E. Cypress Street, Covina. Motion carried by a vote of 5-0.

**REDESIGNED CITY OF  
COVINA WEBSITE  
NB 1**

Communications Manager Bobbi Kemp gave a presentation on the new City's website.

On a motion by Council Member Stapleton and seconded by Mayor Pro Tem King, the City Council received and filed presentation of redesigned City of Covina website. Motion carried by a vote of 5-0.

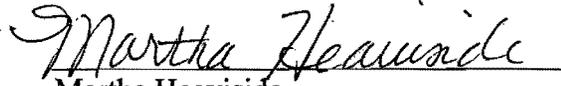
**CITY OF COVINA  
STRATEGIC PLAN  
CB 1**

City Manager Parrish recommended the City Council to receive and file the Strategic report.

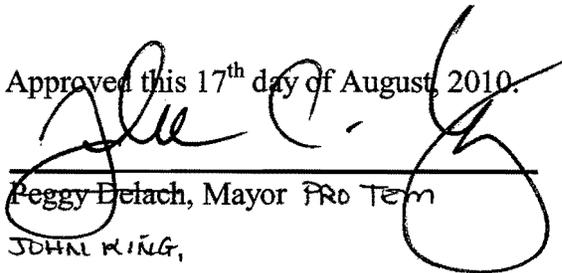
On a motion by Mayor Pro Tem King and seconded by Council Member Stapleton, the City Council received and filed the updated City of Covina Strategic Plan. Motion carried by a vote of 5-0.

**ADJOURNMENT**

At 9:28 p.m., Mayor Delach adjourned the City Council/Redevelopment Agency meeting to a Study Session to be held on **Wednesday, August 4, 2010** at 6:00 p.m.

  
Martha Heaviside  
Deputy City Clerk/Agency Secretary

Approved this 17<sup>th</sup> day of August, 2010.

  
Peggy Delach, Mayor Pro Tem

JOHN KING,

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 2

**STAFF SOURCE:** Marie Klymkiw, Risk Manager *mk*

**ITEM TITLE:** Adopt **Resolution #10-6865** Delegating Authority to Risk Manager, to Act on Behalf of the City of Covina With Regard to Official Matters of CSAC EIA

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**STAFF RECOMMENDATION**

Adopt **Resolution #10-6865** Delegating Authority to Risk Manager, to Act on Behalf of the City of Covina With Regard to Official Matters of CSAC EIA

**FISCAL IMPACT**

None

**BACKGROUND**

In January 2004, the City of Covina joined the CSAC Excess Insurance Authority (CSAC EIA) for procurement of insurance and risk management services. In order to ensure that individuals are authorized to fully act on behalf of their respective entity, CSAC EIA is requiring the governing board of all member entities to officially designate a representative, either an individual or a position, which has authority to officially act on behalf of their entity.

Each member entity of CSAC EIA has designated a primary contact person who receives all communication regarding matters related to CSAC EIA such as notifications, requests for information, renewal premium quotes, invoices, etc. However, that individual may or may not be officially authorized by its governing board to act upon official matters such as executing Memorandums of Understanding and entering into service agreements. The CSAC EIA desires to ensure that the individuals executing such documents and agreements are authorized to do so. Therefore, they are requiring the governing board of each member to designate a representative who is authorized to do so. The official designated representative can be an individual or a position who has been delegated such authority. The representative for communications with the CSAC EIA will not change. All communications will still come through the primary contact person.

**EXHIBITS**

A. Resolution No. 10-6865

<b>REVIEW TEAM ONLY</b>	
City Attorney: <i>[Signature]</i>	Finance Director: <i>[Signature]</i>
City Manager: <i>[Signature]</i>	Other: _____

**RESOLUTION NO. 10-6865**

**A RESOLUTION DELEGATING AUTHORITY TO THE RISK MANAGER TO  
ACT ON BEHALF OF THE CITY OF COVINA WITH REGARD TO OFFICAL  
MATTERS OF CSAC EIA**

WHEREAS, the CSAC Excess Insurance Authority (Authority) has determined that it is necessary for each member of the Authority to delegate to a person or position authority to act on the member's behalf in matters relating to the member and the Authority; and

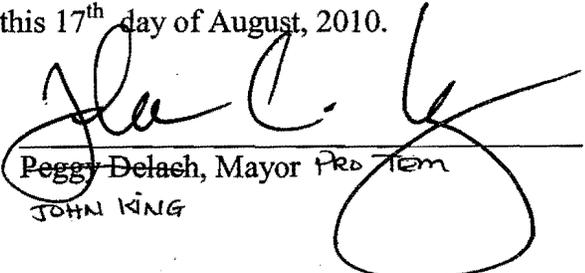
WHEREAS, except as to those actions that must be approved by the City Council, such delegation of authority is necessary in order to carry out the purposes and functions of the Authority with its members; and

WHEREAS, in order to ensure a person or position is delegated with authority to act on the member's behalf in matters relating to the member and the Authority, action by the member's governing body is necessary; and

NOW THEREFORE, THE COVINA CITY COUNCIL DOES RESOLVE AS FOLLOWS:

SECTION 1. Except as to actions that must be approved by the City of Covina City Council, the Risk Manager is hereby appointed to act in all matters relating to the member and the Authority.

PASSED, APPROVED AND ADOPTED this 17<sup>th</sup> day of August, 2010.

  
Peggy Delach, Mayor Pro Tem  
JOHN KING

ATTEST:



Martha Heavside  
Deputy City Clerk

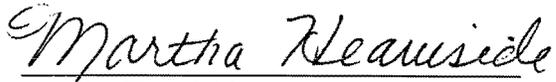
APPROVED AS TO FORM:

  
City Attorney

**EXHIBIT A**

I, MARTHA HEAVISIDE, Deputy City Clerk of the City of Covina, California, hereby CERTIFY that **Resolution No. 10-6865** was adopted by the Covina City Council at a regular meeting of the City Council held on Tuesday, August 17, 2010 and was approved and passed by the following votes:

AYES: Council Members Allen, Stapleton, Mayor Pro Tem King  
NOES: None  
ABSENT: Council Member Low, Mayor Delach  
ABSTAIN: None

  
Martha Heaviside  
Martha Heaviside  
Deputy City Clerk

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 3

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



**ITEM TITLE:** Employer Paid Member Contributions (EPMC) for General Employee Unit and Unaffiliated Employees.

---

**STAFF RECOMMENDATION**

Adopt **Resolution No. 10-6870**, requiring members of the City of Covina General Employee Unit (AFSCME) and members of the Unaffiliated employee group to pay 3% of the Employer Paid Member Contribution to PERS.

**FISCAL IMPACT**

None. There is no cost associated with the EPMC. A savings of \$130,000.00 will be realized this fiscal year as a result of the AFSCME and Unaffiliated employees contributing 3% of the 8% for the 2.5@ 55 retirement plan.

**BACKGROUND**

On March 16, 2010, the City Council adopted Ordinance No.10-1981 authorizing implementation of the 2.5% @ 55 PERS retirement plan for all Miscellaneous Employees. Both the general employee unit under AFSCME and the Unaffiliated employee unit have agreed to pay 3% of the Employer Paid Member Contribution to PERS effective the first pay period pending council approval of the negotiated items. This agreement will be acknowledged in the Memorandum of Understanding with AFSCME and the Labor Contract with the Unaffiliated employee group, which will be presented to council at a later date.

**EXHIBITS**

A. Resolution 10-6870

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

RESOLUTION NO. 10-6870

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, REQUIRING MEMBERS OF THE CITY OF COVINA GENERAL EMPLOYEE UNIT (AFSCME) AND MEMBERS OF THE UNAFFILIATED EMPLOYEE GROUP TO PAY 3% OF THE EMPLOYER PAID MEMBER CONTRIBUTION TO PERS.

WHEREAS, the governing body of the City of Covina has the authority to implement Government Code Section 20691;

WHEREAS, the governing body of the City of Covina has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Covina of a Resolution to commence said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of the City of Covina has identified the following conditions for the purpose of its election to pay EMPC:

- This benefit shall apply to members of the American Federation of State, County and Municipal Employees (AFSCME) and members of the Unaffiliated Employee Group.
- This benefit shall consist of the City paying 5% of the normal member contributions as EPMC.
- The effective date of this Resolution shall be August 18, 2010.

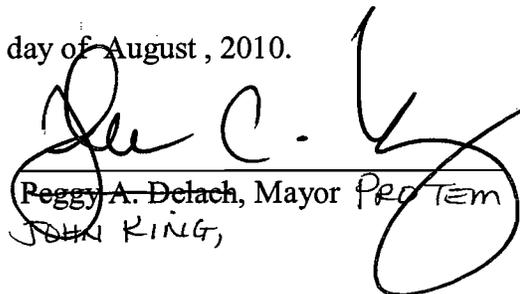
NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Covina elects to pay EPMC, as set forth above.

SECTION 1. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED this 17<sup>th</sup> day of August, 2010.

ATTEST:

  
Martha Heaviside, Deputy City Clerk

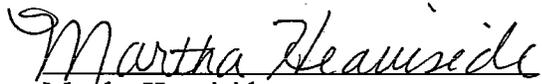
  
Peggy A. Delach, Mayor PRO TEM  
JOHN KING,

APPROVED AS TO FORM:

  
City Attorney

I, MARTHA HEAVISIDE, Deputy City Clerk of the City of Covina, California, hereby CERTIFY that **Resolution No. 10-6870** was adopted by the Covina City Council at a regular meeting of the City Council held on Tuesday, August 17, 2010 and was approved and passed by the following votes:

AYES: Council Members Allen, Stapleton, Mayor Pro Tem King  
NOES: None  
ABSENT: Council Member Low, Mayor Delach  
ABSTAIN: None

  
Martha Heaviside  
Deputy City Clerk

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 4

**STAFF SOURCE:** Anthony Arroyo, Human Resources Director 

**ITEM TITLE:** Approve the Tentative Agreement between the City of Covina and the American Federation of State, County and Municipal Employees (AFSCME)

---

**STAFF RECOMMENDATION**

Approve the tentative agreement between the City of Covina and AFSCME.

**FISCAL IMPACT**

The fiscal impact to the City is a one-time payout of \$24,500, which can be absorbed in this fiscal year's budget. In addition, the city will realize a savings of approximately \$78,500 due to AFSCME-represented employees paying three percent (3%) towards the employees' PERS retirement contribution.

**BACKGROUND**

Human Resources and Finance staff and representatives of AFSCME have been meeting in good faith for a successor Memorandum of Understanding (MOU) for approximately 14 months. A change in the Human Resources staff, coupled with the economic situation affecting municipalities were the primary reasons for the lengthy negotiations. On June 24, 2010, both parties reached tentative agreements on various negotiating points (see Exhibit A), which were formally signed by both parties on July 15, 2010.

Some of the more significant terms of the agreement are:

- All AFSCME-represented employees will contribute three percent (3%) towards their PERS retirement;
- Bring remaining AFSCME employees to the 95<sup>th</sup> percentile of pay on July 1, 2011;
- Providing employees with an additional salary step after seven years of employment with the city and a "meets expectations" on the employee's evaluation;
- Other items that formally memorialize the City's past practice.

The entire negotiated points will be incorporated into the AFSCME MOU and presented to the City Council at a later meeting. It is anticipated said MOU will be presented at the same time the other bargaining unit MOUs are formally presented and approved by Council.

**EXHIBITS**

A. Tentative agreement between the City of Covina and AFSCME

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

On June 17, 2010, the City of Covina and the American Federation of State, County and Municipal Employees (AFSCME), tentatively concluded negotiations to a successor Memorandum of Understanding (MOU) with AFSCME employees voting in favor of the negotiated items. Below are the items agreed to:

- All eligible employees shall be placed in the newly created F step after two (2) years at E step and after seven (7) years with the City of Covina and are given a “meets expectations” on the employee’s evaluation. This will be retroactive to July 1, 2009. Should employee receive anything below “meets expectations,” employee will be re-evaluated within 90 days. If employee still does not receive a “meets expectations,” employee will be re-evaluated one (1) year after initial evaluation.
- All AFSCME employees will contribute 3% towards the PERS Employee Contribution effective the first payroll after City Council approval.
- Acting pay: effective after 80 hours or earlier if approved by the department director.
- Ten (10) hours monthly sick leave accrual for a maximum of 120 hours per year.
- Effective July 1, 2011, the following positions will be brought to parity (i.e., 95<sup>th</sup> percentile): Asst. Civil Engineer; Building and Code Enforcement Coordinator; Equipment Foreman; Park Foreman; Sr. Librarian; Street Crew Leader; Street Foreman (position created at the July 6, 2010 Council meeting); Water Crew Leader; Water Forman; Water Pump Operator. Such increases will not be retroactive.
- Article 12.0.3.5—Courses During Work Hours—change language from “may” to “shall.”
- Article 12.0.3.6—Licenses and Certifications—change current language to “Any licenses or certifications which the City requires, including any renewals, shall be paid for by the City, including necessary City-paid time. Licenses or certifications which are not required by the City shall be paid for by the City, as has been done, at the reasonable discretion of the City.”
- Article 2—Recognition—Within 60 calendar days of initial hire, employees shall be required to pay union dues or agency fee. This is not retroactive and shall be effective upon ratification.
- Article 12.0.2—Retirement—Add Military Service Credit (the City’s PERS contract already reflects this).
- Class B License—The City shall continue the practice in relation to employees acquiring and maintaining a Class B license which includes, but not limited to: hands-on training on City Paid time and on City equipment; provision of the appropriate vehicle to take the DMV test.
- The term of the Agreement, shall be for three years (3) from July 1, 2009 to June 30, 2012 with the understanding that any changes to the salary/benefits (including, but not limited to, possible salary increases, medical benefit increases, or a two-tiered retirement system, etc.) for 2011-2012 shall be subject to negotiations to commence on March 1, 2011

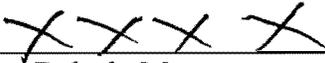
On February 8, 2010, the following have already been agreed to but will be memorialized in the future MOU:

- The City of Covina will add December 24, 2009 to the Holiday Furlough for the 2009 calendar year only. All affected employees will use vacation, compensatory time,

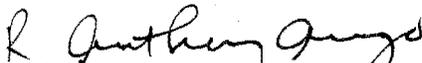
floating holiday or sick leave, if available, for the additional furlough day. The City shall adhere to the current MOU, Section 11.0.8 (Work Furlough) for any employee who has not available paid time for December 24, 2009.

- Medical Insurance Increase: Effective December 1, 2009, the City shall contribute eight hundred dollars (\$800) per month per eligible employee towards an optional benefits plan.
- Life Insurance: Effective January 1, 2010, the City of Covina shall provide \$100,000 life insurance for employees.
- 4/10 Workweek: Effective January 4, 2010, employees assigned to Public Works and to City Hall shall work the Alternate Workweek schedule of 10 hours per day for 4 days per week; all other employees shall continue to work their current workweek schedule.

For City of Covina:

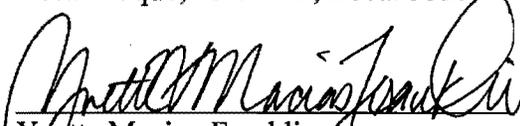
  
Peggy Delach, Mayor

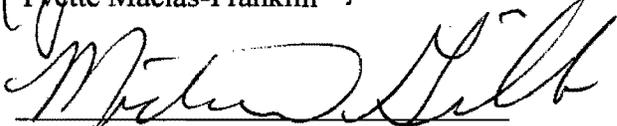
  
Daryl Parrish, City Manager

  
Anthony Arroyo, H.R. Director

For the Union:

  
Oscar Luque, President, Local 3525

  
Yvette Macias-Franklin

  
Mike Gibb

  
Earl Karch

SUBJECT TO RATIFICATION BY CITY COUNCIL  $\phi$ .

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 5

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

**ITEM TITLE:** Title change for the position of Management Analyst in Human Resources.

---

**STAFF RECOMMENDATION**

Approve a title change for the Management Analyst position in Human Resources.

**FISCAL IMPACT**

None.

**BACKGROUND**

With the 2010-2011 fiscal year budget, staff recommends that the title of Management Analyst in Human Resources change to Human Resources Analyst. The new title reflects the unique duties assigned to the Analyst in the Human Resources Office. The salary table will remain the same.

As a result of the above, council approval is needed for the new job description. A copy of which is attached (Exhibit A).

**EXHIBITS**

A. Job Description

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

## CITY OF COVINA

### HUMAN RESOURCES ANALYST

*Class specifications are only intended to present a descriptive summary of the range of duties and responsibilities associated with specified positions. Therefore, specifications **may not include all** duties performed by individuals within a classification. In addition, specifications are intended to outline the **minimum** qualifications necessary for entry into the class and do not necessarily convey the qualifications of incumbents within the position.*

#### **DEFINITION:**

Under general supervision, performs increasingly difficult and responsible duties relating to various aspects of Human Resources administration.

#### **DISTINGUISHING CHARACTERISTICS:**

The **Human Resource Analyst** is the journey level class in which the incumbent is expected to independently perform the full scope of administrative, analytical and management support duties within assigned program areas; provides professional and technical support to the Director of Human Resources and assists in coordinating personnel services with all City departments.

#### **SUPERVISION RECEIVED/EXERCISED:**

Direction is provided by the Director of Human Resources. May exercise direct and indirect supervision over technical and office support staff.

#### **ESSENTIAL FUNCTIONS:** *(include but are not limited to the following)*

- Provide professional journey level staff assistance and coordination in support of human resources functions and programs including recruitment, selection, evaluation, classification, job evaluation, benefits, and compensation.
- Participate in the development and implementation of new or revised human resources programs, systems, procedures, and methods of operation.
- Compile and analyze data and make recommendations regarding human resources programs and systems; assist in the development and implementation of related policies.
- Participate in the preparation and administration of assigned budgets; maintain and monitor appropriate budgeting and expenditure controls.
- Research, collect, compile, and analyze information from various sources on a variety of specialized human resources topics; prepare comprehensive technical records, reports, and summaries to present and interpret data, identify alternatives, and make and justify recommendations.
- Plan and conduct comprehensive salary and benefit surveys; perform job evaluation, classification, and class specification development.
- Coordinate recruitment processes including outreach activities; screen employment applications; ensure applicants meet or exceed minimum qualifications; rank candidates according to qualifications.

- Design, coordinate, and administer written, performance, and/or oral employment examinations; ensure that exams and interviews are conducted in accordance with Federal and State laws and City policies and procedures.
- Select and orient evaluators regarding examination procedures and rating criteria.
- Provide assistance to the Human Resources Director during arbitration and contract negotiations; research and collect relevant data pertaining to local and/or regional collective bargaining agreements.
- Monitor legislation and analyze proposed legislation to determine impact on human resources operations and programs.
- Interprets the Personnel Rules and Regulations, Salary Resolutions, Personnel Ordinance, Personnel Policy and Procedures Manual, Memoranda of Understanding, and Municipal Code.
- Serve as a liaison with employees, public and private organizations, community groups, and other organizations; provide information and assistance regarding human resources programs and services; receive and respond to complaints and questions relating to human resources; review problems and recommend corrective actions.
- Attend meetings as a representative for the Human Resources Division; prepare, administer, and monitor programs.
- Performs other related duties as required.

**QUALIFICATIONS:** *(The following are minimal qualifications necessary for entry into the classification.)*

**Education and/or Experience:**

Any combination of education and experience that has provided the knowledge, skills and abilities necessary for a **Human Resources Analyst**. Graduation from an accredited college or university with a bachelor's degree in Public or Business Administration or a closely related field; some recent professional personnel or administrative experience which required a general knowledge of all or most of the following areas: recruitment, test development and validation, classification, salary administration, affirmative action and equal opportunity, employee training and development, labor relations, and general personnel administration.

**License/Certificate:**

Possession of, or ability to obtain, a valid class C California driver's license.

**KNOWLEDGE/ABILITIES/SKILLS:** *(The following are a representative sample of the KAS's necessary to perform essential duties of the position.)*

**Knowledge of:**

Personnel recruitment, examination and selection methods and techniques, classification and compensation principles and labor relations practices; working knowledge of the basic laws governing public Human Resources administration; working knowledge of statistics, record keeping systems and general office procedures.

**Ability to:**

Analyze problems, identify alternative solutions, project consequences of proposed actions, and implement recommendations in support of human resources goals. Research, analyze, and evaluate human resources programs, policies, and procedures. Prepare clear and concise correspondence and reports on a variety of human resources, financial, budgetary, and administrative issues. Independently perform the full range of responsible and difficult analytical and administrative work involving the use of independent judgment and personal initiative.

Understand the organization and operation of the Human Resources Division and of outside agencies as necessary to assume assigned responsibilities. Effectively administer a variety of human resources programs, functions, and administrative activities. Plan, organize, and carry out assignments from management staff with minimal supervision and direction. Conduct research on a wide variety of human resources and administrative topics.

Interpret and apply administrative and human resources policies and procedures. Communicate clearly and concisely, both orally and in writing. Effectively utilize job specific computer software programs. Establish, maintain, and foster positive and harmonious working relationships with those contacted in the course of work.

**Skill to:**

Operate modern office equipment including computer equipment. Operate a motor vehicle safely.

PER ATTORNEY:  
CHANGED RESOLUTION NO. TO 10-6876.  
NUMBERS ON RESOLUTION WERE BACKWARDS. 08-17-10  
MH.

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 6

**STAFF SOURCE:** Dilu de Alwis, Finance Director *DA*  
Steven Smith, Management Analyst

**ITEM TITLE:** Resolution Authorizing Budget Adjustments for Fiscal Year 2009-2010

**STAFF RECOMMENDATION**

Adopt Resolution No. ~~10-6867~~ authorizing budget adjustments for Fiscal Year 2009-2010.  
10-6876

**FISCAL IMPACT**

The fiscal impact to each fund is detailed in Exhibit A. There is sufficient fund balance in each fund to cover the adjustments and there is no impact to the General Fund.

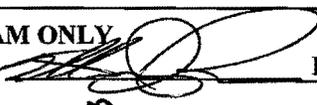
**BACKGROUND**

Annually, the City adopts a budget including revenue and expenditures. The appropriation is amended by prior-year carryovers and changes authorized by the City Council during the fiscal year. The audit for the issuance of financial statements includes a budgetary comparison of revenues and expenditures for the City and the Agency. Particular attention is paid to accounts where there is a disparity between the original budget and actual activity recorded during the year. The proposed adjustments will balance actual activity with budgeted amounts and prevent an audit finding during the annual audit.

Funds with major variances did have Council acceptance of grants and related expenses. However, there was no resolution adopted at the time of the approval, which resulted in staff's inability to process the required budget adjustments. Staff has since implemented a policy that requires budget adjustment resolutions for grants and capital projects at the time of Council approval.

**EXHIBITS**

- A) Schedule of budget adjustments
- B) Resolution No. 10-6867

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

<b>Fund #</b>	<b>Fund Description</b>	<b>Adjustment</b>
2178	Inmate Communication	4,885
2179	Cultural Arts Commission	29
2180	Library Equip Reserve	3,602
2181	Police Evidence Money Reserve	3,658
2186	Downtown	1,392
2188	Community Improvement	14,811
2211	Justice Assistance Grant	14,720
2227	Local Narcotic Seizure	30,073
2237	Homeland Security Grant	22,123
2246	Supplemental Law	52,898
2285	COPS Grants	202,214
2927	Police Explorer Donation	2,532
2928	Operation Full Throttle	13,459
2958	Teen Program Fundraising	71
2960	Parks & Rec Donation	1,402
2965	Parks & Rec Youth Sponsorships	2,016
2968	Senior Fundraising	1,989
2969	Grandmother's Club	2,426
4306	State Transportation Program	4,121
4319	Prop 1B	62,264
4321	Metro Bikestation	25,216
		<hr/>
		465,901

**RESOLUTION NO. 10-6876**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
COVINA, CALIFORNIA, AUTHORIZING BUDGET  
ADJUSTMENTS FOR FISCAL YEAR 2009-2010**

**WHEREAS**, on June 20, 2009, the City Council of the City of Covina adopted 09-6769, approving a spending plan and authorizing a budget appropriation of the City Council; and

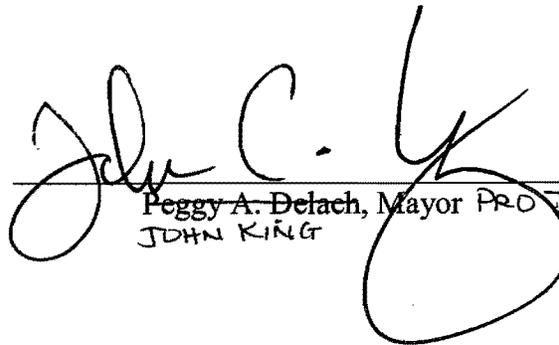
**WHEREAS**, certain programs included in the FY09-10 budget will have expenditures which vary from the adjusted budget; and

**WHEREAS**, the City Council desires that the FY09-10 budget be adjusted for each of these programs to assure budgetary compliance; and

**WHEREAS**, the cost center adjustments are reported in Exhibit A of this resolution; and

**NOW, THEREFORE**, the City Council of the City of Covina does hereby resolve that certain budget adjustments (listed in Exhibit A) in the City of Covina Fiscal Year 2009-2010 Budget are adopted and the City Manager is authorized to implement the same.

**PASSED, APPROVED AND ADOPTED** this 17<sup>th</sup> day in August, 2010.

  
Peggy A. Delach, Mayor PRO TEM  
JOHN KING

**ATTEST:**

  
Martha Heaviside  
Deputy City Clerk

**APPROVED AS TO FORM:**

  
City Attorney

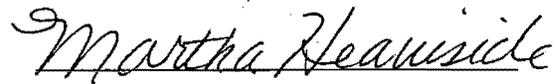
I, MARTHA HEAVISIDE, Deputy City Clerk of the City of Covina, hereby CERTIFY that **Resolution No. 10-6876** was adopted by the Covina City Council at a meeting of the City Council held August 17, 2010, and was approved and passed by the following vote:

AYES: Council Members Allen, Stapleton, Mayor Pro Tem King

NOES: None

ABSTAIN: None

ABSENT: Council Member Low, Mayor Delach



Martha Heaviside  
Deputy City Clerk

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 7

**STAFF SOURCE:** Dilu de Alwis, Finance Director *DA*

**ITEM TITLE:** Authorization of Financing Team to Begin Process to Issue Water Revenue Bonds.

---

**STAFF RECOMMENDATION**

Approve authorization of a financing team to begin the process of issuing water revenue bonds in fiscal year 2010-2011.

**FISCAL IMPACT**

There is no fiscal impact with this action. All costs associated with issuance of bonds will be paid for from bond proceeds and staff will negotiate reasonable rates from consultants.

**BACKGROUND**

On June 15, 2010 the City Council approved a new water rate and as part of that process recognized the need for capital improvements relative to water infrastructure. It is anticipated that the total cost of infrastructure improvements required is approximately \$11 million. The City of Covina is exploring the issuance of water revenue bonds to raise the capital for the said improvements. The approved water rate includes the cost of principal and interest payments to service the debt.

It is critical that an experienced team be assembled to assist the City in issuing bonds as well as securing the best possible rates that will minimize the impact to the rate payers. Staff is recommending the following firms as part of that team;

C.M. de Crinis & Co – Financial Analysts

Nossaman LLP – Disclosure Counsel

Best, Best & Krieger – Bond Counsel

US Bank/Bank of New York – Trustee (Mike – will wait for your input)

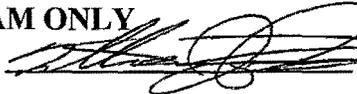
Staff is aware that there are many firms that are qualified to provide these services to the City of Covina, but this selection was made based on their experience related to water bonds and the complexity involved in the potential inclusion of Covina Irrigating Company in this process. The partners of C.M. de Crinis & Co., who will be involved in this process, are Mike Williams, CPA who has over 18 years of experience in public

finance and Paul McDonnell (former Treasurer for the County of Riverside) who has over 25 years of public finance experience.

It is anticipated at this time that these bonds will be sold on a competitive basis and no underwriter services will be needed. As the financing team goes through the process if there is a need to change the strategy of selling the bonds from competitive to negotiated, staff is proposing the firm of De La Rosa & Co., as underwriters.

**EXHIBITS**

None

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: _____	Other: _____

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 8

**STAFF SOURCE:** Dilu De Alwis, Finance Director *DDA*

**ITEM TITLE:** Payment of Demands

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**STAFF RECOMMENDATION:**

Approve Payment of Demands in the amount of: **\$4,750,904.29**

**BACKGROUND:**

Attached list of warrants, demands, which are being presented for approval for June 2010 are summarized as follows:

<u>DATE OF DEMANDS</u>	<u>DEMAND NUMBERS</u>	<u>AMOUNT</u>
<b>ACCOUNTS PAYABLE WARRANTS</b>		
June 2, 2010	85271	\$16.00
June 8, 2010	85272-85374	\$1,075,375.33
June 9, 2010	85375-85398	\$206,372.62
June 15, 2010	85399-85538	\$1,110,946.15
June 16, 2010	85539	\$16.00
June 16, 2010	85540-85543	\$21,180.88
June 22, 2010	85544-85650	\$505,390.09
June 23, 2010	85651-85673	\$206,932.17
June 29, 2010	85674-85763	\$366,276.70
June 29, 2010	85764	\$16.00
<b><u>PAYROLL</u></b>		
June 8, 2010 PAYROLL ADVANCE		\$380,000.00
June 8, 2010		\$170,823.82
June 22, 2010 PAYROLL ADVANCE		\$395,000.00
June 22, 2010		\$188,994.57
<b><u>VOIDS</u></b>		
June 1, 2010	85209	(\$1,496.95)
June 30, 2010	78681,82181,85733,85734 ,85735,85736	(\$21,390.41)
<b><u>WORKERS COMPENSATION</u></b>		
May 28, 2010	20159-20184	\$6,575.45
June 4, 2010	20185-20204	\$5,236.21
June 11, 2010	20205-20240	\$11,837.98

June 18, 2010  
June 25, 2010

20241-20267  
20268-20303

\$6,311.74  
\$116,489.94

**GRAND TOTAL: \$4,750,904.29**

**EXHIBITS:**

**A. ACCOUNTS PAYABLE REGISTER**

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085271	V00481	LA CNTY REGISTRAR RECORDER	06/02/10	16.00	MW	OH		Payee Name different in Check DB

G R A N D   T O T A L S:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	16.00	Number of Checks Processed:	1
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled Checks	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
<b>G R A N D   T O T A L</b>	<b>16.00</b>		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00085272	V05072	A-1 EVENT & PARTY RENTALS	06/08/10	380.76	MW	OH		
AP00085273	V04342	ACE-1 AUTO SERVICE	06/08/10	45.00	MW	OH		
AP00085274	V06428	ADVANCED	06/08/10	3,328.75	MW	OH		
AP00085275	V00040	AIRGAS-WEST	06/08/10	82.44	MW	OH		Payee Name different in Check DB
AP00085276	V00046	ALBERTSONS GROCERY WAREHOUSE	06/08/10	67.42	MW	OH		
AP00085277	V04026	ALCO TARGETS	06/08/10	589.53	MW	OH		
AP00085278	V04434	ALL CITY MANAGEMENT SVC	06/08/10	5,004.00	MW	OH		
AP00085279	V06519	AMERICAN TRAFFIC SOLUTIONS	06/08/10	16,185.00	MW	OH		
AP00085280	V01660	AT&T	06/08/10	95.22	MW	OH		
AP00085281	V06810	AUTOZONE INC.	06/08/10	14.62	MW	OH		
AP00085282	V02591	BEST BEST & KRIEGER LLP	06/08/10	7,805.24	MW	OH		
AP00085283	V06600	BLODGETT BAYLOSIS ASSOC INC	06/08/10	3,370.00	MW	OH		
AP00085284	V00139	CALIBER POOL AND SPA SVC	06/08/10	1,450.00	MW	OH		
AP00085285	V00160	CAMBRIDGE INTEGRATED SVCS	06/08/10	10,258.00	MW	OH		
AP00085286	V00134	CAT SPECIALTIES INC	06/08/10	768.51	MW	OH		
AP00085287	V00186	CENTURY OFFICE PRODUCTS	06/08/10	439.08	MW	OH		
AP00085288	V04824	CHARTER OAK HARDWARE	06/08/10	49.30	MW	OH		
AP00085289	V05555	CINTAS CORP #693	06/08/10	235.62	MW	OH		
AP00085290	V00237	COMMUNICATIONS CENTER	06/08/10	1,983.75	MW	OH		
AP00085291	V06119	COMMUNITY ACTION EAP	06/08/10	350.00	MW	OH		
AP00085292	V05738	CONDE, ROSALIA	06/08/10	39.47	MW	OH		
AP00085293	V00248	COUNSELING TEAM, THE	06/08/10	412.50	MW	OH		Payee Name different in Check DB
AP00085294	V00256	COVINA DISPOSAL CO	06/08/10	242,069.10	MW	OH		
AP00085295	V00234	COVINA IRRIGATING CO	06/08/10	156,398.10	MW	OH		
AP00085296	V01576	CURLEY, JOHN	06/08/10	98.76	MW	OH		Payee Name different in Check DB

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085297	V07489	DARLENE C ROWE	06/08/10	185.00	MW	OH		
AP00085298	V06152	DEB'S BOOKKEEPLUS	06/08/10	3,090.00	MW	OH		
AP00085299	V02927	DF POLYGRAPH	06/08/10	250.00	MW	OH		
AP00085300	V00175	EDISON CO	06/08/10	33,895.20	MW	OH		
AP00085301	V00307	EDS AUTO PARTS	06/08/10	26.23	MW	OH		
AP00085302	V07490	ELIFEGUARD INC	06/08/10	3,240.57	MW	OH		
AP00085303	V00176	FEDEX	06/08/10	22.60	MW	OH		
AP00085304	V00339	FOOTHILL PRESBYTERIAN HOSPITA	06/08/10	115.05	MW	OH		Payee Name different in Check DB
AP00085305	V07486	FOUR SEASONS RESORT	06/08/10	1,000.00	MW	OH		
AP00085306	V00350	GAS COMPANY, THE	06/08/10	1,457.76	MW	OH		Payee Name different in Check DB
AP00085307	V00357	GENERAL PUMP CO INC	06/08/10	11,712.66	MW	OH		
AP00085308	V07488	GIANDOMENICO, STEPHANIE	06/08/10	211.23	MW	OH		
AP00085309	V00730	GOLDEN STATE WATER COMPANY	06/08/10	303.59	MW	OH		Payee Name different in Check DB
AP00085310	V00375	GRAND PRINTING	06/08/10	2,233.63	MW	OH		
AP00085311	V00378	GREENS LOCK AND SAFE	06/08/10	19.54	MW	OH		
AP00085312	V00212	HAAKER EQUIPMENT CO	06/08/10	66.67	MW	OH		
AP00085313	V07294	HOLLIDAY ROCK CO INC	06/08/10	1,440.72	MW	OH		
AP00085314	V00006	HOME DEPOT	06/08/10	490.31	MW	OH		
AP00085315	V05549	HSBC BUSINESS SOLUTIONS	06/08/10	42.16	MW	OH		
AP00085316	V00233	HYDRO CONNECTIONS	06/08/10	29.72	MW	OH		Payee Name different in Check DB
AP00085317	V00420	INDEPENDENT CITIES ASSOC	06/08/10	1,300.00	MW	OH		
AP00085318	V00425	INGRAM DIST GROUP	06/08/10	1,258.79	MW	OH		
AP00085319	V00213	INLAND EMPIRE STAGES	06/08/10	846.75	MW	OH		
AP00085320	V00426	INLAND WATER WORKS	06/08/10	1,082.14	MW	OH		
AP00085321	V00777	J.G. TUCKER AND SON	06/08/10	274.65	MW	OH		Payee Name different in Check DB

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00085322	V00445	JEECO MFG & SUPPLY	06/08/10	95.48	MW	OH		Payee Name different in Check DB
AP00085323	V07476	JOHN J MOOERS CONSTRUCTION	06/08/10	18,402.75	MW	OH		
AP00085324	V07173	JOHN L. HUNTER	06/08/10	2,445.00	MW	OH		
AP00085325	V00448	JOHNNY'S POOL SERVICE	06/08/10	4.38	MW	OH		Payee Name different in Check DB
AP00085326	V00441	JW LOCK CO INC	06/08/10	113.81	MW	OH		
AP00085327	V00451	KELLY PAPER CO	06/08/10	132.31	MW	OH		
AP00085328	V00458	KEYSTONE UNIFORM DEPOT	06/08/10	387.26	MW	OH		Payee Name different in Check DB
AP00085329	V00476	LA CNTY DEPT OF CORONER	06/08/10	88.00	MW	OH		Payee Name different in Check DB
AP00085330	V00478	LA CNTY FIRE DEPARTMENT	06/08/10	435,965.00	MW	OH		Payee Name different in Check DB
AP00085331	V00480	LA CNTY PUBLIC WORKS DEPT	06/08/10	3,099.81	MW	OH		Payee Name different in Check DB
AP00085332	V00496	LEWIS ENGRAVING INC	06/08/10	10.43	MW	OH		
AP00085333	V00501	LIEBERT CASSIDY WHITMORE	06/08/10	5,736.45	MW	OH		Payee Name different in Check DB
AP00085334	V06747	MARIA BAUER	06/08/10	65.00	MW	OH		
AP00085335	V06782	METRON FARNIER LLC	06/08/10	2,066.56	MW	OH		
AP00085336	V01240	MISSION LINEN SUPPLY	06/08/10	450.06	MW	OH		
AP00085337	V07131	MUNICIPAL BUDGET AND	06/08/10	7,149.27	MW	OH		
AP00085338	V00573	NAPA AUTO PARTS	06/08/10	78.73	MW	OH		
AP00085339	V07371	NEPTUNE TECHNOLOGY GROUP INC	06/08/10	647.53	MW	OH		
AP00085340	V07471	NETWORK DEPOSITION	06/08/10	1,897.00	MW	OH		
AP00085341	V06687	NEWPORT FARMS INC	06/08/10	354.08	MW	OH		
AP00085342	V07404	O REILLY AUTO PARTS	06/08/10	246.88	MW	OH		
AP00085343	V03359	OAKSTONE WELLNESS PUBLISHING	06/08/10	92.00	MW	OH		
AP00085344	V07487	OROZCO, IGNACIO	06/08/10	83.96	MW	OH		
AP00085345	V05653	PALOS SPORTS	06/08/10	165.14	MW	OH		
AP00085346	V00909	PRIORITY MAILING SYSTEMS	06/08/10	268.72	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085347	V05687	PROFORCE LAW ENFORCEMENT	06/08/10	806.01	MW	OH		
AP00085348	V00650	PUENTE READY MIX INC	06/08/10	567.41	MW	OH		
AP00085349	V07501	RC KEMP CONSULTING LLC	06/08/10	3,030.00	MW	OH		
AP00085350	V07485	REN, BEIYI	06/08/10	33.30	MW	OH		
AP00085351	V06114	REPUBLIC MASTER CHEFS	06/08/10	266.59	MW	OH		
AP00085352	V00682	RODGERS & MC DONALD	06/08/10	8,997.31	MW	OH		Payee Name different in Check DB
AP00085353	V01254	S & S WORLDWIDE INC	06/08/10	175.35	MW	OH		Payee Name different in Check DB
AP00085354	V07395	SAI AUTO GROUP INC	06/08/10	53,460.57	MW	OH		
AP00085355	V07502	SBRPCA	06/08/10	35.00	MW	OH		
AP00085356	V00960	SBSD-EVOC TRAINING CENTER	06/08/10	3,039.50	MW	OH		
AP00085357	V00691	SGV TRIBUNE	06/08/10	130.00	MW	OH		
AP00085358	V06213	SHUHIBAR, LINA	06/08/10	69.00	MW	OH		
AP00085359	V00727	SMART AND FINAL IRIS CORP	06/08/10	210.79	MW	OH		
AP00085360	V06071	STAPLES BUSINESS ADVANTAGE	06/08/10	151.85	MW	OH		
AP00085361	V00007	STAPLES INC	06/08/10	161.90	MW	OH		
AP00085362	V00754	SUPERB GRAPHICS INC	06/08/10	571.80	MW	OH		
AP00085363	V04614	THE FINALS	06/08/10	242.00	MW	OH		
AP00085364	V07008	TIME WARNER CABLE	06/08/10	146.23	MW	OH		
AP00085365	V00975	TT MAILING SERVICE	06/08/10	662.95	MW	OH		
AP00085366	V05996	ULMER, CHRISTOPHER	06/08/10	70.58	MW	OH		
AP00085367	V00783	ULTRA-CHEM INC	06/08/10	838.12	MW	OH		Payee Name different in Check DB
AP00085368	V00229	US POSTMASTER	06/08/10	2,448.18	MW	OH		
AP00085369	V07403	VERIZON CALIFORNIA	06/08/10	59.99	MW	OH		
AP00085370	V00158	VULCAN MATERIALS COMPANY	06/08/10	513.50	MW	OH		Payee Name different in Check DB
AP00085371	V06602	WELLDYNERX	06/08/10	66.48	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To Note
AP00085372	V06524	WILLDAN FINANCIAL SERVICES	06/08/10	2,000.00	MW		OH
AP00085373	V07492	WRIGHT DESIGNS	06/08/10	370.41	MW		OH
AP00085374	V00829	XEROX CORPORATION	06/08/10	89.76	MW		OH

G R A N D T O T A L S:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	1075,375.33	Number of Checks Processed:	103
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled Checks	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
<b>G R A N D T O T A L</b>	<b>1075,375.33</b>		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085375	V06191	AFLAC ACCT# YQ792	06/09/10	3,569.49	MW	OH		Payee Name different in Check DB
AP00085376	V01695	AFSCME	06/09/10	860.00	MW	OH		
AP00085377	V01681	CALIFORNIA PUBLIC EMPLOYEES'	06/09/10	51,728.58	MW	OH		Payee Name different in Check DB
AP00085378	V07287	CITY OF COVINA-FSA	06/09/10	2,249.00	MW	OH		
AP00085379	V01686	COVINA POLICE ASSOCIATION	06/09/10	1,962.00	MW	OH		
AP00085380	V02095	COVINA POLICE ASSOCIATION	06/09/10	1,000.00	MW	OH		
AP00085381	CRA	COVINA REDEVELOPMENT AGENCY	06/09/10	1,000.00	MW	OH		
AP00085382	V01697	COVINA, CITY OF	06/09/10	6,423.16	MW	OH		
AP00085383	V02879	COVINA, CITY OF	06/09/10	39.80	MW	OH		
AP00085384	V05506	COVINA, CITY OF	06/09/10	50,142.08	MW	OH		
AP00085385	V06385	CSAC-EIA	06/09/10	3,566.08	MW	OH		
AP00085386	V06386	CSAC-EIA	06/09/10	1,488.11	MW	OH		
AP00085387	V05186	DELTA DENTAL OF CALIFORNIA	06/09/10	5,320.97	MW	OH		
AP00085388	V07259	FLEX ONE	06/09/10	34.00	MW	OH		Payee Name different in Check DB
AP00085389	V01692	GREAT WEST LIFE & ANNUITY	06/09/10	3,605.00	MW	OH		
AP00085390	V01694	HARTFORD LIFE INS	06/09/10	9.68	MW	OH		Payee Name different in Check DB
AP00085391	V01691	ICMA RETIREMENT TRUST-457	06/09/10	6,342.25	MW	OH		
AP00085392	V07302	ICMA RETIREMENT TRUST-401	06/09/10	680.45	MW	OH		
AP00085393	V01690	NATIONAL DEFERRED COMPENSATIO	06/09/10	22,492.50	MW	OH		Payee Name different in Check DB
AP00085394	V01693	PERS LONG TERM CARE PROGRAM	06/09/10	390.99	MW	OH		
AP00085395	V01687	PERS	06/09/10	40,615.51	MW	OH		
AP00085396	V04828	UNION BANK OF CALIFORNIA	06/09/10	2,282.88	MW	OH		
AP00085397	V01696	UNITED WAY OF GREATER LA	06/09/10	45.41	MW	OH		Payee Name different in Check DB
AP00085398	V06785	VISION SERVICE PLAN (CA)	06/09/10	524.68	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
=====								
G R A N D T O T A L S:								
		Total Void Machine Written		0.00		Number of Checks Processed:		0
		Total Void Hand Written		0.00		Number of Checks Processed:		0
		Total Machine Written		206,372.62		Number of Checks Processed:		24
		Total Hand Written		0.00		Number of Checks Processed:		0
		Total Reversals		0.00		Number of Checks Processed:		0
		Total Cancelled Checks		0.00		Number of Checks Processed:		0
		Total EFTs		0.00		Number of EFTs Processed:		0
		G R A N D T O T A L		206,372.62				

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00085399	V04747	10-8 RETROFIT	06/15/10	226.78	MW	OH		
AP00085400	V04616	AAA PORTABLE RESTROOM COMPANY	06/15/10	150.00	MW	OH		
AP00085401	V00019	AARDVARK TACTICAL INC	06/15/10	1,614.05	MW	OH		
AP00085402	V00022	ABORTA BUG INC	06/15/10	75.00	MW	OH		
AP00085403	V00029	ACE PELIZON PLUMBING INC	06/15/10	3,385.00	MW	OH		
AP00085404	V00846	ADVANCED GRAPHIX INC	06/15/10	1,375.86	MW	OH		
AP00085405	X0005	AGGERS, MICHAEL PAUL	06/15/10	1,416.00	MW	OH		
AP00085406	V00040	AIRGAS-WEST	06/15/10	154.80	MW	OH		Payee Name different in Check DB
AP00085407	V05587	ALL AMERICAN ELECTRIC	06/15/10	2,750.00	MW	OH		
AP00085408	V03746	AMBROSE VIDEO PUBLISHING INC	06/15/10	43.40	MW	OH		
AP00085409	V07312	ANURA K. T. DESILVA	06/15/10	3,100.00	MW	OH		
AP00085410	V07143	AT&T LONG DISTANCE	06/15/10	357.60	MW	OH		
AP00085411	V00090	BAKER AND TAYLOR INC	06/15/10	274.82	MW	OH		
AP00085412	V05637	BANK OF THE WEST	06/15/10	9,026.34	MW	OH		
AP00085413	V04639	BELL, BRIAN	06/15/10	55.25	MW	OH		
AP00085414	V00998	BERT'S MEGA MALL	06/15/10	362.00	MW	OH		
AP00085415	V04100	BOND LOGISTIX	06/15/10	7,528.43	MW	OH		
AP00085416	V07169	BOOK WHOLESALERS INC	06/15/10	207.15	MW	OH		
AP00085417	V06683	BUILDING ELECTRONIC CONTROLS	06/15/10	75.00	MW	OH		
AP00085418	V01595	CANON BUS SOLUTIONS INC	06/15/10	544.50	MW	OH		Payee Name different in Check DB
AP00085419	V00134	CAT SPECIALTIES INC	06/15/10	1,560.80	MW	OH		
AP00085420	V00186	CENTURY OFFICE PRODUCTS	06/15/10	250.10	MW	OH		
AP00085421	V00193	CHEVRON PRODUCTS COMPANY	06/15/10	1,106.91	MW	OH		
AP00085422	V05555	CINTAS CORP #693	06/15/10	121.93	MW	OH		
AP00085423	V00962	CITRUS CAR WASH	06/15/10	458.20	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00085424	V01554	CITYGATE ASSOCIATES LLC	06/15/10	1,267.35	MW	OH		Payee Name different in Check DB
AP00085425	V00208	CLINICAL LAB OF SAN BERNARDIN	06/15/10	420.00	MW	OH		
AP00085426	V06072	COLLEY AUTO CARS INC.	06/15/10	60.66	MW	OH		
AP00085427	V00210	COLLINS, DR GARY	06/15/10	150.00	MW	OH		Payee Name different in Check DB
AP00085428	V03950	COMMERCIAL ELECTRIC SYSTEMS	06/15/10	1,400.00	MW	OH		
AP00085429	V04222	CONOCO PHILLIPS FLEET	06/15/10	105.19	MW	OH		
AP00085430	V02444	CONTEMPORARY INFO CORP	06/15/10	24.00	MW	OH		
AP00085431	V00248	COUNSELING TEAM, THE	06/15/10	840.00	MW	OH		Payee Name different in Check DB
AP00085432	V00256	COVINA DISPOSAL CO	06/15/10	188,738.10	MW	OH		
AP00085433	V00262	COVINA RENTS	06/15/10	296.33	MW	OH		
AP00085434	V00686	COVINA SUNRISE ROTARY	06/15/10	68.00	MW	OH		Payee Name different in Check DB
AP00085435	V06278	CREATIVE BUS SALES	06/15/10	2,064.53	MW	OH		
AP00085436	V00282	DELL MARKETING L.P.	06/15/10	3,556.53	MW	OH		Payee Name different in Check DB
AP00085437	V00211	DH MAINTENANCE SERVICES	06/15/10	6,850.99	MW	OH		
AP00085438	V06344	E.G. BRENNAN & CO. LLC	06/15/10	295.00	MW	OH		
AP00085439	V00175	EDISON CO	06/15/10	43,942.12	MW	OH		
AP00085440	V07490	ELIFEGUARD INC	06/15/10	127.70	MW	OH		
AP00085441	V07478	ELIZABETH PUCHE	06/15/10	1.00	MW	OH		
AP00085442	V07504	FAIRBRIDGE INN EXPRESS	06/15/10	163.40	MW	OH		
AP00085443	V06453	FAMILY AUTO CARE	06/15/10	613.44	MW	OH		
AP00085444	V00176	FEDEX	06/15/10	8.49	MW	OH		
AP00085445	X0006	GALLIVAN, KAREN SU ANN	06/15/10	1,416.00	MW	OH		
AP00085446	V02926	GLENDORA, CITY OF	06/15/10	60.00	MW	OH		
AP00085447	V02471	GOLDEN STATE OVERNIGHT	06/15/10	58.63	MW	OH		
AP00085448	V05550	GONZALEZ, ALEX	06/15/10	128.60	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00085449	V05855	GPSit INC	06/15/10	8.75	MW	OH		
AP00085450	V00375	GRAND PRINTING	06/15/10	2,036.30	MW	OH		
AP00085451	V00378	GREENS LOCK AND SAFE	06/15/10	19.65	MW	OH		
AP00085452	V03659	HAEBE, CYNTHIA	06/15/10	5,390.00	MW	OH		
AP00085453	V07513	HAMILTON LTD	06/15/10	6,000.00	MW	OH		
AP00085454	V07294	HOLLIDAY ROCK CO INC	06/15/10	165.18	MW	OH		
AP00085455	V00006	HOME DEPOT	06/15/10	319.49	MW	OH		
AP00085456	V05549	HSBC BUSINESS SOLUTIONS	06/15/10	27.16	MW	OH		
AP00085457	V00417	HUNTINGTON COURT REPORTERS	06/15/10	1,210.00	MW	OH		Payee Name different in Check DB
AP00085458	V00233	HYDRO CONNECTIONS	06/15/10	36.90	MW	OH		Payee Name different in Check DB
AP00085459	V00425	INGRAM DIST GROUP	06/15/10	11.35	MW	OH		
AP00085460	V06422	INTERNATIONAL CODE COUNCIL IN	06/15/10	100.00	MW	OH		
AP00085461	V03561	INTERSTATE BATTERY SYSTEM	06/15/10	555.43	MW	OH		
AP00085462	V00777	J.G. TUCKER AND SON	06/15/10	169.02	MW	OH		Payee Name different in Check DB
AP00085463	V03518	JAIME, LUIS	06/15/10	20.00	MW	OH		
AP00085464	X0008	KEMP, ROBERTA EVE	06/15/10	944.00	MW	OH		
AP00085465	V00463	KING BOLT CO	06/15/10	13.74	MW	OH		
AP00085466	V00478	LA CNTY FIRE DEPARTMENT	06/15/10	629,252.40	MW	OH		Payee Name different in Check DB
AP00085467	V00479	LA CNTY MTA	06/15/10	532.00	MW	OH		Payee Name different in Check DB
AP00085468	X0007	LEO, RACHEL LOUISE	06/15/10	1,650.00	MW	OH		
AP00085469	V00496	LEWIS ENGRAVING INC	06/15/10	218.35	MW	OH		
AP00085470	V00497	LEWIS SAW AND LAWNMOWER	06/15/10	1,548.14	MW	OH		Payee Name different in Check DB
AP00085471	V01476	LOS ANGELES TIMES	06/15/10	24.96	MW	OH		
AP00085472	V05351	LY, NGUYEN	06/15/10	120.25	MW	OH		Payee Name different in Check DB
AP00085473	V07479	MC CAFFERTY, DOMINIQUE	06/15/10	16.00	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00085474	V07167	MEREDITH DIGITAL	06/15/10	981.89	MW	OH		
AP00085475	V00594	MICHAEL J O'DAY AND ASSOC	06/15/10	120.00	MW	OH		Payee Name different in Check DB
AP00085476	V01240	MISSION LINEN SUPPLY	06/15/10	88.95	MW	OH		
AP00085477	V01160	MITCHELL REPAIR	06/15/10	65.00	MW	OH		
AP00085478	V07511	MJO STAFFING INC	06/15/10	459.00	MW	OH		
AP00085479	V07506	MULHERN, RALPH	06/15/10	306.56	MW	OH		
AP00085480	V06178	NATIONAL NOTARY ASSOC.	06/15/10	98.00	MW	OH		
AP00085481	V06687	NEWPORT FARMS INC	06/15/10	280.77	MW	OH		
AP00085482	V06995	NINE ONE ONE INC	06/15/10	4,486.68	MW	OH		
AP00085483	V05539	NORTHERN SAFETY COMPANY	06/15/10	886.98	MW	OH		
AP00085484	V01136	OFFICE DEPOT	06/15/10	158.16	MW	OH		
AP00085485	V00797	OFFICE DEPOT	06/15/10	380.86	MW	OH		Payee Name different in Check DB
AP00085486	V07508	OUTZEN, TERESA	06/15/10	150.00	MW	OH		
AP00085487	V04971	PARS	06/15/10	389.82	MW	OH		
AP00085488	V00613	PATS TIRE SERVICE	06/15/10	1,395.88	MW	OH		
AP00085489	V07507	PH ROOFING	06/15/10	12,000.00	MW	OH		
AP00085490	V07514	PROGRESSIVE INSURANCE	06/15/10	1,458.42	MW	OH		
AP00085491	V01097	PROSE GRANTWRITING SERVICES	06/15/10	800.00	MW	OH		Payee Name different in Check DB
AP00085492	V00666	RANDOM HOUSE INC	06/15/10	96.58	MW	OH		
AP00085493	V02043	REGAN, DAN	06/15/10	214.00	MW	OH		
AP00085494	V06114	REPUBLIC MASTER CHEFS	06/15/10	83.60	MW	OH		
AP00085495	V00676	REYNOLDS BUICK INC	06/15/10	450.32	MW	OH		Payee Name different in Check DB
AP00085496	V04366	RHINOTEK COMPUTER PRODUCTS	06/15/10	158.04	MW	OH		
AP00085497	V06617	RODRIGUEZ, ADRIAN	06/15/10	112.04	MW	OH		
AP00085498	V07317	RODRIGUEZ, ERIC	06/15/10	11.99	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085499	X0009	RUMPLER, JOANNE	06/15/10	944.00	MW			
AP00085500	V07395	SAI AUTO GROUP INC	06/15/10	46,539.43	MW			
AP00085501	V07483	SALSBURY INDUSTRIES	06/15/10	633.75	MW			
AP00085502	V04895	SAN GABRIEL VALLEY TRIBUNE	06/15/10	45.00	MW			
AP00085503	V05102	SANTA ANITA FAMILY SERVICE	06/15/10	370.00	MW			
AP00085504	V05429	SECOM INTERNATIONAL INC	06/15/10	487.75	MW			
AP00085505	V06547	SECRETARY OF STATE	06/15/10	40.00	MW			
AP00085506	V06547	SECRETARY OF STATE	06/15/10	40.00	MW			
AP00085507	V04066	SECURITAS SECURITY SERVICES	06/15/10	3,350.00	MW			
AP00085508	V06095	SGV EXAMINER	06/15/10	816.75	MW			
AP00085509	V00727	SMART AND FINAL IRIS CORP	06/15/10	496.58	MW			
AP00085510	V05503	SOUTH HILLS KIWANIS	06/15/10	350.00	MW			
AP00085511	V00734	SOUTHEAST CONSTRUCTION INC	06/15/10	82.97	MW			
AP00085512	V06163	SOUTHLAND TRANSIT	06/15/10	36,971.79	MW			
AP00085513	V00916	SPICERS PAPER INC	06/15/10	1,003.55	MW			Payee Name different in Check DB
AP00085514	V00007	STAPLES INC	06/15/10	120.39	MW			
AP00085515	V07505	STELMASEK, GERALD	06/15/10	62.52	MW			
AP00085516	V07484	STOUT & BURG ELECTRICAL	06/15/10	105.00	MW			
AP00085517	V00751	SUN BADGE CO	06/15/10	62.26	MW			
AP00085518	V00110	SUNGARD BI-TECH INC	06/15/10	370.00	MW			Payee Name different in Check DB
AP00085519	V07086	SURETECK INDUSTRIAL	06/15/10	3,697.62	MW			
AP00085520	V00756	SWANK MOTION PICTURES INC	06/15/10	301.50	MW			
AP00085521	V00872	THEMATIC ATTIC	06/15/10	10,000.00	MW			
AP00085522	V00346	THOMSON GALE	06/15/10	79.17	MW			Payee Name different in Check DB
AP00085523	V05776	TOSHIBA BUSINESS SOLUTIONS	06/15/10	60.02	MW			

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00085524	V07503	TRIBE PRO AUDIO	06/15/10	150.00	MW	OH		
AP00085525	V00776	TRUGREEN LANDSCAPE	06/15/10	8,147.21	MW	OH		
AP00085526	V00230	UNDERGROUND SERVICE ALERT	06/15/10	102.00	MW	OH		
AP00085527	V00229	US POSTMASTER	06/15/10	784.45	MW	OH		
AP00085528	V07403	VERIZON CALIFORNIA	06/15/10	1,243.38	MW	OH		
AP00085529	V06297	VERIZON WIRELESS	06/15/10	5,102.75	MW	OH		
AP00085530	V02304	VICTORY EXTERMINATING INC	06/15/10	50.00	MW	OH		
AP00085531	V05305	VISUAL STATEMENT	06/15/10	2,955.85	MW	OH		Payee Name different in Check DB
AP00085532	V00158	VULCAN MATERIALS COMPANY	06/15/10	237.94	MW	OH		Payee Name different in Check DB
AP00085533	V06602	WELLDYNERX	06/15/10	21.91	MW	OH		
AP00085534	V04643	WELLS FARGO FINANCIAL LEASING	06/15/10	1,410.63	MW	OH		
AP00085535	V03620	WEST COVINA AUTO BODY	06/15/10	280.49	MW	OH		
AP00085536	V01741	WEYNSCHENK, AMANDA	06/15/10	9.25	MW	OH		
AP00085537	V00821	WILLDAN	06/15/10	18,456.25	MW	OH		Payee Name different in Check DB
AP00085538	V07081	YELLOW CAB OF SAN GABRIEL	06/15/10	65.40	MW	OH		

G R A N D   T O T A L S:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	1110,946.15	Number of Checks Processed:	140
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled Checks	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
<b>G R A N D   T O T A L</b>	<b>1110,946.15</b>		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To Note
AP00085539	V00481	LA CNTY REGISTRAR RECORDER	06/16/10	16.00	MW	IP	Payee Name different in Check DB

G R A N D T O T A L S:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	16.00	Number of Checks Processed:	1
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled Checks	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
G R A N D T O T A L	16.00		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085540	V01687	PERS	06/17/10	7,220.32	MW	IP		
AP00085541	V01687	PERS	06/17/10	7,062.82	MW	IP		
AP00085542	V01687	PERS	06/17/10	6,886.61	MW	IP		
AP00085543	V01687	PERS	06/17/10	11.13	MW	IP		

G R A N D T O T A L S:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	21,180.88	Number of Checks Processed:	4
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled Checks	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
G R A N D T O T A L	21,180.88		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085544	V04747	10-8 RETROFIT	06/22/10	285.28	MW	OH		
AP00085545	V00019	AARDVARK TACTICAL INC	06/22/10	793.11	MW	OH		
AP00085546	V00019	AARDVARK TACTICAL INC	06/22/10	586.73	MW	OH		
AP00085547	V04342	ACE-1 AUTO SERVICE	06/22/10	390.23	MW	OH		
AP00085548	V00040	AIRGAS-WEST	06/22/10	89.79	MW	OH		Payee Name different in Check DB
AP00085549	V04434	ALL CITY MANAGEMENT SVC	06/22/10	4,503.60	MW	OH		
AP00085550	V06519	AMERICAN TRAFFIC SOLUTIONS	06/22/10	16,185.00	MW	OH		
AP00085551	V02224	AMERICAN WEST COAST SECURITY	06/22/10	285.00	MW	OH		
AP00085552	V01660	AT&T	06/22/10	789.69	MW	OH		
AP00085553	V01955	AZUSA PLUMBING & HEATNG SUPPL	06/22/10	272.25	MW	OH		
AP00085554	V01518	BC CONTINENTAL FOOD SERVICE	06/22/10	611.19	MW	OH		
AP00085555	V02591	BEST BEST & KRIEGER LLP	06/22/10	13,128.77	MW	OH		
AP00085556	V04061	BROWN MOTOR WORKS INC	06/22/10	855.97	MW	OH		
AP00085557	V01003	BUCHANAN, PATRICK	06/22/10	284.74	MW	OH		Payee Name different in Check DB
AP00085558	V00151	CALIF, STATE OF	06/22/10	834.00	MW	OH		
AP00085559	V07402	CATHOLIC CHARITIES	06/22/10	5,137.05	MW	OH		
AP00085560	V00185	CDW GOVERNMENT INC	06/22/10	513.00	MW	OH		
AP00085561	V00186	CENTURY OFFICE PRODUCTS	06/22/10	225.33	MW	OH		
AP00085562	V02958	CERTIFIED UNDERCAR PARTS	06/22/10	9.87	MW	OH		
AP00085563	V04535	CERTIFION CORP	06/22/10	75.00	MW	OH		
AP00085564	V04253	CHARLES E THOMAS COMPANY	06/22/10	260.87	MW	OH		
AP00085565	V05555	CINTAS CORP #693	06/22/10	121.93	MW	OH		
AP00085566	V00962	CITRUS CAR WASH	06/22/10	35.85	MW	OH		
AP00085567	V01554	CITYGATE ASSOCIATES LLC	06/22/10	2,536.80	MW	OH		Payee Name different in Check DB
AP00085568	V06976	COLD DUCK	06/22/10	800.00	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085569	V07396	COMBINED GRAPHICS	06/22/10	38,237.50	MW		OH	
AP00085570	V00237	COMMUNICATIONS CENTER	06/22/10	135.00	MW		OH	
AP00085571	V00240	COMPUTER SERVICE COMPANY	06/22/10	19,848.38	MW		OH	
AP00085572	V01089	COVINA COLLISION REPAIR	06/22/10	966.23	MW		OH	
AP00085573	V00234	COVINA IRRIGATING CO	06/22/10	1,000.00	MW		OH	
AP00085574	CRA	COVINA REDEVELOPMENT AGENCY	06/22/10	55.26	MW		OH	
AP00085575	V00262	COVINA RENTS	06/22/10	471.93	MW		OH	
AP00085576	V06179	COVINA VALLEY HISTORICAL SOC	06/22/10	80.00	MW		OH	
AP00085577	V00838	COVINA, CITY OF	06/22/10	252.82	MW		OH	Payee Name different in Check DB
AP00085578	V00838	COVINA, CITY OF	06/22/10	195.53	MW		OH	Payee Name different in Check DB
AP00085579	V06792	DAPEER ROSENBLIT & LITVAK LLP	06/22/10	1,512.84	MW		OH	
AP00085580	V07520	DEPT OF ALCOHOLIC	06/22/10	400.00	MW		OH	
AP00085581	V07517	DIMAS, EUGENIA	06/22/10	21.00	MW		OH	
AP00085582	V00175	EDISON CO	06/22/10	40.69	MW		OH	
AP00085583	V03877	EMBASSY SUITES HOTEL	06/22/10	808.68	MW		OH	
AP00085584	V00176	FEDEX	06/22/10	5.52	MW		OH	
AP00085585	V00339	FOOTHILL PRESBYTERIAN HOSPITA	06/22/10	50.00	MW		OH	Payee Name different in Check DB
AP00085586	V00730	GOLDEN STATE WATER COMPANY	06/22/10	45.37	MW		OH	Payee Name different in Check DB
AP00085587	V00374	GRAINGER	06/22/10	679.43	MW		OH	Payee Name different in Check DB
AP00085588	V00387	HACH CO	06/22/10	310.70	MW		OH	
AP00085589	V00392	HAPPY CROWD, THE	06/22/10	500.00	MW		OH	
AP00085590	V07294	HOLLIDAY ROCK CO INC	06/22/10	414.04	MW		OH	
AP00085591	V00006	HOME DEPOT	06/22/10	412.75	MW		OH	
AP00085592	V00417	HUNTINGTON COURT REPORTERS	06/22/10	891.66	MW		OH	Payee Name different in Check DB
AP00085593	V00233	HYDRO CONNECTIONS	06/22/10	934.31	MW		OH	Payee Name different in Check DB

