



City of Covina/Covina Redevelopment
Agency/Covina Public Finance
Authority/Covina Housing Authority
Mayor John King – Mayor Pro Tem Kevin Stapleton
Council Members Walt Allen, III – Peggy Delach – Bob Low

AMENDED

(Elected city clerk application added)

REGULAR MEETING AGENDA

125 E. College Street, Covina, California

Council Chamber of City Hall

Tuesday, May 3, 2011

6:30 p.m.

- **The City Council/Redevelopment Agency/Public Finance Authority/Housing Authority will meet in closed session from 6:30 p.m.-7:30 p.m.**
- As a courtesy to Council/Agency/Authority 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 Council/Agency/Authority 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/Chairperson 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 Council/Agency/Authority 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's Office at (626) 384-5430. Services such as American Sign Language interpreters, a reader during the meeting, large print copies of the agenda and assisted listening devices are available. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.
- **DOCUMENT AVAILABILITY:** Any writings or documents provided to a majority of the Council/Agency/Authority 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 North 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 www.covinaca.gov.
- Pursuant to Government Code Section 54954.2, no matter shall be acted upon by the City Council/Redevelopment Agency/Public Finance Authority/Covina Housing Authority unless listed on agenda, which has been posted not less than 72 hours prior to meeting.
- If you challenge in court any discussion or action taken concerning an item on this Agenda, you may be limited to raising only those issues you or someone else raised during the meeting or in written correspondence delivered to the City at or prior to the City's consideration of the item at the meeting.
- The Deputy City Clerk of the Covina City Council hereby declares that the agenda for the **May 3, 2011**, meeting was posted on **April 28, 2011** near the front entrance of the City Hall, 125 East College Street, Covina, in accordance with Section 54954.2(a) of the California Government Code.

May 3, 2011

**CITY COUNCIL/REDEVELOPMENT AGENCY/
COVINA PUBLIC FINANCE AUTHORITY/COVINA HOUSING AUTHORITY
JOINT MEETING—CLOSED SESSION
6:30 p.m.**

CALL TO ORDER

ROLL CALL

Council/Agency/Authority Members Allen, Delach, Low, Mayor Pro Tem/Vice Chairperson Stapleton and Mayor/Chairperson King

PUBLIC COMMENTS

The Public is invited to make comment on Closed Session items only at this time. To address the Council/Agency/Authority please complete a yellow Speaker Request card located at the entrance and gives 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/Redevelopment Agency/Covina Public Finance Authority/Covina Housing Authority will adjourn to Closed Session for the following:

CLOSED SESSION

- A. G.C. §54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR – Negotiations to include both price and terms:
Property: Hassen Development – Northeast Corner San Bernardino Road and Park Avenue (APN 8430-024-012)
Agency Negotiator: CRA Director/Comm. Development Deputy Director Robert Neiuber

- B. G.C. §54956.9 – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Name of Case: The Johnson Sober Living House, et al. vs. City of Covina, et al., case number USDC - CV11-02809

RECESS

**CITY COUNCIL/REDEVELOPMENT AGENCY/
COVINA PUBLIC FINANCE AUTHORITY/COVINA HOUSING AUTHORITY
JOINT MEETING—OPEN SESSION
7:30 p.m.**

CALL TO ORDER

ROLL CALL

Council/Agency/Authority Members Allen, Delach, Low, Mayor Pro Tem/Vice Chairperson Stapleton, and Mayor/Chairperson King

PLEDGE OF ALLEGIANCE

Led by Council Member Delach

INVOCATION

Led by Covina Police Chaplain David Truax

PRESENTATIONS

- Presentation from Covina Rotary Club to Parks & Recreation Department
- Proclamation – Municipal Clerks Week
- Proclamation – Building Safety Month
- Proclamation – National Police/Peace Officer’s Memorial Day
- Presentation from Covina Irrigating Company and the Metropolitan Water District on the cost and supply of water in Covina and the Los Angeles Area

PUBLIC COMMENTS

To address the Council/Agency/Authority please complete a yellow Speaker Request card located at the entrance and give it to the City Clerk/Agency/Authority 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/Authority Members from taking action on any item not on the agenda. Individual speakers are limited to five minutes each.