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085594	V01964	HYNES, MELODY	06/22/10	58.34	MW		OH	
AP00085595	V00213	INLAND EMPIRE STAGES	06/22/10	1,446.00	MW		OH	
AP00085596	V06816	INTER-CON SECURITY SYSTEMS IN	06/22/10	4,826.25	MW		OH	
AP00085597	V04543	INTER-VALLEY POOL SUPPLY	06/22/10	98.29	MW		OH	
AP00085598	V07476	JOHN J MOOERS CONSTRUCTION	06/22/10	9,380.00	MW		OH	
AP00085599	V00451	KELLY PAPER CO	06/22/10	19.47	MW		OH	
AP00085600	V00458	KEYSTONE UNIFORM DEPOT	06/22/10	205.02	MW		OH	Payee Name different in Check DB
AP00085601	V00475	LA CNTY DEPT OF ANIMAL CARE	06/22/10	10,069.27	MW		OH	Payee Name different in Check DB
AP00085602	V02760	LA WORKS	06/22/10	5,189.70	MW		OH	
AP00085603	V06324	LANGUAGE LINE SERVICES INC	06/22/10	6.58	MW		OH	
AP00085604	V02992	LEARNING FOR LIFE	06/22/10	69.60	MW		OH	
AP00085605	V03544	LEVEL 3 COMMUNICATIONS LLC	06/22/10	1,323.66	MW		OH	Payee Name different in Check DB
AP00085606	V00496	LEWIS ENGRAVING INC	06/22/10	49.39	MW		OH	
AP00085607	V00502	LIFE ASSIST INC	06/22/10	790.20	MW		OH	
AP00085608	V01476	LOS ANGELES TIMES	06/22/10	48.00	MW		OH	
AP00085609	V06488	M.D.S. INCORPORATED	06/22/10	6,152.50	MW		OH	
AP00085610	V07518	MARTINEZ, ARTURO	06/22/10	180.00	MW		OH	
AP00085611	V02479	MCDONOUGH, JIM	06/22/10	76.50	MW		OH	
AP00085612	V05042	MEDCO SUPPLY COMPANY	06/22/10	120.56	MW		OH	
AP00085613	V07167	MEREDITH DIGITAL	06/22/10	331.91	MW		OH	
AP00085614	V01240	MISSION LINEN SUPPLY	06/22/10	158.15	MW		OH	
AP00085615	V07131	MUNICIPAL BUDGET AND	06/22/10	6,153.85	MW		OH	
AP00085616	V06687	NEWPORT FARMS INC	06/22/10	210.71	MW		OH	
AP00085617	V03937	P.F. PETTIBONE & CO	06/22/10	94.75	MW		OH	
AP00085618	V01471	PETERSON, GREGG	06/22/10	76.50	MW		OH	

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085619	V07491	PHAIRAS, MATTHEW	06/22/10	800.00	MW		OH	
AP00085620	V04867	PHASE II SYSTEMS	06/22/10	1,000.00	MW		OH	
AP00085621	V04653	PLUMBING WHOLESALE OUTLET	06/22/10	151.76	MW		OH	
AP00085622	V00638	POWELL CAMERA SHOP	06/22/10	13.12	MW		OH	
AP00085623	V07288	QUALITY IMAGING SUPPLIES INC.	06/22/10	499.36	MW		OH	
AP00085624	V07519	RAMOS, REYNALDO	06/22/10	40.00	MW		OH	
AP00085625	V07501	RC KEMP CONSULTING LLC	06/22/10	2,790.00	MW		OH	
AP00085626	V06114	REPUBLIC MASTER CHEFS	06/22/10	87.92	MW		OH	
AP00085627	V05669	SAINT, MICHELE	06/22/10	53.60	MW		OH	
AP00085628	V00696	SAN DIEGO POLICE EQUIPMENT	06/22/10	13,423.87	MW		OH	
AP00085629	V00727	SMART AND FINAL IRIS CORP	06/22/10	82.03	MW		OH	
AP00085630	V05405	SNIDER & ASSOCIATES	06/22/10	1,547.57	MW		OH	
AP00085631	V06543	SOUTH COAST AQMD	06/22/10	220.00	MW		OH	
AP00085632	V00737	SPARKLETTS	06/22/10	82.57	MW		OH	
AP00085633	V00007	STAPLES INC	06/22/10	611.42	MW		OH	
AP00085634	V07515	STEPHEN DORECK	06/22/10	279,680.40	MW		OH	
AP00085635	V00765	THREE VALLEYS MUNICIPAL	06/22/10	16,520.96	MW		OH	
AP00085636	V00772	TRI-XECUTEX CORP	06/22/10	80.00	MW		OH	Payee Name different in Check DB
AP00085637	V05406	TSUBOI DESIGN	06/22/10	913.10	MW		OH	
AP00085638	V05462	UNITED TRAFFIC	06/22/10	2,083.45	MW		OH	
AP00085639	V05461	URBAN GRAFFITI ENTERPRISES IN	06/22/10	5,000.00	MW		OH	
AP00085640	V00229	US POSTMASTER	06/22/10	1,055.55	MW		OH	
AP00085641	V04113	USA MOBILITY WIRELESS INC	06/22/10	39.80	MW		OH	Payee Name different in Check DB
AP00085642	V07403	VERIZON CALIFORNIA	06/22/10	1,409.79	MW		OH	
AP00085643	V00158	VULCAN MATERIALS COMPANY	06/22/10	515.43	MW		OH	Payee Name different in Check DB

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00085644	V04678	WALCZAK, MARY LOU	06/22/10	22.48	MW	OH		
AP00085645	V01119	WARREN DISTRIBUTING INC	06/22/10	257.17	MW	OH		Payee Name different in Check DB
AP00085646	V04581	WEST PAYMENT CENTER	06/22/10	115.26	MW	OH		Payee Name different in Check DB
AP00085647	V04327	WESTERN EMULSIONS INC	06/22/10	240.86	MW	OH		
AP00085648	V00821	WILLDAN	06/22/10	6,017.50	MW	OH		Payee Name different in Check DB
AP00085649	V06911	XO COMMUNICATIONS SERVICES IN	06/22/10	4,930.23	MW	OH		
AP00085650	V00831	Y TIRE SALES	06/22/10	89.00	MW	OH		

G R A N D T O T A L S:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	505,390.09	Number of Checks Processed:	107
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled Checks	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
G R A N D T O T A L	505,390.09		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085651	V06191	AFLAC ACCT# YQ792	06/23/10	3,557.44	MW	OH		Payee Name different in Check DB
AP00085652	V01695	AFSCME	06/23/10	840.00	MW	OH		
AP00085653	V01681	CALIFORNIA PUBLIC EMPLOYEES'	06/23/10	51,162.50	MW	OH		Payee Name different in Check DB
AP00085654	V07287	CITY OF COVINA-FSA	06/23/10	2,249.00	MW	OH		
AP00085655	V01686	COVINA POLICE ASSOCIATION	06/23/10	1,902.00	MW	OH		
AP00085656	V02095	COVINA POLICE ASSOCIATION	06/23/10	960.00	MW	OH		
AP00085657	V01697	COVINA, CITY OF	06/23/10	6,581.93	MW	OH		
AP00085658	V02879	COVINA, CITY OF	06/23/10	39.80	MW	OH		
AP00085659	V05506	COVINA, CITY OF	06/23/10	52,457.04	MW	OH		
AP00085660	V06385	CSAC-EIA	06/23/10	6,439.76	MW	OH		
AP00085661	V06386	CSAC-EIA	06/23/10	1,477.11	MW	OH		
AP00085662	V05186	DELTA DENTAL OF CALIFORNIA	06/23/10	5,280.01	MW	OH		
AP00085663	V07259	FLEX ONE	06/23/10	34.00	MW	OH		Payee Name different in Check DB
AP00085664	V01692	GREAT WEST LIFE & ANNUITY	06/23/10	3,505.00	MW	OH		
AP00085665	V01694	HARTFORD LIFE INS	06/23/10	9.67	MW	OH		Payee Name different in Check DB
AP00085666	V01691	ICMA RETIREMENT TRUST-457	06/23/10	19,225.18	MW	OH		
AP00085667	V07302	ICMA RETIREMENT TRUST-401	06/23/10	680.44	MW	OH		
AP00085668	V01690	NATIONAL DEFERRED COMPENSATIO	06/23/10	4,492.50	MW	OH		Payee Name different in Check DB
AP00085669	V01693	PERS LONG TERM CARE PROGRAM	06/23/10	390.93	MW	OH		
AP00085670	V01687	PERS	06/23/10	42,444.14	MW	OH		
AP00085671	V04828	UNION BANK OF CALIFORNIA	06/23/10	2,646.08	MW	OH		
AP00085672	V01696	UNITED WAY OF GREATER LA	06/23/10	45.41	MW	OH		Payee Name different in Check DB
AP00085673	V06785	VISION SERVICE PLAN (CA)	06/23/10	512.23	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
=====								
G R A N D   T O T A L S:								
		Total Void Machine Written		0.00		Number of Checks Processed:		0
		Total Void Hand Written		0.00		Number of Checks Processed:		0
		Total Machine Written		206,932.17		Number of Checks Processed:		23
		Total Hand Written		0.00		Number of Checks Processed:		0
		Total Reversals		0.00		Number of Checks Processed:		0
		Total Cancelled Checks		0.00		Number of Checks Processed:		0
		Total EFTs		0.00		Number of EFTs Processed:		0
		G R A N D   T O T A L		206,932.17				

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085674	V05072	A-1 EVENT & PARTY RENTALS	06/29/10	288.27	MW		OH	
AP00085675	V06110	AIR-BREE HEATING	06/29/10	127.50	MW		OH	
AP00085676	V05428	ALIKHAN, HECTOR	06/29/10	329.14	MW		OH	
AP00085677	V07268	ALLANA-BUICK-BERS	06/29/10	28,563.69	MW		OH	
AP00085678	V07312	ANURA K. T. DESILVA	06/29/10	3,100.00	MW		OH	
AP00085679	V00090	BAKER AND TAYLOR INC	06/29/10	394.30	MW		OH	
AP00085680	V00114	BLAKE PAPER CO	06/29/10	94.51	MW		OH	Payee Name different in Check DB
AP00085681	V00127	BRODART CO	06/29/10	466.22	MW		OH	
AP00085682	V06260	BURHENN & GEST LLP	06/29/10	1,640.70	MW		OH	
AP00085683	V05591	C & W ENTERPRISES	06/29/10	652.95	MW		OH	
AP00085684	V00134	CAT SPECIALTIES INC	06/29/10	1,200.12	MW		OH	
AP00085685	V02958	CERTIFIED UNDERCAR PARTS	06/29/10	137.01	MW		OH	
AP00085686	V03592	CITRUS AUTO UPHOLSTERY	06/29/10	188.78	MW		OH	
AP00085687	V00237	COMMUNICATIONS CENTER	06/29/10	135.00	MW		OH	
AP00085688	V01089	COVINA COLLISION REPAIR	06/29/10	1,278.54	MW		OH	
AP00085689	V00262	COVINA RENTS	06/29/10	241.46	MW		OH	
AP00085690	V00837	COVINA WATER & REFUSE, CITY O	06/29/10	1,698.31	MW		OH	Payee Name different in Check DB
AP00085691	V00838	COVINA, CITY OF	06/29/10	124.91	MW		OH	Payee Name different in Check DB
AP00085692	V00838	COVINA, CITY OF	06/29/10	18.42	MW		OH	Payee Name different in Check DB
AP00085693	V00839	COVINA, CITY OF	06/29/10	4,920.11	MW		OH	Payee Name different in Check DB
AP00085694	V00283	DEMCO INC	06/29/10	96.49	MW		OH	
AP00085695	V00305	EBSCO SUBSCRIPTION SVCS	06/29/10	7.77	MW		OH	
AP00085696	V00175	EDISON CO	06/29/10	4,010.13	MW		OH	
AP00085697	V00322	ESGIL CORPORATION	06/29/10	434.64	MW		OH	
AP00085698	V07530	ESQUER, ALEJANDRA	06/29/10	15.53	MW		OH	

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085699	V00176	FEDEX	06/29/10	6.08	MW		OH	
AP00085700	V00350	GAS COMPANY, THE	06/29/10	2,785.06	MW		OH	Payee Name different in Check DB
AP00085701	V07469	GGCF	06/29/10	13,150.00	MW		OH	
AP00085702	V02471	GOLDEN STATE OVERNIGHT	06/29/10	20.61	MW		OH	
AP00085703	V00378	GREENS LOCK AND SAFE	06/29/10	100.74	MW		OH	
AP00085704	V01842	HALL-McGRADE, AMY	06/29/10	180.98	MW		OH	
AP00085705	V07513	HAMILTON LTD	06/29/10	986.64	MW		OH	
AP00085706	V07294	HOLLIDAY ROCK CO INC	06/29/10	126.49	MW		OH	
AP00085707	V00006	HOME DEPOT	06/29/10	607.47	MW		OH	
AP00085708	V07527	HUTTER, GERALD	06/29/10	333.45	MW		OH	
AP00085709	V00213	INLAND EMPIRE STAGES	06/29/10	2,238.00	MW		OH	
AP00085710	V00426	INLAND WATER WORKS	06/29/10	310.60	MW		OH	
AP00085711	V03561	INTERSTATE BATTERY SYSTEM	06/29/10	340.36	MW		OH	
AP00085712	V06049	JAIME, SANDRA	06/29/10	75.00	MW		OH	
AP00085713	V05839	JAMES PUBLISHING	06/29/10	79.81	MW		OH	
AP00085714	V07173	JOHN L. HUNTER	06/29/10	833.75	MW		OH	
AP00085715	V02427	JOHNSON'S NUMBERING SERVICE	06/29/10	32.00	MW		OH	
AP00085716	V05490	JS CONSULTANTS	06/29/10	56,121.74	MW		OH	
AP00085717	V00451	KELLY PAPER CO	06/29/10	324.92	MW		OH	
AP00085718	V07480	KOUNTOURIS, MARINA	06/29/10	11.80	MW		OH	
AP00085719	V07532	LEE, DEVON	06/29/10	17.99	MW		OH	
AP00085720	V00496	LEWIS ENGRAVING INC	06/29/10	3,477.29	MW		OH	
AP00085721	V00497	LEWIS SAW AND LAWNMOWER	06/29/10	553.09	MW		OH	Payee Name different in Check DB
AP00085722	V06858	MADRID, VICKI	06/29/10	23.50	MW		OH	
AP00085723	V01659	MAXIMUS INC	06/29/10	5,280.00	MW		OH	Payee Name different in Check DB

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00085724	V07479	MC CAFFERTY, DOMINIQUE	06/29/10	31.27	MW		OH	
AP00085725	V04229	MERRIMAC ENERGY GROUP	06/29/10	24,462.68	MW		OH	
AP00085726	V02883	MILLER EQUIPMENT COMPANY	06/29/10	329.25	MW		OH	
AP00085727	V01240	MISSION LINEN SUPPLY	06/29/10	152.75	MW		OH	
AP00085728	V07528	MOHAWK RESOURCES LTD	06/29/10	133,839.98	MW		OH	
AP00085729	V00573	NAPA AUTO PARTS	06/29/10	60.32	MW		OH	
AP00085730	V01136	OFFICE DEPOT	06/29/10	367.63	MW		OH	
AP00085731	V00600	ORIENTAL TRADING CO	06/29/10	64.89	MW		OH	
AP00085732	V07533	PAIGE, ZABRINA	06/29/10	28.00	MW		OH	
AP00085733	V01687	PERS	06/29/10	7,220.32	MW		OH	
AP00085734	V01687	PERS	06/29/10	7,062.82	MW		OH	
AP00085735	V01687	PERS	06/29/10	11.13	MW		OH	
AP00085736	V01687	PERS	06/29/10	6,886.61	MW		OH	
AP00085737	V05301	PEST OPTIONS INC	06/29/10	265.00	MW		OH	
AP00085738	V00638	POWELL CAMERA SHOP	06/29/10	25.00	MW		OH	
AP00085739	V06114	REPUBLIC MASTER CHEFS	06/29/10	56.16	MW		OH	
AP00085740	V00676	REYNOLDS BUICK INC	06/29/10	600.52	MW		OH	Payee Name different in Check DB
AP00085741	V01260	ROCKHURST UNIVERSITY	06/29/10	299.50	MW		OH	Payee Name different in Check DB
AP00085742	V06994	ROCKLER COMPANIES INC	06/29/10	2,028.07	MW		OH	
AP00085743	V07534	ROSADO, ROBERT	06/29/10	25.00	MW		OH	
AP00085744	V00718	SHOWCASES	06/29/10	224.53	MW		OH	
AP00085745	V00727	SMART AND FINAL IRIS CORP	06/29/10	507.38	MW		OH	
AP00085746	V01553	SOUTHERN CA GAS CO	06/29/10	2,300.00	MW		OH	Payee Name different in Check DB
AP00085747	V00737	SPARKLETTS	06/29/10	76.48	MW		OH	
AP00085748	V06071	STAPLES BUSINESS ADVANTAGE	06/29/10	471.99	MW		OH	

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
AP00085749	V00007	STAPLES INC	06/29/10	629.30	MW		OH	
AP00085750	V07515	STEPHEN DORECK	06/29/10	27,820.02	MW		OH	
AP00085751	V00974	STETSON ENGINEERS INC	06/29/10	1,263.10	MW		OH	
AP00085752	V06661	STEVENSON, ROY	06/29/10	269.50	MW		OH	
AP00085753	V00346	THOMSON GALE	06/29/10	44.99	MW		OH	Payee Name different in Check DB
AP00085754	V00975	TT MAILING SERVICE	06/29/10	1,330.41	MW		OH	
AP00085755	V00863	UNITED PUMPING SVCS INC	06/29/10	1,996.45	MW		OH	
AP00085756	V00229	US POSTMASTER	06/29/10	1,144.26	MW		OH	
AP00085757	V03657	US POSTMASTER	06/29/10	3,391.53	MW		OH	
AP00085758	V07531	VELASQUEZ, NORA	06/29/10	19.95	MW		OH	
AP00085759	V07403	VERIZON CALIFORNIA	06/29/10	803.71	MW		OH	
AP00085760	V00232	WESTERN WATER WORKS SUPPLY	06/29/10	1,207.78	MW		OH	
AP00085761	V02141	WILLIAMS, SHELBY	06/29/10	20.00	MW		OH	
AP00085762	V07473	WILSON ASSOCIATES	06/29/10	16.83	MW		OH	
AP00085763	V00432	YWCA INTERVALE SENIOR SERVICE	06/29/10	739.72	MW		OH	Payee Name different in Check DB

GRAND TOTALS:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	366,276.70	Number of Checks Processed:	90
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled Checks	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
<b>GRAND TOTAL</b>	<b>366,276.70</b>		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00085764	V00481	LA CNTY REGISTRAR RECORDER	06/29/10	16.00	MW	IP		Payee Name different in Check DB

G R A N D T O T A L S:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	16.00	Number of Checks Processed:	1
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled Checks	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
<b>G R A N D T O T A L</b>	<b>16.00</b>		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To Note
AP00085209	V00425	INGRAM DIST GROUP	06/01/10	1,496.95	RV	TR	Reversed

G R A N D T O T A L S:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	0.00	Number of Checks Processed:	0
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	1,496.95	Number of Checks Processed:	1
Total Cancelled Checks	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
G R A N D T O T A L	1,496.95		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00078681	V02750	ZAVALA, ANTONIO	08/11/09	159.53	RV	TR		Reversed
AP00082181	V00895	ORANGE COUNTY SHERIFFS	02/16/10	50.00	RV	TR		Reversed
AP00085733	V01687	PERS	06/29/10	7,220.32	RV	TR		Reversed
AP00085734	V01687	PERS	06/29/10	7,062.82	RV	TR		Reversed
AP00085735	V01687	PERS	06/29/10	11.13	RV	TR		Reversed
AP00085736	V01687	PERS	06/29/10	6,886.61	RV	TR		Reversed

G R A N D T O T A L S:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	0.00	Number of Checks Processed:	0
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	21,390.41	Number of Checks Processed:	6
Total Cancelled Checks	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
G R A N D T O T A L	21,390.41		

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 9

**STAFF SOURCE:** John B. Fielding, Treasurer  
Dilu DeAlwis, Finance Director *DDW*  
Alan Sands, Accountant

**ITEM TITLE:** Quarterly Report of the Treasurer to the City Council for the Quarter Ended June 30th, 2010

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**STAFF RECOMMENDATION**

Receive and file the Quarterly Report of the Treasurer for the Quarter Ended June 30th, 2010.

**FISCAL IMPACT**

None.

**BACKGROUND**

In accordance with State legislation, the Treasurer is required to submit annually a statement of investment policy to the City Council for adoption. The original policy was adopted at the meeting of July 18, 2006.

Section 4.0 of the policy requires a report by the Treasurer to the City Council and City Manager containing detailed information on all securities, investments, and moneys of the City. The report shall be submitted on a quarterly basis within 30 days following the end of the quarter. The report for the quarter ended June 30, 2010 is being presented showing cash placement, containing a statement that investments are in compliance with adopted policy, and that there are sufficient surplus funds immediately available to meet the pooled expenditures of the City for the next six months.

**EXHIBITS**

- A Quarterly Report of the Treasurer to the City Council for the Quarter Ended June 30, 2010
- A-1 Cash and Investment Summary
- A-2 Bond Logistix Investment Portfolio Summary
- A-3 Diversified Securities Investment Portfolio Summary
- A-4 Smith Barney Investment Portfolio Summary
- A-5 Investment Holdings by Sector
- A-6 City & CRA Cash & Investments Three Year Comparison

**REVIEW TEAM ONLY**

**City Attorney:** 

**Finance Director:** 

**City Manager:** 

**Other:** \_\_\_\_\_

**EXHIBIT A**  
**REPORT OF THE CITY TREASURER TO THE CITY COUNCIL**

<b>CASH BALANCE</b>	<b>3/31/2010</b>	<b>\$19,831,581.41</b>
RECEIPTS	4/1/10-6/30/10	29,792,307.98
		49,623,889.39
DISBURSEMENTS	4/1/10-6/30/10	(24,114,330.09)
<b>CASH BALANCE</b>	<b>6/30/2010</b>	<b>\$25,509,559.30</b>

**ANALYSIS OF CASH AND INVESTMENT BALANCE**

LAIF	STATE FUND	2,446,174.67
BOND LOGISTIX INVESTMENT PORTFOLIO	EXHIBIT A-2	12,128,772.84
WELLS FARGO MONEY MARKET AND U.S. TREASURY BILLS	EXHIBIT A-2	217,241.04
DIVERSIFIED SECURITIES INVESTMENT PORTFOLIO	EXHIBIT A-3	0.00
FEDERATED CAPITAL RESERVE MONEY MARKET	EXHIBIT A-3	1,129,199.08
SMITH BARNEY INVESTMENT PORTFOLIO	EXHIBIT A-4	1,730,713.48
SMITH BARNEY MONEY MARKET	EXHIBIT A-4	41,524.32
TOTAL INACTIVE PUBLIC DEPOSITS		17,693,625.43
CHECKING AND PETTY CASH BALANCES		7,815,933.87
<b>CASH AND INVESTMENT BALANCE</b>	<b>6/30/2010</b>	<b>\$25,509,559.30</b>
CASH HELD BY THIRD PARTY ADMINISTRATORS		15,305,441.12
<b>TOTAL CASH AND INVESTMENT BALANCE</b>	<b>6/30/2010</b>	<b>\$40,815,000.42</b>

This report is in compliance with the City of Covina (City) Statement of Investment Policy. There is sufficient investment liquidity to meet the pooled expenditures of the City for the next 6 months.

Respectfully submitted,  


John B. Fielding  
Treasurer

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 11

**STAFF SOURCE:** Steve Henley, Director of Public Works  
Vivian Castro, Environmental Services Manager  
Lisa Brancheau, Redevelopment Manager



**ITEM TITLE:** Los Angeles County Recycling Market Development Zone

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**STAFF RECOMMENDATION**

Adopt **Resolution No. 10-6868**, acknowledging the City's participation in Los Angeles County's Expanded Recycling Market Development Zone (RMDZ) Program.

**FISCAL IMPACT**

There is no General Fund impact. The annual participation in the expanded RMDZ for Fiscal Year 2010-2011 is \$1,500, and is accounted for in the 2010-11 Budget under Environmental Services account #6200-5560-00-52150 (\$750) and under Covina Redevelopment Agency account #5011-4600-00-53785 (\$750).

**BACKGROUND**

The RMDZ program was created by the State to provide financial, marketing, and technical assistance incentives to manufacturers and processors of recycled materials in designated areas of California. The Los Angeles County RMDZ, one of 33 in the State, includes County unincorporated areas, Burbank, Commerce, El Monte, Glendale, Vernon and six other cities.

The County is proposing to expand its RMDZ to other cities, including Covina, which it believes may have the industrial and commercial base to benefit from the program. A listing of potential RMDZ businesses in Covina is included in Exhibit B. Potential benefits to businesses include access to fixed, low-interest loans for funding up to 75% of a project's cost. The loans are for a term of 10 years or 15 years if secured by real estate. Financing may be independent or part of a package. A variety of waste prevention, reuse, recycling, conversion technology and biomass conversion projects have been provided funding.

Benefits to the City include new or expanded companies, the creation of "green collar" jobs, an expanded local tax base and the potential to divert waste streams into revenue streams. RMDZ companies assist local governments and the State in efforts to reduce CO<sub>2</sub> emissions, conserve energy, and save natural resources. RMDZ provides specialized services for participating businesses, creates new markets for recycled materials, and builds a stronger and more sustainable local economy. Among the waste streams that qualify are agricultural or green waste,

**RESOLUTION NO. 10-6868**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
COVINA, CALIFORNIA, ACKNOWLEDGING THE CITY'S PARTICIPATION IN LOS  
ANGELES COUNTY'S EXPANDED RECYCLING MARKET DEVELOPMENT ZONE  
(RMDZ) PROGRAM**

**WHEREAS**, the California Integrated Waste Management Board (now CalRecycle) created the Recycling Market Development Zone (RMDZ) program as part of an ongoing effort to increase the diversion of waste going to landfills; and

**WHEREAS**, the program combines recycling with economic development to fuel new businesses, expand existing ones, create jobs, and divert waste from landfills; and

**WHEREAS**, Los Angeles County Department of Public Works believes Covina may have the industrial and commercial base to benefit from the program; and

**WHEREAS**, the program provides business and technical assistance, product marketing, and financial assistance to businesses that manufacture a recycled-content product or process materials for recycling; and

**WHEREAS**, potential benefits to the participating businesses include access to fixed, low-interest loans for funding up to 75% of a project's cost for a term of 10 or 15 years.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Covina that by adoption of this resolution the City of Covina supports the RMDZ program.

**BE IT FURTHER RESOLVED** that the Director of Public Works, or his/her designee, is hereby authorized and empowered to execute in the name of the City of Covina all documents related to the program.

**BE IT FURTHER RESOLVED**, that the City of Covina will expend \$1,500 annually to participate in the 2010-2011 program.

glass, paper, plastic, tires, construction and demolition debris, and residuals from a material recovery facility.

In order to participate in the program, on December 16, 2009 the City sent a letter to the LA County Department of Public Works, Environmental Development Division, expressing its interest in participating in the LA County RMDZ. With this letter in hand, the County would proceed to amend the CEQA document for the RMDZ to include the additional cities.

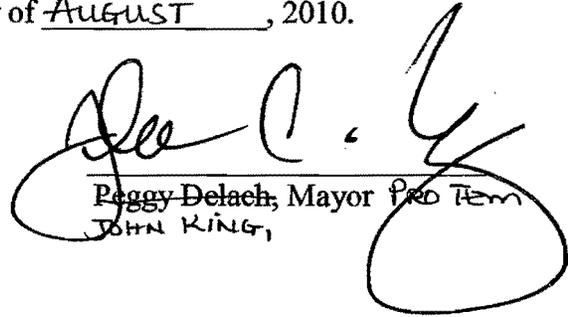
A formal Covina City Council resolution of support is required followed by a resolution of the LA County Board of Supervisors. The County's application would be submitted to the State in December 2011. It is expected that by April 2011 Covina and other new cities would officially be members of the RMDZ. Participation in the RMDZ would cost the City \$1,500 a year, beginning in 2010-11.

**EXHIBITS**

- A. Resolution No. 10-6868
- B. Potential RMDZ Businesses

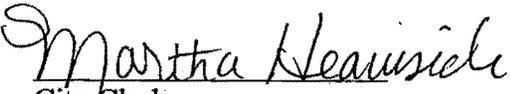
<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

Passed, Approved and Adopted this 17<sup>TH</sup> day of AUGUST, 2010.



Peggy Delach, Mayor Pro Tem  
JOHN KING,

ATTEST:

  
Deputy City Clerk

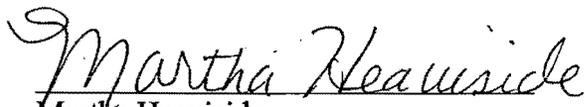
APPROVED AS TO FORM:



City Attorney

I, MARTHA HEAVISIDE, Deputy City Clerk of the City of Covina, California, hereby CERTIFY that **Resolution No. 10-6868** was adopted by the Covina City Council at a regular meeting of the City Council held on Tuesday, August 17, 2010 and was approved and passed by the following votes:

AYES: Council Members Allen, Stapleton, Mayor Pro Tem King  
NOES: None  
ABSENT: Council Member Low, Mayor Delach  
ABSTAIN: None

  
Martha Heaviside  
Deputy City Clerk

**Potential RMDZ Businesses in Covina, CA**

NAME	ADDRESS	CITY	ST	ZIPCODE	PHONE
A P Griffith Goldsmith		Covina	CA	91722	(626) 332-1343
Advertising Specialist	720 E Arrow Hwy # C	Covina	CA	91722	(626) 966-4770
Ajax Sign Graphics Inc	835 W Glentana St	Covina	CA	91722	(626) 967-9444
American Technology Material	1572 W San Bernardino Rd	Covina	CA	91722	(626) 337-2418
Art-Graphic Process	528 E San Bernardino Rd	Covina	CA	91723	(626) 339-7920
ARTLENNIUM Inc	762 E Edna Pl	Covina	CA	91723	(626) 339-2987
Associated Bag Co	160 E Badillo St	Covina	CA	91723	(626) 332-1018
Blake Paper Co	731 N Grand Ave	Covina	CA	91724	(626) 966-7525
Blue Sabre Co	1476 W Industrial Park St	Covina	CA	91722	(626) 966-8433
Body Guard USA	5136 N Glendora Ave # 30	Covina	CA	91724	(626) 965-7711
Caco Pacific Corp	813 N Cummings Rd	Covina	CA	91724	(626) 331-3361
Charma's Ohana Salon	141 S Citrus Ave	Covina	CA	91723	(626) 339-1661
Compact Kitchens Inc	1223 E Edna Pl # B	Covina	CA	91724	(626) 966-1897
Constantine Gem World Corp	971 N Citrus Ave	Covina	CA	91722	(626) 915-1585
Covina Hobby Shop	140 N Citrus Ave	Covina	CA	91723	(626) 331-1910
Covina Sign Enterprise	1578 W San Bernardino Rd # H	Covina	CA	91722	(626) 915-7709
Creative Sign Co	534 N Howard Ave	Covina	CA	91723	(626) 967-3494
Crystal Castle	854 W Golden Grove Way	Covina	CA	91722	(626) 331-7233
Crystal Galleries	1036 N Citrus Ave	Covina	CA	91722	(626) 915-6553
Dauntless Molds Inc	806 N Grand Ave	Covina	CA	91724	(626) 966-4494
Design-A-Sign Ctr	628 Shoppers Ln	Covina	CA	91723	(626) 915-1080
Drop Your Jeans Off Inc	1600 W San Bernardino Rd	Covina	CA	91722	(626) 858-8968
Dynamic Plastics Inc	816 N Grand Ave	Covina	CA	91724	(626) 967-6850
G & D Industries Inc	1202 E Edna Pl	Covina	CA	91724	(626) 331-1250
GSS Fiberglass Inc-Fibertex	1268 E Edna Pl	Covina	CA	91724	(626) 334-6061
Hollywood Babe Inc	802 N Grand Ave	Covina	CA	91724	(626) 859-7700
HQH Inc	802 W Front St	Covina	CA	91722	(626) 858-4800
HY International Corp	222 N Vincent Ave	Covina	CA	91722	(626) 332-8989
Insync Solutions	302 E San Bernardino Rd # B	Covina	CA	91723	(626) 859-7694
Kelly Paper	1411 N Grand Ave # B	Covina	CA	91724	(626) 732-4544
L & M Mold Co	844 N Dodsworth Ave	Covina	CA	91724	(626) 732-9497
L A Framing	534 E Edna Pl	Covina	CA	91723	(626) 732-9265
Lewis Engraving & Novelties	1035 W San Bernardino Rd	Covina	CA	91722	(626) 967-1234
M & M Precison Industries	641 E Edna Pl	Covina	CA	91723	(626) 732-5800
Moore's Ideal Products	838 E Edna Pl	Covina	CA	91723	(626) 339-9007
Niko's Cutting Zone	210 E Rowland St	Covina	CA	91723	(626) 967-8505
One Stop Storage	1432 N Barranca Ave	Covina	CA	91722	(626) 732-3799
Physicians Formula Inc	755 Arrow Grand Cir	Covina	CA	91722	(626) 334-3395
Quality Mobile Homes	1018 N Citrus Ave	Covina	CA	91722	(626) 966-5801
R & R Identification Co	576 E Edna Pl	Covina	CA	91723	(626) 915-2241
R G Costumes & Accessories Inc	726 Arrow Grand Cir	Covina	CA	91722	(626) 858-9559
Regios Associated Mfr Inc	1290 W Bridger St	Covina	CA	91722	(626) 270-0101
Royal Custom Designs Inc	1449 W Industrial Park St	Covina	CA	91722	(626) 967-5261
S H Precision Products	810 W Front St	Covina	CA	91722	(626) 331-1328
Sally Beauty Supply	1423 N Azusa Ave	Covina	CA	91722	(626) 812-9686
Sanball Inc	726 Arrow Grand Cir	Covina	CA	91722	(626) 859-0553
Seahorse	619 N Commercial Ave	Covina	CA	91723	(626) 331-7162
Serpac	619 N Commercial Ave	Covina	CA	91723	(626) 331-0517
SIGNARAMA	307 E Rowland St	Covina	CA	91723	(626) 331-3358

**Potential RMDZ Businesses in Covina, CA**

<b>NAME</b>	<b>ADDRESS</b>	<b>CITY</b>	<b>ST</b>	<b>ZIPCODE</b>	<b>PHONE</b>
Soldering Iron & Repair	1010 E Cypress St	Covina	CA	91724	(626) 859-4551
Solutions & More	1060 E Cypress St	Covina	CA	91724	(626) 967-8865
Superior Signs		Covina	CA	91723	(626) 966-8372
Topper Plastics Inc	461 E Front St	Covina	CA	91723	(626) 331-0561
Tucker Tire Co Inc	818 W Front St	Covina	CA	91722	(626) 332-1142
Unique Designs	16821 E Bellbrook St	Covina	CA	91722	(626) 331-9723
Westside Accessories	1162 E Edna Pl	Covina	CA	91724	(626) 858-5452

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 12

**STAFF SOURCE:** Steve Henley, Director of Public Works  
Dilu De Alwis, Director of Finance

**ITEM TITLE:** Adoption of Policies and Procedures Regulating the Operation of the City's Water Utility

---

**STAFF RECOMMENDATION**

Adopt **Resolution No. 10-6871**, adopting policies and procedures regulating the operation of the City's water utility.

**FISCAL IMPACT**

The proposed action serves as a housekeeping measure by amending the Water Utility's existing polices and procedures to incorporate changes in the law relative to water conservation measures; implement various procedural changes necessitated by the Utility's conversion from a bi-monthly billing cycle to monthly billing; and clarify a variety of existing regulations. Accordingly, the proposed impact has no direct fiscal impacts.

**BACKGROUND**

The current rules and regulations for the operation of the City's Water Utility were approved by the Council in July 2009. At that time, adoption of the policies and procedures for the operation of the City's water utility consisted of compiling a confusing and sometimes conflicting maze of individual memoranda, written and/or verbal policy statements, inherited customary practices, and a variety of municipal ordinances and memorializing them into one cohesive policy manual with an eye towards improving customer service through consistency of policy application.

Like all regulatory documents, the Water Utility's rules and regulations are a living document; subject to amendment as the regulatory or operational environments change. To this end, attached for your review and consideration (Exhibit A) is the first amendment of the current rules to reflect statutory changes related to water conservation measures, procedural changes necessitated by the conversion from a bi-monthly to a monthly billing cycle, and various other operational revisions. Some of the more significant changes being recommended this evening are as follows:

- Amends the definition of "Date of Presentation" for billing purposes to include language related to the electronic transmission of bills; a new capability under the City's recently initiated utility billing system.

- Reduces the billing payment period from the current 30 days under a bi-monthly billing cycle to 20 days under a monthly billing cycle. This is uniform with the payment period of other monthly utility and bank billing cycles and is consistent with the provisions of the Public Utilities Code.
- Clarifies that water service may be disconnected and/or not provided to structures declared as unsafe or uninhabitable by the City's Building Official.
- Increases the disconnection notice for individually metered multi-unit residential structures and mobile home parks from 10 days to 15 days to establish consistent disconnection notice time period for all customer types.
- Adds a same business day new customer turn-on service option.
- Incorporates a variety of water conservation measures mandated by state law and recently enacted by the City Council.

In addition to the above, Exhibit B contains a complete summary of all pertinent changes being recommended for adoption at this evening's meeting.

**EXHIBITS**

- A. Resolution No. 10-6871
- B. Water Rules Summary of Changes

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

**RESOLUTION NO. 10-6871**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA,  
CALIFORNIA, ADOPTING POLICIES AND PROCEDURES FOR THE  
OPERATION OF THE CITY'S WATER UTILITY**

**WHEREAS**, Section 13.12.010 of the Covina Municipal Code provides that rules and regulations for the operation and maintenance of the water utility of the City may be established from time to time by resolution of the City Council; and

**WHEREAS**, the current rules and regulations for the operation and maintenance of the water utility of the City need to be amended to incorporate various changes mandated upon water purveyors by the state, as well as internal operating changes necessitated by conversion from a bi-monthly billing cycle to monthly billing; and

**WHEREAS**, understanding of the various policies and procedures of the water utility and customer service would continue to be enhanced by having all rules and regulations for the operation and maintenance of the water utility of the City clearly established within one identifiable City Council action.

**NOW, THEREFORE, THE CITY COUNCIL** of the City of Covina, California, does hereby resolve as follows:

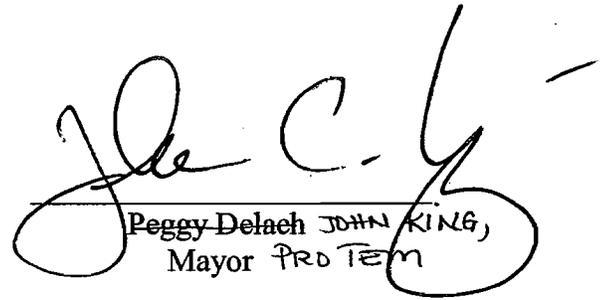
**SECTION 1.**            **RULES AND REGULATIONS ADOPTED.**            The rules and regulations for the operation and maintenance of the City of Covina's water utility shall be as described within the attached Exhibit "A".

**SECTION 2.**            **TERM AND EFFECTIVE DATE.**            This Resolution shall take effect immediately and shall remain in effect until such time as the rules and regulations contained herein are revised or rescinded by Resolution of the City Council.

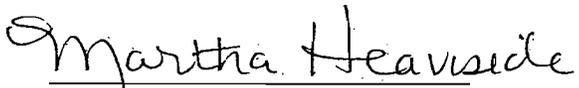
**SECTION 3:**            All prior Resolutions of the City Council are hereby amended or rescinded as applicable or necessary to comply with this Resolution.

**SECTION 4.**            **CERTIFICATION.**            The City Clerk shall certify to the passage and adoption of this Resolution; shall cause the same to be entered in the Book of Resolutions of the City of Covina; and shall make a record of the passage and adoption thereof in the records of the proceedings of the City Council of said City in the minutes of the meeting at which the same was passed and adopted.

Passed, Approved and Adopted this 17<sup>th</sup> day of AUGUST, 2010.

  
Peggy Delach JOHN KING,  
Mayor PRO TEM

ATTEST:

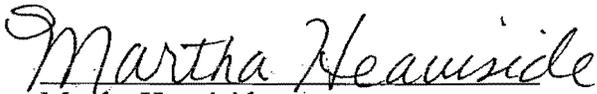
  
DEPUTY City Clerk

APPROVED AS TO FORM:

  
City Attorney

I, MARTHA HEAVISIDE, Deputy City Clerk of the City of Covina, California, hereby CERTIFY that **Resolution No. 10-6871** was adopted by the Covina City Council at a regular meeting of the City Council held on Tuesday, August 17, 2010 and was approved and passed by the following votes:

AYES: Council Members Allen, Stapleton, Mayor Pro Tem King  
NOES: None  
ABSENT: Council Member Low, Mayor Delach  
ABSTAIN: None

  
Martha Heaviside  
Deputy City Clerk

**WATER UTILITY RULES & REGULATIONS  
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**APPENDIX A  
WATER UTILITY SERVICE FEES AND DEPOSITS**

<b>Service Activity</b>	<b>Fee</b>
Fire flow availability	\$125.00
Water meter test	Appropriate meter set fee + \$35
Initial service turn-on - next business day	No Charge
Initial service turn-on - same day (subject to scheduling)	\$50.00
Initial service turn-on - after hours	\$120.00
Late payment fee	10% of delinquent amount
Broken lock/damage	Actual cost
Pressure test	\$50.00
Meter re-read	\$30.00
Initial fire hydrant meter set and removal	\$80.00
Each additional set and removal	\$40.00
Removal of operating nut from fire hydrant	\$30.00
Construction water in new developments	Per rate structure in effect for meter provided
Interim Service Agreement preparation and processing fee	\$1,000.00
Delinquent account field notification	\$25.00
Multi-unit delinquent account field notification	\$25.00 plus \$2.00 per each additional notice
Trip charge for additional field visit	\$15.00
Delinquent reconnect fee - next business day	\$50.00
Delinquent reconnect fee - after hours	\$120.00
Additional fee if customer has self-restored	\$100.00
Reconnection charge/additional - meter removed	Appropriate meter set fee
Turn-off and turn-off on water service for repair by customer - first time - emergency	No Charge
Turn-off and turn-on of water service for repair by customer - planned	M-Th 6:00 am - 4:30 pm - No Charge
Turn-off and turn-on of water service for repair by customer - planned	M-Th 4:30 pm - 6:00 am - \$120.00
Turn-off and turn-on of water service for repair by customer - planned	Fridays, Weekends, Holidays - 6:00 am - 4:30 pm - \$50.00; 4:30 pm - 6:00 am - \$120.00
Turn-off and turn-on of water service for repair by customer - all subsequent emergency calls	Same as planned
<b>Deposits</b>	
Meter set - 3/4" and 5/8"	\$350.00
Meter set - 1"	\$400.00
Meter set - 1-1/2"	\$600.00
Meter set - 2"	\$850.00
Meter set - 3" - 8"	Deposit based on completed cost estimate
Meter & service installation - 1" service with 3/4" meter	\$3,000.00
Meter & service installation - 1" service with 1" meter	\$3,100.00
Meter & service installation - 1-1/2" service with 1-1/2" meter	\$4,000.00
Meter & service installation - 2" service with 2" meter	\$4,300.00
Meter & service installation - 3"-8" service with 3"- 8" meter	Deposit based on completed cost estimate
Fire line and backflow valve - 4" line	\$8,500.00
Fire line and backflow valve - 6" line	\$10,250.00
Fire line and backflow valve - 8" line	\$15,000.00
Fire line and backflow valve - 10" line	Deposit based on completed cost estimate
Meter size change - 5/8" or 3/4" to 1"	\$150.00

APPENDIX A  
WATER UTILITY SERVICE FEES AND DEPOSITS

Meter size change - 1" to 3/4"	\$100.00
Meter size change - 1-1/2" to 1"	\$200.00
Meter size change - 2" to 1"	\$215.00
All other size changes	Deposit based on completed cost estimate
Fire hydrant installation - 6" hydrant	\$19,500.00
Fire hydrant meter rental - 3" meter	\$500.00
Minimum deposit - residential (initial service)	Twice the average monthly bill; \$80 minimum
Minimum deposit - all other classes (initial deposit)	Three times the average monthly bill
Minimum deposit - delinquent reconnection - all classes	Equal to the delinquent amount
Minimum deposit - delinquent reconnection - chronic delinquent account	Twice the delinquent amount

## **WATER UTILITY GENERAL PROVISIONS**

### **A. APPLICABILITY OF WATER RULES AND RATE SCHEDULES**

These rules apply to the water service area of the Water Utility Division of the Public Works Department inside and outside the incorporated boundaries of the city, except as may be otherwise provided by specific schedules herein or prescribed by the Covina City Council. The Public Works Director or designee thereof shall interpret the Water Rules and Rate Schedules. In the event of any dispute or disagreement regarding their interpretation, the appeal process outlined in Section B of these General Provisions shall be followed.

### **B. APPEAL PROCESS**

Any person desiring to appeal water fees, charges and/or requirements, other than charges for monthly service and usage, shall submit a letter of appeal to the Director of Public Works. The appeal will be reviewed and considered by the Director. Decisions of the Director may be appealed to the City Manager upon request of the applicant. Decisions of the City Manager may be appealed to the Covina City Council. The decision of the City Council shall be final.

Any person disputing a monthly service bill must follow Rule No. 15, "Disputed Bill Appeal Process."

### **C. SPECIAL CONDITIONS OF SERVICE**

The Director of Public Works or designee thereof may establish and enforce charges for furnishing water to any installation of a character not adequately provided for by these Water Rules and Rate Schedules, provided that such charges shall be consistent with current rates and charges established by the City Council.

### **D. UTILITY PROPERTY**

No person shall interfere or tamper with any Utility service, meter, fire hydrant, valve, or appurtenant facility nor shall any person trespass upon the public property of the Utility without written permission from the Director of Public Works.

### **E. APPLICATION FOR SERVICE**

Before any water will be supplied by the Utility to any person or premises within the Utility's service area, the owner or occupant of the property shall make a written application for service upon forms provided by the Finance Department of the city.

**RULE NO. 1**  
**ADOPTION OF WATER RULES AND DEFINITIONS**

The following Water Rules are effective within the water service area of the Covina Municipal Water District as approved by the City Council.

A. All Water Rules herein set forth are subject at all times to change. Reasonable effort will be made to issue revised copies whenever any changes so occur. Copies of the Water Rules in effect will be kept up-to-date and on-file in the offices of the Water Utility Division of the Public Works Department, the Development Services Division of the Public Works Department, and the City's Finance Department. Customers or others contemplating any expenditures or activities governed by these Water Rules should assure themselves that they have the latest correct information by visiting, telephoning or otherwise contacting one of these offices.

B. For the purpose of these Rules, the following terms shall be construed to have the prescribed meanings:

**ADEQUATE SUPPLY:** That quantity of water required to satisfy maximum day and peak hour demands, including fire flow demands, for a facility or development requesting water service.

**APPLICANT:** A person, persons, firm, association, government agency, corporation or other concern who indicates a desire to obtain water service from the Water Utility.

**APPROVED BACKFLOW PREVENTION ASSEMBLY:** An assembly currently listed by the "Foundation for Cross Connection Control and Hydraulic Research" as having a Certificate of Approval.

**AUXILIARY WATER SYSTEM:** Any water system or supply on or available to a premise other than the potable water supply of the Water Utility Division.

**BACKFLOW PROTECTION:** The installation of an approved backflow prevention assembly for the purpose of protection against the hazards of a cross-connection.

**BASIC AREA:** All that area within or outside the city limits of the City of Covina and served by the Water Utility Division.

**BATTERY:** A metering installation consisting of two or more water meters operated in parallel as substitute for a single, larger water meter.

**BUILDING OFFICIAL:** The Building Official of the City of Covina.

**CITY:** City of Covina

**CITY COUNCIL:** The City Council of the City of Covina.

**COMMERCIAL ZONES:** Areas designated by the City of Covina Planning Department, including C-P, C-1, C-2, C-3, C-3A, C-4, C-5, C-R, TC-P, TC-C, RD, R-TP, and R-R.

**CONTAMINATION:** A degradation of the potable water supply by the introduction of any foreign substance that may result in hazard to the public health through poisoning or spread of disease. A “high hazard” classification.

**CROSS-CONNECTION:** Any unprotected actual or potential link or connection between a potable water supply and any source or system containing an objectionable substance.

**CUSTOMER:** The person, persons, firm, association, government agency, corporation or other concerns who use, are entitled to use or benefit from the use of water from the Water Utility.

**DATE OF PRESENTATION:** The date upon which a bill or notice is mailed or electronically transmitted by the Water Utility to the customer.

**DEGREE OF HAZARD:** A condition derived from the evaluation within a water system. May be classified as “high hazard” or “low hazard”.

**DIRECT CONNECTION:** A cross-connection consisting of water piping tightly connected to a water system having a foreign substance (non-potable supply).

**DIRECTOR:** The Director of the Public Works Department of the City of Covina or designee thereof.

**DIVERSION:** The unauthorized acquisition of water service by means of tampering with the Utility’s system or facilities in anyway so as to obtain unmetered water service.

**DOMESTIC WATER SERVICE:** Potable water service commonly referred to as Residential, Commercial, Industrial or Institutional, excluding fire protection service and irrigation service.

**FIRE PROTECTION SERVICE:** Water service utilized solely for fire suppression.

**FRONTAGE:** Those actual distances measured in feet, along parcel/lot lines which abut all adjacent public streets or City of Covina easements.

**INDIRECT CONNECTION:** A cross-connection consisting of piping used to fill an open receptacle with water.

**INDUSTRIAL ZONES:** Areas designated as industrial by the City of Covina Planning Department, including M-1.

**INTERIM WATER SERVICE:** Temporary water service for commercial or construction uses with a maximum two-year period.

**IRRIGATION WATER SERVICE:** Water service utilized solely for commercial agriculture or landscape enterprises.

**NEW RETAIL WATER SERVICE:** The installation of a new meter for commercial, industrial or institutional property where water service has not previously been provided.

**OFF-SITE:** Those water mains and appurtenances necessary to connect on-site tract or individual facilities to the existing distribution system where adequate capacity is available to meet the requirement of the new service, and water mains and appurtenances along any remaining frontage.

**ON-SITE:** Those water mains and appurtenances within the boundary of tract maps, parcel maps or developments to provide the requirements of new water service (subdivisions, shopping centers, industrial parks, lots, etc.).

**PERSON:** Any individual, partnership, corporation, public agency or other organization operating as a single entity.

**POTABLE WATER:** Water that has been reviewed and approved for human consumption by the State Department of Public Health.

**PREMISE(S):** All real property, buildings and appurtenances upon an integral parcel of land undivided by a street, highway or other public thoroughfare.

**PROGRAM SPECIALIST:** The designated individual(s) possessing current certification issued by the American Water Works Association or other applicable regulatory agency for a Cross-Connection Control Specialist.

**RESIDENTIAL ZONES:** Areas designated by the City of Covina Planning Department, including A-1, A-2, E-1/2, E-1, E-2-1/2, E-5, R-1-20,000, R-1-10,000, R-1-8,500, and R-1-7,500.

**SERVICE PROTECTION:** An approved backflow prevention assembly installed on the customer side of the service connection to protect the Water Utility public water supply.

**TITLE 17:** That portion of California state law, the California Code of Regulations, addressing "Drinking Water Supplies".

**UTILITY:** The City of Covina, Public Works Department.

**WATER SERVICE CONNECTION (WATER SERVICE LATERAL):** The pipeline lateral extending from the Water Utility's water main, to and including the water meter, together with the necessary valves, fittings and water meter vault

**WATER UTILITY:** The City of Covina, Public Works Department, Water Utility Division.

**RULE NO. 2**  
**CHARACTER OF WATER SERVICE**

The Water Utility shall endeavor to provide a dependable supply of potable water from available sources, in quantities adequate to meet the reasonable anticipated and projected needs of its customers.

Generally, the Water Utility shall attempt to maintain operating pressures at the water service connection of not less than thirty (30) pounds per square inch. Pressures may be lower at times of maximum demand, or because of unusual elevations or other special conditions.

The Water Utility sets certain requirements and design standards to be consistent with requirements of the Fire Department regarding water main fire flows and spacing of fire hydrants as required in the Uniform Fire Code, and as amended in the Covina Municipal Code.

All applicants for water service shall have given implied consent to such conditions of pressure and service as may from time to time exist, and to hold the Water Utility harmless from, or on account of, any damage caused by, or arising out of, low pressure or high pressure, fluctuations of pressure, or interruptions of service.

The character of service available at a premise must be ascertained by inquiry at the Water Utility Division offices, 534 North Barranca Avenue, Covina, CA, 91723; telephone (626) 384-5230. It shall be the applicant's responsibility to ascertain the pressure at the applicant's premises and to install and maintain any booster pumps, pressure regulators, and relief valves as required. As defined in the current applicable Uniform Plumbing Code, as adopted by the City, Section 608.2, when static water pressure inside a building is in excess of eighty (80) pounds per square inch, an approved type of pressure regulator and pressure relief valve shall be installed and properly maintained by the applicant so that the water pressure is reduced to eighty (80) pounds per square inch or less.

**RULE NO. 3  
ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT**

**A. ESTABLISHMENT OF CREDIT – ALL CLASSES OF SERVICE**

Before receiving utility service, each applicant will be required to provide identification acceptable to the Water Utility and pay all prior delinquent City of Covina utility billings in full, for which the applicant is legally responsible. The Water Utility may require verification of date of tenancy.

In addition, each applicant will be required to establish credit by making a monetary guarantee such as a cash deposit to secure the payment of bills for water utility services as prescribed in Rule No. 4, “Deposits and Service Turn-on Charge”.

**B. RE-ESTABLISHMENT OF CREDIT – ALL CLASSES OF SERVICE**

A customer who fails to pay water utility bills before they become delinquent as prescribed in Rule No. 5, “Rendering and Payment of Bills”, and who further fails to pay such bills within 15 days after distribution or mailing of a discontinuance of service notice for nonpayment of bills, shall be required to pay said bills, as well as any other prior unpaid bills for this or any other address, and re-establish their credit as prescribed in Rule 4. This Rule shall apply regardless of whether or not service has been discontinued for such nonpayment.

**C. INDIVIDUAL LIABILITY FOR JOINT SERVICE**

Where two or more persons join in one application or contract for utility services, they shall be jointly and severally liable thereunder and shall be billed by means of a single bill mailed to the person designated on the application to receive the bill.

Whether or not the Water Utility obtains a joint application for service, adults who occupy a premise and receive the benefit of service are responsible jointly and severally for the payment of the bills for water utility services used, unless the Utility, in writing, acknowledges that one or more of the adult occupants is not responsible. Those receiving benefit of service at a premises may include the applicant, i.e. the customer of record, and/or a number of other adults, such as in the case with multiple roommates. When the applicant, i.e. the customer of record, vacates the premises, the remaining adults who benefited from the utility services can be held liable for the utility billings incurred during the period they resided at the premise. The Utility may deny or discontinue service for nonpayment of a delinquent bill when the Utility determines that the applicant or one or more of the adults or roommates continue to occupy the premise.

In addition, the Utility may deny or discontinue service to an applicant at a new address if a delinquent utility billing remains unpaid from a prior service address, in which the Utility has determined that the applicant was a roommate.

**RULE NO. 4  
DEPOSITS AND SERVICE TURN-ON CHARGE**

**A. DEPOSITS**

Deposits will be required for all customers to establish or re-establish credit as set forth in Rule No. 3.

**B. AMOUNT OF DEPOSIT TO ESTABLISH SERVICE**

A minimum deposit is required to establish water utility service for all classes of customers. The amount of deposit required to establish service will be equal to twice the estimated average monthly bill for water service as established by the City Council. The amount of deposit required for Utility furnished metering and backflow equipment shall be as defined in Rule 8.

**C. AMOUNT OF DEPOSIT TO RE-ESTABLISH SERVICE**

If service is terminated for any reason other than customer requested turn-off, or if a notice of discontinuance has been given, the customer will be required to pay a deposit, or an additional deposit, equal to the delinquent amount. In no case shall the amount of deposit be less than the minimum deposit as set forth in Appendix A – Water Fees and Charges Schedule.

If service is terminated, cut off, or discontinued more than twice in any twelve month period, the customer will be required to pay a deposit equal to twice the delinquent amount in addition to all other amounts due, including late payment penalties and charges.

**D. PAYMENT OF DEPOSIT**

1. Deposits are due upon application for service.
2. Deposits will not be used as payment for past-due bills to avoid discontinuance of service.

**E. RETURN OF DEPOSIT**

1. Upon discontinuance of service, the Utility shall apply the customer's deposit and accrued interest, if any, to the unpaid bills and refund the balance by mail.
2. The Utility may apply the deposit to the customer's account at any time upon request, provided the customer's credit may otherwise be established in accordance with Rule No. 3.

**F. INTEREST ON DEPOSITS**

1. At the sole discretion of the City Council, deposits may be held in either interest or non-interest earning accounts. If held in an interest earning account, simple interest as

established annually by the City Council will be accrued for the period that the deposit is held by the Water Utility.

2. If a customer's deposit is held in an interest earning account and the interest earned has grown to a sizeable amount, the Utility may apply the interest to the customer's active account at any time.

#### **G. SERVICE TURN-ON CHARGE**

1. A standard service turn-on fee shall be charged for turning on a new water service during normal working hours on the same day that application for service is approved. There will be an additional charge for after-hours or special appointment turn-on service when specifically requested by the customer and for re-establishment of service when service was disconnected due to non-payment. A service charge will be assessed for each additional field visit required to complete the service turn-on order. There is no charge for turning on a new water service during normal working hours of the workday following the day that service is approved.

2. The Utility shall not be liable for any loss or damage caused by the improper installation, maintenance, or malfunctions of any water apparatus or appliance, or for damage caused by turning on and off of water service by the Utility forces.

**RULE NO. 5  
RENDERING AND PAYMENT OF BILLS**

**A. GENERAL**

Water meters shall be read as nearly as possible at regular intervals. Such regular meter readings normally shall be monthly but may be at other intervals as established at the direction of the Utility. If for any reason water service is not metered, or if the meter is inaccessible or cannot be read, or if the meter fails to register correctly, the CCF (one hundred cubic feet) consumption shall be estimated by the Utility as follows:

1. Previous consumption by metered service to the premises; or
2. The average consumption for the corresponding billing periods during which the meter is known to have registered correctly; or
3. The consumption as registered by a substitute meter; or
4. By giving consideration to the nature of use, volume of business, seasonal demand, and any other factors that may assist in determining such consumption.

**B. PRORATION OF BILLS**

Rate schedules stated on a monthly basis are related to a 30-day consumption interval as a standard month. Whenever actual meter read intervals differ from a standard monthly period, bills computed from monthly schedules will be subject to a prorating on a 30-day basis. In computing and rendering regular bills, minor variances between actual read intervals and any established regular read interval need not be considered in accordance with the following:

1. Where bills are regularly rendered monthly, computation from monthly rate schedules may be made directly whenever actual read intervals do not vary by more than four (4) days (greater or lesser) from the standard monthly interval.
2. On opening accounts, the Water Utility may omit the initial billing when such billing period is less than fifteen (15) days on monthly accounts.

**C. READINGS OF SEPARATE WATER METERS NOT COMBINED**

For the purpose of computing charges, each water meter upon the customer's premises shall be considered separately, and readings of two or more meters shall not be combined as equivalent to measurement through one meter.

#### **D. TIME AND MANNER OF PAYING BILLS**

Bills are due and payable on presentation and become delinquent 20 days after billing. After a bill is past due, the Water Utility may discontinue water service and turn off the water after giving appropriate written notice in accordance with Rule No. 7 and California law.

#### **E. RETURN CHECK OR DRAFT**

The City of Covina will assess a return item charge for a check, draft, or any other form of payment that is returned from or rejected by the bank for any reason. If the check was returned for payment on a prior notice for disconnection, service may be terminated without further notice.

#### **F. PENALTY FOR NONPAYMENT OF BILL**

The City of Covina will assess a basic penalty for nonpayment of a bill by the date due of ten percent (10%) of each billing period's charges.

#### **G. LIABILITY FOR VACANT/INACTIVE PROPERTY**

In case no water is used through the meter, or property becomes vacant, the regular monthly minimum rate shall be charged to, collected from and paid by the owner of the property, or the applicant for service, whether water was used or not as long as an active service account is registered at the location.

**RULE NO. 6**  
**METER INVESTIGATION AND ADJUSTMENT OF BILLS**

**A. GENERAL**

1. Whenever the correctness of any bill for water service is questioned, the Utility shall investigate it. The customer has ten (10) days from the bill's date of presentation to question its correctness. After that period the bill is considered payable as rendered.

2. In cases where there are inaccuracies of recording of water use, or bills reflecting clerical or meter errors, or in disputed cases where water consumption, dates, or other provisions are subject to exact determination, proper adjustments in the billing shall be authorized by the Director or designee thereof.

3. In cases where consumption, dates or other factors required for application of rate schedules or other provisions are not subject to exact determination or are in question, or in disputed cases relative to service or rate application, the Utility shall establish such factors by tests, analysis, and investigations to determine if the proper basis for making an adjustment, if any. The customer may appeal all adjustments as described in Rule No. 15.

4. In all cases above, the following limitations shall apply:

a. Overcharges shall not be recomputed and credited to any account for a period in excess of three (3) years prior to the discovery of any error, or the date the bill was questioned, whichever occurs earlier.

b. Undercharges shall not be recomputed and billed to residential accounts for a period in excess of three (3) years prior to the discovery of an error, provided that the amount to be collected shall not exceed two (2) billing periods.

c. Undercharges shall not be recomputed and billed to non-residential accounts for a period in excess of three (3) years prior to the discovery of an error.

**B. METER INVESTIGATIONS**

**1. Meter Verification Read**

Whenever the accuracy of a water meter is questioned, the customer may request that the meter be re-read. Upon such request, the Utility shall review the customer's service history to determine if the current consumption charges are uncharacteristic. If this review determines that the current water usage appears to be uncharacteristic, the Utility shall re-read the meter. If the current consumption does not appear to be uncharacteristic, the customer shall have the option of paying a service fee for a special read of the meter. If the original meter reading is found to be in error, the service charge will be removed.

If the re-read is the result of an access problem, refer to Rule No. 17.

## **2. Meter Test**

Whenever the accuracy of a water meter is questioned, the customer may request that the meter be examined and tested by the Utility. Upon such request and payment by the customer of all required fees and deposits, the Utility shall examine and have the meter tested by an independent party.

If the meter is found to register over two percent (2%) more than actually passes through it under conditions of normal operation, another meter shall be substituted and all deposits and fees refunded to the customer. If no error is found, or if an error factor is found, but less than two percent (2%), all deposits and fees shall be retained.

## **C. ADJUSTMENT OF BILLS FOR METER ERROR**

### **1. Misread or Estimated Bills**

When a water meter is found to have been misread or estimated incorrectly, the Utility shall correct the reading and adjust the customers account. A corrected bill for the last billing period involved in the correction may be sent.

### **2. Fast Meters**

When a water meter is found to be more than two percent (2%) fast, the Utility shall credit to the customer the overcharge based on the corrected meter readings for the period in which the meter was in use, not exceeding six (6) months, unless it can be shown that the error was due to some specific cause, the date of which can be fixed. In this case, the overcharge shall be computed back to such time, but not exceeding three (3) years.

### **3. Slow Meters**

When a meter is found to register more than two percent (2%) slow, the Utility may render a bill in accordance with Section A-4 for water consumed but not charged by bills previously rendered.

### **4. Non-registering Meters**

If a previously properly registering meter fails to register during any period the customer shall be charged with an average consumption as shown by the meter when in use and registering correctly during a corresponding season. If no corresponding seasonal history is available, the Utility shall estimate consumption based on actual usage after the meter has been replaced, using seasonal variation. Additional adjustment may be made after customer provides acceptable verbal or written proof to the satisfaction of the Utility. Undercharges shall be computed in accordance with Section A-4.

#### **D. DIVERSION**

The collection limitation provisions of this Rule shall not apply to situations where it is determined that diversion is involved as noted in Rule No. 16.

**RULE NO. 7**  
**DISCONTINUANCE AND RESTORATION OF WATER SERVICE**

**A. CUSTOMER'S REQUEST FOR SERVICE DISCONTINUANCE**

When customers desire to terminate their responsibility for service, they shall give the Utility not less than two (2) working days' advance notice of their intention, state the date on which they wish the termination to become effective, and provide access to the water meter. A field visit service charge will be assessed for each additional trip after the original attempt to turn service off required to complete the turn-off request.

If a new application is not made for service, and the water meter serves more than one premises, and premises are occupied, the Utility will read the meter on the date requested and notify the occupants of their rights by posting a 15-day Notice. Any resident has the right to prevent this discontinuance by applying for service to the water meter in their own name. Responsibility for service, for any customer making application, will begin with that date and reading. There will be a charge for posting of the notice which will be the liability of the customer making application.

Customers may be held responsible for all services furnished at the premises until two (2) working days after receiving a request for discontinuance of service by the Utility or until such time as the Utility has received an application for new service, provided access is available.

In the event access is not provided, the customers discontinuing shall be held liable for all consumption until access is provided.

**B. DISCONTINUANCE FOR UNSAFE EQUIPMENT AND STRUCTURES**

The Utility shall not provide service to any premises where the use or connections may be detrimental to the water service rendered by the Utility to other customers or to the Utility's facilities. Service shall also be discontinued and shall not be provided for any structure declared as unsafe or uninhabitable by the Building Official.

**C. DISCONTINUANCE FOR USE OF WATER WITHOUT APPLICATION**

When a new occupant who has not applied for water service takes possession of a premise and finds the water service turned on, the occupant shall notify the Utility of such findings within one (1) working day.

In the event the occupant turns on the water service, or fails to notify the Utility of finding the water service turned on within one (1) working day of occupancy, the occupant will be billed for the consumption back to their move-in date and the owner shall be billed for any unresolved usage. If the premises are unoccupied, or the Utility has not been notified of a new tenant by the owner, property manager, occupant or other representative of the owner, and water service is in use, the owner of the property shall be held responsible for payment of the bill. It is

the responsibility of the owner to verify that the utility service has been transferred into the name of the new occupant and to settle disputes of responsibility between the occupant and owner.

In the event that the occupant is charged for usage where the amount charged will be determined by the Utility, the amount billed will be based upon either the meter reading or on the basis of the estimated consumption for the length of time service was received by the occupant without proper application.

When the Utility finds that water is being used without proper application, the Utility may terminate the service without notice. Any amounts due in excess of the amount billed to the occupant shall be billed to the owner.

Only authorized Utility personnel are permitted to turn the service on at the meter. If the occupant self-initiates or restores water service, a self-restoration fee shall be imposed.

#### **D. DISCONTINUANCE FOR NONPAYMENT OF BILLS**

##### **1. Past Due (Delinquent) Bills**

Bills will be considered past due (delinquent) if not paid within 20 days after the date of mailing.

##### **2. Discontinuance of Service Notice**

When a bill for water service has become past due and a discontinuance of service notice has been issued, service may be discontinued if the bill is not paid within the time required by such notice. A customer's deposit to establish credit will not be used as payment to avoid discontinuation of service.

The Utility shall make a reasonable effort to contact an adult person occupying or residing at the premises of the customer by telephone or personal contact at least twenty-four (24) hours prior to any termination of service, except that, whenever telephone or personal contact cannot be accomplished, the Utility shall give, by mail, in person, or by posting in a conspicuous location at the premises, a notice of termination of service, at least 48 hours prior to the termination. If the property is posted to meet this requirement, there shall be a charge for posting the notice of termination.

Any residential customer who has initiated a complaint or requested an investigation within ten (10) days of the date of presentation of a contested bill shall not have service discontinued for nonpayment while an investigation is pending. Customer may be required to pay an estimated bill, per Rule No.15.

##### **3. Discontinuance of Residential Service Dangerous to the Health of the Customer**

The Utility will not terminate residential service for nonpayment upon certification by a licensed physician and/or surgeon that said termination will be life threatening; documentation

that the customer is financially unable to pay for service within the normal payment period; and declaration by the customer of willingness to enter into an amortization agreement with the Utility for the delinquent amount due.

#### **4. Inability to Pay Residential Utility Bill**

Any residential customer who has, within thirteen (13) days of mailing of a Delinquent Notice, made a request for an extension of the payment period of a bill asserted to be beyond the means of the customer to pay in full during the normal period for payment, shall be given an opportunity for review of the request by the Finance Manager or designee thereof. The review shall include consideration of whether the customer shall be permitted to amortize the unpaid balance of the account over a reasonable time, not to exceed 12 months.

A customer shall not have utility services discontinued for nonpayment if they are complying with an amortization agreement entered into with the Utility provided the customer also keeps current their account for utility services as charges accrue in each subsequent billing period. However, service may be terminated to any customer who does not comply with an installment payment agreement or keep current the account for utility services as charges accrue in each subsequent billing period.

The Utility shall make available to customers, upon request, information regarding agencies and/or organizations that may provide financial assistance.

If a residential customer fails to comply with an amortization agreement, the Utility shall not terminate service without giving notice to the customer at least forty-eight (48) hours prior to termination of the conditions the customer is required to meet to avoid termination, but, such notice shall not entitle the customer to further investigation by the Utility.

#### **5. Discontinuance for Unpaid Utility Bill at Previous Address**

A customer's service may be discontinued for nonpayment of a bill for service previously rendered them at any location served by the Utility provided such bill is not paid within fifteen (15) days after presentation of a Delinquent Notice.

#### **6. Discontinuance of Service When Trying to Avoid Payment of Utility Bill**

The Utility may discontinue or deny service for nonpayment of a bill where the Utility determines that the same person or persons continue to occupy the service address. However, the Utility will not deny service to the renters of a premise whose owners or prior unrelated tenants have delinquent unpaid bills.

#### **7. Discontinuance of Service Due to Fraud**

The Utility may refuse or discontinue service if the acts of the customer or the conditions upon the customer's premises are such as to indicate intent to defraud the Utility.

## **8. Discontinuance of Service at More Than One Location**

If a customer is receiving service at more than one location, service at any or all locations may be discontinued if bills for service at any location are not paid within the time specified above, except that a residential service account shall not be discontinued for failure to pay bills for non-residential service.

## **9. Discontinuance of Service when Utility's Business Office is Closed**

Service will not be discontinued by reason of delinquency in payment for utility services on any Saturday, Sunday, legal holiday, or at any time during which the business office of the Utility are not open to the public.

## **10. Discontinuance of Service at Individually Metered Multi-unit Residential Structures and Mobile Home Parks**

Where utility service is provided to residential occupants in a multi-unit residential structure, mobile home park, or permanent residential structure in a labor camp, as defined by Section 17008 of the Health and Safety Code, and the owner, manager, or operator is listed by the Utility as the customer of record, the Utility shall make every good faith effort, when the account is in arrears, to inform the occupants by means of a notice that service will be discontinued.

(1) A fifteen (15) day notice of discontinuance shall inform the tenants of their right to become customers, to whom the service will then be billed, without being required to pay any amount which may be due on the delinquent account.

(2) The tenant must establish credit to the satisfaction of the Utility. However, where a tenant is establishing service under the provisions of this section and prior service for a period of time is a condition for establishing credit with the Utility, residence and proof of prompt payment of rent or other credit obligation acceptable to the Utility for that period of time is a satisfactory equivalent.

There will be a charge for a field notification.

## **11. Discontinuance of a Service at a Master Metered Multi-unit Residential Structure**

For discontinuance of service to residential occupants in a multi-unit residential structure who are master metered by the Utility:

(1) A written 15-day notice of discontinuance shall be posted on the door of each residential unit prior to discontinuance; except that if it is not reasonable or practicable to post the notice on the door of each residential unit, the Utility shall post two copies of the notice in each accessible common area and at each point of access to the structure or structures. The

**RULE NO. 8**  
**TEMPORARY WATER SERVICE**

**A. APPLICABILITY OF RULE**

Temporary water service shall be provided for:

1. Fairs, circuses, bazaars, temporary restaurants and other establishments not of a permanent nature.
2. Interim Water Service (commercial agricultural uses).
3. Construction purposes.

**B. USES AND APPLICATIONS**

**1. Temporary Water Service**

Temporary water service normally shall be furnished subject to a charge which shall cover the actual costs of installing and removing the required connections, including overhead and administrative expenses. Customer and consumption charges shall be at the applicable tariff in effect.

**2. Temporary Service – Fire Hydrant Water Meters**

a. Water may be withdrawn from appropriately marked fire hydrants through a fire hydrant water meter rented from the Utility upon payment of all required fees and deposits.

b. The Utility reserves the right to remove a customer from use of a fire hydrant if the use is causing disturbance to the water system.

c. Rental and consumption charges shall be in accordance with the rate schedule approved by the City Council.

d. Customers may obtain fire hydrant (construction) water meters at the Utility's offices at 534 North Barranca Avenue. Construction meters may only be installed or moved from one location to another by Utility personnel. Each requested set, move or relocation of a construction meter shall require a service fee to be billed to the customer.

e. Fire hydrant water meters shall be returned to the Utility's offices on any workday between the 15<sup>th</sup> and the 20<sup>th</sup> of each month to be read for billing purposes. Meters picked up between the 15<sup>th</sup> and the last day of the month need not be returned during the current month. In addition to all other charges, an estimated monthly charge shall be made to cover cost of billing each month for each meter not returned for reading.

f. All water taken from the water system must be through a Utility approved fire hydrant water meter.

g. Return of a deposit is subject to the payment for water used at the applicable rate, and the return of the fire hydrant water meter in satisfactory condition. A deduction from the deposit may be made to cover the cost of necessary repairs to, or replacement of the meter, and for other fees and charges.

**3. No person shall remove or interfere with any fire hydrant operating nut.** A penalty as set forth in Appendix A shall be billed or subtracted from a deposit if the operating nut is removed from the fire hydrant, in addition to any other sanction which might be available to the Utility.

#### **4. Temporary Service – Backflow Prevention Assemblies**

All water withdrawn from fire hydrants for purposes other than fire fighting shall be in strict compliance with Rule No. 13, “Cross-Connections and Pollution of Supply”. Withdrawal of water shall be through an approved backflow prevention assembly which is acceptable to the Director or designee thereof except where it has been determined by the Director that a pollution hazard does not exist.

Customer-owned backflow assemblies must be presented to the Backflow Program Specialist for inspection and approval before they may be utilized.

#### **5. Fire Hydrants**

Fire hydrants are provided for the primary use of the Fire Department in extinguishing fires.

a. If the Utility grants permission to other persons or organizations to withdraw water from fire hydrants, the applicant acknowledges his/her demand is secondary to the needs of the Fire Department.

b. No permanent attachment or rigid-connections are permitted on any fire hydrant. The Utility may require a double outlet fitting with independent valves between the fire hydrant and applicant’s connection.

c. No water, except for fire fighting, shall be taken from any fire hydrant so designated by the Utility.

d. The cost of repairing damage to a fire hydrant and related equipment, or to the water system due to water hammer, or to careless or improper use of a fire hydrant or equipment, shall be paid by the person or organization whose name appears on the permit or meter application, at the election of the Utility.

### **C. INTERIM WATER SERVICE**

1. Interim water service for parcels that will be under interim or temporary commercial agricultural use.
2. Water service shall be for commercial agricultural purposes only, including annual and/or seasonal crops.
3. Interim water service will be provided to a property or premise for a maximum two-year period.
4. Applicant/owner shall pay applicable Water Service Connection and Meter Charges, and water service removal charges (cut and plug).
5. Applicant/owner shall execute a recordable agreement approved by the City Attorney regarding the interim water service (Interim Service Agreement) and pay a processing fee as set forth within Appendix A prior to any service being provided.
6. Consumption charges will be levied in accordance with the appropriate published tariff.
7. Interim Water Service provisions shall not apply to wholesale nursery operations.

**RULE NO. 9**  
**SHORTAGE OF SUPPLY AND INTERRUPTION OF DELIVERY**

**A. INTERRUPTION OF DELIVERY**

The Utility shall exercise reasonable diligence and care to furnish and deliver a continuous and sufficient supply of water to all customers and to avoid any shortage or interruption of service. The Utility shall not be liable for interruptions, shortage or insufficiency of supply, or any loss or damage occasioned thereby.

**B. TEMPORARY SUSPENSION OF WATER SERVICE**

The Utility reserves the right to temporarily suspend the delivery of water whenever it may be necessary for the purpose of making repairs or improvements to its system. The making of such repairs or improvements will be constructed as rapidly as feasible and, whenever possible, at such times as shall cause the least inconvenience to customers. In all cases of such interruptions of water service, the Utility will make a reasonable attempt to give advance notice to customers who may be affected.

**C. SHORTAGE OF WATER SUPPLY**

In the event of any actual or threatened shortage of water supply, and during the period of such shortage, the Utility shall apportion the available supply of water among its customers in the most equitable manner possible to continue service fairly and without discrimination, except that preference shall be given to such services essential to the public interest and to the preservation of life and health.

**D. DROUGHT OR SUPPLY DISRUPTIONS – WATER CONSERVATION**

1. This Rule establishes permanent water conservation standards intended to alter behavior related to water use efficiency at all times and further establishes three levels of water supply shortage response actions to be implemented during times of declared water shortage or declared water shortage emergency, with increasing restrictions on water use in response to worsening drought or emergency conditions and decreasing supplies.

2. The following words and phrases whenever used in this Rule shall have the meaning defined by this section:

a. “Person” means any natural person or persons, corporation, public or private entity, governmental agency or institution, including all agencies and departments of the city of Covina or any other user of water provided by the city of Covina.

b. “Landscape irrigation system” means an irrigation system with pipes, hoses, tubing, spray heads, or sprinkling devices that are operated by hand or through an automated system.

c. “Large landscaped areas” means a lawn, landscape, or other vegetated area, or combination thereof, equal to or greater than one (1) acre of irrigable land.

d. “Single pass cooling systems” means equipment where water is circulated only once to cool equipment before being disposed.

- e. "Potable water" means water which is suitable for drinking.
- f. "Recycled water" means the reclamation and reuse of non-potable water for beneficial use as defined in Title 22 of the California Code of Regulations.
- g. "Billing unit" means the unit of water used to apply water rates for purposes of calculating water charges for a person's water usage and equals 100 cubic feet of water.

3. The provisions of this Rule apply to any person in the use of potable water provided by the city of Covina. The provisions of this Rule do not apply to the following:

- a. Uses of water necessary to protect public health and safety or for essential government services, such as police, fire and other similar emergency services.
- b. The use of recycled water, with the exception of Section 13.06.040(A) of the Covina Municipal Code.
- c. The use of water by commercial nurseries and commercial growers to sustain plants, trees, shrubs, crops or other vegetation intended for commercial sale.

4. The following water conservation requirements are effective at all times and are permanent. Violations of this Rule shall be considered waste and an unreasonable use of water.

a. Limits on watering hours. Watering or irrigating of lawn, landscape or other vegetated area with potable water is prohibited between the hours of 9:00 a.m. and 5:00 p.m. Pacific Time on any day, except by use of hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing, shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system.

b. Limit on watering duration. Watering or irrigating of lawn, landscape, or other vegetated areas with potable water using a landscape irrigation system or water device that is not continuously attended is limited to no more than fifteen minutes watering per day per station. This subsection does not apply to landscape irrigation systems that exclusively use very low-flow, drip-type irrigation systems when no emitter produces more than two gallons of water per hour and weather based controllers or stream rotor sprinklers that meet a seventy percent efficiency standard.

c. No excessive water flow or runoff. Watering or irrigating lawn, landscape, or other vegetated area in a manner that causes or allows excessive water flow or runoff onto an adjoining sidewalk, driveway, street, alley, gutter or ditch is prohibited.

d. No washing down hard or paved surfaces. Washing down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys, is prohibited except when necessary to alleviate safety or sanitary hazards, and then only by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive, self-closing shut-off device, a low-volume, high-pressure cleaning machine equipped to recycle any water used, or a low-volume, high-pressure water broom.

e. Obligation to fix leaks, breaks, or malfunctions. Excessive use, loss or escape of water through breaks, leaks or other malfunctions in the water user's plumbing or distribution system for any period of time after such escape of water should have reasonably been discovered and corrected and in no event more than seven days of receiving notice from the city is prohibited.

f. Re-circulating water required for water fountains and decorative water features. Operating a water fountain or other decorative water feature that does not use re-circulated water is prohibited.

g. Limits on washing vehicles. Using water to wash or clean a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not is prohibited, except by the use of a hand-held bucket or similar container or a hand-held hose equipped with a positive self-closing, shut-off nozzle or device. This subsection does not apply to any commercial car washing facility.

h. Drinking water served upon request only. Eating or drinking establishments, including but not limited to a restaurant, hotel, café, cafeteria, bar, or other public place where food or drinks are sold, served, or offered for sale, are prohibited from providing drinking water to any person unless expressly requested. This subsection does not apply to permanently installed public drinking fountains.

i. Commercial lodging establishments must provide guests option to decline daily linen services. Hotels, motels and other commercial lodging establishments must provide customers the option of not having towels and linen laundered daily. Commercial lodging establishments must prominently display notice of this option in each bathroom using clear and easily understood language.

j. No installation of single pass cooling systems. Installation of single pass cooling systems is prohibited in buildings requesting new or increased capacity water service.

k. No installation of non-re-circulating in commercial car wash and laundry systems. Installation of non-re-circulating water systems is prohibited in new commercial conveyor car wash and new commercial laundry systems.

l. Restaurants required to use water conserving dish wash spray valves. Food preparation establishments, such as restaurants or cafes, are prohibited from using non-water conserving dish wash spray valves.

m. Commercial car wash systems. Effective on January 1, 2011, all commercial conveyor car wash systems must have installed operational re-circulating water systems, or must have secured a waiver from this requirement from the city.

5. A Level 1 Water Supply Shortage exists when the City Manager or designee thereof determines that due to drought or other water supply conditions, a water supply shortage or threatened water supply shortage exists and a consumer demand reduction is necessary to make more efficient use of water and appropriately respond to existing water conditions. Upon the declaration of a Level 1 Water Supply Shortage condition, mandatory Level 1 conservation measures identified in this Rule shall become effective immediately.

In addition to the prohibited uses of water identified in Section 4, the following water conservation requirements shall be in effect during a declared Level 1 Water Supply Shortage:

a. Watering or irrigating of lawn, landscape, or other vegetated area with potable water is limited to three days per week on a schedule establishes and posted by the Director of Public Works. During the months of November through March, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to no more than one day per week on a schedule established and posted by the Director of Public Works. This subsection does not apply to landscape irrigation zones that exclusively use very low-flow drip irrigation systems when no emitter uses more than two gallons of water per hour. This subsection also does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing, shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system.

b. All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within seventy-two hours of notification by the city unless other arrangements are made with the city.

6. A Level 2 Water Supply Shortage exists when the City Manager or designee thereof determines that due to drought or other water supply conditions, a water supply shortage or threatened water supply shortage exists and a consumer demand reduction is necessary to make more efficient use of water and appropriately respond to existing water conditions. Upon the declaration of a Level 2 Water Supply Shortage condition, mandatory Level 2 conservation measures identified in this section shall become effective immediately.

In addition to the prohibited uses of water identified in Sections 4 and 5, the following additional water conservation requirements shall be in effect during a declared Level 2 Water Supply Shortage:

a. Watering or irrigating of lawn, landscape, or other vegetated area with potable water is limited to two days per week on a schedule establishes and posted by the Director of Public Works. During the months of November through March, watering or irrigating of lawn, landscape or other vegetated area with potable water is limited to no more than one day per week on a schedule established and posted by the Director of Public Works. This subsection does not apply to landscape irrigation zones that exclusively use very low-flow drip irrigation systems when no emitter uses more than two gallons of water per hour. This subsection also does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing, shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system.

b. All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within forty-eight hours of notification by the city unless other arrangements are made with the city.

c. Filling or re-filling ornamental lakes or ponds is prohibited except to the extent needed to sustain aquatic life, provided that such animals are of significant value and have been actively managed within the water feature prior to declaration of a supply shortage level.

d. Using water to wash or clean a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not, is prohibited except by the use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing, shut-off nozzle or device, by high-pressure/low-volume wash systems, or at a commercial car washing facility that utilizes a re-circulating water system to capture or reuse water.

e. Re-filling or more than one foot and initial filling of residential swimming pools or outdoor spas with potable water is prohibited.

7. A Level 3 Water Supply Shortage condition is also referred to as an 'Emergency' condition. A Level 3 condition exists when the City Manager or designee thereof declares a water shortage emergency and notifies residents and businesses that a significant reduction in consumer demand is necessary to maintain sufficient water supplies for public health and safety. Upon declaration of a Level 3 Water Supply Shortage condition, the Director of Public Works will implement the mandatory Level 3 conservation measures identified in this section.

In addition to the prohibited uses of water identified in Sections 4, 5 and 6, the following water conservation requirements shall apply during a declared Level 3 Water Supply Shortage Emergency:

a. Watering or irrigating lawn, landscape, or other vegetated area with potable water is prohibited. This restriction shall not apply to the following categories of use, unless the Director of Public Works has determined that recycled water is available and may be applied to the use:

- (1). Maintenance of vegetation, including trees and shrubs, that are watered using a hand-held bucket or similar container or a hand-held hose equipped with a positive self-closing shut-off nozzle or device.
- (2). Maintenance of existing landscape necessary for fire protection.
- (3). Maintenance of existing landscape for soil erosion control.
- (4). Maintenance of plant materials identified to be rare or essential to the well-being of protected species.
- (5). Maintenance of landscape within active public parks and playing fields, day care centers, golf course greens, or school grounds, provided that such irrigation does not exceed two days per week according to the schedule established in Section 13.06.060(B)(1) and time restrictions in Section 13.06.040(A) and (B).
- (6). Actively irrigated environmental mitigation projects.

b. All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within twenty-four hours of notification by the city unless other arrangements are made with the city.

c. Upon declaration of a Level 3 Water Supply Shortage Emergency condition, no new potable water service will be provided, no new temporary meters or permanent meters will be provided, and no statements of immediate ability to serve or provide potable water service, such as will-serve letters, certificates, or letters of availability, will be issued, except under the following circumstances:

- (1). A valid, unexpired building permit has been issued for the project; or
- (2). The project is necessary to protect the public health, safety, and welfare, or
- (3). The applicant provides substantial evidence of an enforceable commitment that water demands for the project will be offset prior to the provision of a new water meter(s) to the satisfaction of the Director of Public Works. This subsection does not preclude the resetting or turn-on of meters to provide continuation of water service or the restoration of service that has been interrupted for a period of six months or less.

d. The Director of Public Works, in his or her sole discretion, may discontinue service to consumers who willfully violate provisions of this section.

e. Upon the declaration of a Level 3 Water Supply Shortage condition, the city will suspend consideration of annexations to its service area. This subsection does not apply to boundary corrections and annexations that will not result in any increased use of water.

8. The existence of a Level 1, Level 2 or Level 3 water supply shortage conditions will take effect on the tenth day after the date the shortage is declared. Within five days following the declaration of the shortage level, the Director of Public Works or designee thereof must publish a notice of the declaration of water supply shortage in a newspaper used for publication of official notices, post the notice in the same location and manner as other official notices of the

City are posted, and use whatever means are reasonably available, including but not limited to the City's website, the emergency telephone notification system, and regular billing statements, to notify customers of the shortage declaration.

9. If, due to unique circumstances, a specific requirement of this Rule would result in undue hardship to a person using water or to property upon which water is used, that is disproportionate to the impacts to water users generally or to similar property or classes of water users, the person or property owner may apply for a waiver to the requirements as provided in this section.

The waiver may be granted or conditionally granted only upon a written finding of the existence of facts demonstrating an undue hardship to a person using water or to property upon which water is used, that is disproportionate to the impacts to water users generally or to similar property or classes of water use due to specific and unique circumstances of the user or the user's property.

a. Application for waiver must be on a form prescribed by the city and accompanied by a non-refundable processing fee in an amount set by resolution of the Covina city council.

b. The application must be accompanied by photographs, maps, drawings, and other information, including a written statement of the applicant.

c. An application for waiver will be denied unless the Director of Public Works finds, based on the information provided in the application, supporting documents, or such additional information as may be requested, and on water use information for the property as shown by the records of the city, all of the following:

(1). The waiver does not constitute a grant of special privilege inconsistent with the limitations upon other residents and businesses;

(2). Because of special circumstances applicable to the property or its use, the strict application of this chapter would have a disproportionate impact on the property or use that exceeds the impacts to residents and businesses generally;

(3). The authorizing of such waiver will not be of substantial detriment to adjacent properties, and will not materially affect the ability of the city to effectuate the purpose of this chapter and will not be detrimental to the public interest; and

(4). The condition or situation of the subject property or the intended use of the property for which the waiver is sought is not common, recurrent, or general in nature.

The Director of Public Works or designee thereof must act upon any completed application no later than ten days after submittal and may approve, conditionally approve, modify, or deny the waiver. The applicant requesting the waiver must be promptly notified in writing of any action taken. Unless specified otherwise at the time a waiver is approved, the waiver will apply to the subject property or use during the period of the mandatory water supply shortage condition. The decision of the Director of Public Works may be appealed in accordance with the General Provisions.

10. At the sole discretion of the Utility, any violation of this Rule may be prosecuted as a misdemeanor punishable by imprisonment in the county jail for not more than thirty days or by a fine not exceeding one thousand dollars, or by both.

At the sole discretion of the Utility, in lieu of prosecution as a misdemeanor, any violation of this Rule may result in a penalty being assessed to a person's water utility bill, as follows:

a. First Violation. The city will issue a written warning and deliver a copy of this ordinance either by mail or by hand delivery to the property.

b. Second Violation. A second violation within the preceding twelve calendar months is punishable by the levying of an assessment of \$50.00 upon the responsible person's water bill.

c. Third Violation. A third violation within the preceding twelve calendar months is punishable by the levying of a non-compliance assessment of \$100.00 upon the responsible person's water bill.

d. Fourth and Subsequent Violations. A fourth and any subsequent violation is punishable by the levying of a non-compliance assessment of \$250.00 upon the responsible person's water bill.

e. Water Flow Restrictor. In addition to or in place of any non-compliance assessments, the Utility, in its sole discretion, may install a water flow restrictor device of approximately one gallon per minute capacity for services up to one and one-half inch size and comparatively sized restrictors for larger services forty-eight hours after written notice of intent to install a flow restrictor is issued.

f. Discontinuing Service. In addition to or in place of any non-compliance assessments and/or the installation of a water flow restrictor, the Utility may, in its sole discretion, disconnect a customer's water service for willful violations of mandatory conservation measures contained within this chapter.

A person or entity that violates any of the provisions of this Rule is responsible for payment of the Utility's charges for installing and/or removing any flow restricting device and for disconnecting and/or reconnecting service per the Utility's schedule of charges then in effect. The charge for installing and/or removing any flow restricting device must be paid to the Utility before the device is removed. Nonpayment will be subject to the same remedies as nonpayment of basic water rates.

Each day that a violation of this Rule occurs is a separate offense.

A consumer may appeal a Notice of Violation or violation penalty assessment by filing a written appeal as prescribed within the Utility's General Provisions.

**RULE NO. 10**  
**WATER SYSTEM AND FEE REQUIREMENTS**

**A. GENERAL**

**1. Applicability of Rule**

a. Water system installations shall be made in accordance with the provisions of this Rule.

b. See Rule No. 8, "Temporary Water Service," for provisions applicable to installations for temporary services.

c. Water service fees and charges will be determined in accordance with the provisions of this Rule and Rule No. 11.

**2. Design and Construction of Water Facilities**

a. All design and construction shall be in accordance with the Utility's standard plans and specifications.

b. Water facilities within private developments shall only be accepted for maintenance by the Utility if authorized by the Director. Developers may request that water facilities within their private developments be accepted for maintenance by the Utility subject to the following:

(1) Easements (30 foot minimum width) shall be provided to the City for water mains and access across the entire width of private streets and with adequate additional easements provided for water system appurtenances (meters, hydrants, etc.).

(2) Standard concrete six-inch (6") curbs and gutters shall be constructed within the development; and

(3) Compliance with any special requirements of the Utility.

c. Specific methods to meet adequate fire flow requirements specified by the Fire Department or other agencies exercising jurisdiction over the facilities will be determined by the Director.

d. No sewer, gas, electric, cable television, or any other service pipe or conduit shall be installed nearer than two feet (2') to any water service pipe, main or meter.

**3. Ownership of Water Facilities**

Water distribution system installations, however provided, shall become property of and under the control of the Utility.

## **B. INSTALLATION OF ON-SITE WATER FACILITIES**

### **1. Applicability**

a. The developer/owner shall have the responsibility for the installation of on-site water facilities within the boundaries of subdivisions, shopping centers, industrial parks or lots as shown on the record map.

b. Water fees and charges related to the installation of on-site water facilities shall be paid prior to commencement of work. Work shall commence within six (6) months of payment of all water fees and charges or the water fees and charges which are in effect when work is commenced shall apply.

c. Water facilities, which become the property of the Utility, shall generally be located within the public right-of-way. Water facilities will only be permitted within easements at the discretion of the Director.

### **2. Installation of On-Site Water Facilities by Developer/Owner**

#### **a. Developer's/Owner's Responsibilities**

The developer/owner shall have the responsibility for engineering, constructing, sanitizing and testing of the pipelines, appurtenances, service laterals and installation of water meter vaults, in accordance with the Utility's standard plans and specifications and are subject to Utility inspection and acceptance. The developer/owner shall pay to the Utility the established charges as set forth in Section C.2 of this Rule.

(1) Engineering shall be by a civil engineer registered in the State of California and shall include submission of a full set of detailed improvement plans to the Utility along with a plan check fee.

(2) After all changes, modifications and additions requested by the Utility have been made on the water plans and the same have been approved, developer/owner shall supply a complete set of original plans to the Utility. Said original plans shall become the property of the Utility.

(3) The developer/owner shall have the required installation performed by a licensed contractor and shall furnish a cash deposit or faithful performance bond in an amount equal to 100% of the estimated cost of installation. Cash deposit or bondable estimated installation costs shall be based upon the estimated construction cost of the water system and applicable fees and charges.

(4) All laboratory analyses required in connection with chlorination and sanitizing of the newly-installed systems shall be performed by a state of California laboratory licensed and certified to perform such tests. All charges in connection therewith shall be borne by the developer/owner with test results forwarded to the Utility.

(5) All Utility fees and charges must be paid prior to commencing construction of water facilities.

b. City Provided Services

The City shall provide services including engineering plan review, inspection, setting of water meters and water system connections to the existing water mains.

(1) The submitted water plans will be examined for conformance with the Utility's standard specifications and other requirements. Errors and omissions, if any, will be indicated on the plans and they will be returned to the engineer for correction.

(2) Utility personnel or their agents will inspect water facilities installed by the developer's/owner's contractor to ensure compliance with the water plans and specifications.

(3) Utility forces will schedule and set all water meters upon filing of the appropriate water service application form and payment of water fees by the applicant.

c. Reimbursement of Pipe Oversizing

(1) If at the Utility's request, the developer/owner is required to install a pipeline of a larger diameter than normally necessary for the development, the developer/owner shall be reimbursed for the difference in price between the required size and the larger diameter pipe in accordance with B.2.c. of this Rule.

(2) Payments for pipe oversizing will be made upon acceptance of the installed pipeline.

(3) Under no circumstances will reimbursements be made for eight-inch (8") or smaller pipelines in single family residential zones or twelve-inch (12") or smaller in all other zones.

(4) Sizing of water facilities will include consideration of Fire Department requirements.

d. Acceptance and Release

(1) The security given for faithful performance of the work, whether cash or bond, may be released, in part, upon final completion and acceptance of the water facilities by the Utility and upon delivery to the Utility of a complete set of "As Built" plans for all water system improvements constructed; except that an amount equal to ten percent (10%) of the surety bond, but not less than \$1,000 will be held to cover the costs of possible maintenance, repair and replacements. Final release shall be made one (1) year after acceptance of the water system.

(2) If the developer/owner fails to complete all of the specified improvements in accordance with the approved water plans and specifications within twelve (12) months of commencing said work, the Director may order such work performed by Utility forces or agents and may utilize the cash deposit, if furnished, or call upon the surety company for funds to cover reimbursement.

### **C. INSTALLATION OF OFF-SITE WATER FACILITIES (WATER MAIN EXTENSIONS AND REPLACEMENTS)**

#### **1. General**

a. Developers/owners shall be responsible for the off-site water main extensions and replacements necessary to reach and front their properties/developments from existing Utility facilities having adequate capacity. Replacement of water mains shall be required when existing water mains are undersized or inadequate to supply domestic and/or fire flows to/for proposed developments.

b. The Director reserves the right to have off-site water facilities installed by Utility forces at the expense of developer/owner based upon actual cost of water main installation.

c. The Director is authorized to execute water main reimbursement agreements on behalf of the Utility for water main installations paid for or constructed by developers/owners. The purpose of these agreements is to provide partial or full reimbursement to developers/owners who pay for or install off-site water facilities.

d. The water main reimbursement agreements shall contain brief descriptions of the properties to be served with water, the length and location of water mains, as well as the total estimated costs. These agreements shall remain in effect for a maximum of twenty (20) years, after which no further reimbursement will be made.

Water main reimbursement agreements shall be executed for a value over five hundred dollars (\$500.00). Reimbursements shall be computed by dividing the total cost of the improvement by the lineal footage installed to determine a frontage foot cost. Reimbursement payments for water main extension shall not exceed the total construction cost of the improvements as provided in the Water Main Reimbursement Agreement.

#### **2. Water Main Extensions (Installation by Utility Forces)**

a. If water main extensions are installed by Utility forces, developers/owners shall pay to the Utility the actual cost of water main extensions including appropriate construction, engineering and administration charges.

b. Engineering and installation shall not commence until the Utility has actually received payment for the estimated cost of work. Work shall commence within six (6) months after receipt of total estimated cash payment. If commencement of work is delayed for more

than six (6) months by circumstances outside the control of the Utility, developers/owners may be required to pay additional estimated costs.

c. Developers/owners will receive either a partial refund or an invoice to cover the actual costs of water main extensions after all final costs are known.

### **3. Water Main Extensions (Installation by Developers/Owners)**

Developers'/owners' appropriately licensed contractors are subject to the Utility's approval prior to scheduling the construction of water main extensions. All fees and charges shall be paid prior to commencement of work. Requirements shall conform to those established within Section B.2 of this Rule.

### **4. Water Main Relocations**

Developers/owners shall be responsible for relocating existing water main(s) which would not be located within paved roadways of streets or would have pipe cover of less than three feet (3') or more than ten feet (10') as a result of a developer's/owner's improvements. Relocations shall be in accordance with the Utility's requirements and at developer's/owner's expense.

## **D. SPECIAL PROVISIONS**

### **1. General**

a. Special Provisions have been enacted for development within temporary/remote water service locations and for water service locations outside the city limits and shall take precedence over General Provisions of this Rule.

b. With Utility approval, Special Provisions may apply to allow temporary/remote (off-site location) water service connections not fronting the property being served.

c. Special Provisions shall only apply to the above listed areas as outlined herein. General Provisions of this Rule shall apply to all other areas.

d. All other provisions of the Water Rules shall apply to the above-listed areas except as modified by these Special Provisions.

### **2. Temporary/Remote Water Service – Temporary Off-Site Location**

Upon approval of the Utility, water may be provided through a temporary/remote service connection from the nearest existing main of adequate size, subject to fulfillment of the following conditions:

a. Applicant shall pay all applicable fees and charges.

b. Applicant shall secure any public and/or private easements deemed necessary by the Utility to facilitate temporary/remote water service.

c. Applicant shall execute a recordable agreement approved by the City Attorney regarding the temporary/remote water service.

### **3. Installations or Connections Outside City Limits**

In territories served by the Utility outside the city limits, no fire hydrant shall be installed and connected with the mains of the Utility until approval has been granted by the fire department having jurisdiction in the territory to be served.

**RULE NO. 11**  
**WATER SERVICE CONNECTIONS, WATER METERS AND RELATED APPARATUS**

**A. GENERAL**

1. Water Service Connections shall front the individual lots or parcels they serve and shall be constructed within the public right-of-way or within Utility approved easements as determined by the Director.

a. More than one water service connection per parcel/lot shall require the advance approval of the Utility and may require the installation of an approved backflow prevention assembly.

b. One water service connection servicing more than one parcel/lot shall require the advance approval of the Utility and may require the installation of an approved backflow prevention assembly.

c. When the water meter and water meter vault cannot reasonably be located in the public right-of-way, they shall be located on the customer's premises adjacent to the crossing of the service laterals with the property line or such other location as may be agreed upon by the customer and the Director.

d. No rent or other charge shall be levied against the Utility for water service connections which must be located on customer's property.

e. New water service connections and fire hydrant connections will not be allowed from transmission mains twelve inches (12") in diameter, or larger.

2. Except for the Center Court development or any other development covered by a separate agreement, the Utility shall own and maintain all water service connections up to and through the rear water meter union whether located on private property or in the public right-of-way.

3. Customers shall, at their own expense and risk, furnish, install and maintain all apparatus and appliances which are required to receive, control, regulate and utilize the pressure and flow of water as furnished by the Utility. The Utility shall not be liable for any loss or damage caused by the improper installation, maintenance or malfunction of such apparatus. The Utility shall not be responsible for damage or inconvenience occasioned by the misuse of water after it has left the water meter, nor for any damage caused by turning on and off of water service by Utility forces.

4. The Utility shall not be liable for any damage to the customer's plumbing caused by tree roots or any other natural causes.

5. As provided for by Section 608.2 of the Uniform Plumbing Code, as adopted by the City, when static water pressure inside a building is in excess of eight (80) pounds per square inch, an approved type pressure regulator and pressure relief valve shall be installed and properly

maintained by the applicant so that the water pressure is reduced to eighty (80) pounds per square inch or less.

6. Customers shall compensate the Utility for any and all damage to water service connections under the Utility's ownership that is caused by carelessness or neglect by the customer.

7. It shall be customers' or property owners' responsibility to maintain free and clear access for the Utility's representatives to all water meters, water meter vaults, backflow prevention assemblies, fire hydrants and other water facilities supplying their premises.

8. Inasmuch as ownership of all water service connections as described in Section A.2 above is vested in the Utility, only authorized representatives and employees of the Utility are permitted to connect or disconnect the service lateral to the water main or to turn the service on or off at the water meter. Tampering with the service lateral or water meter in any way by unauthorized persons is a violation of these Rules and may result in a penalty and/or the discontinuance of water service.

9. Whenever a customer, property owner or representative thereof has requested a water service connection to be removed, abandoned, or disconnected at the water main, said person shall sign a release waiving all rights and interest in the water service connection. Re-establishment of service to the premises shall be evaluated and charged as a new water service connection, with all applicable fees and charges due.

10. All Utility customers shall install, at their own expense, a shut-off valve inside the property line of the property to be served to allow the customer to shut off the water to the premises without tampering with the Utility's facilities or requiring Utility personnel to respond to the location to disconnect service at the meter for on-site plumbing repairs.

## **B. WATER SERVICE CONNECTIONS FOR INDIVIDUAL PREMISES**

1. Upon payment of the applicable fees and charges and completion of the appropriate application forms, the Utility shall furnish, install and maintain the service lateral, water meter and water meter vault.

2. Applicants for individual off-site water service connections four inches (4") or larger have the option of requesting the Utility's forces install the required connections, if approved in advance by the Director. If Utility forces install said connections, the applicant shall pay to the Utility the applicable charges prior to the work being scheduled for completion.

3. Bacteriological Testing for Water Meters Two Inches (2") or Larger and Fire Protection Services

Customer piping served by a water meter two inches (2") or larger and Fire Protection Services will not be tested until a twenty-four (24) hour period between the final flushing and the taking of bacteriological samples is completed. Following this period, the contractor shall have a

qualified laboratory approved by the Utility perform bacteriological tests. Samples shall be taken in the field and transported to the laboratory by a laboratory technician or by a representative of an approved testing firm. A minimum of one (1) successful bacteriological test per five hundred feet (500') of water main will be required. All samples must be absent for total Coliform and E. coli/fecal bacteria and have a heterotrophic plate count of less than two hundred (200).

All laboratory testing shall be at the contractor's expense. One copy of the test results shall be mailed directly to the Utility from the laboratory.

A flushing testing charge will be collected in advance of each installation requiring bacteriological testing. The fee will be established by resolution of the City Council and a separate fee shall apply each and every time flushing testing is required. The flushing testing charge will allow a maximum flushing time of ninety (90) minutes.

#### **C. WATER SERVICE CONNECTIONS IN SUBDIVISIONS (TRACT MAPS), PARCEL MAPS, RECORDS OF SURVEY, SHOPPING CENTERS, MOBILE HOME PARKS AND INDUSTRIAL DEVELOPMENTS**

1. Water service connections within the development shall be installed in conjunction with the other on-site water facilities under the provisions of Rule No. 10. Water meter charges as specified in Rule No. 10 shall apply.

2. Work shall commence within six (6) months of payment of all water fees and charges or the fees and charges which are in effect when work is commenced shall apply. All fees and charges which are applicable shall be paid prior to commencement of installation.

3. Stationary steam boilers, hydraulic elevators, power pumps or any similar apparatus may not be directly connected to the water system without the prior written approval of the Director.

#### **D. RELOCATION AND REPLACEMENT OF WATER SERVICE LATERALS**

1. Water relocation or moving of water service laterals shall be performed by Utility forces at the customer's expense. The charges shall be estimated by the Utility. Maximum lateral relocation shall be five feet (5').

a. The charges to relocate water service connections shall be at actual cost of relocation.

b. If at the customer's request the water service lateral must be extended or shortened, it will be done at customer's expense.

2. Water service laterals which are or become defective without fault on the part of the customer shall be replaced at the Utility's expense. When a defective water service lateral is

scheduled for replacement, the customer may obtain a larger size meter by paying the difference between the cost of the water meters, in addition to any other applicable charges.

3. When a customer requests a water meter size increase with no change to the water service lateral, the difference in water meter costs plus fifty dollars (\$50.00) will be charged in addition to any other applicable fees.

4. Charges for relocating fire hydrants and Fire Protection Services shall be levied when such relocation is for the convenience of the customers or is necessitated by improvements initiated by them. These charges shall include costs for labor, materials and overhead expenses. The charge for replacing a Fire Protection Service shall be the charge for a new service.

#### **E. REPAIR OF WATER FACILITIES**

The Utility shall, at its own expense, make all repairs necessary to Utility-owned and operated water mains; meters and pipelines. The Utility will not make any repairs nor do any work whatsoever on water pipelines beyond the meter connection.

The cost of repairing water facilities damaged by persons other than Utility personnel shall be actual labor, material, equipment and overhead costs for each incident. This charge may be waived at the Director's discretion.

#### **F. FIRE PROTECTION SERVICE – USAGE**

1. Fire hydrants are provided primarily for the purpose of extinguishing fires and may only be opened and used by authorized personnel of the fire department or the Utility.

2. Private fire protection system services shall be used only for the discharge of water to extinguish fires and shall be equipped with a backflow device detector assembly and bypass meter. It shall be unlawful to install any taps, hose bibs or other outlets for the use of water for any other purpose. The taking of water from a private fire system or any unauthorized use shall constitute cause for the discontinuance of the water supply at that service or the installation at the customer's expense of a fully-metered water service connection with enforcement of the applicable water rates to such water meter.

3. The Fire Protection Service to a premise shall be subject to the same backflow prevention regulations and requirements as the domestic water service to the property.

4. The Utility shall determine the degree of hazard associated with the Fire Protection Service connection. When backflow protection is necessary, the following installation will be applicable:

a. Fire Protection Service Connection Above-Ground: the Utility installation shall generally include tapping the water main, laying a service lateral, and installing an above-ground riser and flange.

b. All piping, valves, regulators and attachments on the applicant's side of the riser flange shall be the applicant's responsibility to install and maintain.

c. An approved double-check detector assembly (DCDA) or an approved reduced pressure principle detector assembly (RPDA) shall be furnished and installed by applicant. The location of this assembly must be approved by the Utility's Backflow Program Specialist. The assembly is the property of the customer and it is the customer's responsibility to test and maintain the unit. The detector meter on the bypass piping of the detector assembly becomes the property and maintenance responsibility of the Utility. This water meter shall be protected by a steel enclosure with a hinged meter reading lid. The steel enclosure shall be approved in advance by the Utility prior to fabrication and shall be primed and painted as approved by the Utility.

5. Every person authorized to open a fire hydrant must replace the cap on the outlet after they are done with the use of the hydrant. Any leaks, breaks or damage noticed at the time of use must be reported immediately upon discovery to the Utility.

#### **G. TEMPORARY WATER SERVICE CONNECTIONS FOR AGRICULTURAL USES**

Temporary water service connections as determined by the Director may be provided for parcels of land that are to be under agricultural uses.

#### **H. COMMERCIAL/INDUSTRIAL/INSTITUTIONAL IRRIGATED LANDSCAPE**

1. The installation of separate water meters to measure the volume of water used exclusively for landscape purposes is required for all new retail water services.

2. This requirement does not apply to either of the following:  
a. single-family residential connections; or  
b. connections used to supply water for the commercial production of agricultural crops or livestock.

3. This requirement applies only to a service connection that serves property with more than 5,000 square feet of irrigated landscape.

**RULE NO. 12**  
**WATER SUPPLY THROUGH MASTER METERING AND RESALE OF WATER**

**A. MASTER METERING**

No water shall be served to two or more separate parcels of property through a common water meter unless covered by a Master Water Meter Agreement. At the discretion of the Utility, water supply through a master water meter may be permitted for the following types of developments:

- Apartment complexes
- Condominiums/townhouses
- Shopping centers
- Industrial parks
- Trailer/mobile home parks

**B. RESALE OF WATER**

No customers shall resell any of the water received by them from the Utility except as may be authorized by a Master Water Meter Agreement and then only at rates not in excess of those prescribed in the Utility's rate schedule for like service. Water used by customers shall be restricted to use on the premises specified in their applications for service. The provisions of this Rule shall not apply to commercial water vending machines licensed for operation by the Public Health Department.

The Utility reserves the right and power to contract separately with any person for the sale and delivery of water within or outside the city limits, at wholesale, at times, places and prices agreed upon by resolution of the city council.

**C. USE OF WATER SERVICE CONNECTION WHEN PROPERTY IS SUBDIVIDED**

When property with an existing water service connection is subdivided, the water service connection shall be considered as belonging to the lot or parcel of land which it will continue to serve. If the existing water service connection does not abut the lot or parcel which it will continue to serve, it shall be at customers' expense and responsibility to have the connection relocated adjacent to the lot or parcel where its use will continue. The charges for any relocations shall be in accordance with Rule No. 11.

**RULE NO. 13**  
**CROSS-CONNECTIONS AND POLLUTION OF SUPPLY**

**A. AUTHORITIES AND RESPONSIBILITIES**

1. It is the responsibility of the Utility to protect the public water supply system from contamination due to potential or actual unprotected cross-connections. The achievement of a cross-connection control program accomplishes this goal as required by State regulations. This Rule adopts by reference Title 17, incorporating Sections 7583 through 7605 of the California Code of Regulations entitled, "Regulations Relating to Cross-Connections" herein. Dual water systems (auxiliary water) shall be considered as a recycled water system.

2. Under the direction of the Director, the Program Specialist is recognized as responsible for applying and enforcing the Utility's Cross-Connection Control Program.

3. Unprotected cross-connections with the Utility's potable water supply are prohibited. The Utility's Program Specialist shall conduct necessary surveys of customer water uses to evaluate the potential degree of hazard to the potable water supply. It shall be the customer's responsibility to comply with the Utility's backflow protection requirements as a condition of receiving or continuing to receive water service. Whenever the Program Specialist decides backflow protection is necessary, an appropriate approved backflow prevention assembly shall be provided, installed and maintained at the expense of the customer. The type of service protection shall be suitable to prevent backflow for the actual or potential degree of hazard that exists on the customer's premises. All potable water service connections entering the premises, buildings, or structures shall be protected. A water service used exclusively for fire protection shall be evaluated separately.

4. The Utility will maintain a list of approved backflow prevention assemblies. The type of backflow protection (listed in increasing level of protection) that may be installed includes: a double-check valve assembly (DC), a reduced pressure principle assembly (RP), and an air-gap separation (AG). The customer may select a higher level of protection than required by the Utility.

**B. SURVEYS AND NOTIFICATIONS**

1. New Service Connection: The Utility shall review all requests for permanent and temporary services to decide if backflow protection is needed. Plans must be submitted to the Utility upon request for review of potential unprotected cross-connection hazards as a condition of service from a new service connection. If it is decided that a backflow prevention assembly is necessary to protect the Utility's potable water system, the required assembly must be installed and tested before service will be established.

2. Existing Service Connection: The Utility may require an on-premise inspection or re-inspection survey to evaluate the cross-connection hazards of any premise to which it serves water. The Utility will request an inspection appointment with each affected customer. Any

customer who cannot or will not allow an on-premise inspection of the water piping system shall be required to install the approved backflow prevention assembly the Utility considers necessary.

a. The Utility will notify the customer of the survey inspection findings, listing any required corrective actions. A period of thirty (30) days will be given to complete all corrective actions requested, including installation of an approved backflow prevention assembly. A thirty (30) day extension may be granted at the discretion of the Program Specialist in situations having extenuating circumstances.

b. A second notice will be sent to each customer who does not take the required corrective action prescribed in the first notice. The second notice will give the customer an additional two (2) week period to complete the required action. If the required corrective actions have not been completed by the end of the two (2) week period, the Utility may suspend water service to the affected customer without further notice until the required corrective actions are completed.

### **C. TEST AND INSPECTION**

1. A customer may obtain a list of currently approved backflow prevention assemblies from the Utility. All approved backflow prevention assemblies shall be installed in a manner as prescribed in Section 7603, Title 17. The location of the assembly shall be above-grade as close as practical to the water service connection. The Utility's Backflow Program Specialist must approve the location of the backflow prevention assembly installed for service protection.

2. An annual testing notice and list of certified backflow prevention assembly testers will be sent to notify the water customer when an assembly needs to be tested. The notice shall contain a date when the testing must be completed and results submitted to the Utility.

3. No assembly shall be placed into service unless it is functioning as required. Testing of backflow assemblies shall only be conducted by competent backflow prevention assembly testers certified by the Director of Public Health, County of Los Angeles. Testing and maintenance costs are the responsibility of the water customer. The approved backflow prevention assembly must be tested immediately after installation, relocation or repair and at least annually after that. More frequent testing than once a year may be required if considered necessary by the Utility. The Utility will provide an initial no-cost testing where backflow protection is installed at a site for service protection.

4. The water customer will receive a written notice of any requirement to test the backflow prevention assembly from the Utility:

a. The Utility will notify each affected water customer approximately two (2) weeks before the scheduled testing month for the backflow prevention assembly installed on their service connection. The written notice will include a list of certified testers and Test Report form to be completed by the certified tester of the customer's choosing. This notice will give the water customer thirty (30) calendar days to have the assembly tested and submit the Report form to the Utility showing satisfactory testing results of the assembly have been completed. The

testing and maintenance report of backflow prevention assembly shall be submitted to the Utility within fifteen (15) days from the completion of the work. Whenever a test shows a malfunction, the assembly shall be repaired within fifteen (15) days of observed failure and shall be retested.

b. A second notice, including a list of certified assembly testers, shall be sent to each customer not having their backflow prevention assembly tested within the time limit prescribed in the first notice. The second notice will give the customer an additional two (2) week period to complete the testing. If testing has not been completed by the end of this two (2) week period, the Utility shall, at its sole discretion, either suspend water service to the affected customer without further notice until the testing is satisfactorily completed, or shall arrange for the testing and any needed repair to the assembly and bill the customer of record for the actual costs of testing and repair of the assembly. The charge will be billed to the customer on the City's utility billing.

5. Approval must be obtained from the Utility before a backflow prevention assembly is removed, relocated or replaced.

a. Removal: The use of an assembly may be discontinued and the assembly removed from service upon presentation of sufficient evidence to the Utility to verify that a hazard no longer exists and is not likely to be created in the future.

b. Repair: An assembly may be removed for repair provided another approved backflow prevention assembly is temporarily installed or the water use is discontinued until the repairing of the unit is completed. A retesting of the unit will be required following the assembly repair.

c. Relocation: Relocation of an approved backflow prevention assembly is acceptable with prior approval of the water utility. The new location must satisfy all installation requirements. A retesting of the unit will be required following the assembly relocation.

d. Replacement: An assembly may be removed and replaced provided the customer's use is discontinued until the replacement assembly is installed. All replacement assemblies must be approved by the Utility and be appropriate for the degree of hazard involved.

#### **D. WATER SERVICE TERMINATION**

1. To ensure the health and safety of all customers of the domestic water system, the procedure for terminating water service shall be initiated when the Utility encounters customers that represent a clear and immediate hazard to the potable water supply that cannot be immediately eliminated. Conditions or water uses that create a basis for water service termination shall include, but not be limited to, the following:

a. Refusal or unnecessary delay in installing, testing, repairing or replacing a required approved backflow prevention assembly.

Termination Procedure: The Utility will terminate service after two (2) written notices have been sent specifying needed corrective action and the period for compliance. If the corrective action has not been completed within the allowed time, the water service may be terminated.

b. Direct or indirect connection between the potable water system and a sewer line.

Termination Procedure: Reasonable effort will be made to advise the customer of the intent to terminate the water service. The water service will be turned off and the service valve locked. The service will remain inactive until correction of the violation has been approved by the Utility.

c. Unprotected Direct or Indirect Connection between the potable water system and a system or equipment containing contaminants or an auxiliary water system.

Termination Procedure: The same as Rule No. 13 D.1.b above.

d. A situation that presents an immediate health hazard to the public water system.

Termination Procedure: The same as Rule No. 13 D.1.b above.

**RULE NO. 14**  
**TURN-ON AND TURN-OFF OF WATER SERVICE FOR REPAIR BY CUSTOMER**

1. Customer requests to the Utility for turn-off or turn-on of water service for the purpose of making repairs or changes to their plumbing at times other than normal working hours will be billed a minimum service call charge, as set forth within Appendix A.

2. The service call charge may be waived at the discretion of the Director if the turn-off or turn-on is necessitated by an emergency over which the customer had no control. The Utility shall have the sole discretion of determining the validity of such an emergency.

3. Upon completion of the emergency repair, the customer must also install a shut-off valve on their property as required by Rule No. 11 before water service will be restored to the property.

**RULE NO. 15**  
**DISPUTED BILL APPEAL PROCESS**

A. Customers who believe their water bill is in error must first contact the Finance Department by telephone, in writing, or in person within ten (10) days of the bill's date of presentation and initiate a complaint or request an investigation concerning the bill.

Utility services will not be discontinued for nonpayment of a disputed bill pending the outcome of a timely requested investigation. The Utility may require that an amount equal to an average bill for a comparable period of time be deposited with the Utility pending outcome of the investigation and will require, at a minimum, that all undisputed portions of the bill be paid by their due date. Failure to make the deposit or partial payment as and when due shall constitute abandonment of the complaint or request for investigation. Subsequent utility bills, which are not disputed, must be paid to the Utility within the time allowed to avoid discontinuance of service.

B. If, after contact with the Finance Department representative, the customer believes the bill is still incorrect, the customer must, within ten (10) days after receiving the explanation from the Finance Department representative, contact the Finance Director by phone or send a written statement regarding the billing dispute to the Finance Director, 125 East College Street, Covina, CA 91723.

C. A Review Manager will be designated to conduct an investigation of the customer's billing dispute and the investigation may involve other staff at a higher level in the organization. The investigation will include consideration of whether the customer may amortize the unpaid balance over a reasonable period of time, not to exceed twelve (12) months, but usually over a shorter time period.

D. Any customer, whose complaint or request for investigation regarding a bill for utility service results in an adverse determination by the Review Manager, may appeal such determination, after receiving the explanation by the Review Manager, by sending a written statement within ten (10) days of mailing the explanation setting forth the reasons why the customer believes the investigation is incorrect. The customer must send this statement to the Director of Public Works, 125 East College Street, Covina, CA 91723.

Upon timely receipt of the written statement, the Director of Public Works or designee thereof will determine if the Review Manager's investigation was thorough and complete in addressing the aspects of the billing dispute. The results of this determination will be communicated to the customer in writing.

E. If the billing dispute is not satisfactorily resolved with the Director of Public Works or designee thereof, the customer may request a review by the City Manager by sending a written statement within five (5) days of receiving the Director of Public Works' determination to: City Manager, 125 East College Street, Covina, CA 91723. Upon timely receipt of this written statement, the City Manager will make his/her determination and communicate the same to the customer in writing.

F. If the customer is still not satisfied with the findings of the City Manager, the customer may appeal to the City Council. The appeal must be submitted in writing to the City Manager together with the reasons for the dispute within ten (10) days of receipt of the City Manager's determination. In the absence of a timely filed appeal, the City Manager's determination shall be final. Upon receipt of a timely appeal, the matter will be scheduled for review by the City Council and the customer shall be informed in writing of the date and time of the appeal hearing. A written decision of the City Council shall be delivered to the customer by personal delivery or certified mail within fifteen (15) days following the appeal hearing.

**RULE NO. 16  
WATER DIVERSION**

**A. GENERAL**

It is unlawful for any person to supply water to any other person other than the occupants of the premises of the consumer.

Water diversion is presumed to be caused by the customer receiving the benefit of service from the diversion.

**B. UTILITY'S RIGHT TO DISCONTINUE SERVICE**

Whenever the Utility has determined that water diversion is occurring or a hazardous condition exists at a given location, the Utility shall investigate and may disconnect the service immediately, without notice.

**C. RESTORATION OF SERVICE**

In order to restore service discontinued under the provisions of Section B above, the customer shall be required to pay, in advance, all of the following:

1. The higher of the minimum fee plus material or time plus material.
2. Charges for estimated usage during the period in which the water diversion occurred, based on provisions of Rule No. 5.
3. Charges for discontinuance and restoration of service as covered in Water Rule No. 7, payment of deposits and entire current bill.

The customer may also be required to make corrections to the service and obtain a permit for inspection and clearance and/or provide access for inspection of meter and meter facilities to determine if the diversion has been removed.

**D. APPEAL BY CUSTOMER**

Any portion of the charges set forth in this Rule that is disputed by the customer may be appealed pursuant to the provisions of Rule No. 15.

**E. THEFT OF SERVICE**

The customer benefiting from diversion shall be assessed a fee to make the Utility whole for labor and materials involved in investigating and making any required corrections.

## **F. CRIMINAL PENALTIES**

Theft of utility services is punishable under California Penal Code Sections 487, 496, 498, 591, 592, and 593 and may result in liability under California Civil Code Sections 1882 through 1882.6.

**RULE NO. 17**  
**UTILITY'S RIGHT OF ACCESS**

**A. RIGHT OF ACCESS**

The Utility shall at all times have the right of safe ingress to and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with the supplying of water service and the exercise of any and all rights secured to it by law or these Rules.

The customer is responsible for providing and maintaining unobstructed access for the Utility to all Utility-owned facilities located on the premises.

Failure to permit access and/or to allow work on the Utility's facilities is grounds for termination of service. This work includes the periodic reading of meters, maintenance or replacement of the service and metering facilities, and other necessary work on the Utility's water facilities including removal after termination of service.

If safe access to the meter is not provided for any reason, including without limitation locked doors, fences, insufficiently restrained pets or vegetation, the Utility will notify the customer of access problems in writing.

If the Utility is required to make an appointment or other arrangement to read the meter more than once during any 12-month period, a charge will be made for each appointment thereafter. Repeated failure to provide access may result in installation of remote metering devices at the Utility's sole discretion. The customer shall bear responsibility for all costs related to the installation and on-going operational cost for remote metering devices.

**B. FIRE HYDRANTS**

Fire hydrants are provided for the primary use of the Fire Department in extinguishing fires.

1. Clearance: Fire hydrants shall have a minimum clearance of three feet (3') in all directions.

2. Location: Fire hydrants installed by the Utility shall be installed within public rights-of-way or on public property except that in private developments fire hydrants may be installed within public easements where beneficial use is determined by the Fire Department and the Utility and providing the fire hydrant and gate valve are accessible at all times.

APPENDIX A  
WATER UTILITY SERVICE FEES AND DEPOSITS

Service Activity	Fee
Fire flow availability	\$125.00
Water meter test	Appropriate meter set fee + \$35
Initial service turn-on - next business day	No Charge
Initial service turn-on - same day (subject to scheduling)	\$50.00
Initial service turn-on - after hours	\$120.00
Late payment fee	10% of delinquent amount
Broken lock/damage	Actual cost
Pressure test	\$50.00
Meter re-read	\$30.00
Initial fire hydrant meter set and removal	\$80.00
Each additional set and removal	\$40.00
Removal of operating nut from fire hydrant	\$30.00
Construction water in new developments	Per rate structure in effect for meter provided
Interim Service Agreement preparation and processing fee	\$1,000.00
Delinquent account field notification	\$25.00
Multi-unit delinquent account field notification	\$25.00 plus \$2.00 per each additional notice
Trip charge for additional field visit	\$15.00
Delinquent reconnect fee - next business day	\$50.00
Delinquent reconnect fee - after hours	\$120.00
Additional fee if customer has self-restored	\$100.00
Reconnection charge/additional - meter removed	Appropriate meter set fee
Turn-off and turn-on water service for repair by customer - first time - emergency	No Charge
Turn-off and turn-on of water service for repair by customer - planned	M-Th 6:00 am - 4:30 pm - No Charge
Turn-off and turn-on of water service for repair by customer - planned	M-Th 4:30 pm - 6:00 am - \$120.00
Turn-off and turn-on of water service for repair by customer - planned	Fridays, Weekends, Holidays - 6:00 am - 4:30 pm - \$50.00; 4:30 pm - 6:00 am - \$120.00
Turn-off and turn-on of water service for repair by customer - all subsequent emergency calls	Same as planned
<b>Deposits</b>	
Meter set - 3/4" and 5/8"	\$350.00
Meter set - 1"	\$400.00
Meter set - 1-1/2"	\$600.00
Meter set - 2"	\$850.00
Meter set - 3" - 8"	Deposit based on completed cost estimate
Meter & service installation - 1" service with 3/4" meter	\$3,000.00
Meter & service installation - 1" service with 1" meter	\$3,100.00
Meter & service installation - 1-1/2" service with 1-1/2" meter	\$4,000.00
Meter & service installation - 2" service with 2" meter	\$4,300.00
Meter & service installation - 3"-8" service with 3"- 8" meter	Deposit based on completed cost estimate
Fire line and backflow valve - 4" line	\$8,500.00
Fire line and backflow valve - 6" line	\$10,250.00
Fire line and backflow valve - 8" line	\$15,000.00
Fire line and backflow valve - 10" line	Deposit based on completed cost estimate
Meter size change - 5/8" or 3/4" to 1"	\$150.00

APPENDIX A  
WATER UTILITY SERVICE FEES AND DEPOSITS

Meter size change - 1" to 3/4"	\$100.00
Meter size change - 1-1/2" to 1"	\$200.00
Meter size change - 2" to 1"	\$215.00
All other size changes	Deposit based on completed cost estimate
Fire hydrant installation - 6" hydrant	\$19,500.00
Fire hydrant meter rental - 3" meter	\$500.00
Minimum deposit - residential (initial service)	Twice the average monthly bill; \$80 minimum
Minimum deposit - all other classes (initial deposit)	Three times the average monthly bill
Minimum deposit - delinquent reconnection - all classes	Equal to the delinquent amount
Minimum deposit - delinquent reconnection - chronic delinquent account	Twice the delinquent amount

CITY OF COVINA WATER RULES  
SUMMARY OF CHANGES

RULE NO.	PAGE	CHANGE
1	3	Modified definition of "Date of Presentation" to include electronic billing
	3	Modified definition of "Domestic Water Service" to add Institutional properties
	4	Added definition for "New Retail Water Service" to comply with state regulations
	4	Modified definition of "Program Specialist" to allow certification by other regulatory agencies
2	5	No changes
3	6	No changes
4	9	Amended language to provide for a standard fee to be charged to turn on new services on the same day of application while making next business day turn-ons no charge
5	11	Reduced payment period from 30 days to 20 days due to conversion from bi-monthly billing to monthly billing
	11	Amended language to clarify that vacant properties are only charged for water service if there is an active account registered at the location
6	12	No changes
7	15	Added language to provide that water service may not be provided to property if declared unsafe or uninhabitable by the Building Official
	16	Reduced payment period form 30 days to 20 days due to conversion from bi-monthly bling to monthly billing
	18	Increased the discontinuation notice time for individually metered multi-unit residential structures and mobile home parks from 10 days to 15 days to establish a consistent discontinuation notice time period for all customer types
	20	Amended language to reflect current work schedules for "after hours" fee assessment
8	22	No changes
9	25	Added language to incorporate recently adopted water conservation requirements
10	34	Added language requiring developers to provide the Utility with as-built plans of systems constructed prior to release of surety bonds

CITY OF COVINA WATER RULES  
SUMMARY OF CHANGES

RULE NO.	PAGE	CHANGE
11	38	Added language to clarify that water services may not cross parcel lines without prior approval of the Utility Added language requiring separate meters for certain irrigation systems as required by state law
12	43	No changes
13	44	No changes
14	48	No changes
15	49	Added language to clarify that the undisputed amounts of a contested bill must be paid while the bill is under investigation
16	51	No changes
17	53	No changes

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 13

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

**ITEM TITLE:** Receive and File City of Covina Bicycle Network Study and Approve Development of Covina Bicycle Master Plan

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**STAFF RECOMMENDATION**

Receive and File City of Covina Bicycle Network Study and Approve Development of Covina Bicycle Master Plan to apply for Fiscal Year 2012/2013 California Bicycle Transportation Account Funding.

**FISCAL IMPACT**

The recommended action will guide staff to create a bid for consultant services to create a City Bicycle Master Plan, the result of the bid process will return to the City Council for approval using Proposition A transportation funds. There will be no fiscal impact to the General Fund.

**BACKGROUND**

The State of California provides grant funds for city and county projects to improve safety and convenience for bicycle commuters through the Bicycle Transportation Account (BTA). In order to be eligible for BTA funding, which can reimburse a city for ninety percent of the total cost of an eligible project, a city must prepare and adopt a City Bicycle Master Plan that complies with the California Streets and Highways Code. In the Fiscal Year 2009/2010 BTA cycle, only eight (8) cities in Los Angeles County were eligible to apply for BTA funds.

The City of Covina does not have an approved Bicycle Master Plan. The Citywide Bicycle Network Study that is attached serves as an initial evaluation of all City streets and intersections for their appropriateness as bicycle route alternatives and identifies bicycle corridors that are appropriate for bicycle travel using American Public Works Association standards. The attached Citywide Bicycle Network Study would be included as a section in a completed Covina Bicycle Master Plan. In order for the City to compete for BTA Fiscal Year 2012/2013 funding, the City Bicycle Master Plan must be completed and approved by the Los Angeles County Metropolitan Transportation Authority (LACMTA) and the Southern California Association of Governments (SCAG) before December 31, 2011. In order to meet the 2012/2013 deadline, a bid for consultant services should be completed by January of 2011 with a final deliverable in the spring of 2011 for LACMTA and SCAG review.

**EXHIBITS**

A. Covina Bicycle Network Study

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

# City of Covina Bikeway Network Study

For the:  
**City of Covina**

Prepared by:  
**Alta Planning + Design**



July 2010

## **1 Introduction**

This Bicycle Network Feasibility Study evaluates the existing arterial and collector roadway network of the City of Covina for the potential implementation of a city-wide bicycle network of Class I paths, Class II bike lanes, and Class III bike routes. This Study is but one section of a more comprehensive Bicycle Master Plan that, when approved by Caltrans, would make the City eligible for Bicycle Transportation Account (TBA) funding. This funding source has increased in importance since the account funding was increased to \$7.2-million in 1999.

Those projects identified in the Plan are eligible for funding, and those given a top priority designation are more likely to receive funds in competition with other jurisdictions from around the State. The elements of the plans fulfill the requirements of the California State Department of Transportation's (Caltrans) Design Guidelines Manual Section 891.2. The requirements for bicycle plans include the following:

- a) Estimated number of existing bike commuters and estimated increase
- b) Map and description of existing and proposed land use
- c) Map and description of existing and proposed bicycle routes
- d) Map and description of existing and proposed bicycle parking
- e) Map and description of existing and proposed links to other transportation modes
- f) Map and description of existing and proposed facilities for changing and storing clothes and equipment
- g) Description of safety education programs, efforts by law enforcement and effect on accident rates
- h) Description of public input
- i) Description of coordination with other local and regional transportation, air quality and energy conservation plans
- j) Description of projects and their priorities
- k) Description of past expenditures and future financial needs

This Bikeway Study fully or partially fulfills items (c), (e), (j), and (k).

## 2 Study Methodology

The street network in Covina consists generally of a grid pattern of arterials. The methodology of the study included taking a detailed inventory of the characteristics of each arterial roadway as well as each of the flood control channels and other off-street locations deemed appropriate for study. The methodology for completing the street inventory and bikeway route plan included the following:

- Performing field surveys of arterial and collector roadways
- Measuring street width and lane geometry
- Assessing the feasibility of establishing Class 2 bike lanes along arterials and collectors
- Evaluating arterial intersections for bike lane accommodation
- Providing bikeway access to schools, parks, and the downtown area
- Identifying opportunities for off-street connections and Class 1 bike paths
- Determining appropriate crossing treatments at intersections of Class 1 paths and arterials
- Ensuring continuity with regional and adjacent jurisdiction plans
- Consulting City of Covina General Plan guidelines and policies

The San Bernardino line of the Southern California Regional Rail Authority's Metrolink service traverses the City in a general east-west alignment. The Covina Metrolink Station is located on the east side of Citrus Avenue. The Station provides bike rack parking for 18 bicycles as well as an enclosed secure facility located in the center of the parking lot. Access to the facility is provided to registered parking users and accommodates 36 bicycles. Although overnight storage is available, it is primarily intended for daytime use by train commuters.