COUNCIL/AGENCY/AUTHORITY COMMENTS

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

CITY MANAGER COMMENTS

- Provide an update on applications received for elected City Clerk appointment and provide direction for process for selection.

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/Public Finance Authority/Housing Authority votes on them, unless a member of the Council/Agency/Authority requests a specific item be removed from the consent calendar for discussion.

CC 1. City Council to approve the minutes of the April 5, 2011 regular meeting of the City Council/Covina Redevelopment Agency/Covina Public Finance Authority.

- CC 2. City Council to approve the first amendment to the Professional Services Contract with Tyler Technologies.
- CC 3. City Council to approve the Letter of Engagement with Macias Gini O'Connell, LLP, for auditing services for fiscal year ending June 30, 2011.
- CC 4. City Council to approve Amendment No. 2 to the July 1, 2009, agreement between the City of Covina and LA Works for the Community Development Block Grant-Recovery (CDBG-R) program.
- CC 5. City Council to award a contract for Metrolink Complex Security Services to Absolute Security International, Incorporated.
- CC 6. City Council to make determination of satisfaction of note and program requirements and terms for program participants of the Community Development Block Grant (CDBG) Special Economic Development Program.
- CC 7. City Council to adopt **City Resolution No. 11-6933**, supporting reasonable, practicable and economically achievable stormwater Municipal National Pollutant Discharge Elimination System (NPDES) and Total Maximum Daily Load (TMDL) requirements.
- CC 8. City Council to adopt **City Resolution No. 11-6947**, approving the Memorandum of Understanding between the City of Covina and the Police Management Group.
- CC 9. City Council to adopt **City Resolution No. 11-6958**, confirming the continued existence of an emergency at the City-owned Rancho Simi potable water reservoir under §22050 of the California Public Contract Code.
- CC 10. City Council to adopt **City Resolution No. 11-6959**, declaring its intention to authorize the annexation of territories to Community Facilities District No. 2007-1, also known as Annexation No. 4 (Public Services); and adopt **City Resolution No. 11-6960**, adopting boundary maps showing territory proposed to be annexed in the future to Community Facilities District No. 2007-1, also known as Annexation No. 4 (Public Services).
- CC 11. Redevelopment Agency to adopt **City Agency Resolution No. 11-677**, confirming the continued existence of an emergency at the Agency-owned McGill Transitional House pursuant to Section 22050 of the California Public Contract Code.

PUBLIC HEARING

- PH 1. City Council to introduce, waive further reading and adopt **Interim Urgency Ordinance No. 11-1986**, to extend Interim Urgency Ordinance Nos. 10-1983 and 10-1985 for an additional 3 months and continue for this period the moratorium on the issuance of new permits for massage establishments and massage technicians and on the transfer of certain massage permits to new locations within the City of Covina.

Staff Recommendation:

- a) Council to open the public hearing and take public testimony, and
- b) Adopt **Interim Urgency Ordinance No. 11-1986**, extending Interim Urgency Ordinance Nos. 10-1983 and 10-1985 for an additional 3 months and continue for this period the moratorium on the issuance of new permits for massage establishments and massage technicians and on the transfer of certain massage permits to new locations within the City of Covina.
- c) Direct staff to continue studying possible revisions to the City's existing massage regulations in light of the passage of Senate Bill 731 and return a draft ordinance to the City Council for its consideration.

NEW BUSINESS

NB 1. City Council/Redevelopment Agency to adopt the following resolutions related to the Fiscal Year 2010-2011 Supplemental Educational Revenue Augmentation (SERAF) payment.

Staff Recommendation:

- a) City Council to adopt **City Resolution No. 11-6961**, authorizing a report to the Los Angeles County Auditor declaring the Redevelopment Agency's intent to suspend payments to low and moderate income housing fund for fiscal year 2010-2011 to provide for the fiscal year 2010-2011 SERAF payment; and
- b) Redevelopment Agency to adopt **Agency Resolution No. 11-678**, of the Covina Redevelopment Agency deferring the 2010-2011 low and moderate income housing fund deposit and approving a loan from the Housing Fund to pay for the Fiscal Year 2010-2011 SERAF payment.