### 3 Covina's Roadway Network

The street network in Covina consists generally of a grid pattern of arterials. The north-south arterials are spaced ½-mile apart, and most of the east-west arterials are spaced ¼-mile apart. The arterial roadways typically range in width from 58 to 88 feet except in some neighborhood locations where they are 36 to 42 feet in width.

Tables 4.1 and 4.2 present information describing each of the arterial roadways, including curb-to-curb width as well as the number of vehicle travel lanes. There is only one Class II on-street bike lane facility in the City, and it is a mile-long segment of Glendora Avenue between Cienega Avenue and Badillo Street. Although there are a few Class III bike route facilities, they are not well-signed and don't provide any substantive differences between them and other streets of similar characteristics.

Table 4.1 - North-South Arterial Roadway Characteristics

North-South Roadway	From	To	Curb-to-Curb Width (feet)	Lanes in Each Direction	Center Type
Vincent Ave	Arrow Hwy	San Bernardino Rd	58 - 64	2	Stripe*
	San Bernardino Rd	West Covina city limit	70	2	Median/Lane
Lark Ellen Ave	Arrow Hwy	West Covina city limit	58 - 64	2	Stripe*
Azusa Ave	Arrow Hwy	West Covina city limit	84	2	Median
Hollenbeck Ave	Arrow Hwy	San Bernardino Rd	60	2	Stripe*
	San Bernardino Rd	Badillo St	42	1	Stripe
	Badillo St	West Covina city limit	60	2	Stripe*
Citrus Ave	Arrow Hwy	Front St	80 - 86	2	Median/Lane
	Front St	School St	56-70	2	Lane
	School St	Badillo St	56	1	Stripe
	Badillo St	Puente St	62 - 69	2	Stripe*
2nd Ave	Puente St	West Covina city limit	76	2	Stripe*
	Front St	Puente St	78 - 84	2	Stripe*
Barranca Ave	Arrow Hwy	Rowland St	56 - 62	2	Stripe*
Grand Ave	Arrow Hwy	West Covina city limit	58 - 64	2	Stripe*
Glendora Ave	Arrow Hwy	West Covina city limit	80 - 84	2	Median
Bonnie Cove Ave	Arrow Hwy	Puente St	60 - 64	2	Stripe*
	Arrow Hwy	Cienega Ave	40	1	Stripe*
	Cienega Ave	200' south of Covina Blvd	64	1	Stripe*
	200' south of Covina Blvd	100' north of RR	42	1	Stripe
Sunflower Ave	100' north of RR	Cypress St	64	2	Stripe*
	Arrow Hwy	Badillo St	64	2	Stripe*
Valley Center Ave	Arrow Hwy	Badillo St	64 - 74	2	Stripe*

\*Center turn lane provided at most signalized and some unsignalized intersections

Table 4.2 - East-West Arterial Roadway Characteristics

East-West Roadway	From	To	Curb-to-Curb Width (feet)	Lanes in Each Direction	Center Type
Arrow Hwy	Vincent Ave	Valley Center Ave	80 - 84	2	Median
Cienega Ave	Barranca Ave	Valley Center Ave	60 - 64	2	Stripe*
Covina Blvd	Azusa Ave	Valley Center Ave	58 - 64	2	Stripe*
Cypress St	Vincent Ave	San Dimas city limit	58 - 64	2	Stripe*
San Bernardino Rd	Vincent Ave	Hollenbeck Ave	60 - 64	2	Stripe*
	Hollenbeck Ave	4th Ave	40 - 42	1	Lane
	4th Ave	2nd Ave	42 - 52	1	Stripe*
	2nd Ave	Grand Ave	60 - 64	2	Stripe*
Badillo St	Vincent Ave	San Dimas city limit	84 - 88	2	Median/ Lane
Puente St	West Covina city limit	3rd Ave	42 - 53	1	Stripe*
	3rd Ave	Citrus Ave	80	2	Lane
	Citrus Ave	Barranca Ave	32	1	Stripe
	Barranca Ave	Glendora Ave	60 - 64	2	Stripe*
	Reeder Ave	San Dimas city limit	24-28	1	Stripe
Rowland St	West Covina city limit	Grand Ave	74	2	Median/ Lane
Workman Ave	West Covina city limit	Calvados Ave	42 - 44	1	Stripe
	Calvados Ave	Barranca Ave	52 - 57	1 - 2**	Stripe
Covina Hills Rd	Grand Ave	Oak Canyon Rd	26-30	1	Stripe
	Oak Canyon Rd	Rancho Sinaloa Dr	52	1	Stripe*
	Rancho Sinaloa Dr	San Dimas city limit	24-28	1	Stripe
Holt Ave	Garvey Ave North	200' east of Park View Dr	64	1	Stripe
	200' east of Park View Dr	Covina Hills Rd	24-28	1	Stripe
Garvey Ave North	West Covina city limit	Holt Ave	32-40	1	Stripe

\*Center turn lane provided at most signalized and some unsignalized intersections

\*\*Two lanes eastbound and one lane westbound

## 4 Proposed Bikeway Network

### 4.1 Bikeway Definitions

The California Department of Transportation (Caltrans) classifies three types of bikeways in their Highway Design Manual.

- **Class I Bikeway** - A Class I Bikeway or “bike path” provides for bicycle travel on a paved right-of-way completely separated from street vehicle traffic.
- **Class II Bikeway** - A Class II Bikeway or “bike lane” provides for a striped and stenciled lane for one-way travel on a street or highway. The standards illustrated are used where the adjacent parking is not striped.
- **Class III Bikeway** - A Class III Bikeway or “bike route” provides for shared use with motor vehicle traffic and is identified only by signage.

It is important to note that bicycles are permitted on all roads in the State of California. The City of Covina’s entire roadway network is open to bicyclists regardless of whether or not a bikeway stripe, stencil, or sign is present on a given street. The designation of certain roads as Class II or III bicycle facilities is not intended to imply that these are the only roadways intended for bicycle use, or that bicyclists are barred from riding on other streets. Rather, a designated network of Class II and III bikeways indicates that certain roadways have been identified as preferable routes based upon their characteristics, destinations, and directness of travel.

Caltrans has approved the use of the “sharrow” pavement stencil for use on Class III bike routes as a way to enhance visibility and safety along Class III bike routes. The stencil would be placed outside of on-street parking to guide cyclists to ride away from open doors. The sharrow would properly guide bicyclists in a predictable and visible path along the street. They should be placed every 150-250 feet. Although the cost of the typical Class III signage is low, the cost of the stencil would approach the cost of striping a Class II bike lane. Sharrow usage is optional, not mandatory.

Figure 4.1 - Caltrans-Approved Sharrow Stencil

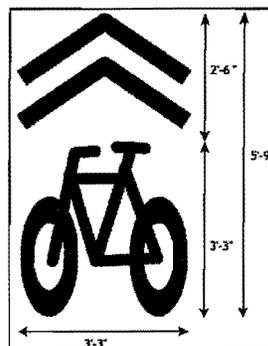
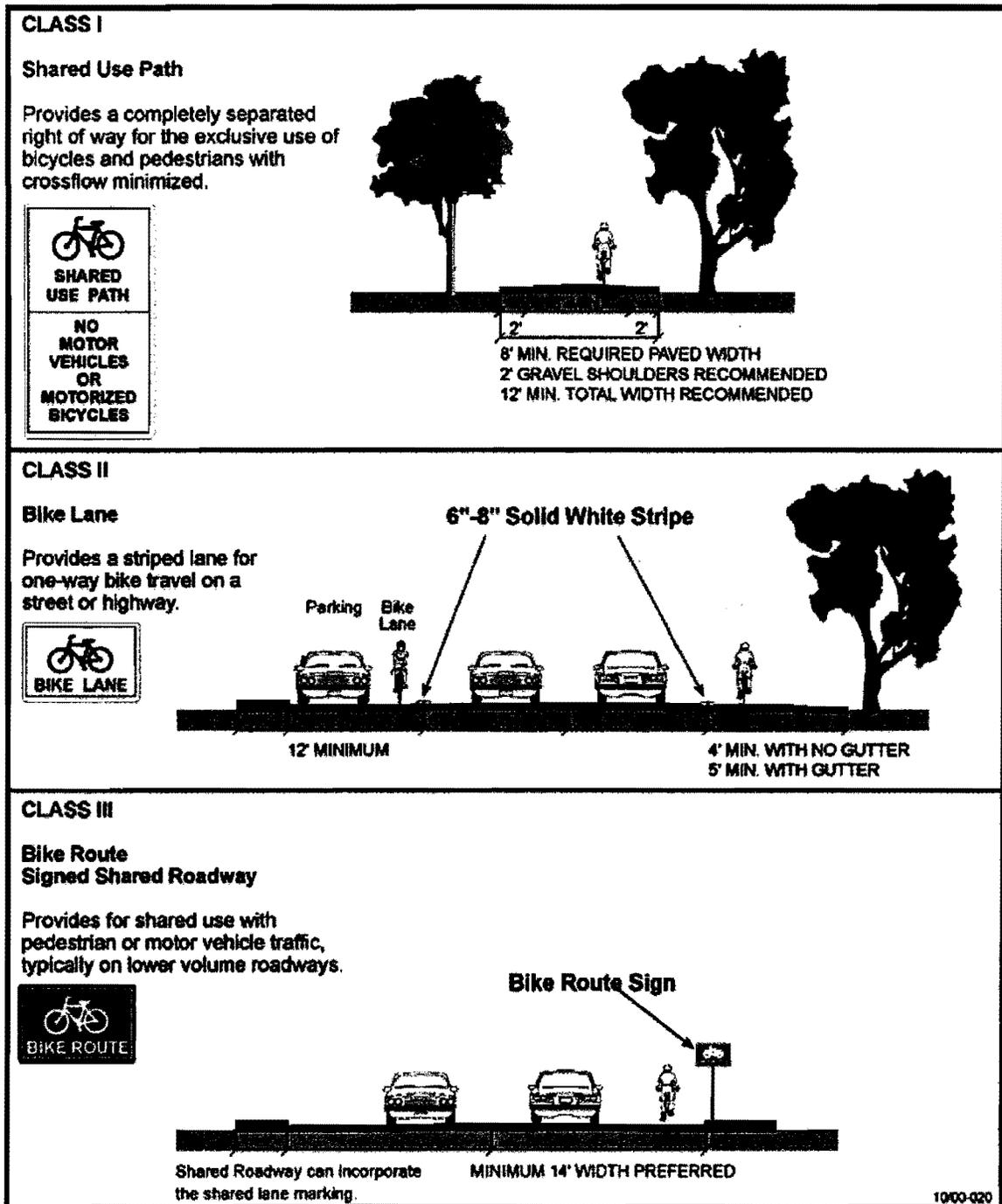


Figure 4.2 on the following page provides graphic descriptions of each bikeway type. In order to provide better safety and visibility, bike lanes of 6-foot width are recommended where feasible.

Figure 4.2 - Types of Bikeway Facilities



#### 4.2 Proposed Citywide Bikeway Network

The only existing Class II bike lane in Covina is located along Glendora Avenue between Arrow Highway and Covina Boulevard. Currently, the lane varies from 3 to 5 feet and parking is allowed. This facility does not adhere to bike lane standards that mandate that a Class II facility shall be of minimum 5 feet and parking is prohibited in the lane. One of the bikeway projects in the proposed network is to improve the Glendora bike lane to meet Class II standards.

The proposed bikeway network comprises three levels of facilities that and are described in separate sections in this report. These three levels are the following:

- Proposed Class I bike paths
- Proposed Class II bike lanes
- Proposed Class III bike routes

The three facility types address the needs of experienced bicyclists (primarily Classes II and III) as well as those with less experience (primarily Class I Bike Paths).

#### 4.3 Proposed Bikeway Network

The tables include segment length in feet and miles as well as an estimated planning-level cost of implementation. The unit costs have been used from the recent completion of the City of Los Angeles Bicycle Master Plan. The costs in this Study are conservative estimates. Table 4.1 presents the unit costs assumed in calculating the costs of bikeway implementation by segment.

Table 4.1 - Planning-Level Bikeway Cost Assumptions

Facility Type	Unit Cost
Class I Bike Path	\$2,640,000 per mile
Bike Path Connection	\$500,000 per mile
Class II Bike Lane	\$28,000 per mile
Class III Bike Route	\$28,000 per mile*
New Traffic Signal	\$150,000 per unit
Enhanced Crosswalk	\$100,000 per unit
Simple Crosswalk	\$20,000 per unit

\*Includes Caltrans-approved sharrow stencils

Tables 4.2 and 4.3 present the proposed Class II and III bikeways recommended for the City of Covina.

Table 4.2 - Proposed Arterial Bikeway Network (East-West)

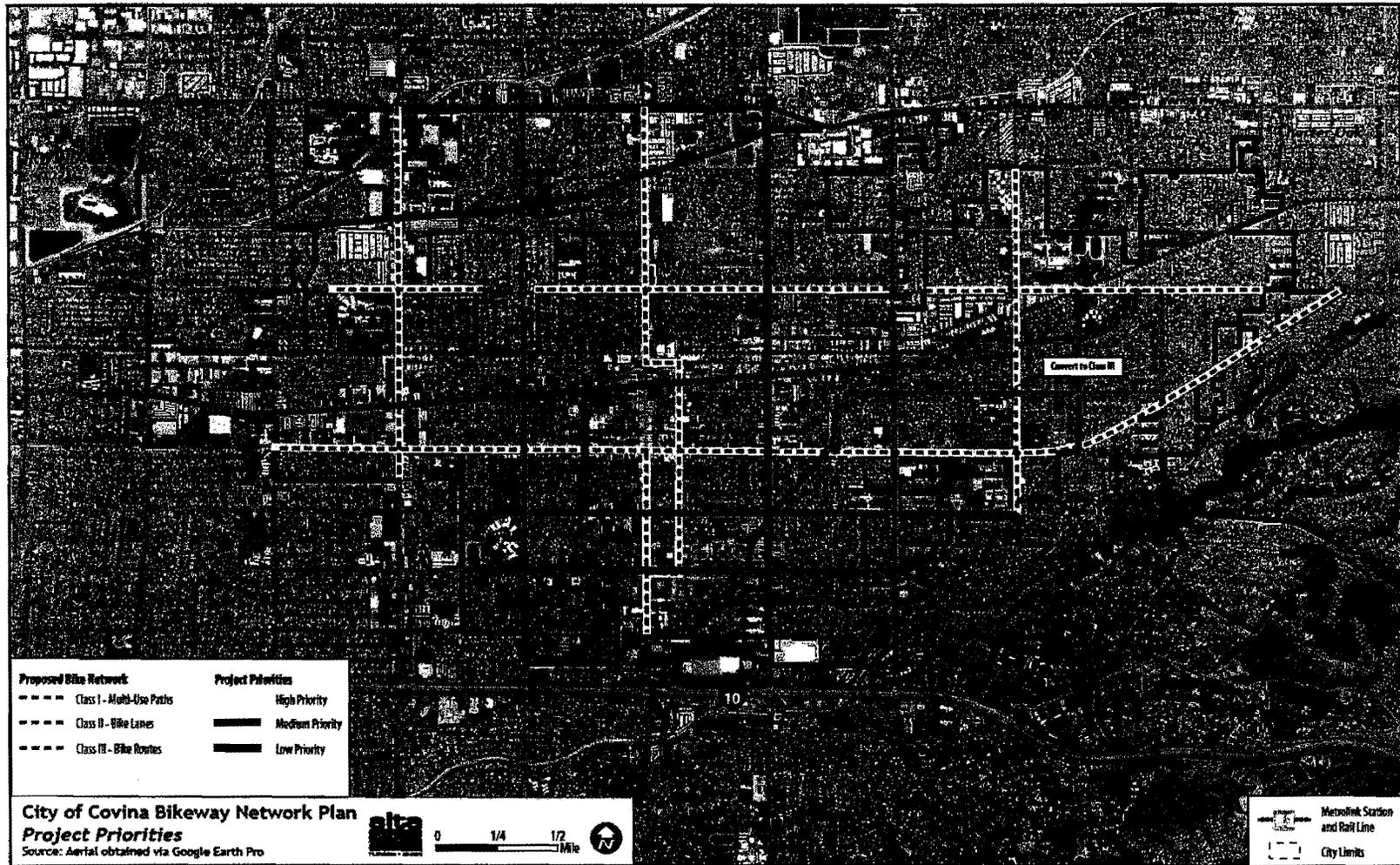
Roadway	Class	From	To	Length (miles)	Planning-Level Cost Estimate
Cypress St	2	Homerest Ave	City limit west of Hollenbeck Ave	0.50	\$14,000
	2	City limit east of Hollenbeck Ave	Grand Ave	1.40	\$39,200
	2	City limit east of Grand Ave	Sunflower Ave	4.82	\$135,020
Front St	2	Citrus Ave	2nd Ave	0.12	\$3,390
San Bernardino Rd	3	Vincent Ave	Grand Ave	3.02	\$84,560
Badillo St	2	Sunset Ave	600' east of Vincent Ave	0.61	\$17,180
	2	Hollenbeck Ave	San Dimas city limit	3.06	\$85,700
Puente St	3	Armel Dr	Heathdale Ave	0.09	\$2,650
	2	Heathdale Ave	Hollenbeck Ave	0.13	\$3,500
	3	Hollenbeck Ave	3rd Ave	0.39	\$10,870
	2	3rd Ave	Citrus Ave	0.13	\$3,500
	3	Citrus Ave	Barranca Ave	0.51	\$14,210
	2	Barranca Ave	Glendora Ave	1.00	\$28,110
	3	Glendora Ave	400' east of Shouse Ave	0.20	\$5,570
	3	300' west of Starglen Dr	Starglen Dr	0.06	\$1,700
	3	Reeder St	San Dimas city limit	0.26	\$7,320
Rowland Ave	2	Armel Dr	Grand Ave	1.73	\$48,440
				<b>TOTAL</b>	<b>\$504,920</b>

Table 4.3 - Proposed Arterial Bikeway Network (North-South)

Roadway	Class	From	To	Length (miles)	Planning-Level Cost Estimate
Azusa Ave	2	Arrow Hwy	200' south of Grovecenter St	1.52	\$0
Hollenbeck Ave	2	Arrow Hwy	San Dimas Wash	0.04	\$1,120
	2	SCRRA Tracks	Workman Ave	1.10	\$30,800
4th Ave	3	San Bernardino Rd	Puente St	0.49	\$13,790
Citrus Ave	2	Arrow Hwy	Front St	1.05	\$29,380
	2	Badillo St	Workman Ave	0.75	\$20,950
2nd Ave	2	Front St	Rowland Ave	0.87	\$24,230
Barranca Ave	2	Arrow Hwy	Workman Ave	2.16	\$60,450
Grand Ave	2	Arrow Hwy	Cienega Ave	2.15	\$60,190
	2	City limit north of Covina Blvd	Cypress St	0.30	\$8,400
	2	City limit south of Cypress St	Walnut Creek channel	1.40	\$39,200
Glendora Ave	3	Cienega Ave	Puente St	1.16	\$32,480
Reeder Ave	2	Cypress St	Farland St	0.12	\$3,390
	3	Farland St	Sachs Pl	0.07	\$2,070
	2	Sachs Pl	350' south of Sachs Pl	0.07	\$1,860
	3	350' south of Sachs Pl	Ruddock St	0.15	\$4,140
	2	Ruddock St	Old Badillo St	0.25	\$7,000
				<b>TOTAL</b>	<b>\$339,450</b>

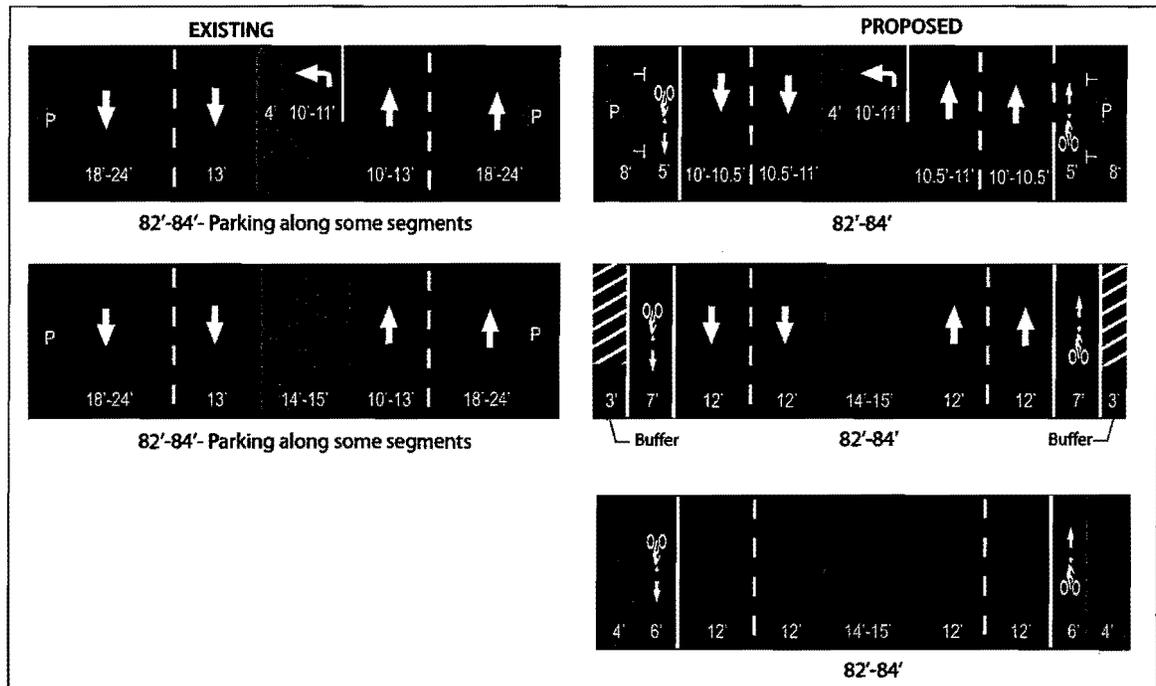
Figure 4.3 shows the entire proposed citywide bikeway network.

Figure 4.3 - Proposed Citywide Bikeway Network



**Azusa and Grand Avenues** - are currently 2 lanes in each direction with a center left-turn lane or raised median. The curb lane is wide and can accommodate both on-street parking and bike lanes on both sides in most locations, although on-street parking is currently prohibited in many areas of Azusa and Grand. Figure 4.4 illustrates sample cross-sections of the existing and proposed lane configurations.

Figure 4.4 - Azusa and Grand Avenues

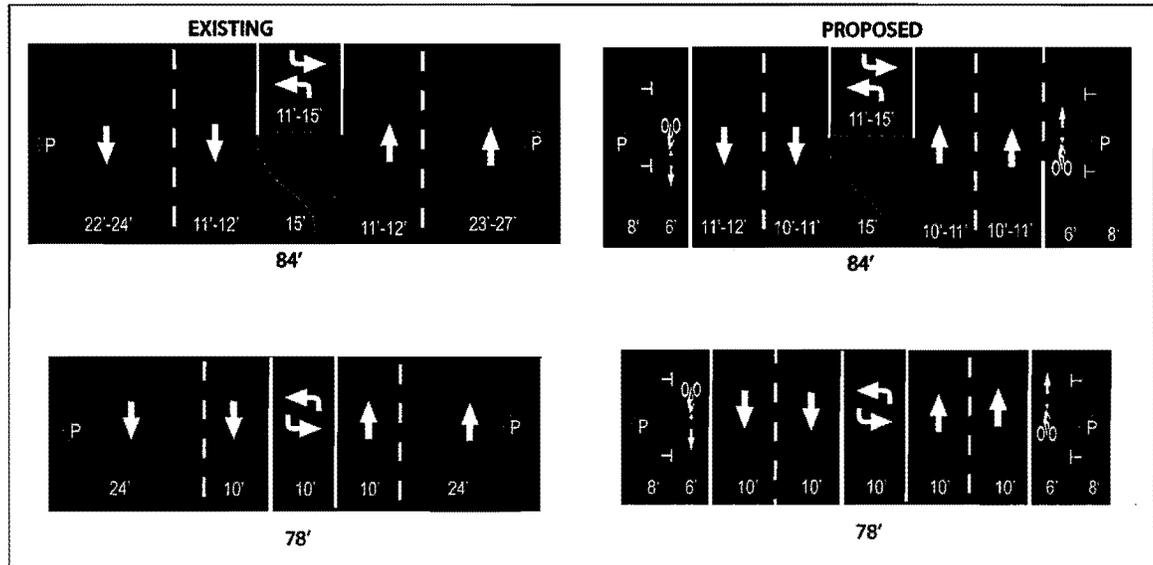


**Hollenbeck Avenue** - is currently 2 lanes in each direction for most of its length, with a center stripe that opens to a left-turn lane at most arterial and some minor street intersections. This plan proposes adding a Class III bike route along the segments of Hollenbeck Avenue that lie within the City of Covina's limits.

**Citrus Avenue** - is currently 2 lanes in each direction with a center left-turn lane or raised median along most of its length. The curb lane is wide and can accommodate both on-street parking and bike lanes on both sides in most locations. This proposed lane configuration is similar to that of Azusa Avenue. However, the segment between Front Street and Badillo Street in the downtown area is not appropriate for bike lanes because of the angled parking established there. It is not recommended that bike lanes be provided where there is angled parking for visibility and safety concerns. The Class II bike lanes would be implemented to the east on 2<sup>nd</sup> Avenue as an alternative in this area instead.

**2<sup>nd</sup> Avenue** - is currently 2 lanes in each direction with a center left-turn lane north of Puente Street and a center stripe south to Rowland Avenue. The curb lane is wide and can accommodate both on-street parking and bike lanes on both sides north of Puente. South of Puente, a Class III bike route is proposed. Figure 4.5 illustrates the proposed cross-sections of the existing and proposed lane configurations.

Figure 4.5 - 2nd Avenue north of Puente Street



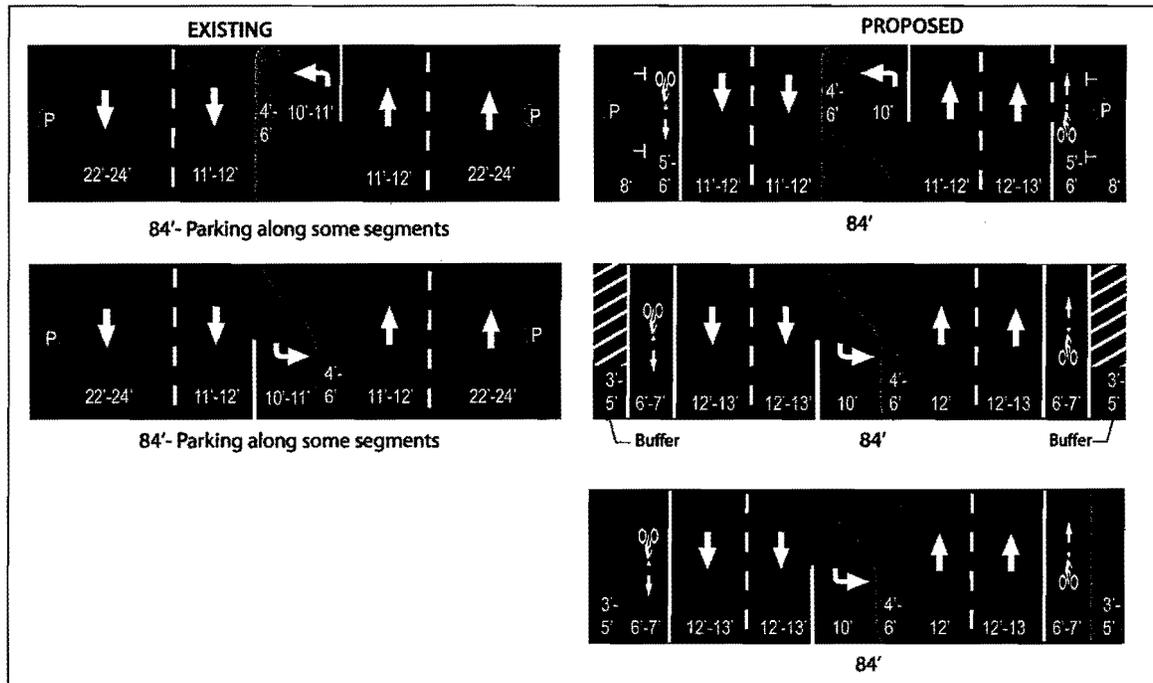
**Glendora Avenue** - currently has 2 lanes in each direction with a center stripe that opens to a left-turn lane at most arterial and some minor street intersections. This roadway also has a striped and signed bike lane, albeit of substandard width in some locations. On-street parking is currently allowed in the bike lane, which is not a standard design. However, due to the high demand for on-street parking, this plan proposes converting the Class II bike lane to a Class III bike route.

**Cypress Street** - is currently 2 lanes in each direction with a center stripe that opens to a left-turn lane at most arterial and some minor street intersections. Because Cypress Street has less parking demand than others, some on-street parking could be removed to accommodate a Class II bike lane.

**San Bernardino Road** - is currently 2 lanes in each direction with a center stripe or center turn lane along most of its length. This Plan proposes implementing a Class II bike route along the roadway within the City of Covina's limits.

**Badillo Street** - is currently 2 lanes in each direction with a center raised median along most its length. The curb lane is wide and can accommodate both on-street parking and bike lanes on both sides. Figure 4.6 illustrates sample cross-sections of the existing and proposed lane configurations.

Figure 4.6 - Badillo Street



**Puente Street** - currently has either 1 or 2 lanes in each direction depending on the street width. This Plan proposes that a Class III Bike Route be implemented along portions of Puente Street that lie within the City of Covina's limits.

4.4 Class I Bike Path Network

Opportunities for off-street Class I bike lanes in Covina are primarily limited to flood control channels. Table 4.7 presents the proposed Class I bikeways recommended for the City of Covina.

Table 4.7 - Proposed Class I Bikeways

Route Description	Class	From	To	Length (miles)	Planning-Level Cost Estimate
San Dimas Wash	1	Lark Ellen Ave	Arrow Hwy	2.47	\$6,515,000
Charter Oak Wash	1	Glendora Ave	Cypress St/ Bonnie Cove Ave	0.58	\$1,520,000
Badillo Connection to Forestdale	1	Badillo St	Forestdale Ave	0.05	\$120,000
Charter Oak Wash	1	Workman Ave	Badillo St	0.96	\$2,530,000
				<b>TOTAL</b>	<b>\$10,685,000</b>

All proposed Class I bike paths would intersect cross streets at street level. Street-level crossings would require specific treatments, including a crosswalk with appropriate signage, a new traffic signal, or an enhanced crossing that would include a user-activated half signal. This treatment would enhance the visibility of non-motorized traffic crossing vehicular travel lanes. Where arterial crossings are particularly wide, installation of a refuge island and/or bulbouts should be considered as well. Table 4.8 presents the list of Class I bike path crossings included in the proposed bikeway network.

Table 4.8 - Class I Bike Path Crossing Treatments

Class I Path	Crossing	Crossing Type	Planning-Level Cost Estimate
San Dimas Wash	Lark Ellen Ave	Enhanced Crosswalk	\$100,000
	Azusa Ave	New Signal	\$150,000
	Conwell Ave	Ladder Crosswalk	\$20,000
	Hollenbeck Ave	Enhanced Crosswalk	\$100,000
	Citrus Ave	New Signal	\$150,000
	Barranca Ave	Enhanced Crosswalk	\$100,000
	Arrow Hwy	Enhanced Crosswalk	\$100,000
Charter Oak Wash	Workman Ave	Enhanced Crosswalk	\$100,000
	Rowland Ave	Enhanced Crosswalk	\$100,000
	Barranca Ave / Puente St	Existing Signal	\$0
	Badillo St	New Signal	\$150,000
	Glendora Ave	Enhanced Crosswalk	\$100,000
	Banna Ave	Ladder Crosswalk	\$20,000
	Cypress St / Bonnie Cove Ave	Existing All-Way Stop Control	\$0
<b>TOTAL</b>			<b>\$1,190,000</b>

**5 Bikeway Maintenance**

Maintenance is an important component of providing a comfortable, safe, and reliable bikeway network. The following efforts should be made by the City to ensure that all bikeways are properly maintained and clear of debris.

- Maintain safe bikeways through regular inspection and maintenance.
- Establish routine maintenance schedules and standards for citywide bikeways.
- Maintain in good condition striping, surface conditions, lighting and landscaping on and adjacent to bikeways.
- Monitor and maintain adequate lighting along City bikeways.

Typical maintenance costs for the bikeway network proposed in this Report are presented in Table 5.1.

Figure 5.1 - Typical Bikeway Maintenance Costs

Facility Type	Unit Cost	
Class I Bike Path	\$10,000	per mile
Class II Bike Lane	\$35,000	per mile
Class III Bike Route	\$35,000	per mile
Neighborhood Route	\$25,000	per mile

**6 Next Steps**

In order to make the City of Covina eligible to compete for project funding from the State's Bicycle Transportation Account (BTA), it would need to complete a formal Bicycle Master Plan. This Plan would need to be submitted to Caltrans for approval based upon its fulfillment of the requirements set forth under Caltrans' Design Guidelines Manual Section 891.2. This Bikeway Network Study would be incorporated into this comprehensive Plan.

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 14

**STAFF SOURCE:** Robert Neiuber, Director of Community Development <sup>RN</sup>  
Diane Alba, Account Clerk II

**ITEM TITLE:** Determination of satisfaction of Note and program requirements and terms for the program participants of the Community Development Block Grant Special Economic Development Program.

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**STAFF RECOMMENDATION**

Determine that note terms, agreement terms and program requirements are satisfied for the following CDBG Special Economic Development Program participants: Jimmy Roman, doing business as Fonda Don Chon and Raquel Olamendi and Maria Olamendi doing business as Olamendi's Zona Roza; authorize removal of the loan/grant restrictions, and authorize the City Manager or his designee to execute related documents.

**FISCAL IMPACT**

None. This program was funded through the federal Community Development Block Grant program. These grants were originally awarded in FY 2007-08 and FY 2008-09.

**BACKGROUND**

The City Council has approved several Community Development Block Grants (CDBG) since 1998 which have fulfilled their job creation and program requirements. The program requires that one full-time equivalent position be created for each \$25,000 awarded. At the City Council Meeting on October 20, 2009, the Council approved the period of compliance required for job creation for businesses receiving grants shall be one year.

Fonda Don Chon and Olamendi's Zona Roza have reported on job creation activity for one year, the required period, and have met the job creation requirements under the grant, as determined by the Los Angeles County Community Development Commission (CDC) and City Staff. We therefore recommend that these loans/grants be forgiven.

<b>Business Name</b>	<b>Amount of Loan/Grant</b>	<b>Council date of loan/grant award</b>	<b>Final date of compliance</b>	<b>Years of reporting required</b>	<b>Full-time equivalent jobs created</b>
<b>Fond Don Chon</b>	<b>\$25,000</b>	<b>04/15/08</b>	<b>03/31/10</b>	<b>1</b>	<b>1</b>
<b>Olamendi's Zona Roza</b>	<b>\$75,000</b>	<b>02/03/09</b>	<b>03/31/10</b>	<b>1</b>	<b>3</b>

**EXHIBITS**

None

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

**COVINA REDEVELOPMENT AGENCY**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 15

**STAFF SOURCE:** Dilu De Alwis, Finance Director *Dalu*

**ITEM TITLE:** Payment of Demands

**STAFF RECOMMENDATION:**

Approve Payment of Demands in the amount of **\$2,766,988.11**

**BACKGROUND:**

Attached list of warrants, demands, which are being presented for approval, for June 2010 are summarized as follows:

<u>DATE OF DEMANDS</u>	<u>DEMAND NUMBERS</u>	<u>AMOUNT</u>
<b>ACCOUNTS PAYABLE WARRANTS</b>		
June 3, 2010	5952-5958	\$35,329.24
June 10, 2010	5959-5971	\$2,506,695.13
June 15, 2010	5972-5990	\$28,129.78
June 24, 2010	5991-5999	\$22,538.31
June 30, 2010	6000-6009	\$150,254.99
June 8, 2010	(Reimburse PR Insurance)	\$3,384.19
June 22, 2010	(Reimburse PR Insurance)	\$3,140.55

**PAYROLL**

June 10, 2010	\$9,567.08
June 24, 2010	\$7,948.84

**VOIDS**

**GRAND TOTAL: \$2,766,988.11**

**EXHIBITS:**

A. ACCOUNTS PAYABLE REGISTER

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: _____	Other: 

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
RA00005952	CRA00549	BEST BEST & KRIEGER LLP	06/03/10	17,518.60	MW	OH		
RA00005953	CRA00229	CA ASSOC FOR LOCAL ECONOMIC	06/03/10	80.00	MW	OH		Payee Name different in Check DB
RA00005954	CRA00027	EDISON CO	06/03/10	66.47	MW	OH		
RA00005955	CRA00049	GEOGRAPHICS	06/03/10	12,579.17	MW	OH		Payee Name different in Check DB
RA00005956	CRA00635	HANEY'S LANDSCAPE MAINTENANCE	06/03/10	2,585.00	MW	OH		
RA00005957	CRA00057	HDL COREN & CONE	06/03/10	1,500.00	MW	OH		Payee Name different in Check DB
RA00005958	CRA00665	ULI LOS ANGELES	06/03/10	1,000.00	MW	OH		

G R A N D T O T A L S:

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Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled Checks	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
G R A N D T O T A L	35,329.24		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
RA00005959	CRA00626	ANDY GUMP INC	06/10/10	19.86	MW		OH	
RA00005960	CRA00543	BANK OF THE WEST	06/10/10	4,715.68	MW		OH	
RA00005961	CRA00656	CATHOLIC CHARITIES	06/10/10	1,186.76	MW		OH	
RA00005962	CRA00035	COVINA DISPOSAL CO	06/10/10	111.79	MW		OH	
RA00005963	CRA00128	COVINA, CITY OF	06/10/10	47,528.22	MW		OH	Payee Name different in Check DB
RA00005964	CRA00128	COVINA, CITY OF	06/10/10	140,867.88	MW		OH	Payee Name different in Check DB
RA00005965	CRA00128	COVINA, CITY OF	06/10/10	705.00	MW		OH	Payee Name different in Check DB
RA00005966	CRA00128	COVINA, CITY OF	06/10/10	2310,000.00	MW		OH	Payee Name different in Check DB
RA00005967	CRA00051	GRAND PRINTING	06/10/10	214.01	MW		OH	
RA00005968	CRA00004	HOME DEPOT	06/10/10	207.38	MW		OH	
RA00005969	CRA00480	OFFICE DEPOT	06/10/10	128.69	MW		OH	
RA00005970	CRA00437	SO CALIF GAS COMPANY	06/10/10	59.86	MW		OH	
RA00005971	CRA00666	WEST COAST AERIAL PHOTOGRAPHY	06/10/10	950.00	MW		OH	

G R A N D T O T A L S:

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Total Reversals	0.00	Number of Checks Processed:	0
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Total EFTs	0.00	Number of EFTs Processed:	0
<b>G R A N D T O T A L</b>	<b>2506,695.13</b>		

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RA00005972	CRA00545	AL-SAL OIL COMPANY INC	06/17/10	7,333.33	MW	OH	
RA00005973	CRA00465	AZUSA LIGHT & WATER	06/17/10	99.04	MW	OH	
RA00005974	CRA00530	BRANCHEAU, LISA	06/17/10	5.71	MW	OH	
RA00005975	CRA00229	CA ASSOC FOR LOCAL ECONOMIC	06/17/10	570.00	MW	OH	Payee Name different in Check DB
RA00005976	CRA00128	COVINA, CITY OF	06/17/10	226.40	MW	OH	Payee Name different in Check DB
RA00005977	CRA00128	COVINA, CITY OF	06/17/10	4,517.06	MW	OH	Payee Name different in Check DB
RA00005978	CRA00034	DH MAINTENANCE SERVICES	06/17/10	345.00	MW	OH	
RA00005979	CRA00027	EDISON CO	06/17/10	21.84	MW	OH	
RA00005980	CRA00350	GASSER, NUALA	06/17/10	32.95	MW	OH	
RA00005981	CRA00509	GROVER'S INTERIORS	06/17/10	1,048.80	MW	OH	
RA00005982	CRA00070	LEWIS OPERATING CORP	06/17/10	5,736.00	MW	OH	
RA00005983	CRA00192	NEIUBER, ROBERT	06/17/10	40.51	MW	OH	
RA00005984	CRA00650	OLIVE TREE APARTMENTS	06/17/10	350.00	MW	OH	
RA00005985	CRA00654	PARRISH, DARYL	06/17/10	304.21	MW	OH	
RA00005986	CRA00667	PROFESSIONAL DESIGN ASSOCIATE	06/17/10	6,686.10	MW	OH	
RA00005987	CRA00273	UNITED SITE SERVICES OF CA IN	06/17/10	174.15	MW	OH	Payee Name different in Check DB
RA00005988	CRA00541	UNITED TRAFFIC	06/17/10	186.77	MW	OH	
RA00005989	CRA00212	VERIZON CALIFORNIA	06/17/10	66.81	MW	OH	
RA00005990	CRA00642	XO COMMUNICATIONS	06/17/10	385.10	MW	OH	

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G R A N D T O T A L S:								
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		Total Hand Written		0.00		Number of Checks Processed:		0
		Total Reversals		0.00		Number of Checks Processed:		0
		Total Cancelled Checks		0.00		Number of Checks Processed:		0
		Total EFTs		0.00		Number of EFTs Processed:		0
		G R A N D T O T A L		28,129.78				

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
RA00005991	CRA00128	COVINA, CITY OF	06/24/10	4,140.00	MW	OH		Payee Name different in Check DB
RA00005992	CRA00049	GEOGRAPHICS	06/24/10	4,060.00	MW	OH		Payee Name different in Check DB
RA00005993	V01136	OFFICE DEPOT	06/24/10	148.60	MW	OH		
RA00005994	CRA00096	POWELL CAMERA SHOP	06/24/10	16.54	MW	OH		
RA00005995	V02438	PROSPERO PARK OWNERS	06/24/10	510.60	MW	OH		
RA00005996	CRA00005	STAPLES INC	06/24/10	177.78	MW	OH		
RA00005997	CRA00668	STAPLETON, KEVIN	06/24/10	245.00	MW	OH		
RA00005998	CRA00116	US BANK	06/24/10	12,039.79	MW	OH		
RA00005999	CRA00125	YWCA WINGS SHELTER	06/24/10	1,200.00	MW	OH		

G R A N D T O T A L S:

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Total Reversals	0.00	Number of Checks Processed:	0
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Total EFTs	0.00	Number of EFTs Processed:	0
<b>G R A N D T O T A L</b>	<b>22,538.31</b>		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel	To Note
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RA00006001	CRA00549	BEST BEST & KRIEGER LLP	06/30/10	7,560.22	MW	OH		
RA00006002	CRA00023	CA REDEVELOPMENT ASSOC	06/30/10	4,300.00	MW	OH		Payee Name different in Check DB
RA00006003	CRA00129	COVINA WATER & REFUSE, CITY O	06/30/10	240.93	MW	OH		Payee Name different in Check DB
RA00006004	CRA00128	COVINA, CITY OF	06/30/10	267.92	MW	OH		Payee Name different in Check DB
RA00006005	CRA00128	COVINA, CITY OF	06/30/10	960.00	MW	OH		Payee Name different in Check DB
RA00006006	CRA00128	COVINA, CITY OF	06/30/10	134,750.02	MW	OH		Payee Name different in Check DB
RA00006007	CRA00027	EDISON CO	06/30/10	171.04	MW	OH		
RA00006008	CRA00518	OVERLAND PACIFIC & CUTLER INC	06/30/10	185.00	MW	OH		Payee Name different in Check DB
RA00006009	CRA00595	REGINA COLLINS	06/30/10	1,800.00	MW	OH		Payee Name different in Check DB

G R A N D T O T A L S:

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Total Machine Written	150,254.99	Number of Checks Processed:	10
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled Checks	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
<b>G R A N D T O T A L</b>	<b>150,254.99</b>		

**COVINA REDEVELOPMENT AGENCY**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 16

**STAFF SOURCE:** John B. Fielding, Treasurer  
Dilu DeAlwis, Finance Director *DD*  
Alan Sands, Accountant

**ITEM TITLE:** Quarterly Report of the Treasurer to the Covina Redevelopment Agency  
for the Quarter Ended June 30, 2010

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**STAFF RECOMMENDATION**

Receive and file the Quarterly Report of the Treasurer for the Quarter Ended June 30, 2010.

**FISCAL IMPACT**

None.

**BACKGROUND**

In accordance with State legislation, the Treasurer is required to submit annually a statement of investment policy to the Agency for adoption. The original policy was adopted at the meeting of July 18, 2006.

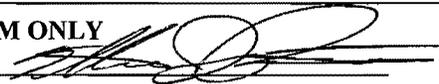
Section 4.0 of the policy requires a report by the Treasurer to the Agency and Executive Director containing detailed information on all securities, investments, and moneys of the Covina Redevelopment Agency. The report shall be submitted on a quarterly basis within 30 days following the end of the quarter. The report for the quarter ended June 30, 2010 is being presented showing cash placement, containing a statement that investments are in compliance with adopted policy, and that there are sufficient surplus funds immediately available to meet the pooled expenditures of the Agency for the next six months.

**EXHIBITS**

- A Quarterly Report of the Treasurer to the Covina Redevelopment Agency for the  
Quarter Ended June 30, 2010
- A-1 Cash and Investment Summary
- A-2 Bond Logistix Investment Portfolio Summary
- A-3 Diversified Securities Investment Portfolio Summary
- A-4 Smith Barney Investment Portfolio Summary
- A-5 Investment Holdings by Sector
- A-6 City & CRA Cash & Investments Three Year Comparison

BS:ms

**REVIEW TEAM ONLY**

City Attorney: 

Finance Director: 

City Manager: 

Other: \_\_\_\_\_

**EXHIBIT A  
COVINA REDEVELOPMENT AGENCY  
REPORT OF THE CITY TREASURER TO THE AGENCY**

<b>CASH BALANCE</b>	<b>3/31/2010</b>	<b>\$33,225,745.74</b>
RECEIPTS	4/1/10-6/30/10	15,452,736.07
		48,678,481.81
DISBURSEMENTS	4/1/10-6/30/10	(21,217,940.76)
<b>CASH BALANCE</b>	<b>6/30/2010</b>	<b><u>\$27,460,541.05</u></b>

**ANALYSIS OF CASH AND INVESTMENT BALANCE**

BANK OF THE WEST	PASSBOOK	\$ 5.12
LAIF	STATE FUND	3,895,152.44
BOND LOGISTIX INVESTMENT PORTFOLIO	EXHIBIT A-2	18,193,159.27
WELLS FARGO MONEY MARKET AND U.S. TREASURY BILLS	EXHIBIT A-2	325,861.55
DIVERSIFIED SECURITIES INVESTMENT PORTFOLIO	EXHIBIT A-3	0.00
FEDERATED CAPITAL RESERVE MONEY MARKET	EXHIBIT A-3	1,129,199.08
SMITH BARNEY INVESTMENT PORTFOLIO	EXHIBIT A-4	2,884,522.47
SMITH BARNEY MONEY MARKET	EXHIBIT A-4	69,207.20
TOTAL INACTIVE PUBLIC DEPOSITS		26,497,107.13
CHECKING AND PETTY CASH BALANCES		963,433.92
<b>CASH AND INVESTMENT BALANCE</b>	<b>6/30/2010</b>	<b><u>\$27,460,541.05</u></b>
CASH HELD BY THIRD PARTY ADMINISTRATORS		1,418,394.60
<b>TOTAL CASH &amp; INVESTMENT BALANCE</b>	<b>6/30/2010</b>	<b><u>\$28,878,935.65</u></b>

This report is in compliance with the Covina Redevelopment Agency (Agency) Statement of Investment Policy. There is sufficient investment liquidity to meet the pooled expenditures of the Agency for the next 6 months.

Respectfully submitted,  
*John B. Fielding*

John B. Fielding  
Treasurer

**EXHIBIT A-1**  
**COVINA REDEVELOPMENT AGENCY**  
**QUARTERLY TREASURER'S REPORT - JUNE 30, 2010**

TYPE OF INVESTMENT	ISSUER	BOOK VALUE \$	ACQUISITION DATE	MATURITY DATE	MARKET VALUE \$
<b>Covina Redevelopment Agency:</b>					
Pass Book	Bank of the West	\$5.12	N/A	Demand	\$5.12
Petty Cash	N/A	200.00	N/A	N/A	200.00
Checking Account	Bank of the West	963,233.92	N/A	Demand	963,233.92
Bond Logistix Portfolio	Various	18,193,159.27	Various	Various	18,243,302.40
Wells Fargo Money Market and Treasury Bills	Various	325,861.55	N/A	Demand	325,861.55
Diversified Securities Investment Portfolio	Various	-	Various	Various	-
Federated Capital Reserve Money Market	Various	1,129,199.08	Various	Demand	1,129,199.08
Smith Barney Investment Portfolio	Various	2,884,522.47	Various	Various	2,871,702.56
Smith Barney Money Market	Various	69,207.20	Various	Demand	69,207.20
Local Agency Investment Fund	State of California	3,895,152.44	N/A	Demand	3,895,152.44
Subtotal (A)		<b>\$27,460,541.05</b>			<b>\$27,497,864.28</b>
<b>Cash Held Under 3rd Party Administrator:</b>					
(1) 1997 Covina Redevelopment Agency ABAG 1997 Tax Allocation Revenue Bonds Series A	Wells Fargo Treasury Plus Money Market	135,145.28	N/A	Demand	135,145.28
(2) 1997 Revenue Bonds, Series B Fiscal Agent: BNY Western Trust Company	Wells Fargo Treasury Plus Money Market	499,456.53	N/A	Demand	499,456.53
(3) 2002A Revenue Bonds Fiscal Agent: BNY Western Trust Company	Wells Fargo Treasury Plus Money Market	783,790.51	N/A	Demand	783,790.51
(4) 2004 A Tax Allocation Revenue Bond Fiscal Agent: BNY Western Trust Company	Wells Fargo Treasury Plus Money Market	1.19	N/A	Demand	1.19
(5) 2004 B Tax Allocation Revenue Bond Fiscal Agent: BNY Western Trust Company	Wells Fargo Treasury Plus Money Market	1.09	N/A	Demand	1.09
Subtotal (B)		1,418,394.60			\$1,418,394.60
<b>TOTAL (A+B)</b>		<b>\$28,878,935.65</b>			<b>\$28,916,258.88</b>

Comment:

The investments are in compliance with the adopted policy of the Covina Redevelopment Agency.

**Exhibit A-2**  
**CITY OF COVINA**  
**Bond Logistix**  
**Investment Portfolio as of**  
**June 2010**

<u>Date</u>	<u>Qty</u>	<u>Price</u>	<u>Market Value</u>	<u>Cost Value</u>	<u>Total</u>	<u>Yield</u>	<u>Maturity</u>	<u>Issuer</u>
09/28/09	20,000	108.156000	<b>2,163,120.00</b>	2,161,740.00	2,161,740.00	4.5000	10/17/2012	Fed Farm Credit Bank
08/27/08	22,000	103.844000	<b>2,284,568.00</b>	2,301,090.00	2,301,090.00	3.6250	9/16/2011	Fed Home Ln Bank
02/19/09	20,000	102.469000	<b>2,049,380.00</b>	2,015,560.00	2,015,560.00	2.1250	3/23/2012	Fed Home Ln Bank
08/26/09	21,000	106.563000	<b>2,237,823.00</b>	2,284,296.00	2,284,296.00	5.3750	11/15/2011	Fed National Mortgage
10/10/08	10,000	104.855000	<b>1,048,550.00</b>	1,076,015.63	1,076,015.63	4.6250	8/31/2011	US Treasury
10/10/08	9,500	105.102000	<b>998,469.00</b>	1,019,765.63	1,019,765.63	4.5000	9/30/2011	US Treasury
12/08/05	14,000	101.164000	<b>1,416,296.00</b>	1,388,187.50	1,388,187.50	4.2500	10/15/2010	US Treasury
06/30/09	20,000	108.586000	<b>2,171,720.00</b>	2,186,250.00	2,186,250.00	4.8750	6/30/2012	US Treasury
09/24/08	14,000	104.809000	<b>1,467,326.00</b>	1,499,312.50	1,499,312.50	4.8750	7/31/2011	US Treasury
10/31/07	15,000	107.414000	<b>1,611,210.00</b>	1,532,578.13	1,532,578.13	3.8750	10/31/2012	US Treasury
03/31/08	13,000	104.531000	<b>1,358,903.00</b>	1,344,230.47	1,344,230.47	2.5000	3/31/2013	US Treasury
04/30/08	21,000	106.313000	<b>2,232,573.00</b>	2,193,187.50	2,193,187.50	3.1250	4/30/2013	US Treasury
11/17/08	20,000	101.770000	<b>2,035,400.00</b>	2,039,062.50	2,039,062.50	1.7500	11/15/2011	US Treasury
05/15/09	20,000	101.469000	<b>2,029,380.00</b>	1,982,187.50	1,982,187.50	1.3750	5/15/2012	US Treasury
08/26/09	22,000	100.723000	<b>2,215,906.00</b>	2,205,500.00	2,205,500.00	1.2500	6/30/2011	US Treasury
07/31/09	20,000	100.625000	<b>2,012,500.00</b>	2,012,031.25	2,012,031.25	1.0000	7/31/2011	US Treasury
04/30/07	10,000	107.238000	<b>1,072,380.00</b>	1,080,937.50	1,080,937.50	4.5000	4/30/2012	US Treasury
			<b>\$ 30,405,504.00</b>	<b>\$ 30,321,932.11</b>	<b>\$ 30,321,932.11</b>			

Wells Fargo Money Market \$ 543,102.59

**Total Value of Portfolio** **\$ 30,865,034.70**

**Sold/Matured Investment**

Total \$ - \$ - \$ -

**Interest Summary**

Interest Collected in 6/30/2010 61,128.71

**Cost Breakdown**

**Investment:**

CRA portion	\$ 18,193,159.27
City portion	12,128,772.84
	<u>\$ 30,321,932.11</u>

**Money Market:**

CRA portion	\$ 325,861.55
City portion	\$ 217,241.04
	<u>\$ 543,102.59</u>

**Interest Collected in**

City 40%	24,451.48
CRA 60%	36,677.23
Total	<u>61,128.71</u>

Gain (Loss) on sale of investment	<input type="text" value="-"/>
City 40%	-
CRA 60%	-
Total	<u>-</u>

**City 40%**

1010-0000-00-10881	24,451.48	-
1010-0000-00-47200	-	24,451.48
1010-0000-00-10881	-	-
1010-0000-00-47200	-	-

**CRA 60%**

5011-0000-00-10881	36,677.23	-
5011-4400-00-47200	-	36,677.23
5011-0000-00-10881	-	-
5011-4400-00-47200	-	-

**Exhibit A-3**  
**CITY OF COVINA**  
**Diversified Securities**  
**Investment Portfolio as of**  
**June 2010**

Date	Qty	Price	Market Value	Cost Value	Total	Yield	Maturity	Issuer
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	Total	\$	-	\$	-	\$	-
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Federated Capital Reserve Money Market					\$ 2,258,398.16		
--	--	--	--	--	-----------------	--	--

	<b>Total Value of Portfolio</b>				<b>\$ 2,258,398.16</b>		
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**Sold/Matured Investment**

	Total	\$	-				
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**Interest Summary**

Interest Collected in	6/30/10			37.74			
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**Fee Summary**

Fees Collected in	6/30/10						
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**Cost Breakdown**

**Investment:**

CRA portion				\$	-		
City portion					-		
				\$	-		

**Money Market:**

CRA portion				\$ 1,129,199.08			
City portion				\$ 1,129,199.08			
				\$ 2,258,398.16			

Interest Collected in

	City 50%			18.87			
	CRA 50%			18.87			

**Exhibit A-3**  
**CITY OF COVINA**  
**Diversified Securities**  
**Investment Portfolio as of**  
**June 2010**

	Total	37.74	
Fee Summary	City 50%	-	
	CRA 50%	-	
	Total	-	
	Gain (Loss) on sale of investment	-	
	City 50%	-	
	CRA 50%	-	
	Total	-	

**City 50%**

	interest		
	1010-0000-00-10882	18.87	
	1010-0000-00-47200		18.87
	gain/loss sale		
	1010-0000-00-10882	-	
	1010-0000-00-47200		-
	management fees		
	1010-0500-00-51110	-	
	1010-0000-00-10882		-

**CRA 50%**

	interest		
	5011-0000-00-10882	18.87	
	5011-4400-00-47200		18.87
	gain/loss sale		
	5011-0000-00-10882	-	
	5011-4400-00-47200		-
	management fees		
	5011-4400-00-51110	-	
	5011-0000-00-10882		-

**Exhibit A-4**  
**CITY OF COVINA**  
**Smith Barney**  
**Investment Portfolio as of**  
**June 2010**

Date	Qty	Price	Market Value	Cost Value	Total	Yield	Maturity	Issuer
3/31/2009	4,000	100.844000	403,376.00	403,376.00	418,651.20	4.3750	9/13/2010	Fed National Mortgage Association
3/23/2010	3,000	99.780000	299,340.00	298,689.00	298,689.00	-	3/1/2011	Fed National Mortgage Association
4/30/2010	3,700	100.387000	371,431.90	371,518.52	372,081.86	0.8750	2/28/2011	US Treasury
1/29/2010	5,950	100.430000	597,558.50	599,859.60	601,146.87	1.2500	11/30/2010	US Treasury
5/17/2010	1,000	100.313000	100,313.00	100,355.80	100,689.36	0.8750	12/31/2010	US Treasury
6/3/2010	1,500	100.313000	150,469.50	150,504.45	151,066.43	0.8750	12/31/2010	US Treasury
6/21/2010	2,800	100.313000	280,876.40	280,952.56	282,123.42	0.7500	12/31/2010	US Treasury
8/31/2009	2,500	100.422000	251,055.00	251,055.00	251,458.37	0.8720	3/31/2011	US Treasury
12/30/2009	4,000	100.445000	401,780.00	401,780.00	401,419.24	0.8750	4/30/2011	US Treasury
5/29/2009	1,000	104.809000	104,809.00	108,398.77	108,398.77	4.8750	7/31/2011	US Treasury
2/26/2010	2,000	100.699000	201,398.00	200,696.00	201,895.74	1.0000	10/31/2011	US Treasury
3/31/2010	1,200	100.699000	120,838.80	120,422.28	120,926.15	1.0000	10/31/2011	US Treasury
7/31/2009	3,500	101.820000	356,370.00	348,880.08	349,151.14	1.4970	7/15/2012	US Treasury
9/30/2009	1,600	101.523000	162,436.80	159,724.80	159,810.28	1.3770	9/15/2012	US Treasury
10/30/2009	1,200	101.523000	121,827.60	119,897.28	120,116.06	1.3750	9/15/2012	US Treasury
11/30/2009	1,400	101.430000	142,002.00	142,002.00	141,053.52	1.3750	11/15/2012	US Treasury
4/30/2009	200	102.706000	20,541.20	21,416.00	21,416.00	7.2500	12/1/2010	Verizon Global
4/30/2009	200	102.096000	20,419.20	20,419.20	21,134.60	5.0000	1/15/2011	Oracle/Ozark
4/30/2009	200	102.719000	20,543.80	20,543.80	21,290.60	5.2500	2/22/2011	Cisco
4/30/2009	200	104.566000	20,913.20	20,913.20	21,724.80	7.8750	3/1/2011	AT&T Wireless
4/30/2009	200	104.180000	20,836.00	20,836.00	21,538.60	6.9500	3/15/2011	American Home Products
4/30/2009	200	104.146000	20,829.20	20,829.20	21,635.00	5.6000	5/15/2011	Abbott Laboratories
5/5/2009	200	106.671000	21,334.20	21,334.20	22,074.40	6.3500	10/15/2011	Conoco Funding Co.
5/5/2009	200	104.765000	20,953.00	20,953.00	20,557.80	5.0000	11/15/2011	General Electric Cap Corp Medium
6/3/2010	2,000	103.300000	206,600.00	206,600.00	209,248.67	3.0000	12/9/2011	General Electric Cap Corp
5/5/2009	200	107.003000	21,400.60	21,400.60	21,395.20	5.2500	3/1/2012	Hewlett-Packard Co Global
5/5/2009	200	104.222000	20,844.40	20,844.40	20,676.00	3.4500	3/3/2012	Chevron Corp
5/21/2009	200	104.279000	20,855.80	20,855.80	20,818.00	3.5500	3/6/2012	Eli Lilly & Co
5/5/2009	200	105.497000	21,099.40	21,099.40	21,234.00	4.4500	3/15/2012	Pfizer Inc
6/21/2010	700	102.388000	71,671.60	71,671.60	71,814.87	2.0000	9/28/2012	General Electric Cap Corp
45,450								
Total			\$ 4,594,724.10	\$4,587,828.54	\$ 4,615,235.95			

Federated Capital Reserve Money Market				\$ 110,731.52			check	
							prior mo bal	4,718,307.84
							transactions	7,659.63
							Curr mo bal	4,725,967.47
							Diff	-
<b>Sold/Matured Investment</b>								

6/30/2009	4,000	99.999000	399,996.00	398,298.15	398,298.15		6/30/2010	US Treasury
				(400,000.00)				
1/30/2009	3,300	100.125000	330,412.50	338,348.38	338,348.38	2.7500	6/18/2010	US Treasury
				(330,000.00)				
Total			\$ 330,412.50	\$ 6,646.53				

**Interest Summary**

Interest Collected in	Jun-10		14,306.16	
Accrued Interest paid i	Jun-10	(-)	-	
Accrued Interest receiv	Jun-10			14,306.16

**Fee Summary**

Fees Paid in	Jun-10			
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**Cost Breakdown**

**Investment:**

CRA portion		\$ 2,884,522.47	
City portion		1,730,713.48	
		<u>\$ 4,615,235.95</u>	

**Money Market:**

CRA portion	\$ 69,207.20		2,953,729.67
City portion	\$ 41,524.32		1,772,237.80
	<u>\$ 110,731.52</u>		<u>4,725,967.47</u>

Interest Collected in			
City 37.5%		5,364.81	
CRA 62.5%		8,941.35	
Total		<u>14,306.16</u>	

Fee Summary			
City 37.5%		-	
CRA 62.5%		-	
Total		<u>-</u>	

Gain (Loss) on sale of investment		<u>(6,646.53)</u>	
City 37.5%		(2,492.45)	
CRA 62.5%		(4,154.08)	
Total		<u>(6,646.53)</u>	7,659.63

**CITY**

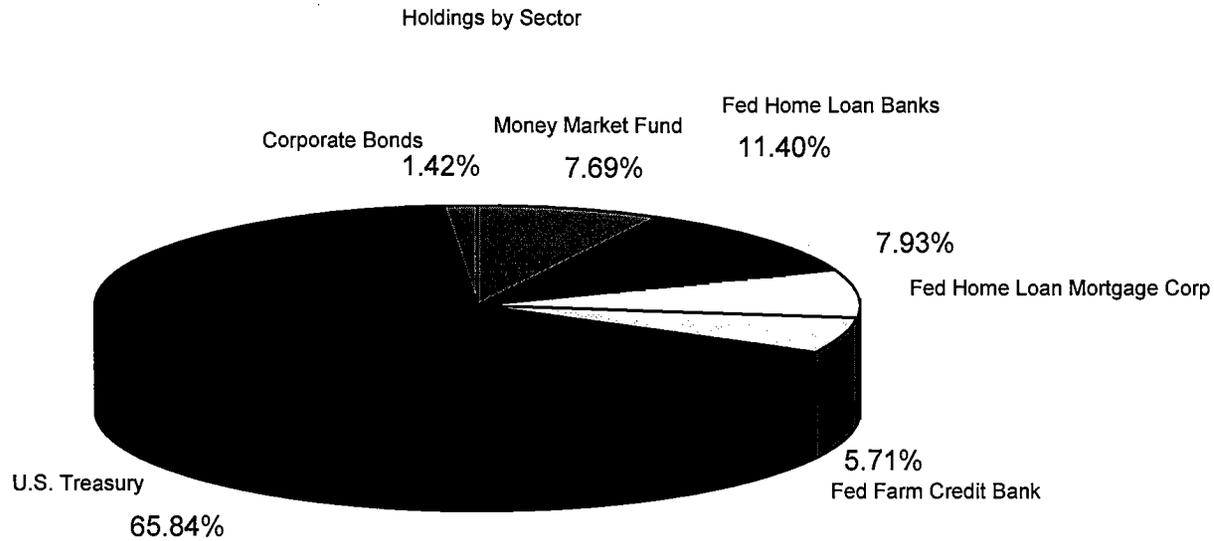
interest			
1010-0000-00-10883	5,364.81	-	
1010-0000-00-47200	-	5,364.81	
gain/loss sale			
1010-0000-00-10883	-	2,492.45	
1010-0000-00-47200	2,492.45	-	
management fees			
1010-0500-00-51110	-	-	
1010-0000-00-10883	-	-	

**CRA**

interest			
5011-0000-00-10883	8,941.35	-	
5011-4400-00-47200	-	8,941.35	
gain/loss sale			
5011-0000-00-10883	-	4,154.08	
5011-4400-00-47200	4,154.08	-	
management fees			
5011-4400-00-51110	-	-	
5011-0000-00-10883	-	-	

**EXHIBIT A-5  
INVESTMENT HOLDINGS BY SECTOR**

	Bond Logistix* Investment	Diversified Securities	Smith ** Barney	Total Investment	Percentage
Money Market Fund	543,103	2,258,398	110,732	2,912,232	7.69%
Fed Home Loan Banks	4,316,650	0	0	4,316,650	11.40%
Fed Home Loan Mortgage Corp	2,284,296	0	717,340	3,001,636	7.93%
Fed Farm Credit Bank	2,161,740	0	0	2,161,740	5.71%
U.S. Treasury	21,559,246	0	3,361,337	24,920,583	65.84%
Corporate Bonds	0	0	536,559	536,559	1.42%
<b>Total</b>	<b>30,865,035</b>	<b>2,258,398</b>	<b>4,725,967</b>	<b>37,849,400</b>	<b>100.00%</b>



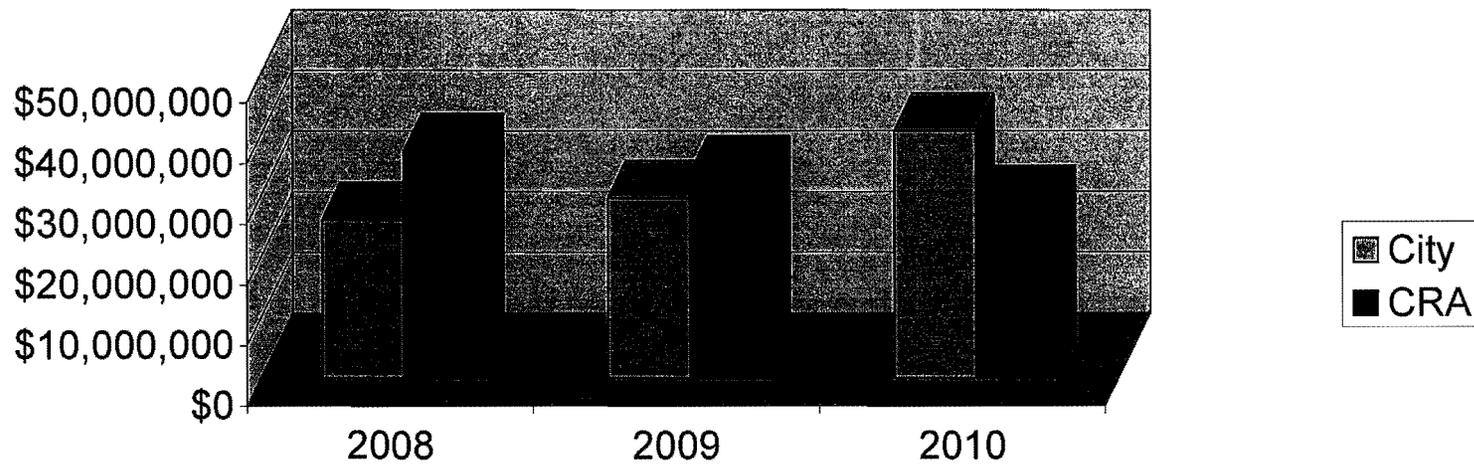
\* Bond Logistix average S&P rating: AAA. Average coupon rate: 4.17%

\*\* Smith Barney average S&P rating: AGN. Average coupon rate: 2.8%

City of Covina / CRA - Total Investments Year-Over-Year Comparison

Quarter Ending	City	CRA
6/30/2008	\$26,135,752.70	\$37,438,076.69
6/30/2009	29,747,476.65	33,782,658.57
6/30/2010	40,815,000.42	28,878,935.65

### City of Covina & CRA Total Cash & Investments Three Year Comparison



Increased cash in quarter ending 6/30/10 is due to Waste Water bond proceeds of \$9,617,806

Quarter Ending June 30th

**COVINA REDEVELOPMENT AGENCY**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 17

**STAFF SOURCE:** Robert Neiuber, Deputy Executive Director *RN*  
Elizabeth Hull, Agency Counsel  
Lisa Brancheau, Redevelopment Manager

**ITEM TITLE:** Agreement between the Covina Redevelopment Agency and Adaya Asset Corporation to hold industrial unit located at 850 East Edna Place, Covina, CA for 105 Days

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**AGENCY STAFF RECOMMENDATION**

Approve Agreement between the Covina Redevelopment Agency and Adaya Asset Corporation, owner of industrial unit located at 850 East Edna Place Covina, CA for 105 days while Covina Valley Unified School District obtains entitlements for Welding School, which the Covina Redevelopment Agency will relocate from Olson Citrus Walk Project site to 850 East Edna Place

**FISCAL IMPACT**

There is no General Fund Fiscal Impact. The Contract amount of \$6,000 will come from CRA Olson Citrus Walk Relocation Account No. 5031-4450-00-53720.

**BACKGROUND**

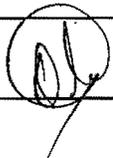
The Covina Redevelopment Agency is in the process of working with relocation consultant, Overland Pacific and Cutler (OPC) to relocate retail tenants that occupy businesses on Citrus, School and Italia Streets. In order to aid in the facilitation of the acquisition of real property from the Covina Valley Unified School District and resultant relocation of the Welding School that currently occupies the site at 120 East School Street, CRA Staff and Agency Counsel propose execution of an agreement with Adaya Asset Corporation, property owner of 850 East Edna Place. Execution of an "Exclusive Negotiation Agreement" with the Corporation will enable the Agency to secure a location for the Welding School while they are in the process of obtaining site entitlements through the City of Covina and the Office of the State Architect. It is imperative to secure the site, which the Welding School and School District staff find to be sufficient to accommodate the School, so as to avoid countless assessment of industrial properties that are leased out in the interim while Welding School Entitlements are being secured.

Staff anticipate that the Welding School will be in the position to relocate to 850 East Edna Place prior to November 30<sup>th</sup>. Should extension of the Exclusive Negotiation Agreement be necessary, and the Adaya Asset Corporation is receptive to an extension, staff will bring before the Agency Board, once again, for consideration.

**EXHIBITS**

A. Covina Redevelopment Agency Exclusive Negotiation Agreement

**REVIEW TEAM ONLY**

City Attorney:  Finance Director: 

City Manager:  Other: \_\_\_\_\_

## COVINA REDEVELOPMENT AGENCY

### EXCLUSIVE NEGOTIATION AGREEMENT

THIS EXCLUSIVE NEGOTIATION AGREEMENT (“**Agreement**”) is dated as of **August 18, 2010** (“**Effective Date**”), and is entered into by and between the COVINA REDEVELOPMENT AGENCY, a public body, corporate and politic (“**Agency**”) and ADAYA ASSET EDNA PLACE, L.P., a California Limited Partnership (“**Owner**”). The Agency and the Owner are sometimes referred to in this Agreement individually, as a “**Party**” and, collectively, as the “**Parties.**” This Agreement is entered into by the Parties with reference to the following recited facts (each, a “**Recital**”):

#### RECITALS

A. Agency and Olson Land Projects, LLC, a Delaware limited liability company, have entered into that certain Disposition and Development Agreement (Citrus Walk) (“**DDA**”), dated May 18, 2010, for Olson Land Projects, LLC to purchase certain real property owned by the Agency and to improve such property by constructing a mixed use (retail and housing) development on it; and

B. Pursuant to the terms and conditions of the DDA, the Agency will attempt to acquire certain real property (“**School District Site**”) owned by the Covina Valley Unified School District, a California school district (“**District**”); and

C. If the Agency is able to acquire the School District Site, it will be sold to Olson Land Projects, LLC; and

D. Prior to the completion of the purchase and sale of the School District Site, the existing tenants on the School District Site shall have to be relocated to another location; and

E. The Owner owns that certain real property generally known as 850 East Edna Place, Unit 850, located in the City of Covina, County of Los Angeles (APN No. 8429-006-011) more specifically described in Exhibit “A” attached to this Agreement and incorporated herein by reference (“**Property**”); and

F. The Property is currently listed for sale or lease; and

G. The District is in discussions to potentially lease the Property for relocation of existing tenants from the School District Site; and

H. The Agency and District have been unable to locate any additional sites that are suitable for the relocation of the existing tenants; and

I. The School District Site is a critical piece of property for the project contemplated by the DDA; and

J. The intent of the Agency in entering into this Agreement is to establish a specific, limited period of time for the District and the Owner to negotiate regarding a future agreement

between them regarding leasing by the District, subject to mutually agreeable terms, conditions, covenants, restrictions and agreements to be negotiated and documented in the future (this future agreement is referred to in this Agreement as a **"Property Lease"**).

NOW, THEREFORE, IN VIEW OF THE GOALS AND OBJECTIVES OF THE AGENCY RELATING TO THE PROMISES OF THE AGENCY AND THE OWNER SET FORTH IN THIS AGREEMENT, THE AGENCY AND THE OWNER AGREE, AS FOLLOWS:

1. **INCORPORATION OF RECITALS.** The Recitals of fact set forth above are true and correct and are incorporated into this Agreement, in their entirety, by this reference.

2. **NEGOTIATION PAYMENT.** Concurrent with the Agency's execution of this Agreement, the Agency shall pay to the Owner a negotiation payment in the amount of Six Thousand Dollars (\$6,000) in immediately available funds (**"Negotiation Payment"**) to ensure that the Owner removes the Property from any public or private listing for sale or lease and will negotiate exclusively with the District, and with no other person or party, for the lease of the Property. Owner shall proceed diligently and in good faith to fulfill its obligations under this Agreement during the **"Negotiation Period"** (as defined in Section 3(a)). The Negotiation Payment shall be fully earned by the Owner when made and shall be non-refundable to the Agency except as provided in this Agreement. For purposes of this Agreement, the term **"Person(s)"** means any one or more individuals, partnerships (whether general or limited), limited liability companies, trusts, estates, associations, corporations, or any other entities recognized by law or custom.

3. **TERM OF AGREEMENT.**

(a) This Agreement shall be in effect for the period of one hundred five (105) consecutive days beginning on the Effective Date and ending on November 30, 2010 (**"Negotiation Period"**). The Negotiation Period may be extended by mutual written agreement of the Parties.

(b) This Agreement shall automatically expire and be of no further force or effect on the earlier of: (1) the expiration or earlier termination of the Negotiation Period; or (2) the signature of a separate Property Lease by both the District and the Owner, in their respective sole and absolute discretion.

4. **NEGOTIATION OF PROPERTY LEASE.** During the Negotiation Period, the Owner shall diligently and in good faith negotiate the potential terms, conditions, covenants, restrictions and agreements of the Property Lease with the District. The Owner shall generally cooperate with and supply such documents and information as may be reasonably requested by the District to facilitate the conduct of the negotiations. The Owner shall exercise reasonable efforts to complete discussions relating to the terms and conditions of a Property Lease and such other matters, all as may be mutually acceptable to the District and the Owner, in their respective sole discretion. The exact terms and conditions of a Property Lease, if any, shall be determined during the course of these negotiations. Nothing in this Agreement shall be interpreted or construed to be a representation or agreement by the Owner that a mutually acceptable Property

Lease between the District and the Owner will be produced from negotiations under this Agreement. Nothing in this Agreement shall impose any obligation on the Owner to agree to a definitive Property Lease in the future. Nothing in this Agreement shall be interpreted or construed to be a guaranty, warranty or representation that any proposed Property Lease that may be negotiated by District staff and the Owner will be approved by the District's governing body. The Owner acknowledges and agrees that the District's consideration of any Property Lease is subject to the sole and absolute discretion of the District's governing body and all legally required public hearings, public meetings, notices, factual findings and other determinations required by law.

**5. RESTRICTIONS ON CHANGE IN OWNERSHIP, MANAGEMENT AND CONTROL OF OWNER AND ASSIGNMENT OF AGREEMENT.**

(a) The qualifications and identity of the Owner and its principals are of particular concern to the Agency. The Owner's qualifications and identity are the reason that the Agency has entered into this Agreement with the Owner. During the Negotiation Period, no voluntary or involuntary successor-in-interest of the Owner shall acquire any rights or powers under this Agreement, except as expressly provided in Section 5(c).

(b) The Owner shall promptly notify the Agency in writing of any and all changes whatsoever in the identity of the business entities or individuals either comprising or in Control (as defined in Section 5(d)) of the Owner, as well as any and all changes in the interest or the degree of Control of the Owner by any such person, of which information the Owner or any of its shareholders, partners, members, directors, managers or officers are notified or may otherwise have knowledge or information. Upon the occurrence of any significant or material change (more than ten percent (10%)), whether voluntary or involuntary, in ownership, management or Control of the Owner (other than such changes occasioned by the death or incapacity of any individual) that has not been approved by the Agency, prior to the time of such change, the Agency may terminate this Agreement, without liability to the Owner or any other Person, by sending written notice of termination to the Owner, referencing this Section 5(b). Upon such termination by the Agency, the Owner shall return the pro-rated portion of the Negotiation Payment for the number of days remaining in the Negotiation Period.

(c) The Owner may assign its rights under this Agreement to an Affiliate (as defined in Section 5(d)), subject to all of the following conditions: (1) such Affiliate expressly assumes all of the obligations of the Owner under this Agreement in a written assumption agreement reasonably satisfactory to the Agency; and (2) the Owner, shall, at all times, Control any such Affiliate. Notwithstanding any assignment of this Agreement, the Owner shall at all times, be responsible and obligated directly to the Agency for performance of the Owner's obligations under this Agreement.

(d) For the purposes of this Agreement, the term "**Affiliate**" means any person, directly or indirectly, controlling or controlled by or under common control with the Owner, whether by direct or indirect ownership of equity interests, by contract, or otherwise. For the purposes of this agreement, "**Control**" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether by ownership of equity interests, by contract, or otherwise.

**6. OWNER NOT TO NEGOTIATE WITH OTHERS OR ENCUMBER THE PROPERTY.**

(a) During the Negotiation Period, the Owner shall not negotiate with any other Person regarding the sale or leasing of the Property.

(b) Owner shall not enter into any new contracts, encumbrances, or title encumbrances regarding the Property which would affect the use of the Property by any prospective tenant as a school site. In the event that the Owner believes in the exercise of its reasonable business judgment, that such a contract, encumbrance, or title encumbrance could affect such use, the Owner shall not proceed without the prior written consent of the Agency during the Negotiation Period.

(c) Owner shall maintain the Property in accordance with the same standards Owner has customarily observed in its ownership and management of the Property. Owner shall maintain in force all insurance policies currently maintained by Owner with respect to the Property.

(d) Notwithstanding paragraphs 6(a) - 6(c), or any other provision in this Agreement, during the Term of this Agreement, Owner may negotiate with District regarding the sale or lease of the Property and execute a mutually agreeable lease or other document securing District's use of the Property.

(e) The term **"negotiate,"** as used in this Agreement, means engaging in any discussions with a Person other than the District, regardless of how initiated, with respect to that Person's leasing of the Property to the total or partial exclusion of the District from leasing the Property, without the District's written consent, and further provided that the Owner shall not receive or retain unsolicited offers regarding leasing of the Property, and shall not negotiate with the proponent of any such offer during the Negotiation Period.

**7. ACKNOWLEDGMENTS AND RESERVATIONS.**

(a) The Agency and the Owner agree that, if this Agreement expires or is terminated for any reason, or a future Property Lease is not signed by both the District and the Owner, for any reason, neither the Agency nor the Owner shall be under any obligation, nor have any liability to each other or any other Person regarding the lease of the Property.

(b) The Owner acknowledges and agrees that no provision of this Agreement shall be deemed to be an offer by the Agency, nor an acceptance by the Agency of any offer or proposal from the Owner for the Agency to acquire the Property.

(c) The Owner acknowledges and agrees that the Owner has not acquired, nor will acquire, by virtue of the terms of this Agreement, any legal or equitable interest in real or personal property from the Agency. The Agency acknowledges and agrees that the Agency has not acquired, nor will acquire, by virtue of the terms of this Agreement, any legal or equitable interest in real or personal property from the Owner.

(d) The Agency shall not be deemed to be a party to any agreement for the lease of the Property. The Owner expressly acknowledges and agrees that the Agency will not be bound by any statement, promise or representation made by Agency or District staff or representatives during the course of negotiations of the Property Lease.

**8. LIMITATION ON REMEDIES AND DAMAGES.**

(a) IN THE EVENT OF DEFAULT BY EITHER PARTY TO THIS AGREEMENT, THE PARTIES SHALL THE REMEDIES OF SPECIFIC PERFORMANCE, MANDAMUS, INJUNCTION, AND OTHER EQUITABLE REMEDIES. NEITHER PARTY SHALL HAVE THE REMEDY OF MONETARY DAMAGES AGAINST THE OTHER; PROVIDED HOWEVER, THAT THE AWARD OF COSTS OF LITIGATION AND ATTORNEYS' FEES SHALL NOT CONSTITUTE DAMAGES BASED UPON BREACH OF THIS AGREEMENT WHERE SUCH AN AWARE IS LIMITED TO REASONABLE COSTS OF LITIGATION INCURRED BY THE PARTIES.

(b) THE AGENCY AND THE OWNER EACH ACKNOWLEDGE AND AGREE THAT THE AGENCY WOULD NOT HAVE ENTERED INTO THIS AGREEMENT, IF IT WERE TO BE LIABLE TO THE OWNER FOR ANY MONETARY DAMAGES, MONETARY RECOVERY OR ANY REMEDY OTHER THAN TERMINATION OF THIS AGREEMENT.

(c) THE OWNER ACKNOWLEDGES THAT IT IS AWARE OF THE MEANING AND LEGAL EFFECT OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM WOULD HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

(d) CALIFORNIA CIVIL CODE SECTION 1542 NOTWITHSTANDING, IT IS THE INTENTION OF THE OWNER TO BE BOUND BY THE LIMITATION ON DAMAGES, RECOVERY AND REMEDIES SET FORTH IN THIS SECTION 8, AND THE OWNER HEREBY WAIVES AND RELEASES ANY AND ALL CLAIMS AGAINST THE AGENCY FOR MONETARY DAMAGES, MONETARY RECOVERY OR OTHER RELIEF RELATED TO ANY BREACH OF THIS AGREEMENT, EXCEPT AS PROVIDE FOR IN THIS SECTION 8, WHETHER OR NOT ANY SUCH RELEASED CLAIMS WERE KNOWN OR UNKNOWN TO THE OWNER AS OF THE EFFECTIVE DATE OF THIS AGREEMENT. THE OWNER SPECIFICALLY WAIVES THE BENEFITS OF CALIFORNIA CIVIL CODE SECTION 1542 AND ALL OTHER STATUTES AND JUDICIAL DECISIONS (WHETHER STATE OR FEDERAL) OF SIMILAR EFFECT WITH REGARD TO THE LIMITATIONS ON DAMAGES AND REMEDIES AND WAIVERS AND RELEASES OF ANY SUCH DAMAGES AND REMEDIES CONTAINED IN THIS SECTION 8.

_____ Initials of Authorized Representative of the Owner	_____ Initials of Authorized Representative of the Agency
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**9. DEFAULT.**

(a) Failure or delay by either Party to perform any material term or provision of this Agreement shall constitute a default under this Agreement. If the Party that is claimed to be in default by the other Party cures, corrects or remedies the alleged default within fifteen (15) calendar days after receipt of written notice specifying such default, such Party shall not be in default under this Agreement. The notice and cure period provided in the immediately preceding sentence shall not, under any circumstances, extend the Negotiation Period. If notice of an alleged breach or default is given with fifteen (15) or fewer days remaining in the Negotiation Period, this Agreement shall automatically terminate on the date of such notice, without further notice to or action by either Party, and the Party alleged to have been in default shall be deemed to have cured such default.

(b) The Party claiming that a default has occurred shall give written notice of default to the Party claimed to be in default, specifying the alleged default. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default. However, the injured Party shall have no right to exercise any remedy for a default under this Agreement, without first delivering written notice of the default.

(c) Any failure or delay by a Party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any rights or remedies associated with a default.

(d) If a default of either Party remains uncured for more than fifteen (15) calendar days following receipt of written notice of such default, a “breach” of this Agreement by the defaulting Party shall be deemed to have occurred, except as otherwise provided in Section 9(a) regarding the last fifteen (15) days of the Negotiation Period. In the event of a breach of this Agreement, the sole and exclusive remedy of the Party who is not in default shall be to terminate this Agreement by serving written notice of termination on the Party in breach. In the case of a breach by the Agency, the Owner shall also be entitled to receive the Damages as provided in Section 8. In the case of a breach by the Owner, the Agency shall also be entitled to receive from the Owner the pro-rated portion of the Negotiation Payment for the number of days remaining in the Negotiation Period. The Agency may also institute legal action, at law or in equity, to enforce its rights under this Agreement or recover damages.

10. **PRESS RELEASES.** The Owner agrees to obtain the approval of the Agency Executive Director, or his or her designee or successor, in function of any press releases Owner may propose relating to the negotiation of a Property Lease with the District, prior to publication.

11. **NOTICE.** All notices required under this Agreement shall be presented in person, by nationally recognized overnight (one business day) delivery service or by facsimile and confirmed by first class certified or registered United States Mail, with return receipt requested, to the address and/or fax number for the Party set forth in this Section 11. Notice shall be

deemed confirmed by United States Mail effective the third (3rd) business day after deposit with the United States Postal Service. Notice by personal service or nationally recognized overnight delivery service shall be effective upon delivery. Either Party may change its address for receipt of notices by notifying the other Party in writing. Delivery of notices to courtesy copy recipients shall not be required for valid notice to a Party.

TO OWNER:	Adaya Asset Corporation	
	c/o Meridian Group, Ltd.	
	11400 w. Olympic Blvd., #870	
	Los Angeles, CA 90064	
	Attention: Amr Tannir	
TO AGENCY:	Covina Redevelopment Agency	
	125 E. College Street	
	Covina, CA 91723	
	Attention: Executive Director	
COURTESY COPY TO:	Best Best & Krieger, LLP	Klika, Parrish & Bigelow
	5 Park Plaza, Suite 1500	959 E. Walnut St., Suite 220
	Irvine, CA 92614	Pasadena, CA 91106
	Attention: Agency Counsel	Attention: Paige R. Parrish

**12. WARRANTY AGAINST PAYMENT OF CONSIDERATION FOR AGREEMENT.**

The Owner represents and warrants that: (a) the Owner has not employed or retained any person to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees of the Owner and third persons to whom fees are paid for professional services related to documentation of this Agreement; and (b) no gratuities, in the form of entertainment, gifts or otherwise have been or will be given by the Owner or any of its agents, employees or representatives to any elected or appointed official or employee of the City, the Agency or the District in an attempt to secure this Agreement or favorable terms or conditions for this Agreement. Breach of the representations or warranties of this Section 12 shall automatically terminate this Agreement, without further Notice to or action by either Party and, upon any such termination of this Agreement, the Owner shall immediately refund any payments made to or on behalf of the Owner by the Agency pursuant to this Agreement, prior to the date of any such termination.

**13. ACCEPTANCE OF AGREEMENT BY OWNER.** The Owner shall acknowledge its acceptance of this Agreement by delivering to the Agency three (3) originals of this Agreement signed by the authorized representative(s) of the Owner.

**14. COUNTERPART ORIGINALS.** This Agreement may be executed by the Agency and the Owner in multiple counterpart originals, all of which together shall constitute a single agreement.

15. **NO THIRD-PARTY BENEFICIARIES.** Nothing in this Agreement is intended to benefit any person or entity other than the Agency or the Owner.

16. **GOVERNING LAW.** The Agency and the Owner acknowledge and agree that this Agreement was negotiated, entered into and is to be fully performed in the City of Covina, California. The Agency and the Owner agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California, without application of conflicts of laws principles. Venue shall be in Los Angeles County.

17. **WAIVERS.** No waiver of any breach of any term or condition contained in this Agreement shall be deemed a waiver of any preceding or succeeding breach of such term or condition, or of any other term or condition contained in this Agreement. No extension of the time for performance of any obligation or act, no waiver of any term or condition of this Agreement, nor any modification of this Agreement shall be enforceable against the Agency or the Owner, unless made in writing and executed by both the Agency and the Owner.

18. **PRINCIPLES OF INTERPRETATION.** No inference in favor of or against any Party shall be drawn from the fact that such Party has drafted any part of this Agreement. The Parties have both participated substantially in the negotiation, drafting, and revision of this Agreement, with advice from legal and other counsel and advisers of their own selection. A word, term or phrase defined in the singular in this Agreement may be used in the plural, and vice versa, all in accordance with ordinary principles of English grammar, which shall govern all language in this Agreement. The words "include" and "including" in this Agreement shall be construed to be followed by the words: "without limitation." Each collective noun in this Agreement shall be interpreted as if followed by the words "(or any part of it)," except where the context clearly requires otherwise. Every reference to any document, including this Agreement, refers to such document, as modified from time to time (excepting any modification that violates this Agreement), and includes all exhibits, schedules, addenda and riders to such document. The word "or" in this Agreement includes the word "and." Every reference to a law, statute, regulation, order, form or similar governmental requirement refers to each such requirement as amended, modified, renumbered, superseded or succeeded, from time to time. Headings at the beginning of each section and sub-section of this Agreement are solely for the convenience of reference of the Agency and the Owner and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. Unless otherwise indicated, all references to sections are to this Agreement. All exhibits referred to in this Agreement are attached to this Agreement, unless otherwise specified. If the date on which the Agency or the Owner is required to take any action pursuant to the terms of this Agreement is not a business day of the Agency, the action shall be taken on the next succeeding business day of the Agency.

19. **ATTORNEYS' FEES.** If either Party hereto files any action or brings any action or proceeding against the other arising out of this Agreement, then the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, its reasonable attorneys' fees as fixed, in such action or proceeding or in a separate action or proceeding brought to recover such attorneys' fees. For the purposes hereof the words "reasonable attorneys' fees" mean and include, in the case of the Agency, salaries and expenses of the lawyers employed by

the Agency (allocated on an hourly basis) who may provide legal services to the Agency in connection with the representation of the Agency in any such matter.

20. **INVALIDITY; SEVERABILITY.** If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

21. **TIME IS OF THE ESSENCE.** Time is of the essence for each and every provision of this Agreement.

**[Signatures on following page]**

**SIGNATURE PAGE  
TO  
EXCLUSIVE NEGOTIATION AGREEMENT**

The Agency and the Owner have signed this Exclusive Negotiation Agreement by and through the signatures of their authorized representative(s) set forth below:

<p><b>AGENCY:</b></p> <p>COVINA REDEVELOPMENT AGENCY, a public body, corporate and politic</p> <p>By: _____ Daryl Parrish Executive Director</p> <p>ATTEST:</p> <p>_____ Agency Secretary</p> <p>APPROVED AS TO FORM:</p> <p>Best Best &amp; Krieger LLP</p> <p>_____ Agency Counsel</p>	<p><b>OWNER:</b></p> <p>ADAYA ASSET EDNA PLACE, a California limited partnership</p> <p>By: ADAYA ASSET CORPORATION GENERAL PARTNER</p> <p>By: _____ Amr Tannir Vice President</p>
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**EXHIBIT "A"**  
**TO**  
**EXCLUSIVE NEGOTIATION AGREEMENT**

Property Legal Description

**[To be attached behind this cover page]**

Legal description for Edna Place: (850 E. Edna Place)

LOT 1 OF TRACT NO. 28762, IN THE CITY OF COVINA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 770 PAGE 83 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 8429-006-011

**COVINA REDEVELOPMENT AGENCY**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 18

**STAFF SOURCE:** Robert Neiuber, Deputy Executive Director 

**ITEM TITLE:** Approve partial funding of request by Covina Center for the Performing Arts for Agency Assistance with royalties and production expenses

---

**AGENCY STAFF RECOMMENDATION**

Approve a partial funding of the request by Covina Center for the Performing Arts (CCPA) for Agency assistance with royalties, fees, and production expenses.

**FISCAL IMPACT**

There is no General Fund impact; Staff is recommending approval of \$50,000 of the requested \$192,450 from the Project Area Two Business Assistance fund Account No. 5021-4650-00-52785.

**BACKGROUND**

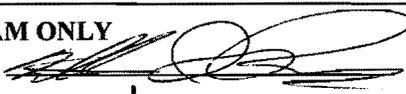
Staff outlined the request from the Covina Center for the Performing Arts to provide funding to cover royalties, fees, and production costs for their 2011 Season in the amount of \$192,450 in the July 20 2010 Agenda Item Commentary (See EXHIBIT A).

Based upon the support from the City Council to try to find some funding to assist the CCPA, Staff reviewed the budget for possible ways to provide some funding to help the CCPA for their 2011 Season. Staff noted that there are funds for Rehabilitation Costs usually Associated with our Façade Program that could be used in the same cost center for Business Assistance. Staff is recommending that the Agency Board consider approving \$50,000 of those funds for the use by the CCPA in order to help cover the costs of royalties, fees, and production costs for their 2011 Season

This assistance will provide stimulus for the economic development of the downtown (Redevelopment Project Area 2) and attracts business activity to our downtown. Supporting the arts and the various entertainment, educational and community programs that the CCPA provides is vital to the continued growth of the Downtown, the Citrus Avenue corridor, and the City as a whole.

**EXHIBIT**

A. July 20, 2010 Agenda Item Commentary

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

# **COVINA REDEVELOPMENT AGENCY**

## **AGENDA ITEM COMMENTARY**

**MEETING DATE:** July 20, 2010

**ITEM NO.:** CC 12

**STAFF SOURCE:** Robert Neiuber, Deputy Executive Director *pr*

**ITEM TITLE:** Receive and file request by Covina Center for the Performing Arts for Agency Assistance with royalties and production expenses

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### **AGENCY STAFF RECOMMENDATION**

Receive and file request by Covina Center for the Performing Arts (CCPA) for Agency assistance with royalties, fees, and production expenses.

### **FISCAL IMPACT**

There is no General Fund impact; the \$192,450 requested could come from Redevelopment Land Proceeds Fund balance Account No. 5031-0000-00-33000 should funds be available later this fiscal year. If these funds become available they could be transferred to 5031-4650-00-53990 for disbursement.

### **BACKGROUND**

The Covina Center for the Performing Arts has requested that the Covina Redevelopment Agency (Agency) provide funding to cover royalties, fees, and production costs for their 2011 Season in the amount of \$192,450. The Agency has assisted in this area in the past and found that this assistance provides stimulus for the economic development of the downtown (Redevelopment Project Area 2) and attracts business activity to our downtown. Supporting the arts and the various entertainment, educational and community programs that the CCPA provides is vital to the continued growth of the Downtown, the Citrus Avenue corridor, and the City as a whole.

On September 15, 2009, the Agency approved a request from the CCPA for \$209,484 in funds to pay for royalties, fees, and production costs for the 2010 Season in order to promote business activity and economic development in the Downtown. Those funds have been utilized with proper documentation submitted prior to disbursement of the funds. When those funds were approved, staff included a warning in the Agenda Item Commentary that funding may not be available in subsequent years. This year's CCPA request does reflect a decrease of over \$17,000 from their previous year's request.

While the amount of the request has decreased, the availability of Agency funds has also decreased considerably due to the State's taking of CRA funds, reduced Property Tax values and current projects. Based on our cash flow projections the Agency is not be able to provide funding using Project Area Two funds. Land Proceed Funds, which were used last year to fund their request, are currently committed to the Citrus Walk Project. Should escrow close and additional funding become available, this fund could be used to provide funding for this

economic development project, but that in turn will decrease our ability to consider land purchases.

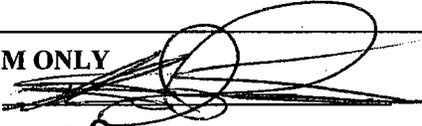
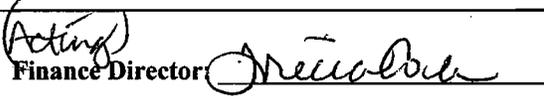
The information they provided shows that they expect that production expenses, general and administrative costs and production overhead will total approximately \$581,000 in 2011. They expect that the revenue that they receive from productions in 2011, 118 performances, will be approximately \$331,000. The difference between expenses and costs would come from Agency funding, fund raising, various other CCPA projects, and charitable donations.

It is their intent to continue to seek grants, rentals and other events/fundraiser so that the theatre will become self-sufficient. In the meantime, they have been working on keeping their overhead costs to a minimum utilizing programs that are available to Non-Profits at a reduced rate and applying cost saving measures within the theatre wherever possible.

Staff recommends that the Agency Board receive and file this report and direct staff to bring this item back for consideration should funding become available later this fiscal year.

**EXHIBITS**

- A. CCPA request for assistance
- B. September 15, 2009 Agenda Item Commentary

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CC 19

**STAFF SOURCE:** Robert Neuber, Deputy Executive Director *RV*  
Lisa Brancheau, Redevelopment Manager

**ITEM TITLE:** Set Public Hearing for September 7, 2010 for Vacation of School Street and Public Alley that runs north and south between School and Italia Streets and Adopt Resolution No. 10-6873 Declaring the City's intention to Vacate School Street and Public Alley

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**STAFF RECOMMENDATION**

Set Public Hearing for September 7, 2010 for Vacation of School Street and Alley that runs north and south between School and Italia Streets and Adopt **Resolution No. 10-6873** of the City of Covina, California, declaring its intention to vacate portions of the public right of way known as School Street commencing at the intersection of Citrus Avenue and School Street and running easterly for approximately 263 feet and a 13 foot wide public alley running northerly approximately 250 feet, pursuant to Street and Highway Code Section 8300 ET SEQ. and directing City Clerk to administratively set the hearing date, time and place and to publish and post required notices for Olson Citrus Walk Project.

**FISCAL IMPACT**

There is no General Fund Fiscal Impact

**BACKGROUND**

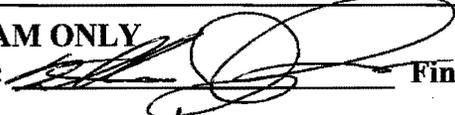
On May 18, 2010 a Disposition and Development Agreement (DDA) between the Covina Redevelopment Agency and The Olson Company for Development of a Mixed Use Development with housing to be located on property bounded by Citrus Avenue/School Street and Italia Street was approved by the Agency Board. The development will consist of over 8,200 square feet of retail to be located on Citrus Avenue and 49 residential units, 8 of which will be Low-Moderate Income units. A portion of the residential units will be constructed on School Street, which requires the Street to be vacated. The north/south alley which exists on the site will be vacated and will serve as an access drive through the complex. No structures will be built on the alley.

General Plan Consistency Findings for the street and alley vacation were presented to the Planning Commission at the regularly scheduled meeting of August 10, 2010. Staff requests that Council set a Public Hearing for September 7, 2010 to discuss the vacation, Resolution, and General Plan Consistency Findings.

**EXHIBITS**

A. Resolution No. 10-6873

**REVIEW TEAM ONLY**

City Attorney:  Finance Director: 

City Manager:  Other: \_\_\_\_\_

RESOLUTION NO. 10-6873

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, DECLARING ITS INTENTION TO VACATE PORTIONS OF THE PUBLIC RIGHT-OF-WAY KNOWN AS SCHOOL STREET COMMENCING AT THE INTERSECTION OF CITRUS AVENUE AND SCHOOL STREET AND RUNNING EASTERLY FOR APPROXIMATELY 263 FEET AND A 13 FOOT WIDE PUBLIC ALLEY RUNNING NORTHERLY APPROXIMATELY 250 FEET, PURSUANT TO STREETS AND HIGHWAYS CODE SECTION 8300 ET SEQ. AND DIRECTING CITY CLERK TO ADMINISTRATIVELY SET THE HEARING DATE, TIME AND PLACE AND TO PUBLISH AND POST REQUIRED NOTICES

WHEREAS, the City of Covina ("City") has the authority to initiate street vacation proceedings pursuant to California Streets & Highways Code section 8320; and

WHEREAS, the Olson Company has submitted an application with the City proposing a mixed-use development, more commonly known as "Citrus Walk", consisting of 49 residential condominium units and approximately 8,200 square feet of commercial units, located along the east side of Citrus Avenue between School Street to the north and Italia Street to the south (the "Development");

WHEREAS, the Development will require the City to vacate portions of the public-right-of-way known as (i) School Street, commencing at the intersection of Citrus Avenue and School Street and running easterly for approximately 263 feet and (ii) a 13 foot wide public alley running northerly within the Development site for approximately 250 feet; and

WHEREAS, the Planning Commission, in accordance with the requirements of California Government Code section 65402, has determined that vacating said portions of the public right-of-way conforms with the City's General Plan and any applicable specific plans; and

WHEREAS, the City Council has determined that vacating said portions of the public right-of-way will inure to the benefit of the City and its residents by allowing for the development of additional housing and commercial space; and

WHEREAS, the City Council wishes to set the time and place for a public hearing on the vacation of said portions of the public right-of-way.

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

SECTION 1. It is the intention of the City Council to vacate portions of the public right-of-way known as (i) a portion of School Street and (ii) a 13 foot wide public alley, as depicted and

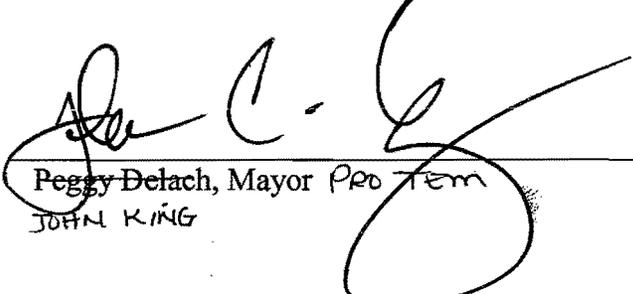
described in Exhibit "A" attached hereto, to allow the Olson Company to proceed with the Development.

SECTION 2. A public meeting of the City Council will be held on September 7, 2010 at 7:30 p.m., in Council Chambers at the following location: 125 E. College Street, Covina, CA 91723, at which time the City Council will hold a public hearing on the proposed vacation of the public right-of-way identified above.

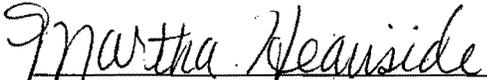
SECTION 3. That the City Clerk is hereby directed to post this Resolution of Intention, and publish notices of the public hearing, pursuant to the requirements of California Streets & Highway Code Section 8320.

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

PASSED, APPROVED, AND ADOPTED this 17th day of August, 2010

  
\_\_\_\_\_  
Peggy Delach, Mayor Pro Tem  
JOHN KING

ATTEST:

  
\_\_\_\_\_  
Martha Heaviside, Deputy City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney

I, MARTHA HEAVISIDE, Deputy City Clerk of the City of Covina, California, hereby CERTIFY that **Resolution No. 10-6873** was adopted by the Covina City Council at a regular meeting of the City Council held on Tuesday, August 17, 2010 and was approved and passed by the following votes:

AYES: Council Members Allen, Stapleton, Mayor Pro Tem King  
NOES: None  
ABSENT: Council Member Low, Mayor Delach  
ABSTAIN: None

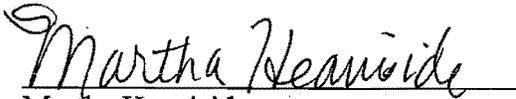
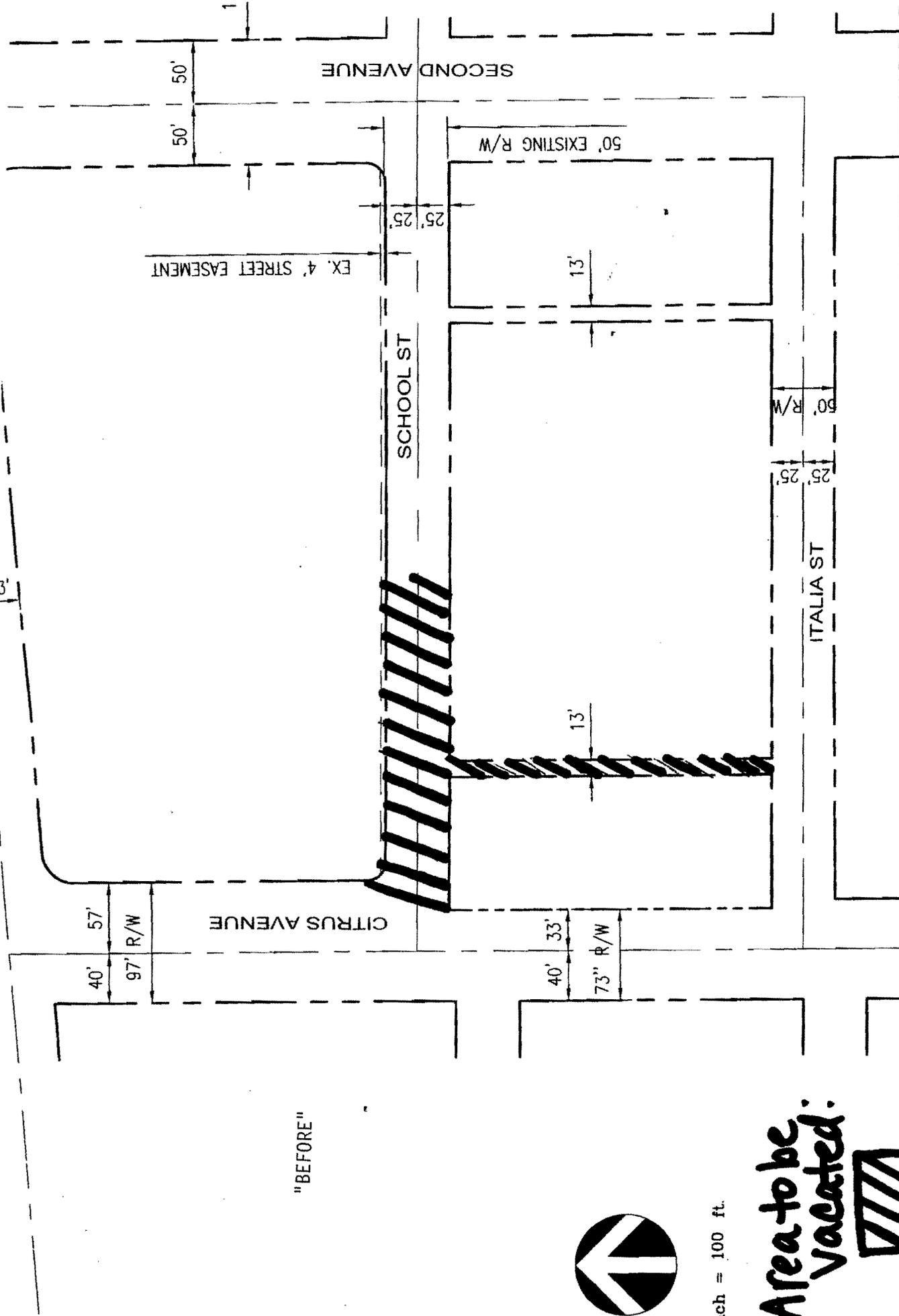
  
\_\_\_\_\_  
Martha Heaviside  
Deputy City Clerk

EXHIBIT "A"  
(MAP OF PROPOSED VACATED PORTION OF PUBLIC RIGHT-OF-WAY)



PREPARED BY:



8 TECHNOLOGY, SUITE 154

CITY C

E  
DRAFT-C

REVISIONS

DATE DESCRIPTION

"AFTER"

CITRUS AVENUE

40' 57'  
97' R/W

33'

EX. 4' STREET EASEMENT

50' 50'

100' EX

SECOND AVENUE

SCHOOL ST

R40'

25' 25'

40' 40'  
80' R/W

VESTING  
TTM  
71264

13'

EX. 50' R/W

ITALIA ST

25' 25'  
50' R/W



= 100 ft.

EXHIBIT A5 of 5

REVISIONS

DATE	DESCRIPTION

PREPARED BY:



18 TECHNOLOGY, SUITE 154  
FOUNDRY CALIFORNIA 92506

CITY OF

PROPOS

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** PH 1

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



**ITEM TITLE:** Fiscal Year 2010-2011 Refuse Collection Rates and Charges

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**STAFF RECOMMENDATION**

Conduct the public hearing and, if it is determined that a majority protest does not exist, Adopt **Resolution No. 10-6869**, setting the City's refuse collection rates and charges for residential and commercial customers for 2010-2011, retroactive to July 1, 2010.

**FISCAL IMPACT**

The proposed 2010-2011 refuse revenue and expenditures are included in the City of Covina 2010-2011 budget in the following accounts: 6200-5560, 6200-5580, 6200-5540 and 1010-0000.

**BACKGROUND**

The City's exclusive waste franchise agreement (Agreement) with Arakelian Enterprises, Inc., d.b.a. Covina Disposal (Arakelian), provides for the annual adjustment of rates for services rendered relative to changes in the Consumer's Price Index (CPI) as well as changes in the costs of processing and/or disposing of solid waste collected within the city. Pursuant to the terms of the Agreement, the City is obligated to adjust refuse collection and recycling rates each year based on the methods specified in the Agreement. Rate adjustments are effective on the 1<sup>st</sup> day of July of each year.

As required by Proposition 218 and Assembly Bill 1260, a Notice of Public Hearing (Notice) was mailed to all refuse customers at least 45 days in advance of the August 17, 2010 public hearing on the proposed refuse rate increase.

As detailed in the Agreement, the annual refuse rate adjustment is based on the following rate components:

Service Fees – These are used to pay for trucks, barrels, bins, personnel and miscellaneous operating expenses, such as diesel fuel. Service fees, or collection costs, were adjusted by the CPI change from March to March, which was 1.82% from 2009 to 2010.

Processing and Disposal Costs – These are used to pay for the cost to process waste through Arakelian's Materials Recovery Facility (MRF), as well as the cost to dispose of yard waste and solid waste at the Puente Hills landfill. The non-landfill portion of the per ton MRF rate is

adjusted by change in CPI, and the landfill charges are passed on to ratepayers on a dollar for dollar basis such that Arakelian does not profit on changes in landfill costs or fluctuations in tonnage amounts. Effective January 1, 2011, the Consolidated Sanitation Districts of Los Angeles County is expected to increase the existing \$38.26 per ton disposal charge at the Puente Hills Landfill to \$42.66, an increase of 11.5%. The Franchise Agreement requires that costs and revenues be tracked and “trued-up” each year. The result is that any excess (or deficiency) of revenue collected for disposal costs is applied to discount (or increase) the rate in order to return the excess to (or collect the deficiency from) customers over a 12 month period. In 2009-2010, there was a deficit in the revenues to Athens of \$0.22 per residential black and green barrel disposal and \$0.11 per cubic yard for commercial disposal.

**Billing Charge** – This fee is only applied to residential barrel service rates and is used to pay for the cost to bill for service and process payments.

**Franchise Fees** – A franchise fee is applied to services provided and is used to administer the contract and pay for wear and tear on City streets caused by disposal trucks. The franchise fee represents 6% of the sum of the service fee, disposal/processing fee, billing fee and the franchise fee itself for each customer class.

**Integrated Waste Management Fee (IWMF)** – This fee is used by the City to pay for costs related to compliance with the State’s AB 939 diversion mandate, including hazardous materials responses and disposal, recycling programs, staff salaries and overhead, street sweeping, incineration of waste at the Commerce Refuse to Energy Facility, and a contingency for supplementary programs if the waste diversion rate drops. The IWMF will provide approximately \$775,000 to fund these activities in 2010-2011.

**Extraordinary Operating Cost Increase (Diesel Fuel)** – On August 18, 2008 , the Covina City Council amended the Franchise Agreement to specify that the City Council can initiate a rate review to adjust the rate in a cost category that was previously provided an extraordinary increase. Based on the methodology specified in the agreement, an extraordinary fuel adjustment of 1.34% was incorporated into the rates.

New rates for 90 gallon trash service, recycling, green waste and commercial service have been calculated in accordance with the terms and conditions of the Agreement with Arakelian and are summarized below for the most common service levels. All 2010-2011 service level rates are detailed within the attached resolution (Exhibit A).

## **SUMMARY OF PROPOSED 2010-11 RATES**

### ***Residential Automated Service Summary***

**90-GALLON BASIC SERVICE PER MONTH** \$ 25.62

*Includes one 90 gal black, one 90 gal green, and one 90 gal blue barrel.*

**60-GALLON BASIC SERVICE PER MONTH** \$ 23.37

*Includes one 60 gal black, one 90 gal green, and one 90 gal blue barrel.*

EACH ADDITIONAL BARREL PER MONTH:

90 gallon refuse (black)	\$ 16.77
60 gallon refuse (black)	\$ 14.51
Additional 90 gallon green waste (green) barrel	\$ 5.36
Additional 90 gallon recycling (blue) barrel	\$ 2.78

***Commercial Service Summary***

3 cubic yard bin, serviced once per week	\$ 145.38
Commercial barrel	\$ 42.59

The City of Covina shares its refuse rate information with Enviro-Stats, Inc. The company compiles refuse service and rate information from cities across the state. The Refuse Rate Comparison Chart in Exhibit C is based on this data and information from direct inquiries to other cities in the San Gabriel Valley with exclusive franchise agreements. The chart compares the rates *paid to the hauler* so that a more accurate rate comparison can be made. The City of Covina's noticed rate includes the rate paid to the hauler **and** the fees collected by the City in order to meet diversion, hazardous and universal waste disposal, stormwater pollution, and other waste and recycling mandates.

**EXHIBITS**

- A. Resolution 10-6869
- B. 2010-11 Refuse Rates Tables
- C. 2010 Rate Study Chart
- D. Notice of Public Hearing on Proposed Increase in Refuse Collection, Disposal, and Recycling Collection Service Rates

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

**RESOLUTION NO. 10-6869**

**A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF COVINA, CALIFORNIA SETTING THE  
CITY'S REFUSE COLLECTION RATES AND  
CHARGES FOR RESIDENTIAL AND  
COMMERCIAL CUSTOMERS FOR 2010-2011,  
RETROACTIVE TO JULY 1, 2010.**

**WHEREAS**, the City of Covina ("City") operates a municipal solid waste and refuse collection system that transports and disposes of all solid waste and refuse collected from residential and commercial customers within the City, via an exclusive franchise agreement ("Franchise Agreement") with Covina Disposal; and

**WHEREAS**, due to increasing costs of (i) refuse disposal at landfills (so called "tipping" fees), (ii) fuel costs, (iii) State-mandated AB 939 Integrated Waste Management Plan recycling and diversion compliance costs (including recycling facility fees), (iv) other operational costs in providing refuse collection services, as well as (v) the annual percentage increase in the Consumer Price Index, all Urban Consumers, for the Los Angeles-Anaheim-Riverside Statistical Area, as determined by the United States Department of Labor Statistics, or its successor ("CPI"), the current level of refuse collection service rates and charges (hereinafter collectively referred to as "rates") is insufficient to recover the total costs of providing said service; and

**WHEREAS**, the Franchise Agreement allows for increases in refuse collection rates due to increasing costs, as outlined more particularly above; and

**WHEREAS**, the City proposes to increase its refuse collection rates in accordance with California Health & Safety Code, Section 5471 in an amount that corresponds to the amount necessary for the collection, conveyance, recycling and disposal of solid waste via the City's Franchise Agreement with Covina Disposal. Therefore, the City Council finds, with respect to the revenue derived from the increased rates, that (1) there is a reasonable relationship between the use of the rates increased herein and the services for which they are imposed; (2) the revenue derived from the increased rates does not exceed the amount necessary to provide the services; (3) the increased rates shall not be used for any purpose other than that for which the rates are imposed, including but not limited to, refuse pick-up, street sweeping, transportation and disposal of refuse and special wastes, diversion program development and administration, facilities and equipment maintenance, refuse program administration, capital projects and financing, and billing and account management; (4) the increased rates do not exceed the proportional cost of the services attributable to each customer; and (5) the increased rates are not levied for general governmental purposes; and

**WHEREAS**, pursuant to California Proposition 218 (Calif. Constitution, Article XIII D, Section 6) and California Assembly Bill 1260 (Calif. Government Code, Section 53755) at least 45 days prior to the hearing on this Resolution, the City has mailed, postage prepaid, a notice of the public hearing on the proposed refuse rate increase to the

address to which the City customarily mails the refuse service bill, for each identified parcel upon which the increased rates are being proposed, and

**WHEREAS**, said notice identified: (1) the amount of the increased rate to be charged; (2) the basis upon which the rate increase was calculated; (3) the reason for the rate increase; and (4) the date, time, and location for the public hearing on the rate increase; and

**WHEREAS**, on August 17, 2010, at 7:30 p.m., the City Council conducted a duly noticed public hearing at which time all those wishing to be heard were afforded an opportunity to be heard, and at which time the City Council considered any and all written protests concerning the proposed refuse rate increase; and

**WHEREAS**, the City did not receive written protests from a majority of the identified parcels that would be subject to the proposed rate increase; and

**WHEREAS**, all other prerequisites to the adoption of this Resolution have occurred.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINA DOES HEREBY RESOLVE:**

**Section 1.** Based on the written and verbal evidence presented to the City Council, the amounts of the refuse collection service rates, as set forth in Exhibit A, attached hereto and incorporated by reference herein, are hereby approved and adopted by the City Council of the City of Covina. The refuse collection service rates set forth herein shall become effective retroactive to July 1, 2010.

**Section 2.** Pursuant to Section 21080(b)(8) of the Public Resources Code, and Section 15273(a) of the Guidelines for the Implementation of the California Environmental Quality Act ("CEQA"), further review under CEQA is not required because the City Council action increasing refuse collection rates is for the purpose of (i) meeting refuse collection operating expenses, (ii) purchasing or leasing supplies, equipment, or materials for the refuse collection services, and (iii) obtaining funds for capital projects necessary to maintain refuse collection service. The City Clerk is hereby directed to file a Notice of Exemption with the County Clerk within five (5) days following the date of this Resolution.

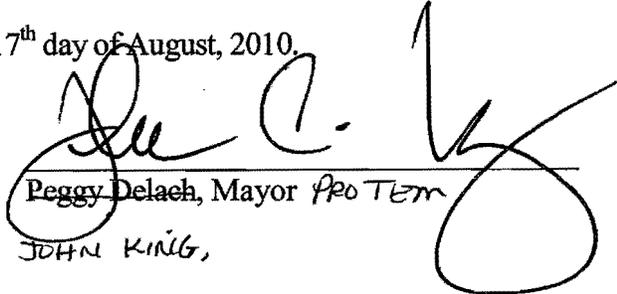
**Section 3.** The City Clerk shall certify to the passage and adoption of this Resolution; shall cause the same to be entered in the Book of Resolutions of the City of Covina; and shall make a record of the passage and adoption thereof in the records of the proceedings of the City Council of said City in the minutes of the meeting at which the same was passed and adopted.

**Section 4.** This Resolution shall take effect immediately.

**Section 5.** If any section, sub-section, sentence, clause, phrase or portion of this Resolution is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the

remaining portions of the Resolution. The City Council hereby declares that it would have adopted the Resolution and each section, sub-section, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, sub-sections, sentences, clauses, phrases or portions to be declared invalid or unconstitutional.

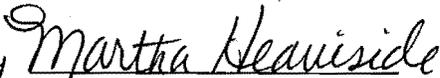
Passed, Approved and Adopted this 17<sup>th</sup> day of August, 2010.

  
Peggy Delach, Mayor PRO TEM

JOHN KING,

ATTEST:

DEPUTY

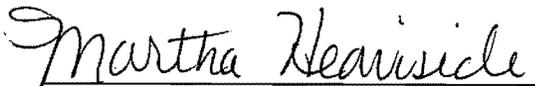
  
City Clerk

APPROVED AS TO FORM:

  
City Attorney

I, MARTHA HEAVISIDE, Deputy City Clerk of the City of Covina, California, hereby CERTIFY that **Resolution No. 10-6869** was adopted by the Covina City Council at a regular meeting of the City Council held on Tuesday, August 17, 2010 and was approved and passed by the following votes:

AYES: Council Members Allen, Stapleton, Mayor Pro Tem King  
NOES: None  
ABSENT: Council Member Low, Mayor Delach  
ABSTAIN: None

  
Martha Heaviside  
Martha Heaviside  
Deputy City Clerk

# 2010-11 REFUSE RATES TABLES

## EXHIBIT A TO COVINA REFUSE COLLECTION FRANCHISE AGREEMENT

### 2010-2011 RESIDENTIAL REFUSE RATES

(effective retroactive to July 1, 2010)

The following rates shall be the rates charged for the services specified, unless and until adjusted in accordance with Section 17.02 of the Franchise Agreement:

#### **RESIDENTIAL AUTOMATED SERVICE SUMMARY:**

90-GALLON BASIC SERVICE PER MONTH \$ 25.62  
*Includes one 90 gal black, one 90 gal green, and one 90 gal blue barrel.*

60-GALLON BASIC SERVICE PER MONTH \$ 23.37  
*Includes one 60 gal black, one 90 gal green, and one 60 or 90 gal blue barrel.*

90 gallon refuse (black)	\$ 17.48
60 gallon refuse (black)	\$ 15.23
Additional 90 gallon green waste (green) barrel	\$ 5.36
Additional 90 or 60 gallon recycling (blue) barrel	\$ 2.78

#### **BREAKDOWN OF REFUSE PORTION OF BILL:**

- A. 90 GALLON RESIDENTIAL SERVICE - Single residences or multiple residences served from a single property or parcel.

<u>90 Gallon Refuse (Black) Barrel</u>	
Collection Cost	\$ 9.99
Disposal Cost	\$ 3.79
Extraordinary Fuel Adjustment	\$ 0.17
Billing Charge	\$ 0.67
Franchise Fee	\$ 0.93
Integrated Waste Management Fee	<u>\$ 1.93</u>
TOTAL FOR FIRST 90 GALLON REFUSE BARREL	\$ 17.48

TOTAL FOR EACH ADDITIONAL 90 GALLON REFUSE BARREL \$ 16.77

<u>Cost of 90 Gallon Basic Service (Refuse, Green Waste and Recycling)</u>	
Refuse (one 90 gallon)	\$ 17.48
Green Waste (one 90 gallon)	\$ 5.36
Recycling (one 90 gallon)	<u>\$ 2.78</u>
Total 90 Gallon Refuse Service Cost	\$ 25.62

## 2010-11 REFUSE RATES TABLES

EXHIBIT A (page 2)  
TO COVINA REFUSE COLLECTION  
FRANCHISE AGREEMENT

2010-2011 RESIDENTIAL REFUSE RATES

(effective retroactive to July 1, 2010)

- B. 60 GALLON RESIDENTIAL SERVICE - Some multi-family residential units may elect to use 60-Gallon Barrels as specified in the Franchise Agreement.

60 Gallon Refuse (Black) Barrel

Collection Cost	\$ 9.74
Disposal Cost	\$ 2.53
Extraordinary Fuel Adjustment	\$ 0.16
Billing Charge	\$ 0.67
Franchise Fee	\$ 0.84
Integrated Waste Management Fee	<u>\$ 1.29</u>
TOTAL FOR FIRST 60 GALLON REFUSE BARREL	\$ 15.23

TOTAL FOR EACH ADDITIONAL 60 GALLON REFUSE BARREL \$ 14.51

Cost of 60 Gallon Basic Service (Refuse, Green Waste and Recycling)

Refuse (one 60 gallon)	\$ 15.23
Green Waste (one 90 gallon)	\$ 5.36
Recycling (one 90 or 60 gallon)	<u>\$ 2.78</u>
Total	\$ 23.37

- C. Roll-Out Services (for 1 90-Gallon Black, 1 90-Gallon Blue, and 1 90-Gallon Green).  
Basic Service

\$ 15.41

## 2010-11 REFUSE RATES TABLES

### EXHIBIT B TO COVINA REFUSE COLLECTION FRANCHISE AGREEMENT

#### 2010-2011 COMMERCIAL REFUSE RATES (effective retroactive to July 1, 2010)

1.5 Cubic Yards First Bin	<u>Service/ Week</u>	<u>MRF Gate Fee</u>	<u>Collection Cost</u>	<u>Franchis e Fee</u>	<u>IWMF</u>	<u>Monthly Rate</u>
	1	\$22.21	\$63.60	\$5.48	\$6.16	\$97.45
	2	\$44.43	\$101.10	\$9.29	\$12.31	\$167.13
	3	\$66.64	\$138.57	\$13.11	\$18.47	\$236.79
	4	\$88.85	\$176.10	\$16.92	\$24.63	\$306.50
	5	\$111.06	\$213.59	\$20.73	\$30.79	\$376.17
	6	\$133.28	\$262.45	\$25.27	\$36.94	\$457.94
1.5 Cubic Yards Each Additional Bin	<u>Service/ Week</u>	<u>MRF Gate Fee</u>	<u>Collection Cost</u>	<u>Franchis e Fee</u>	<u>IWMF</u>	<u>Monthly Rate</u>
	1	\$22.21	\$50.11	\$4.62	\$6.16	\$83.10
	2	\$44.43	\$80.09	\$7.95	\$12.31	\$144.78
	3	\$66.64	\$108.59	\$11.19	\$18.47	\$204.89
	4	\$88.85	\$138.58	\$14.52	\$24.63	\$266.58
	5	\$111.06	\$168.58	\$17.86	\$30.79	\$328.29
	6	\$133.28	\$206.91	\$21.73	\$36.94	\$398.86
2.0 Cubic Yards First Bin	<u>Service/ Week</u>	<u>MRF Gate Fee</u>	<u>Collection Cost</u>	<u>Franchis e Fee</u>	<u>IWMF</u>	<u>Monthly Rate</u>
	1	\$29.62	\$73.09	\$6.56	\$8.21	\$117.48
	2	\$59.23	\$112.09	\$10.94	\$16.42	\$198.68
	3	\$88.85	\$151.14	\$15.33	\$24.63	\$279.95
	4	\$118.47	\$190.17	\$19.71	\$32.84	\$361.19
	5	\$148.09	\$229.21	\$24.10	\$41.05	\$442.45
	6	\$177.70	\$281.82	\$29.35	\$49.26	\$538.13
2.0 Cubic Yards Each Additional Bin	<u>Service/ Week</u>	<u>MRF Gate Fee</u>	<u>Collection Cost</u>	<u>Franchis e Fee</u>	<u>IWMF</u>	<u>Monthly Rate</u>
	1	\$29.62	\$58.08	\$5.60	\$8.21	\$101.51
	2	\$59.23	\$88.11	\$9.41	\$16.42	\$173.17
	3	\$88.85	\$119.61	\$13.31	\$24.63	\$246.40
	4	\$118.47	\$149.65	\$17.12	\$32.84	\$318.08
	5	\$148.09	\$181.16	\$21.03	\$41.05	\$391.33
	6	\$177.70	\$223.34	\$25.61	\$49.26	\$475.91

## 2010-11 REFUSE RATES TABLES

### EXHIBIT B (page 2) TO COVINA REFUSE COLLECTION FRANCHISE AGREEMENT

#### 2010-2011 COMMERCIAL REFUSE RATES (effective retroactive to July 1, 2010)

3.0 Cubic Yards First Bin	<u>Service/ Week</u>	<u>MRF Gate Fee</u>	<u>Collection Cost</u>	<u>Franchis e Fee</u>	<u>IWMF</u>	<u>Monthly Rate</u>
	1	\$44.43	\$80.65	\$7.99	\$12.31	\$145.38
	2	\$88.85	\$123.90	\$13.59	\$24.63	\$250.97
	3	\$133.28	\$167.12	\$19.18	\$36.94	\$356.52
	4	\$177.70	\$210.32	\$24.78	\$49.26	\$462.06
	5	\$222.13	\$253.59	\$30.38	\$61.57	\$567.67
	6	\$266.55	\$309.26	\$36.77	\$73.89	\$686.47
3.0 Cubic Yards Each Additional Bin	<u>Service/ Week</u>	<u>MRF Gate Fee</u>	<u>Collection Cost</u>	<u>Franchis e Fee</u>	<u>IWMF</u>	<u>Monthly Rate</u>
	1	\$44.43	\$64.17	\$6.94	\$12.31	\$127.85
	2	\$88.85	\$98.40	\$11.96	\$24.63	\$223.84
	3	\$133.28	\$132.57	\$16.98	\$36.94	\$319.77
	4	\$177.70	\$166.80	\$22.00	\$49.26	\$415.76
	5	\$222.13	\$201.07	\$27.03	\$61.57	\$511.80
	6	\$266.55	\$244.73	\$32.65	\$73.89	\$617.82
30-Cubic Yard Roll-Off	Collection Cost					\$250.72
	Disposal Fee (July thru December, 2010), per ton					\$38.26
	Disposal Fee (January thru June, 2011), per ton					\$42.66
	Franchise Fee					6% of total w/o IWMF
	Integrated Waste Management Fee					\$30.73
	1.34% Extraordinary Fuel Adjustment					\$3.30
	<b>Total</b>					Tons Based #
Commercial Barrel Rates	Collection Cost					\$24.62
	MRF Gate Fee					\$11.86
	Franchise Fee					\$2.36
	Integrated Waste Management Fee					\$3.28
	1.34% Extraordinary Fuel Adjustment					\$0.47
	<b>Total</b>					\$42.59

*Total service cost is the sum of collection cost, disposal fee, franchise fee, Integrated Waste Management Fee and extraordinary fuel adjustment. The disposal fee is determined at the time service is rendered and is the actual cost incurred by the provider. For non-credit rated customers, the contractor may estimate disposal charges and refund overpayments or bill for underpayments.*

# 2010-11 REFUSE RATES TABLES

EXHIBIT C  
TO COVINA REFUSE COLLECTION  
FRANCHISE AGREEMENT

2010-2011 RESIDENTIAL RECYCLING AND GREEN WASTE RATES

(effective retroactive to July 1, 2010)

The following rates shall be the rates charged for the services specified, unless and until adjusted in accordance with Section 17.03 of the Franchise Agreement:

- A. RECYCLING -- Residential Unit - Single residences or multiple residences served from a single property or parcel, for the first and subsequent barrels.

90 or 60-Gallon Barrels

Collection Cost	\$2.74
Extraordinary Fuel Adjustment	<u>\$0.04</u>
	\$2.78

- B. GREEN WASTE -- Residential Unit - Single residences or multiple residences served from a single property or parcel, for the first and subsequent barrels.