NB 2. City Council to re-introduce and waive further reading of **Ordinance No. 10-1980**, amending Title 5 of the Covina Municipal Code, Business Licenses and Regulations, pertaining to rental housing.

Staff Recommendation:

- a) Re-introduce **Ordinance No. 10-1980**, amending Title 5, Business Licenses and Regulations, pertaining to rental housing; and
- b) Schedule second reading and consideration of adoption of **Ordinance No. 10-1980** for the regular City Council meeting of June 7, 2011.

ADJOURNMENT

The Covina City Council/Redevelopment Agency/Covina Public Finance Authority/Covina Housing Authority will adjourn to a Joint Study Session meeting with the Planning Commission regarding zoning code update, on **Tuesday, May 17, 2011** at 6:00 p.m. in the Council Chamber. The next regular City Council/Redevelopment Agency/Covina Public Finance Authority/Covina Housing Authority will meet on **Tuesday, May 17, 2011** at 7:00 p.m. for closed session and at 7:30 p.m. for open session in the Council Chamber of City Hall, 125 East College Street, Covina, California, 91723.



MINUTES OF THE APRIL 5, 2011 REGULAR MEETING OF THE COVINA CITY COUNCIL/COVINA REDEVELOPMENT AGENCY/COVINA PUBLIC FINANCE AUTHORITY/COVINA HOUSING AUTHORITY HELD IN THE COUNCIL CHAMBER OF CITY HALL, 125 EAST COLLEGE STREET, COVINA, CALIFORNIA

CALL TO ORDER

Mayor Pro Tem Kevin Stapleton called the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority meeting to order at 6:37 p.m. and recessed to closed session. There was no public comment. Mayor John King arrived at 6:42 p.m.

ROLL CALL

Council Members Present: DELACH, ALLEN, KING, LOW, STAPLETON

Council Members Absent: None

Staff Members Present: City Manager, City Attorney, Police Captain, Public Works Director, Human Resources Director, Community Development Director/CRA Deputy Director, Finance Director, Fire Battalion Chief, Sr. Redevelopment Manager, Redevelopment Manager, Sr. Management Analyst, City Planner, Human Resources Analyst, Information Technology Manager and Deputy City Clerk

AGENDA POSTING DECLARATION

The Deputy City Clerk of the City of Covina hereby declares that the agenda for the April 5, 2011 regular City Council/Redevelopment Agency/Public Finance Authority/Housing Authority meeting was posted on March 31, 2011 near the front entrance of City Hall, 125 East College Street, Covina, in accordance with §54954.2(a) of the California Government Code.

CONVENED THE MEETING AND RECESSED TO CLOSED SESSION

A. G.C. §54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Name of Case: Badillo Heights, LLC v. City of Covina: Case No. BC448983

B. G.C. §54957.6 – CONFERENCE WITH LABOR NEGOTIATOR

Agency Designated Representative: Anthony Arroyo, Human Resources Director

Employee Organizations: Executive Management Group, Police Management Group, Police Association of Covina, Mid-Management and Confidential Employees Group, City's Unaffiliated Employees and American Federation of State, County and Municipal Employees Group

CONVENE THE MEETING

The City Council/Redevelopment Agency/Public Finance Authority/Housing Authority meeting reconvened at 7:33 p.m.

City Attorney Marco Martinez announced City/Agency/Authority met in closed session to discuss the items listed on the agenda. All members were present with Mayor King arriving at 6:42 p.m. City Attorney Marco Martinez stated that an update was provided regarding closed session item A. There was no reportable action regarding closed session items A and B.

PLEDGE OF ALLEGIANCE

Council Member Allen led the pledge of allegiance.

INVOCATION

Covina Police Chaplain, Dr. Patricia Venegas, gave the invocation.

PUBLIC COMMENTS

Daniel Smith spoke regarding a notice included in his monthly fire water-meter bill, which states that as part of implementing the new water utility billing system, unbilled expenses will be waived and charges hereby resume. Mr. Smith stated his bill was about \$17 a month and now is \$114 a month which is a 650% increase. He stated that he spoke to staff and they have been helpful in answering his concerns yet he feels the meter increase is excessive for standby water that is not used unless there is a fire. He gave his opinion that a 650% increase sends the wrong message to the business community. Mr. Smith stated he hopes that Council revisits the increase.