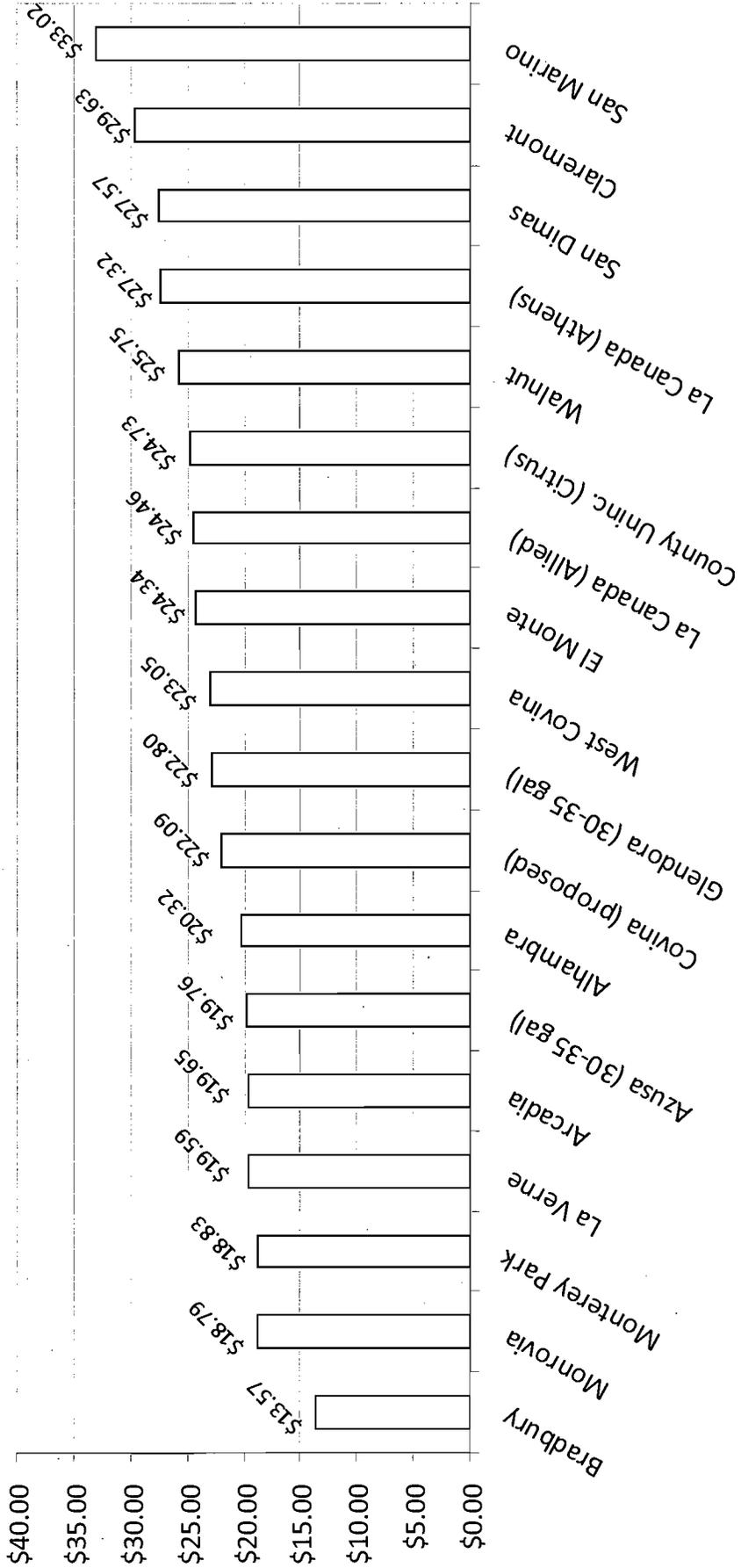
90-Gallon Barrels

Collection Cost	\$3.90
Disposal Cost	\$1.40
Extraordinary Fuel Adjustment	<u>\$0.06</u>
Total	\$5.36

- C. MANUAL COLLECTION -- Manual or backyard collection of barrels required due to the configuration of the driveway or at the request of the customer.

Manual Collection	\$51.24
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**2010 Rate Study - 90 Gallon Trash Containers  
 Cities with Exclusive Franchise, Hauler Fees Portion**





**CITY OF COVINA**  
**Notice of Public Hearing on Proposed Increase in**  
**Refuse Collection, Disposal, and Recycling Collection Service Rates**  
**Tuesday, August 17, 2010 at 7:30 p.m.**  
**City of Covina Council Chambers, 125 E. College Street, Covina, CA 91723**

**Reason for Public Hearing:** The Covina City Council will hold a public hearing on the above date and time to consider adoption of a resolution increasing rates for residential and commercial solid waste collection, recycling, and disposal services. This notice is being provided to you pursuant to Section 6 of Article XIID of the California Constitution (Proposition 218) and Assembly Bill 1260, which require that a notification be sent 45 days in advance of the public hearing, to the address to which the City customarily mails the refuse service bill, for each identified parcel upon which any new or increased refuse rate or charge is being proposed ("customer of record"). You have been identified as a customer of record.

**Public Hearing Process:** All Covina customers of record for refuse service are invited to attend this public hearing. The Covina City Council will hear and consider all materials and testimony concerning these matters, as well as all written protests against the proposed rate increases. At the close of the public hearing, the City Council will be authorized to adopt new refuse rates and related fees if written protests against the proposed increases are not presented by a majority of identified parcels upon which the proposed rates are to be imposed. If the proposed rates and fees are adopted, the increases shall become effective retroactive to July 1, 2010.

**Basis for Rate Increases:** The request for the proposed rate increase is based upon the City's existing refuse collection franchise agreement with Covina Disposal ("Franchise Agreement"). The Franchise Agreement provides for increases in refuse rates due to the increase in (a) per ton disposal fees at landfills (so-called "tipping fees"), (b) change in number of tons disposed, (c) fuel costs, (d) AB 939 refuse, recycling, and diversion compliance costs, (e) other operational costs in providing refuse collection services, as well as (f) the annual percentage increase in the Consumer Price Index, all Urban Consumers, for the Los Angeles-Anaheim-Riverside Statistical Area, as determined by the United States Department of Labor Statistics, or its successor. ("CPI"). The proposed rate increase includes a 1.34% adjustment for fuel costs. In addition to the information provided in this notice, the bases for the rate increases are more particularly analyzed in that certain Staff Report prepared by the City ("Cost Report"). The Cost Report is on file at the Office of the City Clerk located at 125 E. College Street, Covina, California 91723 and may be reviewed there by any interested person. Revenues derived from the refuse service rates and fees are used solely for the purpose of defraying costs incurred in providing efficient refuse collection services and to ensure continued compliance with State law, including but not limited to, refuse pick-up, street sweeping, transportation and disposal, facilities and equipment maintenance, capital projects and financing, refuse and recycling program administration, and billing and account management.

**How will the proposed increase affect my refuse and recycling bill?** By way of example, the current monthly residential refuse rate for Basic Service (1-90 gal. black-refuse, 1-90 gal. blue-recyclables, and 1-90 gal. green-yard waste) is \$24.22. If the rate adjustment is approved, the new monthly rate will be \$25.62. The current monthly 60 gallon black barrel Basic Service Rate for Condos and Townhouses is \$21.89. If the rate adjustment is approved, the new monthly rate will be \$23.37. The current commercial rate for a 3.0 cubic yard bin serviced one time per week is \$137.66 per month. If the rate adjustment is approved, the new monthly rate will be \$145.38 (See "**Current and Proposed Refuse Rates**" charts on the back of this page). As previously noticed, the refuse collection rate and related fees shall be increased each fiscal year, beginning in Fiscal Year 2009-2010 (July 1, 2009), by a factor equal to the then-applicable increase in CPI (defined above) or three percent (3%), whichever is greater, without conducting another noticed public hearing. Because the proposed rate increase exceeds 3%, this notice is being provided to customers of record.

**To protest the proposed rate increases, you must submit a written protest:** If you oppose any of the proposed rate increases, your protest must be submitted in writing to be considered, even if you plan to attend the public hearing. Your written protest must be actually received (not postmarked) by the City Clerk of the City of Covina prior to the close of the public hearing. **Oral, telephonic and e-mail protests will not be accepted.** The protest must be signed by you and shall include: 1) your name, 2) your street address and assessor's parcel number(s), 3) your refuse service account number, and 4) an indication of whether you are a residential and/or commercial customer. Please identify on the front of the envelope, whether mailed or submitted in person, that the enclosed letter is for the "Refuse Rate Increase Public Hearing". You may mail or deliver your written protest to: City of Covina, Office of the City Clerk, 125 E. College Street, Covina, CA 91723. The City of Covina is required to follow the "majority protest" procedures outlined in the State Constitution, as approved by California voters through Proposition 218.

If you have any questions regarding this notice, please contact the Environmental Services Section at (626) 384-5480.

**CITY OF COVINA**  
**Current (2009-10) and Proposed (2010-11) Refuse Rates**

<b>RESIDENTIAL (per month)</b>			
<b>Service Type</b>		<b>2009-10</b>	<b>2010-11 Proposed Rate/Month</b>
Basic Residential Service /Basic Service for Condos & Townhouses		24.22 / 21.89	25.62 / 23.37
Each additional 90 gal black barrel / Add. 60 gal black barrel (Condos & Townhouses)		15.78 / 13.64	16.77 / 14.51
Each additional green barrel		4.76	5.36
Each additional blue barrel		2.70	2.78
<b>COMMERCIAL</b>			
<b>Bin</b>	<b>Service per Week</b>	<b>2009-10 Rate/Month</b>	<b>2010-11 Proposed Rate/Month</b>
1.5 Cubic Yard, first bin	1	92.94	97.45
	2	158.85	167.13
	3	224.72	236.79
	4	290.65	306.50
	5	356.54	376.18
	6	434.22	457.94
1.5 Cubic Yard, each additional bin	1	78.97	83.10
	2	137.08	144.79
	3	193.65	204.89
	4	251.78	266.59
	5	309.91	328.29
	6	376.67	398.85
2.0 Cubic Yard, first bin	1	111.79	117.47
	2	188.28	198.68
	3	264.79	279.95
	4	341.28	361.19
	5	417.80	442.45
	6	508.39	538.13
2.0 Cubic Yard, each additional bin	1	96.23	101.51
	2	163.42	173.17
	3	232.12	246.41
	4	299.31	318.08
	5	368.01	391.33
	6	447.79	475.91
3.0 Cubic Yard, first bin	1	137.67	145.38
	2	236.57	250.97
	3	335.45	356.52
	4	434.30	462.06
	5	533.23	567.67
	6	645.01	686.47
3.0 Cubic Yard, each additional bin	1	120.58	127.84
	2	210.15	223.84
	3	299.65	319.77
	4	389.21	415.76
	5	478.81	511.79
	6	578.15	617.83
Commercial Barrel Rate	1	40.43	42.59
Temporary 3 CY Bin	1	168.99	174.44
Back Yard Service	1	48.44	51.24
Roll-Out Service	1	15.01	15.41
30 Cubic Yard Roll-Off	Collection Cost	246.24	250.72
	Disposal Fee per Ton (July-Dec)	33.86	38.26
	Disposal Fee per Ton (Jan-June)	38.26	42.66
	Franchise Fee	6% of total w/o IW MF	6% of total w/o IW MF
	Integrated Waste Mgmt Fee (IW MF)	29.80	30.73
	1.34% Extraordinary Fuel Adjustment	1.17	3.30
	Total	Tons based number	Tons based number

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** PH 2

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



**ITEM TITLE:** Consider Approval of Covina's Local Development Report for Los Angeles County's Congestion Management Program.

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**STAFF RECOMMENDATION**

Adopt **Resolution No. 10-6866**, finding the City to be in conformance with the Congestion Management Program (CMP) and Adopting the CMP Local Development Report, in Accordance with California Government Code Section 65089.

**FISCAL IMPACT**

There is no general fund or restricted fund impact as Covina is found to be in compliance with the CMP. The City is required to remain in compliance with the CMP in order to receive the City's portion of state gas tax revenue allocated by Section 2105 of the California Streets and Highways Code.

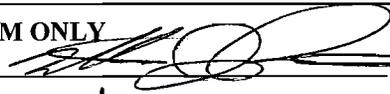
**BACKGROUND**

Each year before September 1<sup>st</sup> the City Council must approve a resolution (Exhibit A) stating that the City of Covina does and will continue to carry out its obligations under the CMP. The CMP is a state-mandated program intended to mitigate new development impacts on traffic congestion by requiring local and regional cooperation. A Local Development Report (Exhibit B) must also be submitted.

Local jurisdictions that choose to not comply with the CMP lose their portion of state gas tax revenue.

**EXHIBITS**

- A. Resolution No. 10-6866
- B. 2010 CMP Local Development Report

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

**CITY OF COVINA**

**RESOLUTION NO. 10-6866**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, FINDING THE CITY TO BE IN CONFORMANCE WITH THE CONGESTION MANAGEMENT PROGRAM (CMP) AND ADOPTING THE CMP LOCAL DEVELOPMENT REPORT, IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 65089

WHEREAS, CMP statute requires the Los Angeles County Metropolitan Transportation Authority ("LACMTA"), acting as the Congestion Management Agency for Los Angeles County, to annually determine that the County and cities within the County are conforming to all CMP requirements; and

WHEREAS, LACMTA requires submittal of the CMP Local Development Report by September 1 of each year; and

WHEREAS, the City Council held a noticed public hearing on August 17, 2010.

NOW, THEREFORE, THE CITY COUNCIL FOR THE CITY OF COVINA DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City has taken all of the following actions, and that the City is in conformance with all applicable requirements of the 2004 CMP adopted by the LACMTA Board on July 22, 2004.

By June 15, of odd-numbered years, the City will conduct annual traffic counts and calculated levels of service for selected arterial intersections, consistent with the requirements identified in the CMP Highway and Roadway System chapter.

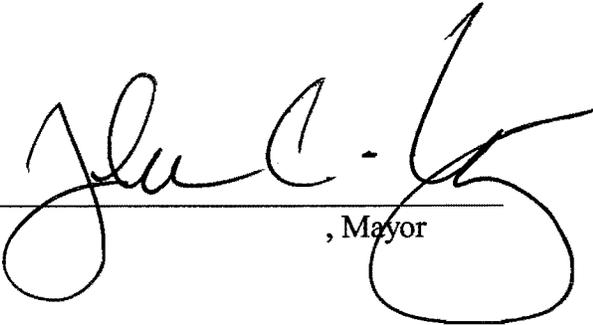
The City has locally adopted and continues to implement a transportation demand management ordinance, consistent with the minimum requirements identified in the CMP Transportation Demand Management chapter.

The City has locally adopted and continues to implement a land use analysis program, consistent with the minimum requirements identified in the CMP Land Use Analysis Program chapter.

The City has adopted a Local Implementation Report, attached hereto and made a part hereof, consistent with the requirements identified in the 2004 CMP. This report balances traffic congestion impacts due to growth within the City with transportation improvements, and demonstrates that the City is meeting its responsibilities under the Countywide Deficiency Plan consistent with the LACMTA Board adopted 2003 Short Range Transportation Plan.

SECTION 2. That the City Clerk shall certify to the adoption of this Resolution and shall forward a copy of this Resolution to the Los Angeles County Metropolitan Transportation Authority.

ADOPTED this 17<sup>th</sup> day of August, 2010.



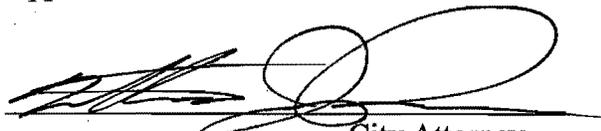
\_\_\_\_\_  
, Mayor

Attest:



\_\_\_\_\_  
DEPUTY, City Clerk

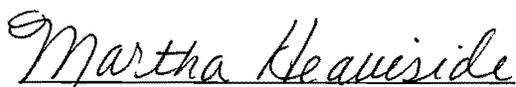
Approved as to Form:



\_\_\_\_\_  
, City Attorney

I, MARTHA HEAVISIDE, Deputy City Clerk of the City of Covina, California, hereby CERTIFY that **Resolution No. 10-6866** was adopted by the Covina City Council at a regular meeting of the City Council held on Tuesday, August 17, 2010 and was approved and passed by the following votes:

AYES: Council Members Allen, Stapleton, Mayor Pro Tem King  
NOES: None  
ABSENT: Council Member Low, Mayor Delach  
ABSTAIN: None



Martha Heaviside  
Deputy City Clerk

**CITY OF COVINA**

Date Prepared: July 20, 2010

**2010 CMP Local Development Report**

Reporting Period: JUNE 1, 2009 - MAY 31, 2010

Contact: Alex Gonzalez - Sr. Management Analyst  
 Phone Number: (626) 384-5519

**CONGESTION MANAGEMENT PROGRAM  
 FOR LOS ANGELES COUNTY**

**2010 DEFICIENCY PLAN SUMMARY<sup>1</sup>**

**\* IMPORTANT: All "#value!" cells on this page are automatically calculated.  
 Please do not enter data in these cells.**

**DEVELOPMENT TOTALS****RESIDENTIAL DEVELOPMENT ACTIVITY****Dwelling Units**

Single Family Residential	(1.00)
Multi-Family Residential	0.00
Group Quarters	0.00

**COMMERCIAL DEVELOPMENT ACTIVITY****1,000 Net Sq.Ft.<sup>2</sup>**

Commercial (less than 300,000 sq.ft.)	27.00
Commercial (300,000 sq.ft. or more)	0.00
Freestanding Eating & Drinking	0.00

**NON-RETAIL DEVELOPMENT ACTIVITY****1,000 Net Sq.Ft.<sup>2</sup>**

Lodging	0.00
Industrial	0.00
Office (less than 50,000 sq.ft.)	0.00
Office (50,000-299,999 sq.ft.)	0.00
Office (300,000 sq.ft. or more)	0.00
Medical	0.00
Government	0.00
Institutional/Educational	0.00
University (# of students)	0.00

**OTHER DEVELOPMENT ACTIVITY****Daily Trips**

ENTER IF APPLICABLE	0.00
ENTER IF APPLICABLE	0.00

**EXEMPTED DEVELOPMENT TOTALS**

Exempted Dwelling Units	0
Exempted Non-residential sq. ft. (in 1,000s)	0

1. Note: Please change dates on this form for later years.

2. Net square feet is the difference between new development and adjustments entered on pages 2 and 3.

**CITY OF COVINA**

Date Prepared: July 20, 2010

**2010 CMP Local Development Report**

Reporting Period: JUNE 1, 2009 - MAY 31, 2010

Enter data for all cells labeled "Enter." If there are no data for that category, enter "0."

**PART 1: NEW DEVELOPMENT ACTIVITY****RESIDENTIAL DEVELOPMENT ACTIVITY**

Category	Dwelling Units
Single Family Residential	1.00
Multi-Family Residential	0.00
Group Quarters	0.00

**COMMERCIAL DEVELOPMENT ACTIVITY**

Category	1,000 Gross Square Feet
Commercial (less than 300,000 sq.ft.)	138.00
Commercial (300,000 sq.ft. or more)	0.00
Freestanding Eating & Drinking	2.00

**NON-RETAIL DEVELOPMENT ACTIVITY**

Category	1,000 Gross Square Feet
Lodging	0.00
Industrial	0.00
Office (less than 50,000 sq.ft.)	0.00
Office (50,000-299,999 sq.ft.)	0.00
Office (300,000 sq.ft. or more)	0.00
Medical	0.00
Government	0.00
Institutional/Educational	0.00
University (# of students)	0.00

**OTHER DEVELOPMENT ACTIVITY**

Description (Attach additional sheets if necessary)	Daily Trips (Enter "0" if none)
ENTER IF APPLICABLE	0.00
ENTER IF APPLICABLE	0.00

Section 1, Page 2

**CITY OF COVINA**

Date Prepared: July 20, 2010

**2010 CMP Local Development Report**

Reporting Period: JUNE 1, 2009 - MAY 31, 2010

Enter data for all cells labeled "Enter." If there are no data for that category, enter "0."

**PART 2: NEW DEVELOPMENT ADJUSTMENTS**

IMPORTANT: Adjustments may be claimed only for 1) development permits that were both issued and revoked, expired or withdrawn during the reporting period, and 2) demolition of any structure with the reporting period.

**RESIDENTIAL DEVELOPMENT ADJUSTMENTS**

Category	Dwelling Units
Single Family Residential	2.00
Multi-Family Residential	0.00
Group Quarters	0.00

**COMMERCIAL DEVELOPMENT ACTIVITY**

Category	1,000 Gross Square Feet
Commercial (less than 300,000 sq.ft.)	111.00
Commercial (300,000 sq.ft. or more)	0.00
Freestanding Eating & Drinking	2.00

**NON-RETAIL DEVELOPMENT ACTIVITY**

Category	1,000 Gross Square Feet
Lodging	0.00
Industrial	0.00
Office (less than 50,000 sq.ft.)	0.00
Office (50,000-299,999 sq.ft.)	0.00
Office (300,000 sq.ft. or more)	0.00
Medical	0.00
Government	0.00
Institutional/Educational	0.00
University (# of students)	0.00

**OTHER DEVELOPMENT ACTIVITY**

Description (Attach additional sheets if necessary)	Daily Trips (Enter "0" if none)
ENTER IF APPLICABLE	0.00
ENTER IF APPLICABLE	0.00

Section I, Page 3

Enter data for all cells labeled "Enter." If there are no data for that category, enter "0."

**PART 3: EXEMPTED DEVELOPMENT ACTIVITY  
(NOT INCLUDED IN NEW DEVELOPMENT ACTIVITY TOTALS)**

Low/Very Low Income Housing	<input type="text" value="0"/>	Dwelling Units
High Density Residential Near Rail Stations	<input type="text" value="0"/>	Dwelling Units
Mixed Use Developments Near Rail Stations	<input type="text" value="0"/>	1,000 Gross Square Feet
	<input type="text" value="0"/>	Dwelling Units
Development Agreements Entered into Prior to July 10, 1989	<input type="text" value="0"/>	1,000 Gross Square Feet
	<input type="text" value="0"/>	Dwelling Units
Reconstruction of Buildings Damaged in April 1992 Civil Unrest	<input type="text" value="0"/>	1,000 Gross Square Feet
	<input type="text" value="0"/>	Dwelling Units
Reconstruction of Buildings Damaged in Jan. 1994 Earthquake	<input type="text" value="0"/>	1,000 Gross Square Feet
	<input type="text" value="0"/>	Dwelling Units
Total Dwelling Units	<input type="text" value="0"/>	
Total Non-residential sq. ft. (in 1,000s)	<input type="text" value="0"/>	

Section I, Page 4

**Exempted Development Definitions:**

1. Low/Very Low Income Housing: As defined by the California Department of Housing and Community Development as follows:
  - Low-Income: equal to or less than 80% of the County median income, with adjustments for family size.
  - Very Low-Income: equal to or less than 50% of the County median income, with adjustments for family size.
2. High Density Residential Near Rail Stations: Development located within 1/4 mile of a fixed rail passenger station and that is equal to or greater than 120 percent of the maximum residential density allowed under the local general plan and zoning ordinance. A project providing a minimum of 75 dwelling units per acre is automatically considered high density.
3. Mixed Uses Near Rail Stations: Mixed-use development located within 1/4 mile of a fixed rail passenger station, if more than half of the land area, or floor area, of the mixed use development is used for high density residential housing.
4. Development Agreements: Projects that entered into a development agreement (as specified under Section 65864 of the California Government Code) with a local jurisdiction prior to July 10, 1989.
5. Reconstruction or replacement of any residential or non-residential structure which is damaged or destroyed, to the extent of > or = to 50% of its reasonable value, by fire, flood, earthquake or other similar calamity.
6. Any project of a federal, state or county agency that is exempt from local jurisdiction zoning regulations and where the local jurisdiction is precluded from exercising any approval/disapproval authority. These locally precluded projects do not have to be reported in the LDR.

**CITY OF COVINA & REDEVELOPMENT AGENCY**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** JPH 1

**STAFF SOURCE:** Robert Neiuber, Deputy Executive Director <sup>RN</sup>  
Elizabeth Hull, Agency Counsel  
Lisa Brancheau, Redevelopment Manager

**ITEM TITLE:** Joint Public Hearing to Extend Sublease and Commercial Agreements with Seidner Enterprises LLC and RJS Financial Inc. for Bert's Mega Mall located at 1151 – 1211 N. Azusa Avenue, Covina, CA and Adopt Resolution Nos. 10-635 and 10-6872 for the Sublease and Resolution 10-636 for the Commercial Lease

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**CITY AND AGENCY STAFF RECOMMENDATION**

Adopt **Resolution No. 10-635** and **Resolution No. 10-636** of the Covina Redevelopment Agency Board and **Resolution No. 10-6872** of the City Council of the City of Covina making certain findings pursuant to Health and Safety Code Section 33433 and Approving Sublease and Commercial Lease Agreements

**FISCAL IMPACT**

There is no General Fund Fiscal Impact.

In order that Bert's Mega Mall, which has experienced great success in the City of Covina over the last 10 years, be retained in the community and continue to operate as one of the top sales tax generators in the City, the Covina Redevelopment Agency, pending City Council/Agency Board approval, will provide a yearly rent credit of \$100,000 (\$700,000 over the 7-year lease term). In return, Bert's Mega Mall will be required to generate a minimum of \$300,000 in sales tax annually (\$2.1 million over the 7-year lease term).

In addition, an estimated \$107,075 in tax increment will be generated by Bert's, yearly (\$642,455.01 over the 7-year lease term).

To carry this goal out, the Agency as Sublessor, will lease the Premises at 1151 – 1211 N. Azusa Ave. under a New Master Lease for a monthly payment of \$41,507 (\$498,084 per year) to be deposited into CRA Revenue Account No. 5011-4650-00-43600. Landlord, RJS Financial Inc, will in turn, be paid \$49,840 per month (\$598,080 per year) by the Agency, as Tenant, from CRA Expense Account No. 5011-4650-00-52600. The Leases will be retroactive to March 31, 2010. This results in a yearly rent credit of \$100,000 (\$700,000 over the term of the new 7-year lease pending Council/Agency Board approval this evening).

**BACKGROUND**

In 1999, Bert's Mega Mall relocated from the City of Azusa to the City of Covina at 1151 – 1211 North Azusa Ave. At that time, both a Sublease and Commercial Lease were executed between the Agency and Bert's Mega Mall property owners, Ron and Kimberly Seidner, which resulted in a rent credit of \$100,000 yearly (\$1 million over the 10-year Lease term). The Agreement was

amended in December, 2001 to authorize an Agency Rehabilitation Loan for signage and façade improvements in the amount of \$150,000. In return, Bert's was required to remain in full operation for an additional two years beyond their original ten-year commitment. The loan would be forgiven in Bert's eleventh and twelfth year of operation at half the principle and half the interest.

In March 2006, a Rehabilitation Loan in the amount of \$1,750,000 was granted to Bert's Mega Mall for interior and exterior building renovations. In return, Bert's entered a new lease which required the off-road vehicle and water craft retailer to continue operating in the City of Covina until June 30, 2012. The original Sublease and Commercial Lease, which resulted in a rent credit of \$100,000 per year, expired in March 31, 2010. The Sublease and Commercial Lease items before the Council this evening, if approved, will extend Bert's obligation to remain as an off-road vehicle and water craft retailer until June 30, 2017.

Berts has proven to be a valuable asset in the Covina community and is hailed as the top off-road vehicle and water craft retailer in the nation.

**EXHIBITS**

- A. Resolution No. 10-635
- B. Resolution No. 10-636
- C. Resolution No. 10-6872
- D. Information Summary 33433 Report
- E. Sub Lease Agreement
- F. Commercial Lease Agreement

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

**RESOLUTION NO. 10-635**

**A RESOLUTION OF THE REDEVELOPMENT AGENCY  
OF COVINA, CALIFORNIA, MAKING CERTAIN  
FINDINGS PURSUANT TO HEALTH & SAFETY CODE  
SECTION 33433 AND APPROVING A SUBLEASE**

**WHEREAS**, the City of Covina, California ("City"), approved and adopted the redevelopment plan ("Redevelopment Plan") for the redevelopment area known as the "Redevelopment Project Area" covering a certain geographic area within the City ("Project Area") pursuant to the provisions of Sections 33000 et seq. of the California Health and Safety Code ("Redevelopment Law") ("CRL"); and

**WHEREAS**, the Redevelopment Agency of the City of Covina ("Agency") Agency is undertaking a program in the interest of health, safety, and general welfare of the people of the City pursuant to its authority under Redevelopment Law, for the redevelopment of blighted areas within the Project Area which are characterized by stagnant, improperly utilized and unproductive land which requirements redevelopment; and

**WHEREAS**, the Agency leases real property ("Property") located at 1151 and 1211 North Azusa Avenue, City of Covina, County of Los Angeles, State of California (Assessor Parcel Numbers 8409-017-032 and 8409-017-033); and

**WHEREAS**, Agency and Seidner Enterprises, LLC, a California corporation ("Sublessee") entered into that certain agreement, dated September 2, 1999, wherein Sublessee agreed to sublease the Property from Agency for the purpose of rehabilitating existing commercial building located on the Premises in accordance with the Redevelopment Plan and as otherwise set forth in this Sublease; and

**WHEREAS**, the Agency and Sublessee now desire and intend to extend the term of the sublease, which has been on file with the City Clerk and available for public review; and

**WHEREAS**, CRL Section 33430 authorizes the Agency to lease property located within a redevelopment project survey area; and

**WHEREAS**, pursuant to provisions of CRL Section 33431, any lease made pursuant to CRL Section 33430 may be made without public bidding but only after a public hearing, notice of which shall be given by publication for not less than once a week for two weeks in a newspaper of general circulation published in the county in which the property lies; and

**WHEREAS**, pursuant to CRL Section 33433(a)(1), before any property of the Agency acquired in whole or in part, directly or indirectly, with tax increment moneys is leased for development pursuant to the redevelopment plan, the legislative body shall approve a lease by resolution after public hearing; and

**WHEREAS**, pursuant to CRL Section 33433(b), the resolution approving the lease or sale shall be adopted by a majority vote and shall contain a finding that the lease of the

property will assist in the elimination of blight or provide housing for low or moderate-income persons, and is consistent with the implementation plan adopted pursuant to CRL Section 33490; and

**WHEREAS**, CRL Section 33433(b) also requires the City Council find that the consideration is not less than the fair market value at its highest and best use in accordance with the Redevelopment Plan or the consideration is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the sale or lease; and

**WHEREAS**, pursuant to CRL Sections 33431 and 33433, on July 29, 2010 and August 5, 2010, the City and Agency caused notice of the joint public hearing of the City Council and the Agency's Governing Board to be published in the San Gabriel Valley Examiner, a newspaper of general circulation within the Agency's territorial jurisdiction; and

**WHEREAS**, the City and Agency held a noticed public hearing pursuant to CRL Sections 33431 and 33433 on August 17, 2010; and

**WHEREAS**, the Agency is the lead agency concerning the Lease and Settlement Agreement pursuant to the California Environmental Quality Act ("CEQA") and the State CEQA Guidelines; and

**WHEREAS**, Agency staff has determined that the approval of the Sublease for the Property is categorically exempt pursuant to CEQA under the "Class 1" exemption, State CEQA Guidelines Section 15301 (Existing Facilities), in that the Lease involves leasing of an existing facility, which involves negligible or no expansion.

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Board of the Redevelopment Agency of the City of Covina as follows:

**Section 1. 33433 Findings.** The Agency finds and determines based on the information made available in the Report made pursuant to CRL Section 33433, the staff report accompanying this Resolution, the oral presentation of staff, and the other written and oral evidence presented to the Agency at or prior to the public hearing regarding the Sublease, that, pursuant to CRL Section 33433:

- (i) The Sublease for the Property by the Agency will assist in the elimination of blight by supporting commercial facilities and ensuring that the area does not sit vacant and fall into despair while the Agency pursues the eventual redevelopment of the area
- (ii) The Sublease for the Property will be consistent with the implementation plan adopted by the Agency for the Project Area; and
- (iii) The consideration to the Agency for the Sublease for the Property will not be less than the fair market value at its highest and best use in accordance with the plan or not be less than the fair

reuse value of the Property with the covenants, conditions and development costs authorized by the Sublease.

**Section 2. Approval of Sublease.** The Agency does hereby approve the Sublease, attached to this Resolution and authorizes the Executive Director of the Agency to execute the Sublease.

**Section 4. Notice of CEQA Exemption.** The Governing Board hereby authorizes and directs Agency staff to file a Notice of Exemption with the Clerk of the Board of Supervisors of the County of Los Angeles, California, within five (5) working days following the date of adoption of this Resolution.

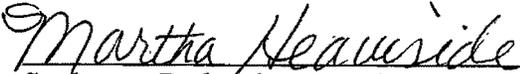
**Section 5. Certification and Effective Date.** The Agency Secretary shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force immediately upon its adoption.

**[Signatures and Certification on Following Pages]**

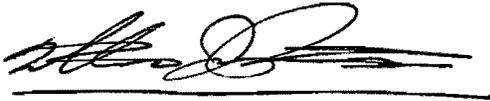
PASSED, APPROVED AND ADOPTED this 17<sup>th</sup> day of August 2010.

  
\_\_\_\_\_  
Chairperson, Redevelopment Agency, JOHN KING  
City of Covina, California

**ATTEST:**

  
\_\_\_\_\_  
Secretary, Redevelopment Agency  
City of Covina, California

APPROVED AS TO FORM:

  
\_\_\_\_\_

**CERTIFICATION**

I, MARTHA HEAVISIDE, Secretary of the Redevelopment Agency of the City of Covina, California, do hereby certify that the foregoing Resolution was regularly introduced and adopted by the Redevelopment Agency of the City of Covina, California, at an adjourned regular meeting thereof held on the 17<sup>th</sup> day of August 2010, by the following vote of the Agency:

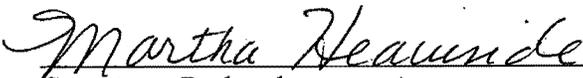
**AYES:** Council Members Allen, Stapleton, Mayor Pro Tem King

**NOES:** None

**ABSENT:** Council Member Low, Mayor Delach

**ABSTAINED:** None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Redevelopment Agency of the City of Covina, California this 17<sup>TH</sup> day of AUGUST 2010.

  
\_\_\_\_\_  
Secretary, Redevelopment Agency  
City of Covina, California

[INSERT SEAL]

**RESOLUTION NO. 10-636**

**A RESOLUTION OF THE REDEVELOPMENT AGENCY  
OF COVINA, CALIFORNIA, APPROVING A  
COMMERCIAL LEASE BY AND BETWEEN THE  
REDEVELOPMENT AGENCY AND RJS FINANCIAL INC.,  
A CALIFORNIA CORPORATION**

**WHEREAS**, the City of Covina, California ("City"), approved and adopted the redevelopment plan ("Redevelopment Plan") for the redevelopment area known as the "Redevelopment Project Area" covering a certain geographic area within the City ("Project Area") pursuant to the provisions of Sections 33000 et seq. of the California Health and Safety Code ("Redevelopment Law") ("CRL"); and

**WHEREAS**, the Redevelopment Agency of the City of Covina ("Agency") Agency is undertaking a program in the interest of health, safety, and general welfare of the people of the City pursuant to its authority under Redevelopment Law, for the redevelopment of blighted areas within the Project Area which are characterized by stagnant, improperly utilized and unproductive land which requires redevelopment; and

**WHEREAS**, RJS Financial is owner in fee of that certain improved property located at 1151 and 1211 North Azusa Avenue, City of Covina, County of Los Angeles, State of California (Assessor Parcel Numbers 8409-017-032 and 8409-017-033), generally described as approximately four hundred twenty thousand one hundred fifty-nine (420,159) square feet of land area and one hundred fifty six thousand (156,000) square feet of building area, as more fully described in Exhibit 'A' to the Lease; and

**WHEREAS**, the Agency and RJS entered into that certain agreement, dated September 2, 1999, wherein the Agency agreed to lease the property from the Landlord for the purpose of subleasing the property and having the existing commercial building rehabilitated in accordance with the Redevelopment Plan and to conduct business in the property; and

**WHEREAS**, the Original Lease expired on March 31, 2010; and

**WHEREAS**, the Agency and RJS Financial now desire and intend to extend the term of the lease, which has been on file with the City Clerk and available for public review; and

**WHEREAS**, CRL Section 33391 authorizes the Agency to acquire or lease property located within a redevelopment project survey area; and

**WHEREAS**, the Agency is the lead agency concerning the Lease and Settlement Agreement pursuant to the California Environmental Quality Act ("CEQA") and the State CEQA Guidelines; and

**WHEREAS**, Agency staff has determined that the approval of the Sublease for the Property is categorically exempt pursuant to CEQA under the "Class 1" exemption, State CEQA Guidelines Section 15301 (Existing Facilities), in that the Lease involves leasing of an existing facility, which involves negligible or no expansion.

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Board of the Redevelopment Agency of the City of Covina as follows:

**Section 1. Approval of Lease.** The Agency does hereby approve the Lease, attached to this Resolution and authorizes the Executive Director of the Agency to execute the Lease.

**Section 2. Notice of CEQA Exemption.** The Governing Board hereby authorizes and directs Agency staff to file a Notice of Exemption with the Clerk of the Board of Supervisors of the County of Los Angeles, California, within five (5) working days following the date of adoption of this Resolution.

**Section 3. Certification and Effective Date.** The Agency Secretary shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force immediately upon its adoption.

**[Signatures and Certification on Following Pages]**

PASSED, APPROVED AND ADOPTED this 17<sup>th</sup> day of August 2010.

  
\_\_\_\_\_  
Chairperson, Redevelopment Agency  
City of Covina, California

**ATTEST:**

  
\_\_\_\_\_  
Secretary, Redevelopment Agency  
City of Covina, California

*APPROVED AS TO FORM:*

  
\_\_\_\_\_

**CERTIFICATION**

I, MARTHA HEAVISIDE, Secretary of the Redevelopment Agency of the City of Covina, California, do hereby certify that the foregoing Resolution was regularly introduced and adopted by the Redevelopment Agency of the City of Covina, California, at an adjourned regular meeting thereof held on the 17<sup>th</sup> day of August 2010, by the following vote of the Agency:

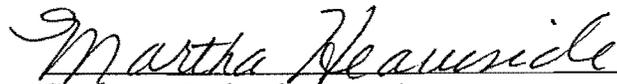
**AYES:** Council Members Allen, Stapleton, Mayor Pro Tem King

**NOES:** None

**ABSENT:** Council Member Low, Mayor Delach

**ABSTAINED:**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the Redevelopment Agency of the City of Covina, California this 17<sup>th</sup> day of August 2010.

  
Secretary, Redevelopment Agency  
City of Covina, California

[INSERT SEAL]

**RESOLUTION NO. 10-6872**

**A RESOLUTION OF THE CITY COUNCIL OF COVINA,  
CALIFORNIA, MAKING CERTAIN FINDINGS PURSUANT  
TO HEALTH & SAFETY CODE SECTION 33433 AND  
APPROVING A SUBLEASE**

**WHEREAS**, the City of Covina, California ("City"), approved and adopted the redevelopment plan ("Redevelopment Plan") for the redevelopment area known as the "Redevelopment Project Area" covering a certain geographic area within the City ("Project Area") pursuant to the provisions of Sections 33000 et seq. of the California Health and Safety Code ("Redevelopment Law") ("CRL"); and

**WHEREAS**, the Redevelopment Agency of the City of Covina ("Agency") Agency is undertaking a program in the interest of health, safety, and general welfare of the people of the City pursuant to its authority under Redevelopment Law, for the redevelopment of blighted areas within the Project Area which are characterized by stagnant, improperly utilized and unproductive land which requires redevelopment; and

**WHEREAS**, the Agency leases real property ("Property") located at 1151 and 1211 North Azusa Avenue, City of Covina, County of Los Angeles, State of California (Assessor Parcel Numbers 8409-017-032 and 8409-017-033); and

**WHEREAS**, Agency and Seidner Enterprises, LLC, a California corporation ("Sublessee") entered into that certain agreement, dated September 2, 1999, wherein Sublessee agreed to sublease the Property from Agency for the purpose of rehabilitating existing commercial building located on the Premises in accordance with the Redevelopment Plan and as otherwise set forth in this Sublease; and

**WHEREAS**, the Agency and Sublessee now desire and intend to extend the term of the Sublease, which has been on file with the City Clerk and available for public review; and

**WHEREAS**, CRL Section 33430 authorizes the Agency to lease property located within a redevelopment project survey area; and

**WHEREAS**, pursuant to provisions of CRL Section 33431, any lease made pursuant to CRL Section 33430 may be made without public bidding but only after a public hearing, notice of which shall be given by publication for not less than once a week for two weeks in a newspaper of general circulation published in the county in which the property lies; and

**WHEREAS**, pursuant to CRL Section 33433(a)(1), before any property of the Agency acquired in whole or in part, directly or indirectly, with tax increment moneys is leased for development pursuant to the redevelopment plan, the legislative body shall approve a lease by resolution after public hearing; and

**WHEREAS**, pursuant to CRL Section 33433(b), the resolution approving the lease or sale shall be adopted by a majority vote and shall contain a finding that the lease of the

property will assist in the elimination of blight or provide housing for low or moderate-income persons, and is consistent with the implementation plan adopted pursuant to CRL Section 33490; and

**WHEREAS**, CRL Section 33433(b) also requires the City Council find that the consideration is not less than the fair market value at its highest and best use in accordance with the Redevelopment Plan or the consideration is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the sale or lease; and

**WHEREAS**, pursuant to CRL Sections 33431 and 33433, on July 29, 2010 and August 5, 2010, the City and Agency caused notice of the joint public hearing of the City Council and the Agency's Governing Board to be published in the San Gabriel Valley Examiner, a newspaper of general circulation within the Agency's territorial jurisdiction; and

**WHEREAS**, the City and Agency held a noticed public hearing pursuant to CRL Sections 33431 and 33433 on August 17, 2010; and

**WHEREAS**, the Agency is the lead agency concerning the Lease and Settlement Agreement pursuant to the California Environmental Quality Act ("CEQA") and the State CEQA Guidelines; and

**WHEREAS**, Agency staff has determined that the approval of the Sublease for the Property is categorically exempt pursuant to CEQA under the "Class 1" exemption, State CEQA Guidelines Section 15301 (Existing Facilities), in that the Lease involves leasing of an existing facility, which involves negligible or no expansion.

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

**Section 1. 33433 Findings.** The Council finds and determines based on the information made available in the Report made pursuant to CRL Section 33433, the staff report accompanying this Resolution, the oral presentation of staff, and the other written and oral evidence presented to the City Council at or prior to the public hearing regarding the Sublease, that, pursuant to CRL Section 33433:

(i) The Sublease for the Property by the Agency will assist in the elimination of blight by supporting commercial facilities and ensuring that the area does not sit vacant and fall into despair while the Agency pursues the eventual redevelopment of the area.

(ii) The Sublease for the Property will be consistent with the implementation plan adopted by the Agency for the Project Area; and

(iii) The consideration to the Agency for the Sublease for the Property will not be less than the fair market value at its highest and best use in accordance with the plan or not be less than the fair

reuse value of the Property with the covenants, conditions and development costs authorized by the Sublease.

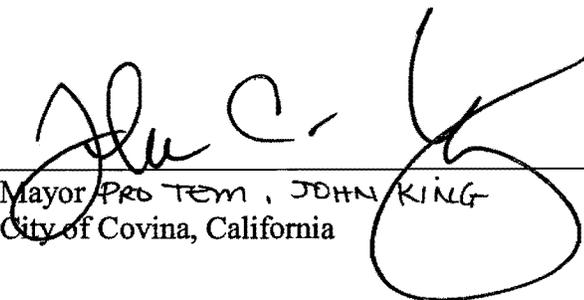
**Section 2. Approval of Sublease.** The City Council does hereby approve the Sublease, attached to this Resolution.

**Section 4. Notice of CEQA Exemption.** The City Council hereby authorizes and directs City staff to file a Notice of Exemption with the Clerk of the Board of Supervisors of the County of Los Angeles, California, within five (5) working days following the date of adoption of this Resolution.

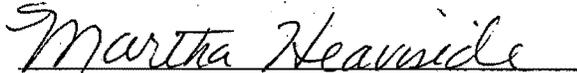
**Section 5. Certification and Effective Date.** The City Clerk shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force immediately upon its adoption.

**[Signatures and Certification on Following Pages]**

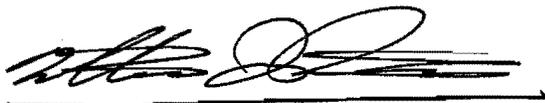
PASSED, APPROVED AND ADOPTED this 17<sup>th</sup> day of August 2010.

  
\_\_\_\_\_  
Mayor PRO TEM, JOHN KING  
City of Covina, California

ATTEST:

  
\_\_\_\_\_  
Deputy City Clerk  
City of Covina, California

APPROVED AS TO FORM:

  
\_\_\_\_\_

**CERTIFICATION**

I, MARTHA HEAVISIDE, Deputy City Clerk of the City of Covina, California, do hereby certify that the foregoing Resolution was regularly introduced and adopted by the City Council of the City of Covina, California, at an adjourned regular meeting thereof held on the 17<sup>th</sup> day of August 2010, by the following vote of the Agency:

**AYES:**       **Council Members Allen, Stapleton, Mayor Pro Tem King**

**NOES:**       **None**

**ABSENT:**     **Council Member Low, Mayor Delach**

**ABSTAINED:**   **None**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of Covina, California this 17<sup>th</sup> day of August 2010.

*Martha Heaviside* \_\_\_\_\_

Deputy City Clerk  
City of Covina, California

[INSERT SEAL]

INFORMATION SUMMARY (33433 REPORT)  
FOR THE  
RENEWAL OF SUBLEASE AGREEMENT  
WITH  
SEIDNER ENTERPRISES LLC

**Introduction:**

This summary is provided pursuant to Section 33433 of the California Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code). The report sets forth certain details of the proposed Sublease Agreement (“Agreement”) between the following parties:

1. The Redevelopment Agency of the City of Covina (“Sublessor”); and
2. Seidner Enterprises LLC (Sublessee)

The purpose of the Agreement is to effectuate the Project Area 1 Redevelopment Project Area Redevelopment Plan (Redevelopment Plan).

The basic terms embodied in the Agreement can be summarized as follows:

1. Sublessee shall pay to Sublessor a monthly lease payment of \$41,507 for certain improved property located in Project Area 1 at 1151 – 1211 North Azusa Avenue, Covina, CA (“Rent Payment”).
2. Sublessor is leasing the Premises at 1151- 1211 for \$49,840 under the New Master Lease with RJS Financial. The Sublessee (Seidner Enterprises LLC) will be provided with a yearly rent credit of \$100,000 (Rent Credit).
3. The term of this Sublease shall be for a period commencing, retroactively to March 31, 2010 and continuing until June 30, 2017.
4. Sublessee shall operate six (6) days per week for the term of the Sublease as retailer of new and used motorcycles, all terrain vehicles, boats or other related power sports vehicles, trailers for such vehicles and water craft.
5. Sublessee shall maintain an inventory of new product which shall have an annual average value of not less than Five Million Dollars at all times on or after January 1, 2001.
6. Sublessee shall cause the business on premises to generate a minimum aggregate amount of Three Hundred Thousand Dollars (\$300,000) in local sales and use taxes paid to the City of Covina on an annual basis, for a total of \$2.1 million dollars, minimum, for the 7-year contract term.

**Background:**

On September 2, 1999, the Agency entered into a Sublease Agreement as Sublessor with Seidner Enterprises, Inc. (Sublessee) for Leasing of Real Property, owned by RJS Financial, located at 1151 – 1211 North Azusa Avenue. The Lease terminated on March 31, 2010. The property is located within the boundaries of Covina Redevelopment Project No. 1.

Pursuant to Section 33433, this report shall contain the following:

1. Sublease Agreement (Attached hereto as Exhibit 1)
2. A summary which describes and specifies all of the following:
  - (i) The cost of the agreement to the agency, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the agency, plus the expected interest on any loans or bonds to finance the agreements.
  - (ii) The estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the plan.
  - (iii) The estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease. The purchase price or present value of the lease payments which the lessor will be required to make during the term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use consistent with the redevelopment plan, then the agency shall provide as part of the summary an explanation of the reasons for the difference.
  - (iv) An explanation of why the sale or lease of the property will assist in the elimination of blight, with reference to all supporting facts and materials relied upon in making this explanation.
  - (v) Consistency with the AB 1290 Implementation Plan.

**Summary of Required Points**

**1. Cost of the Agreement to the Agency including land costs, relocation and improvements:**

A total rent credit of \$700,000 (\$100,000 per year) will be given by the Agency over the contract term of seven (7) years. \$100,000 per year is calculated as the difference between the monthly Sublease amount of \$41,507 and monthly Master Lease amount of \$49,840 (\$8,333) multiplied by eighty-four (84) calendar months or seven (7) years.

- a. Land Acquisition Costs: No property will be acquired by the Agency.
- b. Clearance Costs: There are no clearance costs.
- c. Relocation Costs: There are no relocation benefits extended to Sublessee.
- d. Improvement Costs: There are no improvement costs.
- e. Finance Costs: The Agency will not owe interest or any other finance charges.

**2. Estimated value of interest to be conveyed at the highest and best use permitted under the Plan:**

Sublessee shall cause the business on premises to generate a minimum aggregate amount of Three Hundred Thousand Dollars (\$300,000) in local sales and use taxes paid to the City of Covina on an annual basis, for a total of \$2.1 million dollars, minimum, for the 7-year contract term. The business located on the site exists on a major arterial street that is located in-between 210 and 10 Freeways. Utilizing the site for retail sales of new and used motorcycles, all terrain vehicles, boats or other related power sports vehicles, trailers for such vehicles and water craft is the highest and best use for the site which is consistent with the Plan.

**3. Estimated value of interest to be conveyed at the use and with the conditions, covenants and development costs required by the sale:**

Sublessee improved the property during the term of the previous lease which expired on March 31, 2010. In return, and as an incentive to remain operating as a retailer of sport utility vehicles and watercraft within the City of Covina for the previous contract term as well as for the term of the new contract term set to expire on June 30, 2017, the Sublessor provided a rent credit in the amount of \$100,000 per year to the Sublessee. 100,000 per year is calculated as the difference between the monthly Sublease amount of \$41,507 and monthly Master Lease amount of \$49,840 (\$8,333) multiplied by eighty-four (84) calendar months or seven (7) years.

**4. Explanation as to the reason why the sale of the Site will assist the elimination of blight:**

Extending the lease term for seven (7) additional years will result in the elimination of blight, as an existing, successful vibrant retail use will continue to operate and continue to produce sales tax and tax increment. The property, located in Redevelopment Project Area 1, would otherwise, be vacant and underutilized.

**5. Consistency with the Five-Year Implementation Plan**

Pursuant to the California Redevelopment Law, all agencies must adopt an implementation plan that outlines the projects, programs and expenditures anticipated over a five-year period. The Covina Redevelopment Agency has adopted such a plan, covering fiscal years 2004-2005 through 2013-2014.

The existing business is located in Project Area 1. Programs identified by the Implementation Plan for Project Area 1 include implementing Leases in order to accomplish the goal of diversifying and expanding the economic base and employment opportunities to promote the economic well being of the project area. Execution of the Sublease Agreement will assist The Agency in undertaking a program in the interest of health, safety and general welfare of the people of the City pursuant to its authority under Redevelopment Law, for the redevelopment of blighted areas within the Project Area which are characterized by stagnant, improperly utilized and unproductive land which requires redevelopment.

**6. Tax Increment to Agency**

The tax increment projections for the term of the sublease agreement show an estimated valuation of \$642,455.01. This value is expected to produce a total of \$107,075 of tax increment per year beginning with the 2010-2011 tax Fiscal Year.

## **SUB LEASE AGREEMENT**

THIS SUBLEASE AGREEMENT ("Sublease") is entered into as of June 21, 2010 by and between COVINA REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency" or "Sublessor") and SEIDNER ENTERPRISES LLC., a California corporation ("Sublessee"). Sublessor and Sublessee are sometimes individually referred to herein as "Party" and collectively as "Parties." This Agreement shall become retroactive to March 31, 2010.

### **RECITALS**

- A.** The City of Covina, California ("City"), approved and adopted the redevelopment plan ("Redevelopment Plan") for the redevelopment area known as the "Redevelopment Project Area" covering a certain geographic area within the City ("Project Area") pursuant to the provisions of Sections 33000 et seq. of the California Health and Safety Code ("Redevelopment Law") ("CRL"); and
- B.** Agency is undertaking a program in the interest of health, safety, and general welfare of the people of the City pursuant to its authority under Redevelopment Law, for the redevelopment of blighted areas within the Project Area which are characterized by stagnant, improperly utilized and unproductive land which requires redevelopment; and
- C.** RJS Financial, Inc. is the owner of that certain improved property located within the Project Area at 1151 and 1211 North Azusa Avenue, City of Covina, County of Los Angeles, State of California (Assessor Parcel Numbers 8409-017-032 and 8409-017-033) ("Premises"), as more fully described in Exhibit "A" attached hereto and incorporated herein by reference; and
- D.** RJS Financial Inc., as lessor ("Landlord"), and the Sublessor, as lessee, entered into that certain agreement, dated September 2, 1999, wherein Landlord agreed to lease the Premises to Sublessor ("Existing Master Lease"); and
- E.** Sublessor and Sublessee entered into that certain agreement, dated September 2, 1999, attached hereto as Exhibit "B" and incorporated herein by reference, wherein Sublessee agreed to sublease the Premises from Sublessor for the purpose of rehabilitating existing commercial building located on the Premises in accordance with the Redevelopment Plan ("Existing Sublease") and as otherwise set forth in this Sublease; and
- F.** Existing Master Lease will expire on March 31, 2010, according to the terms of the Existing Master Lease; and
- G.** Landlord and Sublessor have entered into a new agreement for the lease of the Premises by the Sublessor attached hereto as Exhibit "C" and incorporated herein by reference ("Commercial Lease Agreement"); and
- H.** Existing Sublease will expire on March 31, 2010 according to the terms of the Existing Sublease; and
- I.** Sublessor and Sublessee desire to enter into a new sublease for the Premises.

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference and are a substantial part of this Sublease, and the covenants, warranties, and promises contained herein, the receipt of which is hereby acknowledged, the Parties hereby agree as follows:

## TERMS

### 1. LEASE OF PREMISES AND TERM OF SUBLEASE

**1.1 Agreement to Sublease.** For and in consideration of the Rent to be paid and covenants to be performed by Sublessee under this Sublease, Sublessor agrees to lease the Premises to Sublessee, and Sublessee agrees to lease the Premises from Sublessor, on the terms and conditions set forth in this Sublease. Except as expressly otherwise provided in this Sublease, the "Premises" includes the real property and any Improvements now or subsequently located on the Premises. The Premises shall also include any appurtenances and easements described in Exhibit "A" attached to this Sublease.

**1.2 Rent.** Sublessee shall pay to Sublessor a monthly payment of Forty One Thousand Five Hundred and Seven Dollars (\$41,507) (the "**Rent Payment**"), which shall be paid, in full, on the first day of each month throughout the Term. Sublessee acknowledges that Sublessor is leasing the Premises under the New Master Lease for a monthly payment of Forty Nine Thousand Eight Hundred Forty Dollars (\$49,840) and providing Sublessee with a yearly rent credit of One Hundred Thousand Dollars (\$100,000) (the "**Rent Credit**").

**1.3 Term of Sublease.** The term of this Sublease shall be for a period commencing on April 1, 2010, and continuing until midnight on June 30, 2017 unless terminated earlier as provided in this Sublease ("Term").

### 2. DEFINITIONS

**2.1 Certain Definitions.** The following definitions shall apply to this lease:

**2.1.1 "Building Equipment"** means all fixtures incorporated in the Premises owned by Sublessor or Sublessee and used, useful, or necessary to conduct any Rehabilitation or other work or business on the Premises (including boilers; compactors; compressors; conduits; ducts; engines; equipment; fittings; heating, ventilating and air conditioning systems; machinery; and pipes).

**2.1.2 "FF&E"** means all movable furniture, furnishings, equipment, and personal property of Sublessee or anyone claiming through Sublessee (excluding Building Equipment) that may be removed without material damage to the improvements or the Premises and without adversely affecting: (a) the structural integrity of the improvements or the Premises; (b) any electrical, plumbing, mechanical, or other system in the improvements or the Premises; (c) the present or future operation of any such system; or (d) the present or future provision of any utility service to the Premises. FF&E includes, but is not limited to, items such as furniture, movable equipment, telephone, telecommunications and facsimile transmission equipment, point of sale equipment, televisions, radios, network racks, computer systems, and peripherals.

### 3. USE OF PREMISES

3.1 **Permitted Use.** Sublessee shall use the Premises solely for the uses described herein and in the Commercial Lease Agreement.

3.1.1 **Additional Use.** Sublessee, including its shareholders and Guarantors, shall use the commercial building located on the Premises, except as set forth below relating to vehicles manufactured by Honda and Suzuki, as its sole sales facility within a radius of ten (10) miles from the property line of the Premises ("Radius"), for the sale of new and used motorcycles, all terrain vehicles, boats or other related power sports vehicles, trailers for such vehicles, and water craft (hereinafter after sometimes collectively referred to as the "Product"). It shall also use the Premises as its offices for the leasing of such Product for leases having a term of one (1) year or more (with the Product, hereinafter collectively referred to as "Primary Use"). Repairs and parts and accessories sales for the Product shall be permitted on the Premises so long as incidental to the Primary Use. Sublessee shall maintain not less than six (6) franchises from the manufacturers of Product which currently include Honda, Suzuki, Kawasaki, Yamaha, and Sea-Doo. A franchise from a manufacturer of more than one (1) type of Product shall count as only one (1) franchise. If such conditions for the number of franchises and operation of the business on the Premises for the Primary Use are not maintained at all times, Sublessee shall be in default of this Sublease; provided, however, that in the event the number of franchises maintained by Sublessee is reduced during the Term of the Sublease as a result of an involuntary termination of a franchise by the manufacturer, the failure by Sublessee to maintain six (6) franchises shall not be deemed a default of the Sublessee, and Sublessee shall diligently seek another franchise in order to maintain a minimum of six (6) franchises for sale on the Premises. Sublessee shall be permitted to sell used Product only in the same transaction as the sale of a sale of new Product.

3.1.2 Sublessee shall not paint any portion of the Premises, including any buildings or structures located on the Premises, without a conditional use permit.

3.1.3 **Operation of Business.** Sublessee shall, continuously for the Term, conduct and carry on Sublessee's business for the Primary Use in the Premises not less than six (6) days per week and shall keep the Premises open for business and cause Sublessee's business to be conducted therein in accordance with sound business practices for sales and leases of its Product, provided, however, that this provision shall not apply if the Premises should be closed and the business of Sublessee temporarily discontinued thereon on account of damage or destruction to the Premises due to reasons set forth in Section 12.1 such that, in the Sublessor's reasonable discretion, the Sublessee's business could not be conducted. The Premises may, but shall not be required to be, open on Federal holidays.

Sublessee shall keep the Premises adequately stocked with Product, and with sufficient sales personnel, to conduct its business in accordance with sound business practices for sales of Product. Sublessee shall have available an inventory of new Product which shall have an annual average value of not less than Five Million Dollars (\$5,000,000) at all times on or after January 1, 2001 either (1) on the Premises or (2) from manufacturers' distribution centers located within Los Angeles County, Orange County, or San Bernadino County for Product for which Sublessee has franchises. All sales by Sublessee from

operation of its business on the Premises or within the Radius shall be reported as sales of Product from the Premises which are subject to imposition of the Bradley Burns Uniform Local Sales and Use Tax Law (Revenue and Taxation Code section 7200 et seq., as amended), or its equivalent governing sales tax collection and allocation regulations.

Sublessee shall cause the business on the Premises to generate a minimum aggregate amount of Three Hundred Thousand Dollars (\$300,000) in local sales and use taxes paid to the City of Covina, pursuant to Revenue and Taxation Code Sections 7200, et seq., on an annual basis. If the business on the Premises fails to generate such amount in any year during the Term, Sublessee shall pay the Rent Credit to Sublessor within forty-five (45) days of written notice.

**3.2 Compliance with Laws.** Sublessee shall, at Sublessee's own cost and expense, comply with all statutes, ordinances, regulations, and requirements of all governmental entities, federal, state, county or municipal, including those requiring capital improvements to the Premises, relating to any use and occupancy of the Premises (and specifically not limited to any particular use or occupancy by Sublessee), whether those statutes, ordinances, regulations, and requirements are now in force or are subsequently enacted. If any license, permit, or other governmental authorization is required for the lawful use or occupancy of the Premises or any portion of the Premises, Sublessee shall procure and maintain it throughout the Term. The judgment of any court of competent jurisdiction, or the admission by Sublessee in a proceeding brought against Sublessee by any government entity, that Sublessee has violated any such statute, ordinance, regulation, or requirement shall be conclusive as between Sublessor and Sublessee and shall constitute grounds for termination of this Sublease by Sublessor.

**3.3 Prohibited Uses.** Sublessee shall not use or permit the Premises or any portion of the Premises to be improved, developed, used, or occupied in any manner or for any purpose that is in any way in violation of any valid law, ordinance, or regulation of any federal, state, county, or local governmental agency, body, or entity. Furthermore, Sublessee shall not maintain, commit, or permit the maintenance or commission of any nuisance as now or hereafter defined by any statutory or decisional law applicable to the Premises or any part of the Premises.

**3.4 Signs.** Sublessee shall be allowed only those signs consistent with and in compliance with the Covina Municipal Code which have been permitted to be placed on the Premises by the Sublessor in its sole discretion. Sublessor shall have the right to enter the Premises as provided in Section 5.5 in order to remove any and all sign(s) at its discretion. Sublessee shall not place temporary signs, flags or banners on the exterior walls or windows except as provided in Section 3.4.1.

**3.4.1** At any time that Sublessor desires to renovate the Premises or place signs on the Premises, Sublessor shall notify Sublessee of such renovation and Sublessee may erect a temporary banner in accordance with state and local laws. Sublessor, at its expense, shall replace any sign of Sublessee's that it removes in accordance with this Section 3.4.1.

**3.4.2** Sublessee shall not install exterior lighting, amplifiers or similar devices, or use (inside or outside of the Premises) any audio or visual medium which may be heard or seen outside the Premises, including, without limitation, flashing lights, searchlights,

loudspeakers, or other means of dissemination outside of the Premises without Sublessor's prior permission, determined by the Sublessor in its sole discretion.

#### **4. TAXES AND UTILITIES**

Sublessee's responsibilities with regard to the payment of utilities and taxes during the term of this Sublease shall be the responsibilities set forth for the Sublessor in Section 3 of the New Master Lease.

#### **5. SUBLESSEE'S REHABILITATION**

**5.1 Compliance with Law and Standards.** All Rehabilitation on the Premises shall be performed in accordance with all valid laws, ordinances, regulations, and orders of all federal, state, county, or local governmental agencies or entities having jurisdiction over the Premises; provided, however, that any structure or other improvement, if erected on the Premises, shall be deemed to have been constructed in full compliance with all such valid laws, ordinances, regulations, and orders when a valid final Certificate of Occupancy entitling Sublessee and subtenants of Sublessee to occupy and use the structure or other improvement has been duly issued by proper governmental agencies or entities. All work performed on the Premises under this Sublease, or authorized by this Sublease, shall be done in a good workmanlike manner and only with new materials of good quality and high standard.

**5.2 Mechanics' Liens.** At all times during the term of this Sublease, Sublessee shall keep the Premises and all improvements now or hereafter located on the Premises free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Premises. Should Sublessee fail to pay and discharge or cause the Premises to be released from any such lien or claim of lien within twenty (20) days after service on Sublessee of written request from Sublessor to do so, Sublessor may pay, adjust, compromise, and discharge any such lien or claim of lien on any terms and in any manner that Sublessor may deem appropriate. In that event, Sublessee shall, on or before the first day of the next calendar month following any such payment by Sublessor, reimburse Sublessor for the full amount paid by Sublessor in paying, adjusting, compromising, and discharging that lien or claim of lien, including any attorneys' fees or other costs expended by Sublessor, together with interest at the then maximum legal rate from the date of payment by Sublessor to the date of repayment by Sublessee.

**5.3 Protection of Sublessor.** NOTICE IS HEREBY GIVEN THAT SUBLESSOR SHALL NOT BE LIABLE FOR ANY LABOR OR MATERIALS FURNISHED OR TO BE FURNISHED TO SUBLESSEE UPON CREDIT, AND THAT NO MECHANICS' OR OTHER LIEN FOR ANY SUCH LABOR OR MATERIALS SHALL ATTACH TO OR AFFECT THE FEE ESTATE. NOTHING IN THIS LEASE SHALL BE DEEMED OR CONSTRUED IN ANY WAY TO CONSTITUTE SUBLESSOR'S CONSENT OR REQUEST, EXPRESS OR IMPLIED, BY INFERENCE OR OTHERWISE, TO ANY CONTRACTOR, SUBCONTRACTOR, LABORER, EQUIPMENT OR MATERIAL SUPPLIER FOR THE PERFORMANCE OF ANY LABOR OR THE FURNISHING OF ANY MATERIALS OR EQUIPMENT FOR ANY CONSTRUCTION REGARDING THE PREMISES OR ANY IMPROVEMENTS ON THE PREMISES, NOR AS GIVING SUBLESSEE ANY RIGHT,

POWER OR AUTHORITY TO CONTRACT FOR, OR PERMIT THE RENDERING OF, ANY SERVICES, OR THE FURNISHING OF ANY MATERIALS THAT WOULD GIVE RISE TO THE FILING OF ANY LIENS AGAINST THE FEE ESTATE. SUBLESSEE SHALL INDEMNIFY SUBLESSOR AGAINST ANY ACTIVITIES UNDERTAKEN BY SUBLESSEE OR ANYONE CLAIMING THROUGH SUBLESSEE, AND AGAINST ALL LIENS.

**5.4 Ownership of Rehabilitation.** Title to all Rehabilitation done shall be owned by Sublessor at all times during the Term of this Sublease.

**5.5 Access and Inspection.** Notwithstanding anything to the contrary in this Sublease, Sublessor and its agents, representatives, and designees may enter the Premises upon reasonable notice during regular business hours, to: (a) ascertain whether Sublessee is complying with this Sublease; (b) cure Sublessee's defaults; (c) inspect the Premises and any work done by Sublessee; and (d) perform such tests, borings, and other analyses as Sublessor determines may be necessary or appropriate relating to the Premises. In entering the Premises, Sublessor and its designees shall not unreasonably interfere with operations on the Premises and shall comply with Sublessee's reasonable instructions. Sublessor shall indemnify Sublessee against any claims arising from Sublessor's entry upon the Premises (except upon termination of this Sublease in an event of default).

## **6. NO ENCUMBRANCE OF LEASEHOLD ESTATE**

**6.1 No Right of Sublessee to Encumber.** Sublessee shall not encumber the leasehold estate created by this Sublease.

## **7. REPAIRS AND RESTORATION**

**7.1 Maintenance by Sublessee.** At all times during the Term of this Sublease Sublessee shall, at Sublessee's own cost and expense, keep and maintain the Premises and other work done now or hereafter on the Premises in a first-class condition, in good order and repair as exists at the commencement of this Sublease, in a safe and clean condition, and as required of the Sublessor under Section 5.5 of the New Master Lease.

**7.2 Alteration Required by Law.** Sublessee shall perform additions, alterations or improvements required by law or regulations as required of the Sublessor under Section 5.4 of the New Master Lease.

**7.3 Destruction – Repairs by Landlord.** Should the Premises and/or any improvements thereon be damaged or destroyed, the Sublessee shall notify the Sublessor and Landlord. Landlord shall undertake to make repairs in accordance with Section 5.9 of the New Master Lease.

## **8. HAZARDOUS SUBSTANCES**

The use, generation, storage or disposal of Hazardous Materials, as defined in Section 7 of the New Master Lease, on the Premises shall be prohibited as set forth in Section 7 of the New Master Lease.

## 9. INDEMNITY AND INSURANCE

**9.1 Indemnity Agreement.** Sublessee shall indemnify and hold Sublessor, Landlord and Landlord's property, including the Premises and any improvements now or hereafter on the Premises, free and harmless from any and all liability, claims, loss, damages, or expenses resulting from Sublessee's occupation and use of the Premises, specifically including, without limitation, any liability, claim, loss, damage, or expense arising by reason of the following:

9.1.1 The death or injury of any person, including Sublessee or any person who is an employee or agent of Sublessee, or by reason of the damage to or destruction of any property, including property owned by Sublessee or by any person who is an employee or agent of Sublessee, from any cause whatever while that person or property is in or on the Premises or in any way connected with the Premises or with any of the Improvements or personal property on the Premises;

9.1.2 The death or injury of any person, including Sublessee or any person who is an employee or agent of Sublessee, or by reason of the damage to or destruction of any property, including property owned by Sublessee or any person who is an employee or agent of Sublessee, caused or allegedly caused by either: (1) the condition of the Premises or some building or improvement on the Premises; or (2) some act or omission on the Premises of Sublessee or any person in, on, or about the Premises with the permission and consent of Sublessee;

9.1.3 Any work performed on the Premises or materials furnished to the Premises at the instance or request of Sublessee or any person or entity acting for or on behalf of Sublessee; or

9.1.4 Sublessee's failure to perform any provision of this Sublease or to comply with any requirements of law or any requirements imposed on Sublessee or the Premises by any duly authorized governmental agency or political subdivision.

## 9.2 Waiver and Release.

9.2.1 Sublessee acknowledges that it is a post acquisition occupant having entered into this Sublease and taking occupancy of the Premises from Sublessor after Sublessor's acquisition of its interest in the Premises pursuant to the Master Lease. Sublessee acknowledges that it may be entitled to, and hereby releases, waives and discharges the City, Sublessor, Landlord and their affiliated entities and each of their respective officers, officials, employees, agents, volunteers, contractors, insurers, and attorneys from any and all alleged and actual claims, damages, remedies, causes of action, demands, and other liabilities (collectively, "**Liabilities**") for relocation assistance, loss of goodwill interest, leasehold bonus value, just compensation, unlawful pre-condemnation conduct, inverse condemnation, attorneys fees and all similar or related claims or rights (collectively, the "**Benefits**") which Sublessee now has or may have arising out of or in any way related to Sublessee's leasehold interest in the Premises, Sublessee's displacement from the Premises, and any and all related acts or failures to act by the City, Sublessor, Landlord or any of the other released parties. The foregoing release and waiver ("**Release**"), applies to all Liabilities, whether retrospective, current, or prospective, known or

unknown, foreseeable or unforeseeable. The Release is made by Sublessee for itself, its agents, assigns, heirs, successors, and related entities. The Release does not extend to breaches of Landlord's obligations arising under the New Master Lease or the Sublessor's obligations arising under this Sublease.

9.2.2 Except as otherwise provided in this Sublease, it is the intention of the Parties that the Release shall be effective as a bar to all claims, causes of action, actions, damages, losses, demands, accounts, reckonings, rights, debts, liabilities, obligations, and attorneys' fees, of every character and kind, known or unknown, existing or contingent, latent or patent; and in furtherance of such intention, Sublessee expressly waives any and all rights conferred upon it by the provisions of California Civil Code Section 1542, which reads as follows:

**"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."**

9.2.3 Sublessee acknowledges that it may hereafter discover facts or law different from or in addition to those which it now believes to be true with respect to the Release. Sublessee agrees that the Release shall be and remain effective in all respects notwithstanding such different or additional facts or law or any part's discovery thereof. Sublessee shall not be entitled to any relief in connection therewith, including, but not limited to any damages or any right or claim to set aside or rescind this Sublease.

9.2.4 The representations, warranties, acknowledgements, waivers and releases contained in this Section 9.2 shall survive the termination of this Sublease.

**9.3 Liability Insurance.** Sublessee shall, at Sublessee's own cost and expense, procure and maintain during the entire term of this Sublease a broad form comprehensive coverage policy of public liability insurance issued by an insurance company licensed by the State of California insuring Sublessee and Sublessor against loss or liability caused by or connected with Sublessee's occupation and use of the Premises under this Sublease in amounts not less than the following:

9.3.1 ONE MILLION DOLLARS (\$1,000,000) for injury to or death of one person and, subject to that limitation for the injury or death of one person, of not less than TWO MILLION DOLLARS (\$2,000,000) for injury to or death of two or more persons as a result of any one accident or incident; and

9.3.2 TWO MILLION DOLLARS (\$2,000,000) for damage to or destruction of any property.

**9.4 Fire and Casualty Insurance.** Sublessee shall, at Sublessee's own cost and expense, at all times during the term of this Sublease, keep all improvements on the Premises insured for their full replacement value by insurance companies authorized to do business in the State of California against loss or destruction by fire and the perils commonly covered under the

standard extended coverage endorsement to fire insurance policies in the county where the Premises are located.

**9.5 Specific Perils to Be Insured.** Notwithstanding anything to the contrary contained in Section 9.4 of this Sublease, the insurance required by Section 9.4 of this Sublease shall, whether or not included in the standard extended coverage endorsement referred to in Section 9.4, insure all Improvements on the Premises against loss or destruction by windstorm, cyclone, tornado, hail, explosion, riot, riot attending a strike, civil commotion, malicious mischief, vandalism, aircraft, fire, smoke damage, and sprinkler leakage. All insurance provided hereunder shall include standard waiver of subrogation provisions and shall be primary and non-contributing with any insurance that Sublessor may elect (but shall be under no obligation) to obtain.

**9.6 Deposit of Insurance with Sublessor.** Sublessee shall, within ten (10) days after the execution of this Sublease and promptly thereafter when any such policy is replaced, rewritten, or renewed, deliver to Sublessor a true and correct copy of each insurance policy and endorsements required by this Sublease or a certificate executed by the insurance company or companies or their authorized agent evidencing that policy or policies.

**9.7 Notice of Cancellation of Insurance.** Each insurance policy required under this Sublease shall contain a provision that it cannot be cancelled for any reason unless at least ten (10) days' prior written notice of the cancellation is given to Sublessor in the manner required by this Sublease for service of notices on Sublessor by Sublessee.

## **10. GUARANTOR**

**10.1 Guarantor.** The obligations of Sublessee under this Sublease are to be guaranteed by Ronald J. Seidner and Kimberly Jane Seidner (collectively, "Guarantor"). Such Guarantor shall have the same obligations as Sublessee under this Sublease.

**10.2 Execution.** The Guarantors shall each execute a guaranty in the form most recently published by the American Industrial Real Estate Association.

**10.3 Default.** It shall constitute a Default of the Sublessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty; (b) current financial statements ;(c) an Estoppel Certificate; or (d) written confirmation that the guaranty is still in effect.

## **11. NO ASSIGNMENT OR SUBLEASING**

**11.1 No Assignment.** Sublessee may not assign this Sublease or any interest in this Sublease without Sublessor's prior written consent, which may be given or withheld in Sublessor's sole, absolute and arbitrary discretion.

**11.2 No Sublease.** Sublessee shall have no right to sublease all or any portion of the Premises without Sublessor's prior written consent, which may be given or withheld in Sublessor's sole, absolute and arbitrary discretion, except as set forth in Section 3.1.4.

## **12. DEFAULT AND REMEDIES**

**12.1 Continuation of Sublease in Effect.** Should Sublessee breach this Sublease and abandon the Premises before the natural expiration of the Sublease's term, Sublessor may continue this Sublease in effect by not terminating the Sublessee's right to possession of the Premises, in which event Sublessor shall be entitled to enforce all Sublessor's rights and remedies under this Sublease.

**12.2 Breach and Default by Sublessee.** All covenants and agreements contained in this Sublease are declared to be conditions to this Sublease and to the term hereby leased to Sublessee. Should Sublessee fail to perform any covenant, condition, or agreement contained in this Sublease and the default is not be cured within fifteen (15) days after written notice of the default is served on Sublessee by Sublessor, then Sublessee shall be in default under this Sublease. In addition to Sublessee's failure to perform any covenant, condition, or agreement contained in this Sublease within the cure period permitted by this Section 12.2, the following shall constitute a default by Sublessee under this Sublease:

12.2.1 The appointment of a receiver to take possession of the Premises or Improvements, or of Sublessee's interest in, to, and under this Sublease, the leasehold estate or of Sublessee's operations on the Premises for any reason, including, without limitation, assignment for benefit of creditors or voluntary or involuntary bankruptcy proceedings, when not released within sixty (60) days;

12.2.2 An assignment by Sublessee for the benefit of creditors; or the voluntary filing by Sublessee or the involuntary filing against Sublessee of a petition, other court action, or suit under any law for the purpose of: (1) adjudicating Sublessee a bankrupt, (2) extending time for payment, (3) satisfaction of Sublessee's liabilities, or (4) reorganization, dissolution, or arrangement on account of, or to prevent, bankruptcy or insolvency; provided, however, that in the case of an involuntary proceeding, if all consequent orders, adjudications, custodies, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within sixty (60) days after the filing or other initial event, then Sublessee shall not be in default under this Section; and

12.2.3 The subjection of any right or interest of Sublessee to or under this Sublease to attachment, execution, or other levy, or to seizure under legal process when the claim against Sublessee is not released within sixty (60) days.

**12.3 Taking Possession.** Sublessor may re-enter and take possession of the Premises with process of law, whether by summary proceedings or otherwise, and remove Sublessee, with or without having terminated this Sublease, and without thereby being liable for damages or guilty of trespass. This is intended to constitute an express right of re-entry by Sublessor. Except as expressly provided in this Sublease or prohibited by law, Sublessee, for and on behalf of itself and all persons claiming by, through or under Sublessee, expressly waives any right to

service of notice of intention to re-enter provided in any law and any and all right of redemption provided by any law, or re-entry or repossession or to restore the operation of this Sublease if Sublessee is dispossessed by a judgment or by warrant of any court or judge or in case of re-entry or repossession by Sublessor or any expiration or termination of this Sublease. No re-entry by Sublessor, whether had or taken under summary proceedings or otherwise, shall absolve or discharge Sublessee from liability under this Sublease. The terms "enter," "re-enter," "entry," and "re-entry," as used in this Sublease, are not restricted to their technical legal meanings.

**12.4 Suits Before Expiration Date.** Sublessor may sue for damages from time to time at Sublessor's election.

**12.5 Receipt of Moneys.** No receipt of money by Sublessor from Sublessee after termination of this Sublease, or after the giving of any notice of termination of this Sublease, shall reinstate, continue, or extend this Sublease or affect any notice theretofore given to Sublessee, Sublessor's right to recover possession by proper remedy, except as this Sublease expressly states otherwise, it being agreed that after service of notice to terminate this Sublease or the commencement of suit or summary proceedings, or after final order or judgment for possession, Sublessor may demand, receive, and collect any moneys due or thereafter falling due without in any manner affecting such notice, proceeding, order, suit or judgment, all such moneys collected being deemed payments on account of use and occupation or, at Sublessor's election, on account of Sublessee's liability.

**12.6 No Waiver.** No failure by Sublessor to insist upon strict performance of any covenant, agreement, term, or condition of this Sublease or to exercise any right or remedy upon a Default, shall waive any such Default or such covenant, agreement, term, or condition. No covenant, agreement, term, or condition of this Sublease to be performed or complied with by Sublessee, and no Default, shall be modified except by a written instrument executed by Sublessor. No waiver of any Default shall modify this Sublease. Each and every covenant, agreement, term, and condition of this Sublease shall continue in full force and effect with respect to any other then-existing or subsequent Default of such covenant, agreement, term or condition of this Sublease.

**12.7 Waiver of Breach.** The waiver by Sublessor of any breach by Sublessee of any of the provisions of this Sublease shall not constitute a continuing waiver or a waiver of any subsequent breach by Sublessee of either the same or a different provision of this Sublease.

**12.8 Security Devices.** Sublessor may change the locks and other security devices providing admittance to the Premises.

**12.9 Cumulative Remedies.** The remedies given to Sublessor in this Sublease shall not be exclusive but shall be cumulative with and in addition to all remedies now or hereafter allowed by law and elsewhere provided in this Sublease.

**12.10 Compliance with New Master Lease.** Sublessee has reviewed the New Master Lease and covenants that Sublessee's use and occupancy of the Premises will not do any act or thing which will be, result in or constitute a violation or breach of or a default under the New Master Lease; any such violation, breach or default shall constitute the breach by Sublessee of a

substantial obligation under this Sublease. If any such violation by Sublessee, or Sublessee's agents, invitees, servants, contractors and employees, or any action or omission by Sublessee, or Sublessee's agents, invitees, servants, contractors and employees, shall subject Sublessor to liability or damages to Landlord, or to any other party, Sublessee shall indemnify and hold Sublessor harmless from and against any loss, cost, damage or expense in connection therewith, including, without limitation, legal fees and disbursements. No waiver of any such violation by Sublessor shall be deemed a waiver of the right to thereafter enforce the applicable term, provision, covenant, condition, rule or regulation, or a waiver of any subsequent violation thereof.

### **13. GENERAL PROVISIONS**

**13.1 Force Majeure.** Except as otherwise expressly provided in this Sublease, if the performance of any act required by this Sublease to be performed by either Sublessor or Sublessee is prevented or delayed by reason of any act of God, strike, lockout, labor trouble, inability to secure materials, restrictive governmental laws or regulations, or any other cause (except financial inability) not the fault of the party required to perform the act, the time for performance of the act will be extended for a period equivalent to the period of delay and performance of the act during the period of delay will be excused. However, nothing contained in this Section 13.1 shall excuse the performance of any act rendered difficult or impossible solely because of the financial condition of the party required to perform the act.

**13.2 Estoppel Certificates.** Each party to this Sublease (a "Requesting Party") may require the other party (a "Certifying Party") to execute, acknowledge, and deliver to the Requesting Party (or directly to a designated third party) up to four original counterparts of an Estoppel Certificate. The Certifying Party shall sign, acknowledge, and return such Estoppel Certificate within fifteen (15) days after request, even if the Requesting Party is in Default. Any Estoppel Certificate shall bind the Certifying Party. "Estoppel Certificate" means a certification of, at least, each of the following:

13.2.1 This Sublease is unmodified and in full force and effect, or, if there have been modifications, that this Sublease is in full force and effect, as modified, in the manner specified in the statement; and

13.2.2 There are no uncured defaults or failures to perform any covenant or provision of this Sublease on the part of the Requesting Party or specifying any such defaults or failures which are claimed to exist.

**13.3 Attorneys' Fees.** Should any litigation be commenced between the parties to this Sublease concerning the Premises, this Sublease, or the rights and duties of either in relation thereto, the party prevailing in that litigation shall be entitled, in addition to any other relief that may be granted in the litigation, to a reasonable sum as and for that party's attorneys' fees in that litigation that shall be determined by the court in that litigation or in a separate action brought for that purpose. In the case of Sublessor, reasonable attorneys' fees shall include the salaries and benefits of the attorneys employed by Counsel for the Corona Redevelopment Agency.

**13.4 Notices to Sublessor.** Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this Sublease or by law to be served on or given to Sublessor by Sublessee shall be in writing and shall be deemed duly served and given when personally delivered to Sublessor or, in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, and sent by express mail that allows for tracking, addressed to Covina Redevelopment Agency at 125 E. College Street, Covina, California 91723, Attention: Executive Director, with a copy to Best Best & Krieger LLP, 5 Park Plaza Suite 1500, Irvine, California 92614, Attention: Agency Counsel. Sublessor may change Sublessor's address for the purpose of this section by giving written notice of that change to Sublessee in the manner provided in Section 13.5.

**13.5 Notices to Sublessee.** Any and all notices or other communications required or permitted by this Sublease or by law to be served on or given to Sublessee by Sublessor shall be in writing and shall be deemed duly served and given when personally delivered to Sublessee, any managing employee of Sublessee, or, in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, and sent by express mail that allows for tracking, addressed to Seidner Enterprises, LLC at 1151 N. Azusa Ave., Covina, California, 91722, Attention: \_\_\_\_\_. Sublessee may change its address for the purpose of this section by giving written notice of that change to Sublessor in the manner provided in Section 13.4 of this Sublease. Notice given by Sublessor to Sublessee in accordance with this Section 13.4 shall satisfy the requirements of Code of Civil Procedure Section 1160, et seq., and shall be instead of any notice required by such laws, not in addition to any notice required by such laws.

**13.6 Waivers.** SUBLESSEE WAIVES ANY RIGHT OF REDEMPTION PROVIDED FOR BY LAW. SUBLESSEE WAIVES ANY RIGHT TO INTERPOSE ANY COUNTERCLAIM IN ANY ACTION BY SUBLESSOR TO ENFORCE THIS LEASE OR SUBLESSOR'S RIGHTS AND REMEDIES UNDER THIS LEASE.

**13.7 Governing Law.** This lease, and all matters relating to this Sublease, shall be governed by the laws of the State of California, without application of conflicts of laws provisions or principles.

**13.8 Binding on Heirs and Successors.** This lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto, but nothing in this Section 13.8 shall be construed as a consent by Sublessor to any assignment of this Sublease or any interest in the lease by Sublessee.

**13.9 Sole and Only Agreement.** This Sublease constitutes the sole and only agreement between Sublessor and Sublessee respecting the Premises, the leasing of the Premises to Sublessee, and the lease terms set forth in this Sublease, and correctly sets forth the obligations of Sublessor and Sublessee to each other as of its date. Any agreements or representations respecting the Premises, their leasing to Sublessee by Sublessor, or any other matter discussed in this Sublease not expressly set forth in this instrument are null and void.

**13.10 No Partnership or Joint Venture.** Nothing in this Sublease shall be construed to render Sublessor in any way or for any purpose a partner, joint venturer, or associate in any

relationship with Sublessee other than that of Sublessor and Sublessee, nor shall this Sublease be construed to authorize either to act as agent for the other.

**13.11 Time of Essence.** Time is expressly declared to be of the essence of this Sublease.

**13.12 No Recording.** Neither Sublessor nor Sublessee shall record this Sublease without the written consent of the other.

**13.13 Principles of Interpretation.** No inference in favor of or against any party shall be drawn from the fact that such party has drafted any part of this Sublease. The parties have both participated substantially in its negotiation, drafting, and revision, with advice from counsel and other advisers. A term defined in the singular may be used in the plural, and vice versa, all in accordance with ordinary principles of English grammar, which also govern all other language in this Sublease. The words "include" and "including" shall be construed to be followed by the words: "without limitation." Each of these terms shall be interpreted as if followed by the words "(or any part of it)" except where the context clearly requires otherwise: Fee Estate; Improvements; Land; Leasehold Estate; Premises; and any other similar collective noun. Every reference to any document, including this Sublease, refers to such document as modified from time to time (except, at Sublessor's option, any modification that violates this Sublease), and includes all exhibits, schedules, and riders to such document. The word "or" includes the word "and."

**13.14 Obligation to Refrain from Discrimination.** In accordance with California Health and Safety Code section 33436, subdivision (b)(1), Sublessee herein covenants for itself and any person claiming under or through it, and this Agreement is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in California Government Code section 12955, subdivisions (a) and (d), as those bases are defined in California Government Code sections 12926, 12926.1 subdivision (m), and 12955, subdivision (p), paragraph (1), and 12955.2 in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the Sublessee itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Premises.

**SIGNATURE PAGE  
TO  
SUBLEASE AGREEMENT**

IN WITNESS WHEREOF, Sublessee and Sublessor have executed this Sublease as of the day and year first above written.

**SUBLESSOR AND SUBLESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED IN THIS LEASE, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT TO SUCH TERMS. THE PARTIES AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF SUBLESSOR AND SUBLESSEE WITH RESPECT TO THE PREMISES.**

**SUBLESSOR:**

THE COVINA REDEVELOPMENT AGENCY  
a public body, corporate and politic

By: \_\_\_\_\_  
Executive Director

ATTEST

By: \_\_\_\_\_  
Agency Secretary

APPROVED AS TO LEGAL FORM:

BEST BEST & KRIEGER LLP

By: Elizabeth Hill (SK)  
Agency Counsel

**SIGNATURE PAGE  
TO  
SUBLEASE AGREEMENT**

**SUBLESSEE:**  
SEIDNER ENTERPRISES LLC  
a California corporation

By: \_\_\_\_\_  
[Insert Name], [Insert Title]

**EXHIBIT "A"**

**PREMISES LEGAL DESCRIPTION**

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF PREMISES**

PARCEL 1: 8409-017-032

THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF COVINA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND ON FILE IN THE DISTRICT LAND OFFICE ON OCTOBER 31, 1873, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 11 OF TRACT 22813, AS SHOWN ON MAP RECORDED IN BOOK 618 PAGES 69 TO 72 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG THE EASTERLY BOUNDARY OF SAID TRACT, NORTH 1°15'00" WEST 450.00 FEET AND NORTH 21°38'26" WEST 163.72 FEET; AND NORTH 30°00'00" WEST 6.01 FEET TO THE SOUTHERLY LINE OF GRONDAHL STREET, AS SHOWN ON MAP OF SAID TRACT 22813; THENCE ALONG SAID GRONDAHL STREET, NORTH 65°10'20" EAST 0.46 FEET TO THE BEGINNING OF A TANGENT CURVE IN SAID GRONDAHL STREET, CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 520.00 FEET; THENCE EASTERLY ALONG SAID CURVE 228.53 FEET TO THE END OF SAME; THENCE CONTINUING ALONG SAID STREET SOUTH 89°38'51" EAST 396.99 FEET TO A POINT IN THE SOUTHERLY LINE OF SAID GRONDAHL STREET DISTANT WESTERLY, MEASURED AT RIGHT ANGLES ALONG SAID SOUTHERLY LINE AND THE EASTERLY PROLONGATION OF THE TANGENT PORTION THEREOF, 125.00 FEET FROM THE WESTERLY LINE OF AZUSA AVENUE, AS SHOWN ON MAP OF SAID TRACT 22813; THENCE LEAVING SAID SOUTHERLY LINE AND PARALLEL WITH SAID WESTERLY LINE OF AZUSA AVENUE, SOUTH 0°21'09" WEST 125.00 FEET; THENCE PARALLEL WITH SAID SOUTHERLY LINE AND THE EASTERLY PROLONGATION OF THE TANGENT PORTION OF SAID SOUTHERLY LINE, SOUTH 89°38'51" EAST 125.00 FEET TO SAID WESTERLY LINE OF

AZUSA AVENUE; THENCE ALONG SAID WESTERLY LINE SOUTH 0°21'09" WEST 464.86 FEET TO THE NORTHERLY LINE OF THE RIGHT OF WAY OF THE SAN DIMAS WASH, AS SHOWN ON MAP OF SAID TRACT 22813; THENCE ALONG SAID NORTHERLY LINE SOUTH 84°39'04" WEST 870.02 FEET TO THE POINT OF BEGINNING.

PARCEL 2: 8409-017-033

THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF COVINA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY LINE OF GRONDAHL STREET AS SHOWN ON THE MAP OF TRACT 22813, RECORDED IN BOOK 618 PAGES 69 TO 72 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING THE EASTERLY TERMINUS OF THAT COURSE DESCRIBED ON SAID MAP AS HAVING A BEARING OF NORTH 89°38'51" WEST AND A LENGTH OF 496.99 FEET, SAID POINT ALSO BEING THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 25.00 FEET, WHICH CURVE AT ITS OTHER TERMINUS IS ALSO TANGENT TO THE WESTERLY LINE OF AZUSA AVENUE 100.00 FEET WIDE; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00" AN ARC DISTANCE OF 39.27 FEET TO ITS POINT OF TANGENCY WITH SAID WESTERLY LINE OF AZUSA AVENUE; THENCE ALONG SAID WESTERLY LINE SOUTH 0°21'09" WEST 100.00 FEET; THENCE AT RIGHT ANGLES TO SAID WESTERLY LINE NORTH 89°38'51" WEST 125.00 FEET; THENCE PARALLEL WITH SAID WESTERLY LINE OF AZUSA AVENUE NORTH 0°21'09" EAST 125.00 FEET TO A POINT IN THE SAID SOUTHERLY LINE OF GRONDAHL STREET; THENCE ALONG SAID SOUTHERLY LINE SOUTH 89°38'51" EAST 100.00 FEET TO THE POINT OF BEGINNING

00 1960093

**EXHIBIT "B"**  
**EXISTING SUBLEASE**

08/31/99



## AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION

## STANDARD SUBLEASE

(Short-form to be used with post 1995 AIR leases)

1. Parties. This Sublease, dated, for reference purposes only, September 2, 19 99, is made by and between COVINA REDEVELOPMENT AGENCY ("Sublessor") and SEIDNER ENTERPRISES, INC., a California corporation ("Sublessee").
2. Premises. Sublessor hereby subleases to Sublessee and Sublessee hereby subleases from Sublessor for the term, at the rental, and upon all of the conditions set forth herein, that certain real property, including all improvements therein, and commonly known by the street address of 1151-1211 North Azusa Avenue, Covina located in the County of Los Angeles, State of California and generally described as (describe briefly the nature of the property) Approximately 420,159 sq. ft. of land area and 128,000 sq. ft. of building area.  
See Map attached hereto as Exhibit A and Legal Description attached hereto as Exhibit B. ("Premises").
3. Term.
- 3.1 Term. The term of this Sublease shall be for ten (10) year commencing on commencement date of the Lease and ending on date of the Lease unless sooner terminated pursuant to any provision hereof.
- 3.2 Delay in Commencement. Sublessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises by the commencement date. If, despite said efforts, Sublessor is unable to deliver possession as agreed, the rights and obligations of Sublessor and Sublessee shall be as set forth in Paragraph 3.3 of the Master Lease (as modified by Paragraph 7.3 of this Sublease).
4. Rent.
- 4.1 Base Rent. Sublessee shall pay to Sublessor as Base Rent for the Premises equal monthly payments of \$ 41,507.00 in advance, on the first day of each month of the term hereof. Sublessee shall pay Sublessor upon the execution hereof See Addendum.
- Base Rent for any period during the term hereof which is for less than one month shall be a pro rata portion of the monthly installment.
- 4.2 Rent Defined. All monetary obligations of Sublessee to Sublessor under the terms of this Sublease (except for the Security Deposit) are deemed to be rent ("Rent"). Rent shall be payable in lawful money of the United States to Sublessor at the address stated herein or to such other persons or at such other places as Sublessor may designate in writing.
5. Security Deposit. Sublessee shall deposit with Sublessor upon execution hereof \$ 49,840.00 as security for Sublessee's faithful performance of Sublessee's obligations hereunder. The rights and obligations of Sublessor and Sublessee as to said Security Deposit shall be as set forth in Paragraph 5 of the Master Lease (as modified by Paragraph 7.3 of this Sublease).
6. Use.
- 6.1 Agreed Use. The Premises shall be used and occupied only for See Addendum. and for no other purpose.
- 6.2 Compliance. Sublessor warrants that the improvements on the Premises comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances ("Applicable Requirements") in effect on the commencement date. Said warranty does not apply to the use to which Sublessee will put the Premises or to any alterations or utility installations made or to be made by Sublessee. NOTE: Sublessee is responsible for determining whether or not the zoning is appropriate for its intended use, and acknowledges that past uses of the Premises may no longer be allowed. If the Premises do not comply with said warranty, or in the event that the Applicable Requirements are hereafter changed, the rights and obligations of Sublessor and Sublessee shall be as provided in Paragraph 2.3 of the Master Lease (as modified by Paragraph 7.3 of this Sublease).
- 6.3 Acceptance of Premises and Lessee. Sublessee acknowledges that:
- (a) it has been advised by ~~Brokers~~ to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Sublessee's intended use,
- (b) Sublessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, and
- (c) neither Sublessor, Sublessor's agents, ~~nor any Broker~~ has made any oral or written representations or warranties with respect to said matters other than as set forth in this Sublease.
- In addition, Sublessor acknowledges that:
- (a) ~~Broker has made no representations, promises or warranties concerning Sublessee's ability to honor the Sublease or suitability to occupy the Premises, and~~
- (b) ~~it is Sublessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.~~
- 6.4 See Addendum.
7. Master Lease
- 7.1 Sublessor is the lessee of the Premises by virtue of a lease, hereinafter the "Master Lease", a copy of which is attached hereto marked Exhibit 1, wherein RJS Financial, a California corporation

is the lessor, hereinafter the "Master Lessor"

7.2 This Sublease is and shall be at all times subject and subordinate to the Master Lease.

7.3 The terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease shall be the terms and conditions of the Master Lease except for those provisions of the Master Lease which are directly contradicted

deemed a default of the Sublease. If Sublessee loses a franchise as a result of an involuntary termination, Sublessee agrees to diligently seek another franchise in order to maintain a minimum of six franchises for sale on the Premises. The sale of used Product shall only be permitted in connection with the sale of new Product.

Sublessee may but is not required to locate its Honda and Suzuki line of vehicles to the Premises, but shall not operate such franchises other than from its existing location at 900 E. Foothill Blvd., Azusa, California.

The above radius restriction on sales of Sublessee's Product shall apply to Sublessee, any shareholder of Sublessee, and to Guarantors of this Sublease.

The parties acknowledge that painting (other than paint touch up) requires a conditional use permit in the City's C-4 zone; Sublessor agrees that painting will be allowed on the Premises on condition that Sublessee obtain the necessary conditional use permit.

In addition to the Primary Use, Sublessee shall be permitted to sublease approximately 28,600 square feet of the northerly portion of the Building, formerly leased to Kids "R" Us, for commercial retail uses with the prior approval of the Sublessor, such approval not to be unreasonably withheld. Such sublease of all or a portion of the above square footage shall be subject to Sublessee's sharing a percentage of any excess Rent received for such portion of the subleased space with Sublessor as provided in paragraph 12.8 of this Addendum.

No other use of the Premises or subleasing of the Premises by Sublessee shall be permitted without the written consent of Sublessor, such consent not to be unreasonably withheld or delayed so long as the Primary Use is maintained on the Premises as the use for not less than 100,000 square feet of the existing Building..

6.4 **Sublessee's Operation Of Business.** Paragraph 6.4 is added to the Sublease to read:

6.4 **Operation of Business.** Sublessee shall continuously during the entire term hereof conduct and carry on Sublessee's business for the Primary Use in the Premises not less than six (6) days per week and shall keep the Premises open for business and cause Sublessee's business to be conducted therein in accordance with sound business practices for sales and leases of its Product, provided, however, that this provision shall not apply if the Premises should be closed and the business of Sublessee temporarily discontinued thereon on account of damage or destruction, strikes, lockouts or similar causes beyond the reasonable control of Sublessee. Premises may, but shall not be required to be, open on New Year's Day or other holidays.

Sublessee shall keep the Premises adequately stocked with Product, and with sufficient sales personnel, to care for the patronage and conduct said business in accordance with sound business practices for sales of its Product. As a part of this obligation, Sublessee shall have available an inventory of new vehicles and parts which shall have an annual average value of not less than Five Million Dollars (\$5,000,000) at all times on or after January 1, 2001 either (1) on the Premises or (2) from manufacturer's distribution centers located within Los Angeles County, Orange County, or San Bernadino County for the Product for which Sublessee has its franchises.

All sales by Sublessee from operation of its business on the Premises or within the radius restriction of this Sublease shall be reported as sales of Product, including motorcycles, all terrain vehicles, water-craft, parts, materials and supplies from the Premises which are subject to imposition of the Bradley Burns Uniform Local Sales and

LESSOR'S INITIAL 

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Use Tax Law commencing with Section 7200 of the Revenue and Taxation Code of the State of California, as amended, or its equivalent governing sales tax collection and allocation, arising from all businesses and activities conducted by Sublessee from time to time.

10. **Brokers Fee.** Paragraph 10 of the Sublease is amended in its entirety to read:

No party to this Sublease has had any contact or dealing regarding the Sublease of the Premises to Sublessee through any licensed real estate broker or any other person who may claim a right to commission or finder's fee as a procuring cause of the Sublease of the Premises. In the event that any broker or a finder presents a claim for a commission or a finder's fee which is based either on this Sublease or upon the broker's or finder's dealings or communications with any party, then the party through whom the broker or finder bases his claim shall indemnify, save harmless and defend the other party from said claim, including but not limited to all costs and expenses incurred by the other party in defending said claim.

12.1 **Definition of Property Taxes.** Paragraph 12.1 is added to the Sublease to read:

Sublessee acknowledges that the Premises are being leased by a public agency and may not be subject to a property tax assessment, but Sublessee shall be liable for property taxes which are to be levied by the County Assessor in accordance with Health & Safety Code §33673 which provides that the real property be assessed at the value of the entire Premises and not merely the assessed value of Lessee's leasehold interest.

12.2 **Guarantor.**

Paragraph 12.2 is added to read:

12.2 **Guarantor.** The obligations of Sublessee under this Sublease are to be guaranteed by Ronald J. Seidner and Kimberly Jane Seidner ("collectively Guarantor"). The provisions of paragraph 37 of the Master Lease shall be applicable to such Guarantor. Such Guarantor shall have the same obligations as Sublessee under this Sublease.

12.3 **Signs.** Paragraph 34 of the Lease is amended for purposes of this Sublease to add the following as to the Sublease:

Signs will be purchased, installed and maintained at the sole cost of the Sublessee. All signs will be done in compliance with all necessary City codes and ordinances and will be properly permitted. This Lease is subject to obtaining signage authorization for Sublessee's sign colors, signature, finish, and style from the City of Covina.

12.4 **Construction of Tenant Improvements.** Paragraph 7.3 of the Master Lease is amended for purposes of this Sublease to add the following as to Alterations which Sublessee may wish to make to the Premises:

(d) Additional improvements to the Premises are hereinafter referred to as "Alterations" as provided in the Master Lease.

(e) Sublessee shall, at its sole cost and expense, prepare plans for the Alterations and submit the same to Sublessor for Sublessor's approval, which approval shall not be unreasonably withheld.

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(f) After approval of the plans by Sublessor, Sublessee shall, at its sole cost and expense, but subject to the terms of this Sublease, construct the Alterations in a good and workmanlike manner in accordance with said approved plans and specifications and all applicable County and City building construction ordinances.

(g) Sublessee shall, after the plans are approved by Sublessor, promptly obtain a building permit from the Building Department of the applicable local agency allowing Sublessee to construct the Alterations. Sublessee shall make such reasonable changes in the plans and specifications as are required by said Building Department.

(h) Sublessee shall use its best efforts to complete construction of the Alterations with due diligence. However, all rent and other charges payable by Sublessee, whether or not the Alterations are completed, and all other obligations of Sublessee under this Sublease shall commence on the date determined in accordance with Paragraph 3.1 of the Sublease.

(i) Sublessee's expenditures for Alterations to the Premises together with Sublessee's fixtures and equipment installed on the Premises shall be not less than One Million Dollars (\$1,000,000) inclusive of the Rehabilitation Loan being made by Sublessor to Sublessee.

(j) Sublessee shall be permitted to construct additional Alterations fronting on Azusa Avenue consisting of new buildings subject to (1) obtaining all required zoning, permits and other governmental approvals, and (2) Sublessor approval, which approval shall not be unreasonably withheld or delayed if such additional Alterations will not interfere with the Primary Uses permitted under this Sublease.

12.5 **Representation by Counsel.** This Sublease has been prepared by Tompkins & Parrington, attorneys for Sublessor. The parties agree that Tompkins & Parrington have acted solely as counsel for Sublessor and do not advise, represent, nor act on behalf of Sublessee, or any guarantor in this transaction. Sublessee acknowledges and agrees that has been advised to secure independent counsel to represent in this transaction and has been represented by Manning, Leaver, Bruder & Berberich. Sublessee has carefully read this agreement, fully understands the terms, and Sublessee is willing to sign. This Sublease shall be construed as if prepared by both parties.

12.6 **Obligation to Refrain from Discrimination**

Sublessee covenants and agrees for itself, its successors, its assigns and every successor in interest to the Premises or any part thereof, there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, race, color, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Premises, nor shall Sublessee itself or any person claiming under or through it establish or permit any such practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Premises.

12.7 **Relocation.**

Sublessee acknowledges that it is a post acquisition occupant having entered into this Sublease and taking occupancy of the Premises from Sublessor after Sublessor's acquisition of its interest in the Premises pursuant to the Master Lease. By entering into this Sublease, Sublessee and any other subtenant or successor in interest to Sublessee under this Sublease hereby expressly waives any claim for compensation for fixtures and equipment installed on the Premises at such time as the Sublease is terminated or the term

LESSOR'S INITIAL 

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expires. Sublessee, any subtenant, and any successor in interest to the Sublessee also waive any claim against Lessor for moving expenses, relocation assistance, and any claim for loss or damage to goodwill, as a result of being required to vacate the Premises if this Sublease is terminated for any reason or due to expiration of the term of this Sublease. Sublessee shall not be considered a "displaced person" as such term is defined in Section 7260 (b) (c) or (d) of the California Government Code as relates to Sublessor. Sublessee disclaims such status and hereby acknowledges s ineligibility for relocation assistance as provided in California Government Code sections 7260 through 7277, as now exists or may be amended.

**12.8 Sublease Rent.**

If Sublessee elects to sublease any portion of the 28,600 square feet, which it is permitted to sublease for retail commercial uses other than the Primary Use, Sublessor and Sublessee shall equally divide any rent or rent equivalent which Sublessee receives from its sublessee as a result of a sublease (or any other transfer of Sublessee's interest in and to such portion of the Premises), or any portion thereof (other than (i) the rental or other payments received which are attributable to the cost of leasehold improvements made to the sublet portion of the Premises at the cost of Sublessee, and (ii) any brokerage commission related to the sublet, provided that the foregoing costs are amortized over the term of the sublease ("Net Proceeds"). Said Net Proceeds shall be paid to Sublessor on a monthly basis, along with Sublessee's payment of Base Monthly Rent, without affecting or reducing any other obligation of Sublessee hereunder. The obligation to share Net Proceeds shall only apply to any sublease of the existing Building and shall not apply to any new buildings which Sublessee may elect to construct along the Azusa Avenue frontage of the Premises.

**12.9 Public Improvements.**

Pursuant to the City of Covina's approval for Sublessee's use of the Premises, certain improvements are required within the public right of way contiguous to the Premises. Sublessor, or Sublessee as noted, shall be responsible for the following public improvements in connection with Sublessee's use of the Premises.

A. Sidewalks, Curbs, Gutters

Sublessee shall construct, or cause to be constructed, any modification to curbs, gutters, and sidewalks adjacent to the Premises which Sublessee elects or is required by City to make, including any closures of existing driveways.

B. Street Lighting

Street lighting is presently provided within the public rights of way. Any additions to or modifications of the existing street lighting required by City shall be the responsibility of Sublessee.

C. Street Widening and Median

Street widening shall be the responsibility of Sublessor, provided that any portion of the Premises within five (5) feet of the existing westerly or northerly property line of the Premise which is taken or dedicated shall not entitle Sublessee to any reduction of Base Rent. If street widening is required by the City or any other governmental agency along Azusa Avenue or Grondahl Street, Sublessor shall be responsible for any necessary

LESSOR'S INITIAL 

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CRA-AZ-GRON-BERT-SUBLEASE.ADD  
08.06.99

sidewalk work caused thereby, any new curbs, gutters, lighting relocation, and street reconstruction at Sublessor's sole cost and expense.

Any median improvements required by the City within Grondahl Street or Azusa Avenue shall be at the sole cost of Sublessor and Sublessee shall not be obligated to pay any such cost.

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LESSEE'S INITIAL *B*

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## GUARANTY OF SUBLEASE

### 1. RECITALS

1.1 COVINA REDEVELOPMENT AGENCY, hereinafter referred to as "SUBLESSOR" and SEIDNER ENTERPRISES, INC., hereinafter referred to as "SUBLESSEE", are about to execute certain document entitled "STANDARD SUBLEASE" (hereinafter referred to as "the Sublease") dated \_\_\_\_\_, 1999, concerning the premises commonly known as 1151 North Azusa Avenue, California, wherein SUBLESSEE is leasing certain property.

1.2 RONALD J. SEIDNER and KIMBERLY JANE SEIDNER, hereinafter referred to as "Guarantors", have a financial interest in SUBLESSEE; and

1.3 SUBLESSOR would not execute the Sublease or lend funds to SUBLESSEE if Guarantors did not execute and deliver to SUBLESSOR this Guaranty.

### 2. GUARANTEE

2.1 For and in consideration of the execution of the foregoing Sublease by SUBLESSOR and as a material inducement to SUBLESSOR to execute said Guaranty of Note, Guarantors hereby unconditionally and irrevocably guarantees the prompt payment by SUBLESSEE of all sums payable by SUBLESSEE under the Sublease the faithfully and prompt performance by SUBLESSEE of each and every one of the terms, conditions and covenants of said Sublease to be kept and performed by SUBLESSEE.

2.2 The terms of the foregoing Sublease may be altered, affected, modified or changed by agreement between SUBLESSOR and SUBLESSEE, or by a course of conduct, and said Sublease may be assigned by SUBLESSOR or any assignee of SUBLESSOR without consent or notice to Guarantors and this Guaranty shall thereupon and thereafter guarantee the performance of said Sublease as so changed, modified, altered or assigned.

2.3 This Guaranty shall not be released, modified or affected by failure or delay on the part of SUBLESSOR to enforce any of the rights or remedies or the SUBLESSOR under said Sublease, whether pursuant to the terms thereof or at law or in equity.

2.4 No notice of default need be given to Guarantors, it being specifically agreed and understood that the guarantee of the undersigned is a continuing guarantee under which SUBLESSOR may proceed forthwith and immediately against SUBLESSEE or against Guarantors following any breach or default by SUBLESSEE or for the enforcement of any rights which SUBLESSOR may have as against SUBLESSEE pursuant to or under the terms of the within Sublease or at law or in equity.

2.5 SUBLESSOR shall have the right to proceed against Guarantors hereunder following any breach or default by SUBLESSEE without first proceeding against SUBLESSEE and without previous notice to or demand upon neither SUBLESSEE or Guarantors.

2.6 Guarantors hereby waive (a) notice of acceptance of this Guaranty, (b) demand of payment, presentation and protest, (c) all right to assert or plead any statute of limitations as to or relating to this Guaranty and the Sublease, (d) any right to require the SUBLESSOR to proceed against the SUBLESSEE or any other Guarantors or any other person or entity liable to SUBLESSOR, (e) any right to require SUBLESSOR to apply to any default any security deposit

or other security it may hold under the Sublease, (f) any right to require SUBLESSOR to proceed under any other remedy SUBLESSOR may have before proceeding against Guarantors, (g) any right of subrogation.

2.7 Guarantors does hereby subordinate all existing or future indebtedness of SUBLESSEE to Guarantors to the obligations owed to SUBLESSOR under the Sublease and this Guaranty, provided however that SUBLESSEE may repay indebtedness of SUBLESSEE to Guarantors from time to time so long as (1) SUBLESSEE is not then in default of its obligations under the Sublease, or (2) repayment is not made within ninety (90) days of SUBLESSEE's default of its obligations under the Sublease.

2.8 Any married woman who signs this Guaranty expressly agrees that recourse may be had against her separate property for all of her obligations hereunder.

2.9 The obligations of SUBLESSEE under the Sublease to execute and deliver estoppel statements and financial statements, as therein provided, shall be deemed to also require the Guarantors hereunder to do and provide the same relative to Guarantors.

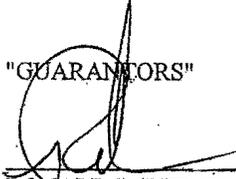
2.10 The term "SUBLESSOR" whenever hereinabove used refers to and means the SUBLESSOR in the foregoing Sublease specifically named and also any assignee of said SUBLESSOR, whether by outright assignment or by assignment for security, and also any successor to the interest of said SUBLESSOR or of any assignee in the Sublease or any part thereof, whether by assignment or otherwise.

2.11 The term "SUBLESSEE" whenever hereinabove used also refers to any successor to the interests of SUBLESSEE whether by assignment, lease or otherwise.

2.12 In the event any action be brought by said SUBLESSOR against Guarantors hereunder to enforce the obligation or Guarantors hereunder, the unsuccessful party in such action shall pay to the prevailing party therein a reasonable attorney's fee which shall be fixed by the court.

Executed this 2nd day of September, 1999, at Azusa California.

"GUARANTORS"

  
RONALD J. SEIDNER

  
KIMBERLY JANE SEIDNER

"SUBLESSOR"

COVINA REDEVELOPMENT AGENCY

By:   
Francis M. Delach  
Executive Director

Date: September 1, 1999

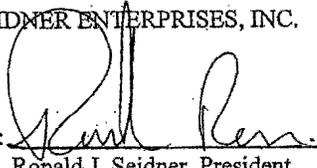
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- 2 -

"SUBLESSEE"

SEIDNER ENTERPRISES, INC.

Date: September 2, 1999

By:   
Ronald J. Seidner, President

By: \_\_\_\_\_

EXHIBIT A

MAP

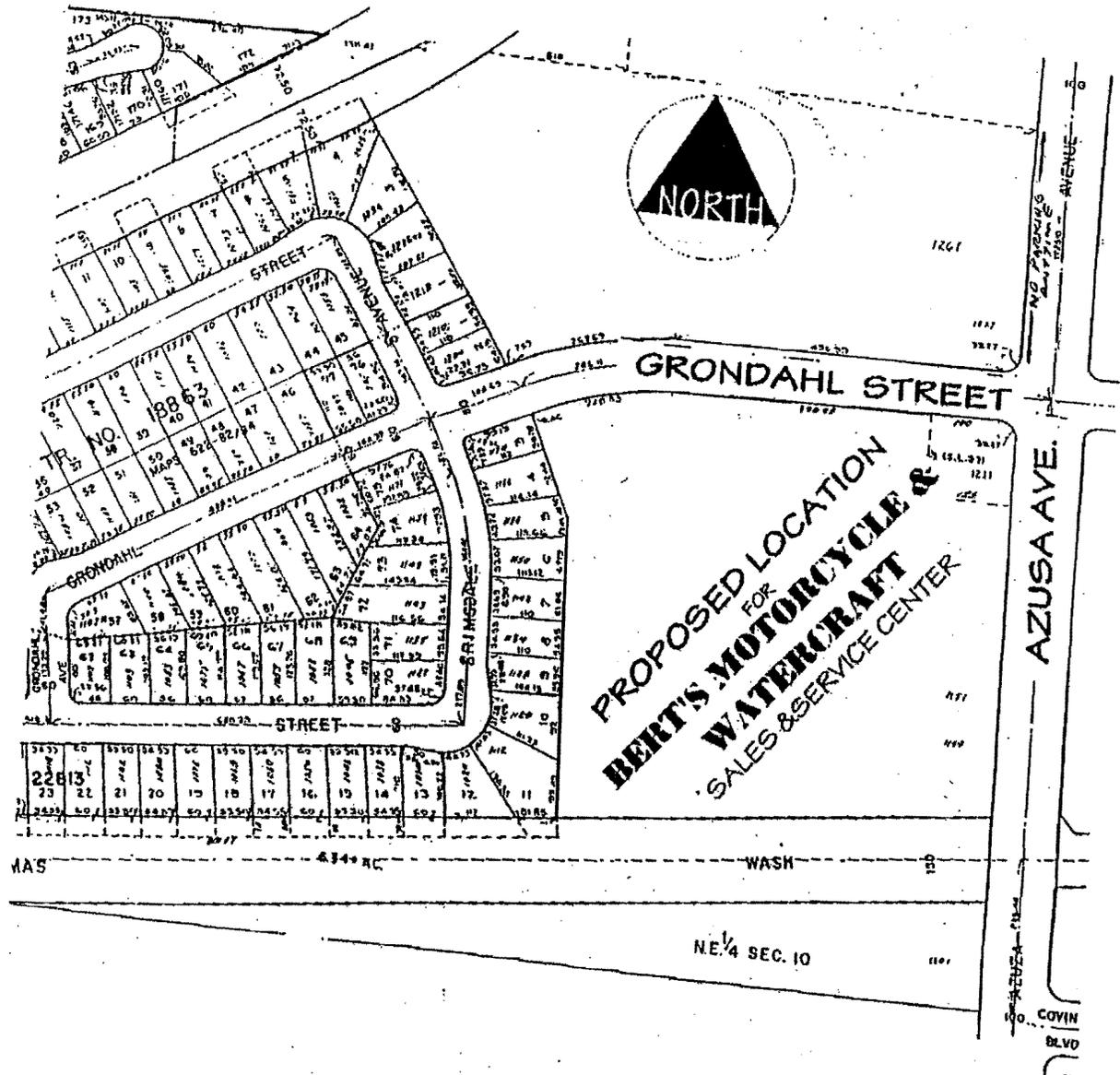


EXHIBIT B

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1: 8409-017-032

THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF COVINA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND ON FILE IN THE DISTRICT LAND OFFICE ON OCTOBER 31, 1873, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 11 OF TRACT 22813, AS SHOWN ON MAP RECORDED IN BOOK 618 PAGES 69 TO 72 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG THE EASTERLY BOUNDARY OF SAID TRACT, NORTH  $1^{\circ}15'00''$  WEST 450.00 FEET AND NORTH  $21^{\circ}38'26''$  WEST 163.72 FEET; AND NORTH  $30^{\circ}00'00''$  WEST 6.01 FEET TO THE SOUTHERLY LINE OF GRONDAHL STREET, AS SHOWN ON MAP OF SAID TRACT 22813; THENCE ALONG SAID GRONDAHL STREET, NORTH  $65^{\circ}10'20''$  EAST 0.46 FEET TO THE BEGINNING OF A TANGENT CURVE IN SAID GRONDAHL STREET, CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 520.00 FEET; THENCE EASTERLY ALONG SAID CURVE 228.53 FEET TO THE END OF SAME; THENCE CONTINUING ALONG SAID STREET SOUTH  $89^{\circ}38'51''$  EAST 396.99 FEET TO A POINT IN THE SOUTHERLY LINE OF SAID GRONDAHL STREET DISTANT WESTERLY, MEASURED AT RIGHT ANGLES ALONG SAID SOUTHERLY LINE AND THE EASTERLY PROLONGATION OF THE TANGENT PORTION THEREOF, 125.00 FEET FROM THE WESTERLY LINE OF AZUSA AVENUE, AS SHOWN ON MAP OF SAID TRACT 22813; THENCE LEAVING SAID SOUTHERLY LINE AND PARALLEL WITH SAID WESTERLY LINE OF AZUSA AVENUE, SOUTH  $0^{\circ}21'09''$  WEST 125.00 FEET; THENCE PARALLEL WITH SAID SOUTHERLY LINE AND THE EASTERLY PROLONGATION OF THE TANGENT PORTION OF SAID SOUTHERLY LINE, SOUTH  $89^{\circ}38'51''$  EAST 125.00 FEET TO SAID WESTERLY LINE OF AZUSA AVENUE; THENCE ALONG SAID WESTERLY LINE SOUTH  $0^{\circ}21'09''$  WEST 464.86 FEET TO THE NORTHERLY LINE OF THE RIGHT OF WAY OF THE SAN DIMAS WASH, AS SHOWN ON MAP OF SAID TRACT 22813; THENCE ALONG SAID NORTHERLY LINE SOUTH  $84^{\circ}39'04''$  WEST 670.02 FEET TO THE POINT OF BEGINNING.

PARCEL 2: 8409-017-033

THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF COVINA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY LINE OF GRONDAHL STREET AS SHOWN ON THE MAP OF TRACT 22813, RECORDED IN BOOK 618 PAGES 69 TO 72 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING THE EASTERLY TERMINUS OF THAT COURSE DESCRIBED ON SAID MAP AS HAVING A BEARING OF NORTH  $89^{\circ}38'51''$  WEST AND A LENGTH OF 496.99 FEET, SAID POINT ALSO BEING THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 25.00 FEET, WHICH CURVE AT ITS OTHER TERMINUS IS ALSO TANGENT TO THE WESTERLY LINE OF AZUSA AVENUE 100.00 FEET WIDE; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF  $90^{\circ}00'00''$  AN ARC DISTANCE OF 39.27 FEET TO ITS POINT OF TANGENCY WITH SAID WESTERLY LINE OF AZUSA AVENUE; THENCE ALONG SAID WESTERLY LINE SOUTH  $0^{\circ}21'09''$  WEST 100.00 FEET; THENCE AT RIGHT ANGLES TO SAID WESTERLY LINE NORTH  $89^{\circ}38'51''$  WEST 125.00 FEET; THENCE PARALLEL WITH SAID WESTERLY LINE OF AZUSA AVENUE NORTH  $0^{\circ}21'09''$  EAST 125.00 FEET TO A POINT IN THE SAID SOUTHERLY LINE OF GRONDAHL STREET; THENCE ALONG SAID SOUTHERLY LINE SOUTH  $89^{\circ}38'51''$  EAST 100.00 FEET TO THE POINT OF BEGINNING

## COMMERCIAL LEASE AGREEMENT

THIS COMMERCIAL LEASE AGREEMENT ("Lease") is entered into as of June 21, 2010 by and between RJS FINANCIAL Inc., a California corporation ("Landlord"), and COVINA REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency" or "Tenant"). Landlord and Tenant are sometimes individually referred to herein as "Party" and collectively as "Parties." This Agreement shall become retroactive to March 31, 2010.

### RECITALS

**A.** The City of Covina, California ("City"), approved and adopted the redevelopment plan ("Redevelopment Plan") for the redevelopment area known as the "Redevelopment Project Area" covering a certain geographic area within the City ("Project Area") pursuant to the provisions of Sections 33000 et seq. of the California Health and Safety Code ("Redevelopment Law") ("CRL"); and

**B.** Agency is undertaking a program in the interest of health, safety, and general welfare of the people of the City pursuant to its authority under Redevelopment Law, for the redevelopment of blighted areas within the Project Area which are characterized by stagnant, improperly utilized and unproductive land which requirements redevelopment; and

**C.** Landlord is owner in fee of that certain improved property located at 1151 and 1211 North Azusa Avenue, City of Covina, County of Los Angeles, State of California (Assessor Parcel Numbers 8409-017-032 and 8409-017-033), generally described as approximately four hundred twenty thousand one hundred fifty-nine (420,159) square feet of land area and one hundred fifty six thousand (156,000) square feet of building area, as more fully described in Exhibit "A" attached hereto and incorporated herein by reference ("Premises").

**D.** The Parties entered into that certain agreement, dated September 2, 1999, wherein Tenant agreed to lease the Premises from the Landlord for the purpose of subleasing the Premises to Seidner Enterprises, Inc. to rehabilitate the existing commercial building on the Premises in accordance with the Redevelopment Plan ("Existing Lease") and to conduct business in the Premises; and

**E.** The Existing Lease will expire on March 31, 2010, according to the terms of the Existing Lease; and

**F.** Tenant desires to enter into a new agreement to lease the Premises from Landlord; and

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference and are a substantial part of this Lease, and the covenants, warranties, and promises contained herein, the receipt of which is hereby acknowledged, the Parties hereby agree as follows:

## TERMS

### 1. LEASE OF PREMISES AND TERM OF LEASE

**1.1 Agreement to Lease.** For and in consideration of the Rent to be paid and covenants to be performed by Tenant under this Lease, Landlord agrees to lease the Premises to Tenant, and Tenant agrees to lease the Premises from Landlord, on the terms and conditions set forth in this Lease. Except as expressly otherwise provided in this Lease, the "Premises" includes the real property, plus any appurtenances and easements described in Exhibit "A" attached to this Lease, and any improvements now or subsequently located on the Premises.

**1.2 Rent.** Tenant shall pay to Landlord a monthly payment of Forty Nine Thousand Eight Hundred Forty Dollars (\$49,840) ("Rent Payment"), which shall be paid, in full, on the first day of each month throughout the Term.

**1.3 Term of Lease.** The term of this Lease shall be for a period commencing on April 1, 2010, and continuing until midnight on June 30, 2017 unless terminated earlier as provided in this Lease ("Term").

**1.3.1** Holding over after the expiration of the term of this Lease, or any oral extension thereof, with the consent of Landlord, shall be deemed a tenancy from month-to-month, and the covenants, conditions, limitations, and agreements contained in this Lease shall remain in full force and effect.

### 2. USE OF PREMISES

**2.1 Permitted Use.** Tenant shall use the Premises for any commercial retail use allowed in the City's C-4 zone.

**2.2 Restrictions on Use.** Tenant agrees in using the Premises:

**2.2.1** Not to commit any waste or suffer any waste to be committed upon the Premises, reasonable wear and tear excepted; and

**2.2.2** Not to commit any public or private nuisance or any other act or thing that would unreasonably disturb the quiet enjoyment of any occupant of nearby property.

### 3. UTILITIES AND TAXES

**3.1 Utility Connections to be Provided by Landlord.** During the term of this Lease, Landlord shall provide physical connections or on-site equipment for all gas, sewer, electricity, telephone, trash removal, heat, cable, power, water, and air conditioning ("Tenant's Utilities") used in or required for the Premises; provided, however, that Landlord shall not be responsible for any interruption or disruption in utility service, unless such interruption or disruption results from Landlord's sole negligence.

**3.2 Utilities to be Paid by Tenant.** Tenant shall, during the term of this Lease, pay for all Tenant's Utilities and janitorial services used in or required for the Premises. Tenant shall

also be responsible for paying such deposits and executing such applications as may be necessary to establish utility service in Tenant's name.

**3.3 Payment of Taxes.** Tenant agrees to pay, before delinquency, during the term of this Lease, all personal property taxes, if any, levied or assessed on Tenant's trade fixtures, furniture, appliances and other personal property. Landlord agrees to pay, during the term of this Lease, any and all taxes, assessments or other charges which may be levied upon the Premises. Tenant and Landlord agree to cooperate with each other to apply for and secure any exemption from real or personal property taxes or assessments relating to the Premises to the extent that Tenant or any subtenant, or user or occupant of the Premises is a tax exempt entity entitled to exemption from property taxes or assessments.

**3.4 Common Area Charges.** Tenant shall not be responsible for any common area maintenance charges otherwise imposed by Landlord on Tenant with respect to the Premises.

#### **4. TRADE FIXTURES AND SIGNS.**

**4.1 Installation.** Tenant may install in and affix to the Premises such fixtures and equipment as may be reasonably required in connection with the permitted use of the Premises; provided, however, that Tenant must remove its trade fixtures and equipment from the Premises upon the expiration or earlier termination of the Lease.

**4.2 Ownership.** All fixtures and equipment installed by Tenant in the Premises shall be the sole property of Tenant.

**4.3 Signs.** Tenant may, at its expense, erect on the Premises such signs as comply with applicable state and local laws, regulations and ordinances.

#### **5. CONSTRUCTION, ALTERATION AND MAINTENANCE BY TENANT**

**5.1 Requirement of Landlord's Written Approval.** No structure or improvement of any kind, installation or addition, shall be constructed or performed on the Premises, without the prior written approval of Landlord, which shall not be unreasonably withheld.

**5.2 Compliance with Law and Standards.** All work on the Premises shall be performed, and all buildings or other improvements on the Premises shall be erected in accordance with all valid laws, ordinances, regulations, and orders of all federal, state, county, or local governmental agencies or entities having jurisdiction over the Premises. All work performed on the Premises under this Lease, or authorized by this Lease, shall be done in a good workmanlike manner.

**5.3 Tenant to Pay Cost.** All structures, improvements, installations or additions, or changes made pursuant to Section 5.1 shall be made at the sole cost and expense of Tenant.

**5.4 Alteration Required by Law.** If, during the term of this Lease, any non-structural additions, alterations or improvements in or to the Premises are required by governmental laws or regulations, they shall be made and paid for by Tenant. Any structural

alterations or additions to the Premises required by governmental laws or regulations shall be made and paid for by Landlord; provided, however, that Tenant must pay for any structural installations, additions or improvements required by governmental laws or regulations if the need for such installations, additions or improvements resulted from installations, additions or improvements previously made to the Premises by Tenant. Tenant shall be responsible for any alteration necessary to comply with a governmental law or regulation based on Tenant's specific use of the Premises.

**5.5 Maintenance by Tenant.** Except as otherwise provided in this Lease, Tenant agrees during the term hereof to keep, maintain and repair all portions of the Premises in good order, condition and repair, including, without limiting the foregoing, all fixtures, interior walls, floors, ceilings, and all interior building appliances and similar equipment installed by Tenant.

**5.6 Maintenance by Landlord.** Landlord shall, at its own cost and expense, keep in good order, condition and repair the foundation, exterior walls, structural condition of the interior bearing walls, roof, fire sprinkler and other automatic fire extinguishing systems including fire alarm and/or smoke detection systems and equipment, parking lots walkways, parkways, driveways, landscaping, air conditioning systems, electrical systems, sewer systems, heating and plumbing systems, and all other portions of the building located outside the interior walls of the Premises.

**5.7 Mechanic's Liens.** Tenant agrees to pay promptly for all labor done or materials furnished for any work repairs, maintenance, improvements, alterations, or additions done by Tenant, in connection with the Premises, and to keep and hold the Premises free, clear, and harmless of and from all liens that could arise by reason of any such work. If any such lien shall at any time be filed against the Premises, Tenant shall either cause the same to be discharged of record within thirty (30) days after the date of filing the same, or if Tenant in its discretion and in good faith, determines that such lien should be contested, Tenant shall furnish such security as may be reasonably required to prevent any foreclosure proceedings against the Premises during the pendency of such contest. If Tenant fails to discharge such lien within such period or fails to furnish such security, then, in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit in court, or by giving security, or in such other manner as is or may be prescribed by law. Tenant shall repay to Landlord on demand, all sums disbursed or deposited by Landlord pursuant to the foregoing provisions hereof, including Landlord's costs, expenses and reasonable attorneys' fees incurred by Landlord in connection therewith.

**5.8 Ownership.** All structures, improvements, installations or additions, or changes made pursuant to Section 5.1 and any alteration or maintenance performed by Tenant shall, at the expiration or termination of this Lease, become the property of Landlord and be surrendered by Tenant with the Premises.

**5.9 Notice of Nonresponsibility.** Landlord shall at all times have the right to post and to keep posted on the Premises such notices provided for under the laws of the State of California for the protection of the Premises from mechanic's liens or liens of a similar nature.

**5.10 Destruction — Repairs by Landlord.** Should the Premises and/or any improvements therein be damaged or destroyed, Tenant shall notify Landlord who shall immediately undertake to make repairs to the Premises and improvements and restore the same to substantially the same condition as they were in immediately preceding such damage or destruction. Such restoration work shall be done as rapidly as conditions permit. If the damage or destruction is caused by a negligent or willful act of Tenant, the Tenant and not Landlord shall have the obligation to make repairs to the Premises and/or improvements to restore same to substantially the same condition as they were in immediately preceding such damage or destruction.

## **6. CONDEMNATION**

**6.1 Total Condemnation.** If, during the term hereof, there shall be a “total taking” by a public authority under the power of eminent domain, then the leasehold estate of Tenant in the Premises shall cease and terminate as of the date actual physical possession thereof shall be taken. “Total taking” is defined to be the taking of the entire Premises under the power of eminent domain or a taking of so much of the Premises as to prevent or substantially impair the conduct of Tenant’s business activities therein.

**6.2 Partial Condemnation.** If, during the term hereof, there shall be a partial taking of the Premises, this Lease shall terminate as to the portion of the Premises taken upon the date which actual possession of the portion of the Premises is taken pursuant to eminent domain proceedings, but this Lease shall continue in force and effect as to the remainder of the Premises. “Partial taking” is defined to be the taking of only a portion of the Premises under the power to eminent domain which does not constitute a “total taking” as defined in Section 6.1.

**6.3 Allocation of Award.** All compensation and damages awarded for the taking of the Premises, or any portion or portions thereof, shall, except as otherwise herein provided, belong to and be the sole property of Landlord, and Tenant shall not have any claim or be entitled to any award for diminution in value of its leasehold hereunder or for the value of any unexpired term of this Lease, provided, however, Tenant shall be entitled to any award that may be made for the taking of or injury to, or on account of any cost or loss Tenant may sustain to Tenant’s trade fixtures, equipment and furnishings, and any award for relocation expenses.

**6.4 Effect of Termination.** If this Lease is terminated, in whole or in part, pursuant to any of the provisions of this Section 6, all rentals and other charges payable by Tenant to Landlord hereunder and attributable to the portion of the Premises taken, shall be paid up to the date upon which actual physical possession shall be taken by the condemnor, and the Parties shall thereupon be released from all further liability in relation thereto.

## **7. HAZARDOUS MATERIALS**

The use, generation, storage or disposal of Hazardous Materials on the Premises is strictly prohibited, and any such use, generation, storage, or disposal shall result in a default and termination of this Lease. For the purpose of this Section, Hazardous Materials shall include, without limitation, substances defined as “hazardous substances,” “hazardous materials,” “toxic substances,” “hazardous wastes,” “extremely hazardous wastes,” or “restricted hazardous

wastes," or stated to be known to cause cancer or reproductive toxicity, under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. sections 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. sections 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. sections 6901, et seq.; the Federal Water Pollution Control Act, 33 U.S.C. sections 1317, et seq.; sections 25115, 25117, 25122.7, 25140, 25249.5, 25249.8, 25281, 25316 or 25501 of the California Health & Safety Code; or any substances so defined or stated in any of the regulations adopted and publications promulgated pursuant to said laws as they may be amended from time to time.

## **8. INDEMNITY AND INSURANCE**

**8.1 No Liability of Landlord for Tenant's Act.** Landlord shall not be personally liable at any time for any loss, damage or injury to the property or person of any person whomsoever at any time occasioned by or arising out of any act or omission of Tenant, or of anyone holding under Tenant with respect to the occupancy or use of the Premises, or any part thereof, or directly or indirectly from any state or condition of the Premises, or any part, during the term of this Lease, except where the proximate cause of any such loss, damage or injury is the willful, reckless or negligent act or omission of Landlord.

**8.2 Indemnification of Landlord.** Notwithstanding anything to the contrary in this Lease and regardless of any insurance carried by Tenant for the benefit of Landlord, Tenant agrees to protect, indemnify and hold Landlord harmless from any and all damages or liabilities of whatsoever nature arising under the terms of this Lease or arising out of or in connection with the operation carried on by Tenant on, or the use or occupancy of, the Premises excluding, however, damages or liabilities arising out of the willful, reckless or negligent acts or omissions of Landlord.

**8.3 Indemnification of Tenant.** Notwithstanding anything to the contrary in this Lease and regardless of any insurance carried by Landlord for the benefit of Tenant, Landlord agrees to protect, indemnify and hold Tenant harmless from any and all damages, liabilities, claims, costs or expenses of whatsoever nature arising out of or in connection with the willful, reckless or negligent acts or omissions of Landlord.

**8.4 Liability Insurance.** Tenant shall carry and maintain, during the entire term hereof, at Tenant's sole cost and expense, broad form comprehensive general liability insurance with limits of not less than One Million Dollars (\$1,000,000.00) per person and Two Million Dollars (\$2,000,000.00) per occurrence, insuring against any and all liability of Tenant with respect to the Premises or arising out of the maintenance use or occupancy thereof. Tenant shall name Landlord and Landlord's lender and Landlord's management as additional insureds on such policy. Landlord shall provide Lessee, upon execution of this Lease, with the names of Landlord's lender and Landlord's management agent, and shall further inform Tenant of any changes to these names. Tenant's insurance obligations herein may be satisfied by a blanket insurance policy maintained by Tenant, or by Tenant's membership in a joint powers insurance authority.

**8.5 Building and Improvements.** At all times during the term of this Lease, Landlord shall maintain and keep in effect a policy or policies in the name of Landlord, insuring

against the loss or damage to the Premises. Such insurance shall be for the full replacement cost, as the same shall exist from time to time, or in such other greater amount as may be required by any lender of Landlord. Such insurance shall include a waiver of subrogation with respect to Tenant or any subtenant, successor or assign of Tenant.

**8.6 Personal Property Insurance.** Tenant shall maintain personal property insurance in an amount not less than the full value of all Tenant's personal property.

**8.7 Type of Policies.** All of said policies of private insurance shall be issued by companies licensed to do business in California and having not less than a general policyholder's rating of "A" as set forth in the most recent issue of "Best's Insurance Guide." Each party shall deliver on demand policies or certificates evidencing the insurance required to be procured by it. All private insurance policies shall contain a provision that such policies shall not be canceled or terminated without thirty (30) days prior notice from the insurance company to the insured and any additional insured.

**8.8 Waiver of Subrogation Rights.** Landlord and Tenant shall each procure an appropriate clause in, or an endorsement on, any policy of property damage insurance covering either the personal property, fixtures and equipment located in or on the Premises, pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery against Landlord or Tenant, as the case may be, and Landlord and Tenant each hereby agree that, absent willful misconduct, they shall not make any claim against or seek to recover from each other any loss or damage to the property of each or the property of others, resulting fire or other hazards covered by such property damage insurance.

## **9. ASSIGNMENT OR SUBLEASING**

Tenant shall have the right at any time during the term of this Lease and without further approval or consent of Landlord to assign this Lease or sublet the Premises in its sole discretion.

## **10. DEFAULT AND REMEDIES**

**10.1 Tenant's Default.** The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

10.1.1 Vacating the Premises for a period of at least sixty (60) days without the intention to reoccupy same, or the abandonment of the Premises.

10.1.2 The failure by Tenant to make any Rent Payment or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant.

10.1.3 The failure by Tenant to observe or perform any of the material non-monetary covenants, conditions or provisions of this Lease to be observed or performed by Tenant, where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days is reasonably required for its cure, then Tenant shall not be

deemed to be in default if Tenant shall have commenced such cure within said thirty (30) day period and thereafter diligently prosecute such cure to completion.

**10.2 Remedies.** Upon the occurrence of any such default by Tenant, Landlord may exercise any remedies available to it at law or in equity as a result of Tenant's default. Landlord shall use reasonable efforts to mitigate any damages it may suffer by reason of Tenant's default.

10.2.1 Notwithstanding the foregoing remedies, in the event of a breach of the sublease between Tenant and its sublessee, Seidner LLC, for failure to pay rent required under the sublease which is not cured by sublessee within the time allowed under the sublease, and Tenant fails to make Rent Payment to Landlord as a result, Landlord's only remedy for Tenant's default shall be to either: (1) terminate the Lease and accept Tenant's surrender of possession to Landlord; or (2) in lieu of termination, accept an assignment from Tenant to Landlord of the sublease. In either such event Landlord shall only be entitled to recover from Tenant the unpaid Rent Payment which had been earned at the time of termination but not to exceed one (1) month's Rent Payment as Landlord's exclusive remedy and Landlord shall have no other right or remedy against Tenant.

**10.3 No Waiver of Default.** Landlord's failure to take advantage of any default or breach of covenant on the part of Tenant shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this Lease be construed to waive or to lessen the right of Landlord to insist upon the performance by Tenant of any term, covenant or condition hereof, or to exercise any rights given them on account of any such default.

**10.4 Landlord's Right to Cure Default.** In the event of any such default by Tenant with respect to the performance of a covenant on its part to be performed hereunder, then after notice and without waiving or releasing Tenant from the performance thereof, Landlord may, but shall not be obligated so to do, perform any such covenant, and, in exercising any such right, pay necessary and incidental costs and expenses in connection therewith. All sums so paid by Landlord together with interest thereon at the rate of ten percent (10%) per annum, shall be deemed additional rent and shall be payable to Landlord within ten (10) days after written notice and demand for payment.

**10.5 Landlord's Default.** If Landlord shall breach any representation or warranty, or if Landlord shall neglect or fail to perform or observe any of the covenants, provisions or conditions contained in this Lease on its part to be performed or observed within thirty (30) days after written notice of default or, if more than thirty (30) days shall be required because of the nature of the default, if Landlord shall fail within such period to commence such cure and thereafter to diligently prosecute same to completion, then Landlord shall be responsible to Tenant for any and all damage sustained by Tenant as a result of Landlord's breach; and Tenant shall have the right to cure any such default, in which case Landlord shall be liable to Tenant for all costs and expenses of Tenant in so curing, including reasonable attorneys' fees, and such amount shall bear interest at the rate of ten percent (10%) per annum and be payable within ten (10) days after written notice of demand. No delay or omission in the exercise of any right or remedy available to Tenant upon any default by Landlord under this Lease shall impair such

right or remedy or be construed as a waiver of such or any other default. Further, Tenant shall have all remedies available to it at law or in equity as a result of Landlord's default.

## **11. LANDLORD'S GENERAL PROTECTIVE PROVISIONS**

**11.1 Surrender at End of Term.** Except as specifically provided herein, Tenant shall peaceably give up and surrender the Premises and every part thereof to Landlord at the termination of the term of this Lease in as good a condition and repair as reasonable use and wear thereof will permit.

**11.2 Release of Landlord After Sale.** In the event of a sale or conveyance by the Landlord of the Premises, and the assumption of this Lease by the successor in interest to Landlord, Landlord shall be released, only with respect to such obligations of Landlord hereunder accruing after such sale or conveyance and assumption, from any future liability based upon any of the covenants or conditions, expressed or implied, in favor of Tenant, and, in such event, Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to this Lease. Nothing in this Section 11.2 shall be construed as a limitation of Tenant's rights and interest in the Premises, and any sale or conveyance of the Premises shall be subject to this Lease and Tenant's rights and interests hereunder.

**11.3 Landlord's Right to Inspect.** Landlord shall be entitled, at all reasonable times, and upon reasonable prior notice, to go on the Premises with Tenant or an employee, agent or representative of Tenant for the purpose of inspecting the Premises, or for the purpose of inspecting the performance by Tenant of the terms and conditions of this Lease, or for the purpose of posting and keeping posted thereon during periods of construction, alteration or repair of the Premises, notices of nonresponsibility for any construction, alteration, or repair thereof, as required or permitted by any law or ordinance. Landlord shall indemnify Tenant against any claims arising from Landlord's entry upon the Premises (except upon termination of this Lease in an event of default).

## **12. GENERAL PROVISIONS**

**12.1 No Waiver of Breach.** No failure by either Landlord or Tenant to insist upon the strict performance by the other of any covenants, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such covenant, agreement, term, or condition. No waiver of any breach shall effect or alter this Lease, but each and every covenant, condition, agreement, and term of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach.

**12.2 Force Majeure.** Except as otherwise expressly provided in this Lease, if the performance of any act required by this Lease to be performed by either Landlord or Tenant is prevented or delayed by reason of any act of God, strike, lockout, labor trouble, inability to secure materials, restrictive governmental laws or regulations, or any other cause (except financial inability) not the fault of the party required to perform the act, the time for performance of the act will be extended for a period equivalent to the period of delay and performance of the act during the period of delay will be excused. However, nothing contained in this Section 12.2

shall excuse the performance of any act rendered difficult or impossible solely because of the financial condition of the party required to perform the act.

**12.3 Estoppel Certificates.** Each party to this Lease (“Requesting Party”) may require the other party (“Certifying Party”) to execute, acknowledge, and deliver to the Requesting Party (or directly to a designated third party) up to four (4) original counterparts of an Estoppel Certificate. The Certifying Party shall sign, acknowledge, and return such Estoppel Certificate within fifteen (15) days after request, even if the Requesting Party is in breach or default of this Lease. Any Estoppel Certificate shall bind the Certifying Party. “Estoppel Certificate” means a certification of, at least, each of the following:

12.3.1 This Lease is unmodified and in full force and effect, or, if there have been modifications, that this Lease is in full force and effect, as modified, in the manner specified in the statement; and

12.3.2 There are no uncured defaults or failures to perform any covenant or provision of this Lease on the part of the Requesting Party or specifying any such defaults or failures which are claimed to exist.

**12.4 Attorneys’ Fees.** Should any litigation be commenced between the parties to this Lease concerning the Premises, this Lease, or the rights and duties of either in relation thereto, the party prevailing in that litigation shall be entitled, in addition to any other relief that may be granted in the litigation, to a reasonable sum as and for that party’s attorneys’ fees in that litigation that shall be determined by the court in that litigation or in a separate action brought for that purpose. In the case of Tenant, reasonable attorneys’ fees shall include the salaries and benefits of the attorneys employed by Counsel for the Covina Redevelopment Agency.

**12.5 Notices to Landlord.** Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this Lease or by law to be served on or given to Landlord by Tenant shall be in writing and shall be deemed duly served and given when personally delivered to Landlord or, in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, and sent by express mail that allows for tracking, addressed to Landlord at 1151 N. Azusa Ave., Covina, CA 91722. Landlord may change Landlord’s address for the purpose of this section by giving written notice of that change to Tenant in the manner provided in Section 12.6.

**12.6 Notices to Tenant.** Any and all notices or other communications required or permitted by this Lease or by law to be served on or given to Tenant by Landlord shall be in writing and shall be deemed duly served and given when personally delivered to Tenant, any managing employee of Tenant, or, in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, and sent by express mail that allows for tracking, addressed to Tenant at Covina Redevelopment Agency at 125 E. College Street, Covina, California 91723, Attention: Executive Director, with a copy to Best Best & Krieger LLP, 5 Park Plaza Suite 1500, Irvine, California 92614, Attention: Agency Counsel. Tenant may change its address for the purpose of this section by giving written notice of that change to Landlord in the manner provided in Section 12.5 of this Lease.

**12.7 Quiet Possession.** Upon commencement of Tenant's obligations performing all of the covenants, conditions and obligations on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the term hereof.

**12.8 Governing Law.** This lease, and all matters relating to this Lease, shall be governed by the laws of the State of California, without application of conflicts of laws provisions or principles.

**12.9 Binding on Heirs and Successors.** This lease shall be binding on and shall inure to the benefit of the heirs, administrators, successors, and assigns of the Landlord and the heirs, assigns, subtenants, licensees and other successors of the Tenant.

**12.10 Sole and Only Agreement.** This Lease constitutes the sole and only agreement between Landlord and Tenant respecting the Premises, the leasing of the Premises to Tenant, and the lease terms set forth in this Lease, and correctly sets forth the obligations of Landlord and Tenant to each other as of its date. Any agreements or representations respecting the Premises, their leasing to Tenant by Landlord, or any other matter discussed in this Lease not expressly set forth in this instrument are null and void.

**12.11 No Partnership or Joint Venture.** Nothing in this Lease shall be construed to render Landlord in any way or for any purpose a partner, joint venturer, or associate in any relationship with Tenant other than that of Landlord and Tenant, nor shall this Lease be construed to authorize either to act as agent for the other.

**12.12 Time of Essence.** Time is expressly declared to be of the essence of this Lease.

**12.13 No Recording.** Neither Landlord nor Tenant shall record this Lease without the written consent of the other.

**12.14 Principles of Interpretation.** No inference in favor of or against any party shall be drawn from the fact that such party has drafted any part of this Lease. The parties have both participated substantially in its negotiation, drafting, and revision, with advice from counsel and other advisers. A term defined in the singular may be used in the plural, and vice versa, all in accordance with ordinary principles of English grammar, which also govern all other language in this Lease. The words "include" and "including" shall be construed to be followed by the words: "without limitation." Each of these terms shall be interpreted as if followed by the words "(or any part of it)" except where the context clearly requires otherwise: Fee Estate; improvements; Land; Leasehold Estate; Premises; and any other similar collective noun. Every reference to any document, including this Lease, refers to such document as modified from time to time (except, at Tenant's option, any modification that violates this Lease), and includes all exhibits, schedules, and riders to such document. The word "or" includes the word "and."

**[Signatures on following page]**

**SIGNATURE PAGE  
TO  
COMMERCIAL LEASE AGREEMENT**

IN WITNESS WHEREOF, Tenant and Landlord have executed this Lease as of the day and year first above written.

**LANDLORD AND TENANT HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED IN THIS LEASE, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT TO SUCH TERMS. THE PARTIES AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LANDLORD AND TENANT WITH RESPECT TO THE PREMISES.**

**LANDLORD:**

RJS FINANCIAL LLC  
a California limited liability corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SIGNATURE PAGE  
TO  
COMMERCIAL LEASE AGREEMENT**

**TENANT:**

COVINA REDEVELOPMENT AGENCY  
a public body, corporate and politic

By: \_\_\_\_\_  
Executive Director

**ATTEST**

By: \_\_\_\_\_  
Agency Secretary

**APPROVED AS TO LEGAL FORM:**

**BEST BEST & KRIEGER LLP**

By: Elizabeth Hill (SK)  
Agency Counsel

**EXHIBIT "A"**  
**DESCRIPTION OF PREMISES**

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF PREMISES**

PARCEL 1: 8409-017-032

THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF COVINA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND ON FILE IN THE DISTRICT LAND OFFICE ON OCTOBER 31, 1873, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 11 OF TRACT 22813, AS SHOWN ON MAP RECORDED IN BOOK 618 PAGES 69 TO 72 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG THE EASTERLY BOUNDARY OF SAID TRACT, NORTH 1°15'00" WEST 450.00 FEET AND NORTH 21°38'26" WEST 163.72 FEET; AND NORTH 30°00'00" WEST 6.01 FEET TO THE SOUTHERLY LINE OF GRONDAHL STREET, AS SHOWN ON MAP OF SAID TRACT 22813; THENCE ALONG SAID GRONDAHL STREET, NORTH 65°10'20" EAST 0.46 FEET TO THE BEGINNING OF A TANGENT CURVE IN SAID GRONDAHL STREET, CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 520.00 FEET; THENCE EASTERLY ALONG SAID CURVE 228.53 FEET TO THE END OF SAME; THENCE CONTINUING ALONG SAID STREET SOUTH 89°38'51" EAST 398.99 FEET TO A POINT IN THE SOUTHERLY LINE OF SAID GRONDAHL STREET DISTANT WESTERLY, MEASURED AT RIGHT ANGLES ALONG SAID SOUTHERLY LINE AND THE EASTERLY PROLONGATION OF THE TANGENT PORTION THEREOF, 125.00 FEET FROM THE WESTERLY LINE OF AZUSA AVENUE, AS SHOWN ON MAP OF SAID TRACT 22813; THENCE LEAVING SAID SOUTHERLY LINE AND PARALLEL WITH SAID WESTERLY LINE OF AZUSA AVENUE, SOUTH 0°21'09" WEST 125.00 FEET; THENCE PARALLEL WITH SAID SOUTHERLY LINE AND THE EASTERLY PROLONGATION OF THE TANGENT PORTION OF SAID SOUTHERLY LINE, SOUTH 89°38'51" EAST 125.00 FEET TO SAID WESTERLY LINE OF

AZUSA AVENUE; THENCE ALONG SAID WESTERLY LINE SOUTH 0°21'09" WEST 464.86 FEET TO THE NORTHERLY LINE OF THE RIGHT OF WAY OF THE SAN DIMAS WASH, AS SHOWN ON MAP OF SAID TRACT 22813; THENCE ALONG SAID NORTHERLY LINE SOUTH 84°39'04" WEST 870.02 FEET TO THE POINT OF BEGINNING.

PARCEL 2: 8409-017-033

THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF COVINA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY LINE OF GRONDAHL STREET AS SHOWN ON THE MAP OF TRACT 22813, RECORDED IN BOOK 618 PAGES 69 TO 72 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING THE EASTERLY TERMINUS OF THAT COURSE DESCRIBED ON SAID MAP AS HAVING A BEARING OF NORTH 89°38'51" WEST AND A LENGTH OF 498.99 FEET, SAID POINT ALSO BEING THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 25.00 FEET, WHICH CURVE AT ITS OTHER TERMINUS IS ALSO TANGENT TO THE WESTERLY LINE OF AZUSA AVENUE 100.00 FEET WIDE; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00" AN ARC DISTANCE OF 39.27 FEET TO ITS POINT OF TANGENCY WITH SAID WESTERLY LINE OF AZUSA AVENUE; THENCE ALONG SAID WESTERLY LINE SOUTH 0°21'09" WEST 100.00 FEET; THENCE AT RIGHT ANGLES TO SAID WESTERLY LINE NORTH 89°38'51" WEST 125.00 FEET; THENCE PARALLEL WITH SAID WESTERLY LINE OF AZUSA AVENUE NORTH 0°21'09" EAST 125.00 FEET TO A POINT IN THE SAID SOUTHERLY LINE OF GRONDAHL STREET; THENCE ALONG SAID SOUTHERLY LINE SOUTH 89°38'51" EAST 100.00 FEET TO THE POINT OF BEGINNING

00 1960093

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** NB 1

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



**ITEM TITLE:** Amendment of Exclusive Waste Collection Franchise Agreement

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**STAFF RECOMMENDATION**

Adopt **Resolution No. 10-6867**, approving Amendment No. 10 to the Exclusive Waste Collection Franchise Agreement with Arakelian Enterprises, Inc., adjusting refuse collection and recycling rates for fiscal year 2010-2011 and fixing the Integrated Waste Management Fee for fiscal year 2010-2011.

**FISCAL IMPACT**

The proposed amendment would result in revenue and expenditures that are included in the fiscal year 2010-2011 budget in the following accounts: 6200-5560, 6200-5580, 6200-5540 and 1010-0000.

**BACKGROUND**

The City's exclusive waste franchise agreement (Agreement) with Arakelian Enterprises, Inc., d.b.a. Covina Disposal (Arakelian), provides for the annual adjustment of rates for services rendered relative to changes in the Consumer's Price Index (CPI) as well as changes in the costs of processing and/or disposing of solid waste collected within the city. Pursuant to the terms of the Agreement, rate adjustments are to be made on an annual basis, effective on the 1<sup>st</sup> day of July of each year. To this end, at this evening's meeting, the City Council considered the approval of new waste disposal fees and charges for Fiscal Year 2010-2011. If the rates are approved, it is then necessary to amend the Agreement with Arakelian to memorialize the revised rates.

In addition to the adjustment of rates and charges, the City and Arakelian review the terms of the Agreement on an annual basis to determine if any provisions of the Agreement require amendment due to changing circumstances or events. During the course of this year's review, the City and Arakelian concurred that no additions or deletions to the exclusive franchise agreement were warranted.

**EXHIBITS**

- A. Resolution No. 10-6867
- B. Amendment No. 10 to Franchise Agreement

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

**RESOLUTION NO. 10-6867**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, APPROVING AMENDMENT NO. 10 TO THE EXCLUSIVE WASTE COLLECTION FRANCHISE AGREEMENT WITH ARAKELIAN ENTERPRISES, INC., ADJUSTING REFUSE COLLECTION AND RECYCLING RATES FOR FISCAL YEAR 2010-2011 AND FIXING THE INTEGRATED WASTE MANAGEMENT FEE FOR FISCAL YEAR 2010-2011**

**WHEREAS**, the City of Covina, a municipal corporation (CITY), and Arakelian Enterprises, Incorporated (CONTRACTOR) on July 17, 2001, revised the Exclusive Franchise Agreement for refuse collection and recycling services; and

**WHEREAS**, Section 17.02 allows a special rate adjustment based on a change in operating costs that is extraordinary in nature and adversely affects the CONTRACTOR; and

**WHEREAS**, CITY and CONTRACTOR have agreed that a 1.34% special rate adjustment for extraordinary fuel cost is warranted; and

**WHEREAS**, Section 17.00 of the Agreement requires that rates for refuse collection and recycling services be adjusted annually and made effective on July 1<sup>st</sup> of each year; and

**WHEREAS**, CITY has calculated the annual rate adjustments pursuant to Section 17.00 of the Agreement for residential and commercial refuse collection services; and

**WHEREAS**, CONTRACTOR has reviewed the rates as calculated by CITY and has concurred with their accuracy; and

**WHEREAS**, Chapter 8.08 of the Covina Municipal Code provides for the imposition of charges under the California Integrated Waste Management Act of 1989; and

**WHEREAS**, said Chapter 8.08 provides that such charges shall be fixed and established by resolution of the City Council; and

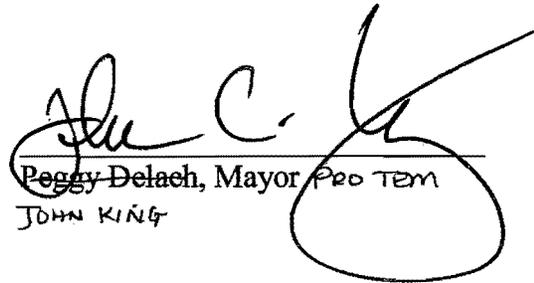
**WHEREAS**, the City Council has determined that the collection of said charges is necessary for Fiscal Year 2010-11.

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

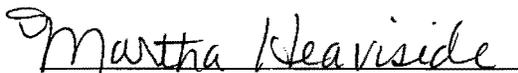
**SECTION 1.** The attached Exclusive Franchise Agreement Amendment No. 10 is hereby approved and the Mayor is authorized to execute the Amendment on behalf of the City.

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

PASSED, APPROVED AND ADOPTED this 17<sup>th</sup> day of August, 2010.

  
Peggy Delach, Mayor Pro Tem  
JOHN KING

ATTEST:

  
DEPUTY City Clerk

APPROVED AS TO FORM:

  
City Attorney

I, MARTHA HEAVISIDE, Deputy City Clerk of the City of Covina, California, hereby CERTIFY that **Resolution No. 10-6867** was adopted by the Covina City Council at a regular meeting of the City Council held on Tuesday, August 17, 2010 and was approved and passed by the following votes:

AYES: Council Members Allen, Stapleton, Mayor Pro Tem King  
NOES: None  
ABSENT: Council Member Low, Mayor Delach  
ABSTAIN: None

*Martha Heaviside*

Martha Heaviside  
Deputy City Clerk

**REFUSE COLLECTION AND RECYCLING  
EXCLUSIVE FRANCHISE AGREEMENT**

**AMENDMENT NO. 10**

This Amendment No. 10 to the Exclusive Franchise Agreement is entered into this 17<sup>th</sup> day of August 2010 by and between the CITY OF COVINA, a municipal corporation (CITY), and ARAKELIAN ENTERPRISES, INCORPORATED, a California corporation (CONTRACTOR).

*Effective July 1, 2010, the rate schedule on the following pages shall replace Exhibits A, B, and C of the existing Exclusive Franchise Agreement.*

IN WITNESS WHEREOF, the parties have executed this Amendment No. 10 as of the first date set out herein.

CITY OF COVINA, a Municipal Corporation

\_\_\_\_\_  
Peggy Delach, Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

ARAKELIAN ENTERPRISES, INC.  
A California Corporation

\_\_\_\_\_  
Chairman of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

EXHIBIT A  
TO COVINA REFUSE COLLECTION  
FRANCHISE AGREEMENT

2010-2011 RESIDENTIAL REFUSE RATES  
(effective retroactive to July 1, 2010)

The following rates shall be the rates charged for the services specified, unless and until adjusted in accordance with Section 17.02 of the Franchise Agreement:

**RESIDENTIAL AUTOMATED SERVICE SUMMARY:**

<u>90-GALLON BASIC SERVICE PER MONTH</u>	\$ 25.62
<i>Includes one 90 gal black, one 90 gal green, and one 90 gal blue barrel.</i>	

<u>60-GALLON BASIC SERVICE PER MONTH</u>	\$ 23.37
<i>Includes one 60 gal black, one 90 gal green, and one 60 or 90 gal blue barrel.</i>	

90 gallon refuse (black)	\$ 17.48
60 gallon refuse (black)	\$ 15.23
Additional 90 gallon green waste (green) barrel	\$ 5.36
Additional 90 or 60 gallon recycling (blue) barrel)	\$ 2.78

**BREAKDOWN OF REFUSE PORTION OF BILL:**

- A. 90 GALLON RESIDENTIAL SERVICE - Single residences or multiple residences served from a single property or parcel.

<u>90 Gallon Refuse (Black) Barrel</u>	
Collection Cost	\$ 9.99
Disposal Cost	\$ 3.79
Extraordinary Fuel Adjustment	\$ 0.17
Billing Charge	\$ 0.67
Franchise Fee	\$ 0.93
Integrated Waste Management Fee	<u>\$ 1.93</u>
<b>TOTAL FOR FIRST 90 GALLON REFUSE BARREL</b>	<b>\$ 17.48</b>

**TOTAL FOR EACH ADDITIONAL 90 GALLON REFUSE BARREL** **\$ 16.77**

<u>Cost of 90 Gallon Basic Service (Refuse, Green Waste and Recycling)</u>	
Refuse (one 90 gallon)	\$ 17.48
Green Waste (one 90 gallon)	\$ 5.36
Recycling (one 90 gallon)	<u>\$ 2.78</u>
<b>Total 90 Gallon Refuse Service Cost</b>	<b>\$ 25.62</b>

EXHIBIT A (page 2)  
TO COVINA REFUSE COLLECTION  
FRANCHISE AGREEMENT

2010-2011 RESIDENTIAL REFUSE RATES

(effective retroactive to July 1, 2010)

- B. 60 GALLON RESIDENTIAL SERVICE - Some multi-family residential units may elect to use 60-Gallon Barrels as specified in the Franchise Agreement.

60 Gallon Refuse (Black) Barrel

Collection Cost	\$ 9.74
Disposal Cost	\$ 2.53
Extraordinary Fuel Adjustment	\$ 0.16
Billing Charge	\$ 0.67
Franchise Fee	\$ 0.84
Integrated Waste Management Fee	<u>\$ 1.29</u>
TOTAL FOR FIRST 60 GALLON REFUSE BARREL	\$ 15.23

TOTAL FOR EACH ADDITIONAL 60 GALLON REFUSE BARREL \$ 14.51

Cost of 60 Gallon Basic Service (Refuse, Green Waste and Recycling)

Refuse (one 60 gallon)	\$ 15.23
Green Waste (one 90 gallon)	\$ 5.36
Recycling (one 90 or 60 gallon)	<u>\$ 2.78</u>
Total	\$ 23.37

- C. Roll-Out Services (for 1 90-Gallon Black, 1 90-Gallon Blue, and 1 90-Gallon Green).

Basic Service \$ 15.41

EXHIBIT B  
TO COVINA REFUSE COLLECTION  
FRANCHISE AGREEMENT

2010-2011 COMMERCIAL REFUSE RATES

(effective retroactive to July 1, 2010)

1.5	Service/ Week	MRF Gate Fee	Collection Cost	Franchise Fee	IWMF	Monthly Rate
Cubic Yards First Bin	1	\$22.21	\$63.60	\$5.48	\$6.16	\$97.45
	2	\$44.43	\$101.10	\$9.29	\$12.31	\$167.13
	3	\$66.64	\$138.57	\$13.11	\$18.47	\$236.79
	4	\$88.85	\$176.10	\$16.92	\$24.63	\$306.50
	5	\$111.06	\$213.59	\$20.73	\$30.79	\$376.17
	6	\$133.28	\$262.45	\$25.27	\$36.94	\$457.94

1.5	Service/ Week	MRF Gate Fee	Collection Cost	Franchise Fee	IWMF	Monthly Rate
Cubic Yards Each Additional Bin	1	\$22.21	\$50.11	\$4.62	\$6.16	\$83.10
	2	\$44.43	\$80.09	\$7.95	\$12.31	\$144.78
	3	\$66.64	\$108.59	\$11.19	\$18.47	\$204.89
	4	\$88.85	\$138.58	\$14.52	\$24.63	\$266.58
	5	\$111.06	\$168.58	\$17.86	\$30.79	\$328.29
	6	\$133.28	\$206.91	\$21.73	\$36.94	\$398.86

2.0	Service/ Week	MRF Gate Fee	Collection Cost	Franchise Fee	IWMF	Monthly Rate
Cubic Yards First Bin	1	\$29.62	\$73.09	\$6.56	\$8.21	\$117.48
	2	\$59.23	\$112.09	\$10.94	\$16.42	\$198.68
	3	\$88.85	\$151.14	\$15.33	\$24.63	\$279.95
	4	\$118.47	\$190.17	\$19.71	\$32.84	\$361.19
	5	\$148.09	\$229.21	\$24.10	\$41.05	\$442.45
	6	\$177.70	\$281.82	\$29.35	\$49.26	\$538.13

2.0	Service/ Week	MRF Gate Fee	Collection Cost	Franchise Fee	IWMF	Monthly Rate
Cubic Yards Each Additional Bin	1	\$29.62	\$58.08	\$5.60	\$8.21	\$101.51
	2	\$59.23	\$88.11	\$9.41	\$16.42	\$173.17
	3	\$88.85	\$119.61	\$13.31	\$24.63	\$246.40
	4	\$118.47	\$149.65	\$17.12	\$32.84	\$318.08
	5	\$148.09	\$181.16	\$21.03	\$41.05	\$391.33
	6	\$177.70	\$223.34	\$25.61	\$49.26	\$475.91

EXHIBIT B (page 2)

TO COVINA REFUSE COLLECTION  
FRANCHISE AGREEMENT

2010-2011 COMMERCIAL REFUSE RATES

(effective retroactive to July 1, 2010)

3.0 Cubic Yards First Bin	Service/ Week	MRF Gate Fee	Collection Cost	Franchise Fee	IWMF	Monthly Rate
	1	\$44.43	\$80.65	\$7.99	\$12.31	\$145.38
	2	\$88.85	\$123.90	\$13.59	\$24.63	\$250.97
	3	\$133.28	\$167.12	\$19.18	\$36.94	\$356.52
	4	\$177.70	\$210.32	\$24.78	\$49.26	\$462.06
	5	\$222.13	\$253.59	\$30.38	\$61.57	\$567.67
	6	\$266.55	\$309.26	\$36.77	\$73.89	\$686.47

3.0 Cubic Yards Each Additional Bin	Service/ Week	MRF Gate Fee	Collection Cost	Franchise Fee	IWMF	Monthly Rate
	1	\$44.43	\$64.17	\$6.94	\$12.31	\$127.85
	2	\$88.85	\$98.40	\$11.96	\$24.63	\$223.84
	3	\$133.28	\$132.57	\$16.98	\$36.94	\$319.77
	4	\$177.70	\$166.80	\$22.00	\$49.26	\$415.76
	5	\$222.13	\$201.07	\$27.03	\$61.57	\$511.80
	6	\$266.55	\$244.73	\$32.65	\$73.89	\$617.82

30-Cubic Yard Roll-Off	Collection Cost	\$250.72
	Disposal Fee (July thru December, 2010), per ton	\$38.26
	Disposal Fee (January thru June, 2011), per ton	\$42.66
	Franchise Fee	6% of total w/o IWMF
	Integrated Waste Management Fee	\$30.73
	1.34% Extraordinary Fuel Adjustment	\$3.30
	<b>Total</b>	<b><u>Tons Based #</u></b>

*Total service cost is the sum of collection cost, disposal fee, franchise fee, Integrated Waste Management Fee and extraordinary fuel adjustment. The disposal fee is determined at the time service is rendered and is the actual cost incurred by the provider. For non-credit rated customers, the contractor may estimate disposal charges and refund overpayments or bill for underpayments.*

Commercial Barrel Rates	Collection Cost	\$24.62
	MRF Gate Fee	\$11.86
	Franchise Fee	\$2.36
	Integrated Waste Management Fee	\$3.28
	1.34% Extraordinary Fuel Adjustment	\$0.47
	<b>Total</b>	<b><u>\$42.59</u></b>

EXHIBIT C  
TO COVINA REFUSE COLLECTION  
FRANCHISE AGREEMENT

2010-2011 RESIDENTIAL RECYCLING AND GREEN WASTE RATES

(effective retroactive to July 1, 2010)

The following rates shall be the rates charged for the services specified, unless and until adjusted in accordance with Section 17.03 of the Franchise Agreement:

- A. RECYCLING -- Residential Unit - Single residences or multiple residences served from a single property or parcel, for the first and subsequent barrels.

90 or 60-Gallon Barrels

Collection Cost	\$2.74
Extraordinary Fuel Adjustment	<u>\$0.04</u>
	\$2.78

- B. GREEN WASTE -- Residential Unit - Single residences or multiple residences served from a single property or parcel, for the first and subsequent barrels.

90-Gallon Barrels

Collection Cost	\$3.90
Disposal Cost	\$1.40
Extraordinary Fuel Adjustment	<u>\$0.06</u>
Total	\$5.36

- C. MANUAL COLLECTION -- Manual or backyard collection of barrels required due to the configuration of the driveway or at the request of the customer.

Manual Collection	\$51.24
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**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CB 1

**STAFF SOURCE:** Martha Heaviside, Deputy City Clerk *MH*

**ITEM TITLE:** Update of the City of Covina Strategic Plan

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**STAFF RECOMMENDATION**

Receive and file the updated City of Covina Strategic Plan from the June 7, 2010 Strategic Planning Meeting.

**FISCAL IMPACT**

Implementation of individual components of the plan may have both positive and negative general fund impacts over the course of plan implementation. Acceptance of the plan itself has no immediate impact at this time.

**BACKGROUND**

At the regular City Council/Redevelopment Agency meeting of April 4, 2006, Council approved the hiring of a facilitator, Marilyn Snider of Snider and Associates, to conduct a strategic planning retreat with City Council and staff on April 17, 2006 to establish three year goals for the City of Covina. Subsequent meeting in support of the three year goals have been held every six months.

On June 7, 2010, the City Council and Executive staff team met to review the progress made by the City in the past six months, as well as look at upcoming challenges. The report of the meeting is attached, as is the current six-month strategic objectives matrix.

In accordance with agreed upon process, monthly progress reports toward achievement of the outlined objectives will be reported to the City Council at the second Council Meeting of each month.

**EXHIBITS**

- A. City of Covina Strategic Planning Retreat Report
- B. City of Covina Six-Month Strategic Objectives Matrix

<b>REVIEW TEAM ONLY</b>	
City Attorney: <i>[Signature]</i>	Finance Director: <i>[Signature]</i>
City Manager: <i>[Signature]</i>	Other: _____

CITY OF COVINA  
**STRATEGIC PLANNING RETREAT**  
7 June 2010 \* First Presbyterian Church

Marilyn Snider, Facilitator – Snider and Associates (510) 531-2904  
Gail Tsuboi, Recorder – Tsuboi Design (925) 376-9151

MISSION STATEMENT

The City of Covina provides responsive municipal services and manages public resources to enhance the quality of life for our community.

FIVE-YEAR VISION STATEMENT

The City of Covina will be a vibrant community of people and organizations that embraces the future while honoring its heritage.

CORE VALUES

not in priority order

The City of Covina values ...

- ♦ *Exemplary Customer Service*
  - ♦ *Teamwork*
  - ♦ *Ethics and Integrity*
  - ♦ *Leadership and Vision*
    - ♦ *Dedication*
  - ♦ *Open communication*
  - ♦ *Respect for differences*

THREE-YEAR GOALS

2009-2012 • not in priority order

- ▶ **Improve and promote customer service**
- ▶ **Enhance financial stability**
- ▶ **Enhance parks & recreation and library services**
- ▶ **Become an environmentally sustainable community**
- ▶ **Provide efficient, visible and responsive public safety**

**NEXT STEPS/FOLLOW-UP PROCESS**

<b>WHEN</b>	<b>WHO</b>	<b>WHAT</b>
June 8, 2010 (Tuesday)	City Clerk	Distribute the retreat record (updated Strategic Plan) to the City Council and the Senior Staff.
Within 48 hours of receipt	All recipients	Read the retreat record.
June 16, 2010	Executive Team	Review the "Current Internal Weaknesses/ Challenges" list for possible action items.
By June 21, 2010	Executive Team	Share and discuss the Strategic Plan with staff.
At the July 6, 2010 City Council meeting	City Council	Present the Strategic Plan to the public.
At the July 6, 2010 City Council meeting	City Attorney	Present to the City Council for direction information about and a process for becoming a Charter City.
Monthly	City Council, City Manager	Monitor progress on the goals and objectives and revise objectives (add, amend and/or delete), as needed.
Monthly	City Clerk	Prepare and distribute the updated Strategic Plan monitoring matrix to the City Council and Executive Team
November 16, 2010 (Tuesday)	City Council & Executive Team	Strategic Planning Retreat to: - more thoroughly assess progress on the goals and objectives - develop objectives for the next six months of the Strategic Plan.

## **S.W.O.T. ANALYSIS**

Strengths – Weaknesses - Opportunities - Threats

### **ACCOMPLISHMENTS OF THE CITY OF COVINA SINCE THE STRATEGISEPTEMBER 22 2009 STRATEGIC PLANNING RETREAT**

#### Brainstormed List of Perceptions

- Balanced budget
- We have a bike station
- The Olson Project is moving forward
- The City Council approved a new software package to allow better communication among departments
- Replaced a million gallon water tank
- The Rowland St. water project completed
- 3 Vinos Restaurant opening on Citrus
- King's Ranch Market opened
- Made significant cuts in our expenditures, but we're still able to offer our summer events
- Held Thurnderfest
- Held our Halloween Carnival
- Had an MLK Day event: tree planting at a park we adopted
- The City Council approved funding for Shoppers' Lane sustainability improvements
- The City Manager's Office started "Team Covina," a collaboration of the city, the Chamber of Commerce and the school district, which meets to work on improvements
- SEES (Summer Evening Entertainment Series) met its sponsorship goals; these events are run by the city, but not funded by the city
- Received an AQMD Tree Grant of \$36,427
- Friends of the Library sponsored patio improvements and many events
- The city hired a contract disaster coordinator
- The city participated in several events with the Downtown Assn. (e.g., Movie Night, Ladies Night, charity Wine Walk)
- Participated with the Chamber of Commerce in a business building seminar
- Ongoing negotiations with the county on the Fire contract; achieved a \$321,000 annual reduction and we're still working for more
- Almost ready to go live with our new, redesigned website
- Ongoing negotiations with employee groups
- Had our Wall of Honor recognition event that honored local residents
- Received \$60,000 for less-lethal weapons training
- The Police Dept. received a \$28,000 ABC Grant for enforcement and education
- In the process of replacing an antiquated financial system with a modern one
- Received an Office of Traffic and Safety grant for seat belt enforcement
- \$1.4 million of Economic Stimulus funds for highway improvement
- Received \$260,000 from the Dept. of Energy for energy improvements
- Finished a user guide for people going through the permitting process
- Gave State of the City addresses at a town hall meeting and for the Chamber of Commerce
- Initiated a Shop Local Program -- <shopcovina.org>
- Marketed the city at an international conference of shopping centers and at an Urban Land Institute summit
- Hired a federal lobbyist who got us grant funding for disaster preparedness
- We have \$10.7 million in reserves
- Lowe's is under construction
- Restructured the organization
- In the process of getting online billing
- CVS should be breaking ground in 2 weeks
- Jack-in-the-Box should be breaking ground in 2 weeks
- Our City Manager has been nominated as Vice President of the San Gabriel Valley City Managers Group

- \$1 million of infrastructure improvements
- Paved 2.1 miles of streets
- The Police Dept. received a \$155,000 grant to complete our mobile/in car video system
- Conducted a Water Study and we're bringing a new rate structure to the City Council in June
- The Heritage Plaza Project is moving forward
- We have a Long-Range Financial Stability Committee looking at the budget and assessments that need to be considered as well as other financial challenges
- The City of Covina adopted the Haitian city of La Valle de Jacmel and Council member Walt Allen took 50 4-person donated tents there
- Planning counter is open all day
- Streamlined the planning process so that there are more over-the-counter approvals
- Completed façade improvement grants for Salon Lavish and Casa Moreno businesses
- Christmas Parade was held
- Council approved rehabilitation of 89 covenanted units at 200 W. Rowland
- Chief Raney was elected as 3<sup>rd</sup> Vice President of the California Police Chiefs Association

## **THE CITY OF COVINA'S CURRENT INTERNAL WEAKNESSES/CHALLENGES**

Brainstormed List of Perceptions

- Current IT structure is outdated
- The same level of customer service is expected, with fewer resources
- Labor challenges - a culture of entitlement
- Staff structure issues
- Uncertainty in labor negotiations
- Layout and maintenance of older facilities
- Negative perception of customer service
- Lack of financial resources
- Current employee morale is shaky
- Resistance to internal changes
- Lack of dedicated funding for street improvements
- Technology challenges
- Complaints about some commercial properties, especially Clippinger
- Contract negotiations not completed on time
- Unable to complete some Objectives due to restructuring

## **EXTERNAL FACTORS/TRENDS THAT WILL/MIGHT HAVE A POSITIVE IMPACT ON THE CITY OF COVINA IN THE COMING YEAR**

Brainstormed List of Perceptions

- Lowe's is going to open
- Economy will improve
- Our legislative advocate in Washington D.C. will help bring funding to Covina
- New governor
- State and federal governments will show restraint in spending
- An extra year was given for our redevelopment area
- Courts will overturn the decision regarding redevelopment funds that have been taken away
- New utility billing system will give customers more options
- Second round of COPS funds available to hire additional police officers
- If the open primary passes, it will balance the state legislature
- Passage of the initiative to protect local funding
- New controlling entity on the Clippinger project
- Census results
- We could achieve a population of 50,000 (according to the census)

## **EXTERNAL FACTORS/TRENDS THAT WILL/MIGHT HAVE A NEGATIVE IMPACT ON THE CITY OF COVINA IN THE COMING YEAR**

### **Brainstormed List of Perceptions**

- Lack and high cost of water
- New governor
- Release of 40,000 unsupervised prisoners
- AB 32
- Unfunded state mandates
- Potential passage of SB 625- taking away TOT (transit occupancy tax)
- Arizona's legislation will succeed for them
- Continued pressure on public pension funding
- Continued collapse of the federal economy
- Negative public perception of government
- State and federal governments won't stop spending
- State will attempt to take more of our money
- Other legislative actions that cost the cities, e.g., AB 32/SB 375
- Sales of big ticket items will continue to decline, reducing our sales tax revenues
- Passage of the marijuana initiative will create a burden for cities - law enforcement, healthcare, etc.
- Terrorist acts
- Natural disasters

# **STRATEGIC PLANNING ELEMENTS**

Marilyn Snider, Strategic Planning Facilitator \* Snider and Associates (510) 531-2904

## **"SWOT" ANALYSIS**

Assess the organization's:

- Internal Strengths      - Internal Weaknesses
- External Opportunities      - External Threats

## **MISSION/PURPOSE STATEMENT**

States WHY the organization exists and WHOM it serves

## **VISION STATEMENT**

A vivid, descriptive image of the future – what the organization will BECOME

## **CORE VALUES**

What the organization values, recognizes and rewards – strongly held beliefs that are freely chosen, publicly affirmed, and acted upon with consistency and repetition

## **THREE YEAR GOALS**

WHAT the organization needs to accomplish (consistent with the Mission and moving the organization towards its Vision) – usually limited to 4 or 5 key areas

## **KEY PERFORMANCE MEASURES**

What success will look like upon achievement of the goal

## **SIX MONTH STRATEGIC OBJECTIVES**

HOW the Goals will be addressed: By when, who is accountable to do what for each of the Goals

## **FOLLOW-UP PROCESS**

Regular, timely monitoring of progress on the goals and objectives; includes setting new objectives every six months

# CITY OF COVINA SIX-MONTH STRATEGIC OBJECTIVES

June 7, 2010 to November 15, 2010

## THREE-YEAR GOAL: **IMPROVE AND PROMOTE CUSTOMER SERVICE**

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. By the Sept. 30, 2010 City Council meeting	Finance Director	Ensure that webstreaming of City Council meetings begins.		X		
2. At the Sept. 7, 2010 City Council meeting	HR Director and Deputy City Clerk	Report on the results to the Management Team and City Council on the internal assessment by all city employees and external assessment by City residents and the public on how to improve customer service.		X		
3. Nov. 15, 2010	City Manager	Contract for and implement an Instant Customer Service Feedback Program.		X		
4. Nov. 15, 2010	Finance Director and the Communications Manager	Transition to overseeing the redesign/reconfiguration of the city's website and web management process to make the website more user-friendly.		X		
5. Nov. 15, 2010	City Manager	Implement customer service training for all city staff (to include internal and external customers and a change of management philosophy to a more service-oriented approach).		X		

**THREE-YEAR GOAL: *ENHANCE FINANCIAL STABILITY***

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. Beginning July 1, 2010 & quarterly thereafter	Finance Director	Present to the City Council updates on state and federal actions that could impact the financial stability of the city.		X		
2. Sept. 15, 2010	Finance Director	Develop and distribute to the public a <i>Citizens' Guide to the Adopted Budget</i> .		X		
3. Sept. 30, 2010, contingent upon budget	HR Director (lead) and Finance Director	Develop and present to the City Council for action a long-range (not more than 3 years), multi-phase Salary and Benefits Plan to assist in recruitment, retention and employee stability, focusing on paying at not lower than 95% of median as compared to surveyed cities.		X		
4. Sept. 30, 2010	City Manager	Complete a study of the pros and cons, including the cost of each option, for providing fire services, and recommend an option to the City Council for action.		X		
5. Nov. 15, 2010	City Manager and Finance Director, with input from the Citizens' Advisory Committee on Long-Term Financial Stability	Present to the City Council for consideration at least five options for attaining long-term financial stability.		X		
FUTURE OBJECTIVE Dec. 31, 2010	Finance Director and City Manager	Conduct a Fee Study and present recommendations to the City Council for action.		X		

**THREE-YEAR GOAL: *ENHANCE PARKS & RECREATION AND LIBRARY SERVICES***

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. Sept. 1, 2010	Dir. of Parks and Recreation, working with the City Attorney	Report to the City Council on Library policies and procedures for greater efficiency (e.g., library card application).		X		
2. At the Sept. 7, 2010 City Council meeting	Dir. of Parks and Recreation and the Dir. of Community Development	Present to the City Council for action the final design of Heritage Plaza.		X		
3. Oct. 1, 2010	Dir. of Parks and Recreation, working with the Library Board of Trustees and the Friends of the Library	Develop and publicize a program for citizens to contribute to a "giving wall" to increase funding support for the library.		X		
4. Nov. 15, 2010	Dir. of Parks and Recreation and the Dir. of Community Development	Go out to bid and make a recommendation to the City Council for action for the award of contract for Heritage Plaza.		X		
FUTURE OBJECTIVE Jan. 15, 2011	Dir. of Parks and Recreation, working with the City Attorney and Police Department	Present to the City council for action updated city park ordinances (e.g., related to the noise levels, dogs, wheel toys).		X		

**THREE-YEAR GOAL: *BECOME AN ENVIRONMENTALLY SUSTAINABLE COMMUNITY***

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. At the July 20, 2010 City Council meeting	City's Federal Advocate	Recommend to the City Council at least five federal sustainability or energy efficiency grants that the city can apply for.		X		
2. At the Sept. 21, 2010 City Council meeting	Community Development Dir.	Present to the City Council for consideration updated zoning codes to encourage environmental sustainability (e.g., water, solar).		X		
3. Oct. 1, 2010	Public Works Director	Present to the City Council for action a policy to review the reinvestment of energy savings in future energy efficient projects.		X		
4. At the Oct. 19, 2010 City Council meeting	Mayor Peggy Delach and Mayor Pro Tem John King	Report to the City Council on the SGVCOG Energywise Partnership and the development of a Strategic Energy Plan for the City of Covina.		X		
5. Nov. 15 2010	Public Works Director	Incorporate educational, environmentally sustainable landscape in at least one project on City property.		X		
6. Nov. 15, 2010	Public Works Director	Complete the ARRA energy savings projects for the approved city facilities and municipal pool and apply for the Southern California Edison rebates.		X		
7. Nov. 15, 2010	Public Works Director	Present to the City Council for action a Green Building code compliant with state requirements.		X		

**THREE-YEAR GOAL: *PROVIDE EFFICIENT, VISIBLE AND RESPONSIVE PUBLIC SAFETY***

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. Ongoing	Councilmember Allen and the Police Chief	Apply for disaster preparedness grants.		X		
2. Sept. 15, 2010	Police Chief and the Finance Director	Have online crime reporting available on the website.		X		
3. At the Sept. 21, 2010 City Council meeting	Councilmember Allen and the Police Chief	Present the updated Disaster Plan to the City Council for action.		X		

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CB 2

**STAFF SOURCE:** Martha Heaviside, Deputy City Clerk *MH*

**ITEM TITLE:** Appointment to the Housing & Community Development Advisory Committee

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**STAFF RECOMMENDATION**

Appoint applicant, Woody Dahlen, to the Housing & Community Development Advisory Committee.

**FISCAL IMPACT**

None.

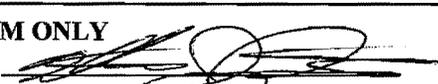
**BACKGROUND**

The purpose of the Housing & Community Development Advisory Committee is to advise the City Council on matters relating to the Housing and Community Development Act of 1974, including the development and/or review of all elements pertaining to the planning and preparation of the annual Community Development Block Grant Applications.

The Housing & Community Development Advisory Committee currently has two vacancies.

**EXHIBITS**

- A. List of terms expiring and qualifications for appointment
- B. 2010 recruitment advertisement
- C. Housing & Community Development Advisory Committee application

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

**Boards and Commissions  
Term Appointments and Expirations  
2010-2011**

Last Name	First Name	First Appointed	Term Begins	Term Ends	LG 101
<b>Board of Appeals (2 year term)</b>					
<i>Member of the Planning Commission to hear administrative appeals of building official decisions Ord No. 05-1921.</i>					
Hodapp	Charles	01-Nov-05	01-Jul-09	30-Jun-11	Completed
McMeekin	Dan	01-Nov-05	17-Nov-09	30-Jun-11	No
Patterson	Win	21-Aug-07	01-Jul-09	30-Jun-11	Completed
<b>Community Recognition Policy Committee (2 year term)</b>					
<i>One Council Representative, and One Boards &amp; Commissions Representative</i>					
White	Anita C.	03-Nov-09	03-Nov-09	30-Jun-11	Completed
<b>Cultural Arts Advisory Committee (3 year term)</b>					
<i>Dedication, advocacy and promotion of the arts, and to nurturing educational, social and economic growth of the City's cultural environment; support / encourage the arts, heritage and creativity of all citizens. No residency requirement.</i>					
Castillo	Gary	19-Jun-07	01-Jul-07	30-Jun-10	Completed
Feldheim	Fred	05-Mar-02	01-Jul-09	30-Jun-12	Completed
Lopez-Martinez	Aydee	06-Jul-10	01-Jul-10	30-Jun-13	
Orso	Robert	01-Sep-09	01-Sep-09	30-Jun-12	
Santana	Stuart	19-Jun-07	01-Jul-07	30-Jun-10	Completed
Tucker	Jared	01-Jul-08	01-Jul-08	30-Jun-11	Registered
VACANT			01-Jul-10	30-Jun-13	
VACANT			01-Jul-10	30-Jun-13	
VACANT			01-Jul-10	30-Jun-13	
<b>Historic Preservation Board (4 year term)</b>					
<i>Special knowledge of architecture, historic preservation, planning, contracting, building restoration. (*5 Planning Commissioners)</i>					
Chadwick *	George	19-Jun-07	01-Jul-07	30-Jun-11	No
Conners*	John	02-Sep-08	02-Sep-08	30-Jun-12	
Hodapp *	Charles	02-May-00	01-Jul-09	30-Jun-13	Completed
McMeekin *	Daniel	03-Oct-06	01-Jul-07	30-Jun-11	No
Patterson *	Win	01-Jul-05	01-Jul-09	30-Jun-13	Completed
VACANT			01-Jul-10	30-Jun-14	
VACANT			01-Jul-10	30-Jun-14	
<b>Housing and Community Development (4 year term)</b>					
<i>No residency requirement. Reasonable representative of Covina's demographic patterns (age, gender, race, income, etc.)</i>					
Castro	Don	19-Aug-03	01-Jul-10	30-Jun-14	No
Dolfi	Kimberley	16-Sep-08	16-Sep-08	30-Jun-12	
Fern	Charles "Mike"	06-Sep-05	16-Sep-08	30-Jun-12	Completed
Fox	Marilyn "Mickey"	19-Aug-06	01-Jul-10	30-Jun-14	
Hernandez	Jennifer	16-Sep-08	16-Sep-08	30-Jun-12	
King	Marian	06-Jun-00	16-Sep-08	30-Jun-12	No
Manning	Kay	06-Jun-06	01-Jul-10	30-Jun-14	Completed
VACANT			01-Jul-10	01-Jul-14	
VACANT			01-Jul-10	01-Jul-14	

**Boards and Commissions  
Term Appointments and Expirations  
2010-2011**

Last Name	First Name	First Appointed	Term Begins	Term Ends	LG 101
<b>Library Board of Trustees (2 year term)</b>					
<i>Covina resident; Library or educational; experience desirable.</i>					
Feldheim	Fred	01-Jul-95	01-Jul-10	30-Jun-13	Completed
Gainor	Eugenia	06-Jun-06	01-Jul-09	30-Jun-12	Completed
Gainor	Michael	15-Jun-04	01-Jul-09	30-Jun-12	Completed
Lewis	Alvin	19-Aug-03	01-Jul-08	30-Jun-11	No
Kemp	Charles M.	06-Jul-10	01-Jul-10	30-Jun-13	
<b>Parking Place Commission (3 year term)</b>					
<i>Owner or lessee of property within the District or an officer, employee or agent leasing within the District.</i>					
Johnson	Jeffrey	01-Jul-99	01-Jul-08	30-Jun-11	Completed
Rajcic	Valerie	07-Sep-99	01-Jul-07	30-Jun-10	No
VACANT			01-Jul-10	30-Jun-13	
<b>Personnel Advisory Board (4 year term)</b>					
<i>Covina resident that does not hold a salaried position with the City.</i>					
Cobbett	Geoffrey	02-Sep-08	01-Jul-09	13-Jun-13	Completed
Lanza	Carmine R.	01-Jul-96	02-Sep-08	30-Jun-12	Completed
Martinez	Leona	19-Aug-03	01-Jul-07	30-Jun-11	Completed
Pierce	Glen	16-Jan-96	02-Sep-08	30-Jun-12	Completed
Rader	Kevin F.	03-Oct-06	01-Jul-07	30-Jun-11	Registered
<b>Planning Commission (1 year term)</b>					
<i>Covina resident - Land use development and/or architectural background desirable.</i>					
Chadwick	George	01-Jul-07	01-Jul-07	30-Jun-11	No
Connors	John	02-Sep-08	02-Sep-08	30-Jun-12	Completed
Hodapp	Charles	02-May-00	01-Jul-09	30-Jun-13	Completed
McMeekin	Dan	03-Oct-06	01-Jul-07	30-Jun-11	No
Patterson	Win	01-Jul-05	01-Jul-09	30-Jun-13	Completed
<b>Public Safety Committee (3 year term)</b>					
<i>3 Covina Residents at large (a); 1 Business Community Rep (b); 1 COUSD rep (c); CVUSD rep (d); 1 Covina Resident/Engineer (e)</i>					
Cobbett (a)	Geoffrey	06-Jun-88	01-Jul-08	30-Jun-11	Completed
Conner (a)	Audrey	20-Jun-00	01-Jul-09	30-Jun-12	
Johnson (?)	Jeffrey	02-Jun-09	01-Jul-09	30-Jun-12	Completed
Manning (a)	Kay	06-Jun-06	01-Jul-09	30-Jun-12	Completed
McMeekin (d)	Dan	16-Jan-96	01-Jul-07	30-Jun-10	No
Melendrez (c)	Thomas	21-May-92	01-Jul-09	30-Jun-12	Completed
Prescott (b)	Bill	21-Jun-04	01-Jul-08	30-Jun-11	No
VACANT (e)			01-Jul-10	30-Jun-13	
<b>YOUTH BOARD</b>					
<i>No residency requirement; intervention into behavior &amp; activities of first-time juvenile offenders who have committed a minor offense.</i>					
Butterworth	John	01-Jul-08	01-Jul-10	30-Jun-12	Completed
Manning	Kay	19-Jun-07	01-Jul-09	30-Jun-11	Completed
Medina	Henry	19-Jun-07	01-Jul-09	30-Jun-11	Completed
Medina	Roxanne	03-Oct-06	01-Jul-09	30-Jun-11	Completed
Nichols	Barbara	19-Jun-07	01-Jul-09	30-Jun-11	Completed
White	Anita C.	01-Mar-05	01-Jul-09	30-Jun-11	Completed
VACANT			01-Jul-10	30-Jun-12	
VACANT			01-Jul-10	30-Jun-12	
VACANT (alt.)			01-Jul-10	30-Jun-12	
VACANT (alt.)			01-Jul-10	30-Jun-12	



**COMMUNITY INVOLVEMENT OPPORTUNITIES**  
**ANNUAL MEMBERSHIP RECRUITMENT**  
**CITY BOARDS, COMMISSIONS AND COMMITTEES**

NOTICE IS GIVEN that the City of Covina is currently accepting applications from interested Covina citizens to serve as volunteers on the following City boards, commissions and committees which have membership terms expiring on June 30, 2010:

**CULTURAL ARTS ADVISORY COMMISSION**  
**HISTORIC PRESERVATION BOARD**  
**HOUSING & COMMUNITY DEVELOPMENT ADVISORY COMMITTEE**  
**PARKING PLACE COMMISSION**  
**TRAFFIC ADVISORY COMMITTEE**  
**YOUTH ACCOUNTABILITY BOARD**

Information regarding the qualifications for appointment and application procedures can be obtained by interested citizens in the City Clerk's office at City Hall, 125 East College Street, Covina, between the hours of 8:00 a.m. and 5:00 p.m. Monday through Thursday, or you may telephone the City Clerk's office at (626) 384-5430 during business hours.

The City Clerk's office will accept applications until the positions have been filled. Applications received will be submitted to the City Council and/or Mayor for consideration.

Martha Heaviside  
Deputy City Clerk

Publish: July 29, 2010, August 5, 2010, August 12, 2010 and August 19, 2010  
in the San Gabriel Valley Examiner

CITY OF COVINA

10 JUL 20 PM 10:

COVINA CITY CLERK

RECEIVED

BOARD, COMMISSION AND COMMITTEE MEMBER  
CANDIDATE APPLICATION

INSTRUCTIONS: Complete this application and return it to the City Clerk's Department, 125 East College Street, Covina, CA 91723,  
NO LATER THAN: **Thursday, May 13, 2010**

If you have any questions, please telephone the City Clerk Department at (626) 384-5430. Please TYPE or PRINT clearly in ink.

**BOARD, COMMISSION OR COMMITTEE: HOUSING & COMM. DEV. ADVISORY COMMITTEE**

Your Name: WOODY DAHLEN  
Home Address: 865 W. CHESTER ROAD 91722  
Business Address: 1490 N. CLAREMONT BLVD., SUITE 102 CLAREMONT  
Home Telephone No: (626) 858-5118 Business Telephone No: (866) 233-2562  
Occupation: REALTOR

Why do you wish to serve the City? I LOVE COVINA, AM CIVIC-MINDED AND HAVE A HEART TO SERVE

What experience or education have you had relative to this field of concern? 12 YEARS OF BEING A REALTOR

What other City boards, commissions or committees have you served? THIS WILL BE MY FIRST

To what civic service organizations do you belong? COVINA CHAMBER OF COMMERCE

How did you become interested in this field of concern? AT CITY COUNCIL WHEN NEED WAS ADDRESSED

Will you be able to attend all meetings of the City Council? Yes  No   
(If NO, please explain)

Are you a registered voter? Yes  No

Are you willing to file a State financial disclosure statement as required? Yes  No

Are you able and willing to complete the Local Government 101 requirements? Yes  No  (I'M A GRADUATE)  
(If NO, please explain)

Is an application for a re-appointment? Yes  No

Woody Dahlen  
Signature of Applicant

Dated: 7.7.10

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** August 17, 2010

**ITEM NO.:** CB 3

**STAFF SOURCE:** Daryl J. Parrish, City Manager



**ITEM TITLE:** Designation of voting delegate and alternate for the League of California Cities Annual Conference

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**STAFF RECOMMENDATION**

Designate a voting delegate and alternate from those members who will be attending the 2010 League of California Cities Annual Conference.

**FISCAL IMPACT**

No direct fiscal impact for this action. The 2010-2011 City Council Budget has allocated funds for the Mayor and City Council members to attend this conference.

**BACKGROUND**

Annually, the League of California Cities requests that city councils designate voting delegates for the annual conference. This year the Annual League Conference is to be held at the San Diego Convention Center, Wednesday, September 15, 2010 through Friday, September 17, 2010.

Cities should be represented at the League's General Business Session as consideration of and a vote on the resolutions presented by the Resolutions Committee will take place at this Annual Business Meeting. The Business Meeting/General Session is currently scheduled for Friday, September 17, 2010 at 3:00 PM.

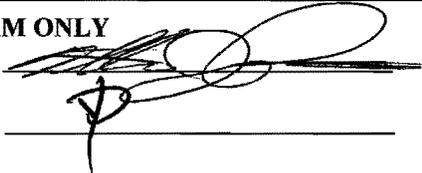
To expedite the conduct of business at the League Conference, the City Council is requested to designate a voting delegate and an alternate who will be present at the business session. The League Constitution provides that each city is entitled to one vote in matters affecting municipal and League policy.

If the Mayor or a member of the City Council is in attendance at the Conference, it is expected that one of these officials will be designated as the voting delegate. The Mayor has historically been appointed as voting delegate to the League with either the Mayor Pro Tem or a Council Member serving as alternate. The voting delegate may pick up the City's voting card at the League registration area.

**EXHIBITS**

- A. Memo dated June 4, 2010 from the League of California Cities
- B. Annual Conference Voting Procedures
- C. Voting Delegate Form

D. Tentative Schedule of Events

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: 

6/11/10  
Rosalie  
Could you forward  
this to the Council?  
Assalman  
APD  
TD

**Council Action Advised by August 20, 2010**

June 4, 2010

**TO: Mayors, City Managers and City Clerks**

**RE: DESIGNATION OF VOTING DELEGATES AND ALTERNATES  
League of California Cities Annual Conference – September 15-17 – San Diego**

The League's 2010 Annual Conference is scheduled for September 15-17 in San Diego. An important part of the Annual Conference is the Annual Business Meeting (*at the closing General Assembly*), scheduled for 3:00 p.m., Friday, September 17, at the San Diego Convention Center. At this meeting, the League membership considers and takes action on resolutions that establish League policy.

In order to vote at the Annual Business Meeting, your city council must designate a voting delegate. Your city may also appoint up to two alternate voting delegates, one of whom may vote in the event that the designated voting delegate is unable to serve in that capacity. Please take care when selecting your city's delegates, as travel and attendance could be an issue for those who observe Yom Kippur.

**Please complete the attached Voting Delegate form and return it to the League's office no later than Friday, August 20, 2010. This will allow us time to establish voting delegate/alternates' records prior to the conference.**

Please note the following procedures that are intended to ensure the integrity of the voting process at the Annual Business Meeting.

- **Action by Council Required.** Consistent with League bylaws, a city's voting delegate and up to two alternates must be designated by the city council. When completing the attached Voting Delegate form, please attach either a copy of the council resolution that reflects the council action taken, or have your city clerk or mayor sign the form affirming that the names provided are those selected by the city council. Please note that designating the voting delegate and alternates must be done by city council action and cannot be accomplished by individual action of the mayor or city manager alone.
- **Conference Registration Required.** The voting delegate and alternates must be registered to attend the conference. They need not register for the entire conference; they may register for Friday only. In order to cast a vote, at least one person must be present at the Business Meeting and in possession of the voting delegate card. Voting delegates and alternates need to pick up their conference badges before signing in and picking up

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the voting delegate card at the Voting Delegate Desk. This will enable them to receive the special sticker on their name badges that will admit them into the voting area during the Business Meeting.

- **Transferring Voting Card to Non-Designated Individuals Not Allowed.** The voting delegate card may be transferred freely between the voting delegate and alternates, but *only* between the voting delegate and alternates. If the voting delegate and alternates find themselves unable to attend the Business Meeting, they may *not* transfer the voting card to another city official.
- **Seating Protocol during General Assembly.** At the Business Meeting, individuals with the voting card will sit in a separate area. Admission to this area will be limited to those individuals with a special sticker on their name badge identifying them as a voting delegate or alternate. If the voting delegate and alternates wish to sit together, they must sign in at the Voting Delegate Desk and obtain the special sticker on their badges.

The Voting Delegate Desk, located in the conference registration area of the San Jose Convention Center, will be open at the following times: Wednesday, September 15, 9:00 a.m.; Thursday, September 16, 7:30 a.m.; and September 17, 7:30 a.m. The Voting Delegate Desk will also be open at the Business Meeting on Friday, but not during a roll call vote, should one be undertaken.

The voting procedures that will be used at the conference are attached to this memo. Please share these procedures and this memo with your council and especially with the individuals that your council designates as your city's voting delegate and alternates.

Once again, thank you for completing the voting delegate and alternate form and returning it to the League office by Friday, August 20th. If you have questions, please call Mary McCullough at (916) 658-8247.

Attachments:

- 2010 Annual Conference Voting Procedures
- Voting Delegate/Alternate Form