Leonard Rose Jr. spoke on his training certificates and his employment at Mt. San Antonio College. Mr. Rose spoke regarding upcoming events at his church and his belief in the rapture.

PRESENTATIONS

City Manager Daryl Parrish summarized topics discussed at the Covina State of the City Address.

COUNCIL/AGENCY COMMENTS

Council Member Allen stated his thoughts go out to the family and officer involved in the shooting that took place in Sylmar.

Council Member Low requested to adjourn the meeting in memory of Rosemary Tucker and Bertha Arenas. Council Member Low stated he attended the Covina United Methodist Church Peach Pole dedication, adding that it was an inspirational presentation. Council Member Low expressed a concern regarding the Covina Performing Arts Theater suspending its dinner program and suspects that it is due to the location and proximity to taverns. Council Member Low read a statement into the record, which included a request for a complete audit of the cost of downtown Covina alcohol police related activity and he requested a resolution directing the Public Works Department to take steps to alert bicyclists that the sidewalks of Covina were built to accommodate pedestrians and should obey the California Vehicle Code.

Council Member Delach commented on the sidewalk bicyclist photograph published in the Tribune and feels that if a person riding a bike needs to go on the sidewalk they should be allowed to do such. Council Member Delach reminded everyone about the downtown cruise

night, which will take place this Sunday, April 10. Council Member Delach stated that the yellow ribbon committee is looking to expand the cruise night event.

Mayor King announced Summer Day Camp Registration is now open for children ages 6-11. Contact the Parks and Recreation Department for additional information.

Mayor King announced Leaders-in-Training, a volunteer program for teens is currently accepting applications. The deadline for completing the application is April 7, 2011. For additional information, contact the Parks and Recreation Department at (626) 384-5340.

Mayor King reported that he and Council Member Low attended the Holy Trinity Church Centennial Celebration and learned about the history of the Church.

CITY MANAGER COMMENTS

City Manager Daryl Parrish requested Consent Calendar item CC5 be removed from the agenda. City Manager Parrish reported that he had an opportunity to attend a city manager/police chief team building seminar March 22-25 with Police Chief Raney. City Manager Parrish provided an overview of the topics discussed at the State of the City Address held on March 11, 2011 at South Hills Country Club.

CONSENT CALENDAR

With consensus of the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority, each item was voted on individually. Consent Calendar item CC5 was removed from the agenda.

CC 1. City Council approved the minutes of the March 1, 2011 regular meeting of the City Council/Covina Redevelopment Agency/Covina Public Finance Authority.

On a motion made by Mayor Pro Tem Stapleton, seconded by Council Member Delach, the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority approved Consent Calendar item CC1. **Motion carried 5-0.**

CC 2. City Council approved the minutes of the March 8, 2011 Special Meeting of the City Council/Covina Redevelopment Agency/Covina Public Finance Authority/Covina Housing Authority.

On a motion made by Mayor Pro Tem Stapleton, seconded by Council Member Delach, the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority approved Consent Calendar item CC2. **Motion carried 4-0, with Council Member Low abstaining.**

CC 3. City Council approved the schedule of Mayor's Councilmanic Appointments and adopted **City Resolution No. 11-6950**, appointing the City's representative and alternate to act on behalf of the City at meetings of the City Selections Committee.

Following a brief discussion, on a motion made by Council Member Delach, seconded by Council Member Allen, the City Council/Redevelopment Agency/Public Finance

Authority/Housing Authority approved Consent Calendar item CC3, as amended. **Motion carried 5-0.**

CC 4. City Council approved the appointment to the Youth Accountability Board.

Council Member Low noted a correction to the staff report exhibit in that Sally Arroyo is listed as a current member, however she declined to serve.

On a motion made by Council Member Delach, seconded by Council Member Allen, the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority approved Consent Calendar item CC4. **Motion carried 5-0.**

CC 5. City Council approved the First Amendment to the Professional Services Contract with Tyler Technologies.

Consent Calendar item CC5 was removed from the agenda.

CC 6. City Council approved a Professional Services Agreement with Civiltec Engineering, Incorporated for Water Utility Reservoir Renovations and Construction Engineering Services.

On a motion made by Mayor Pro Tem Stapleton, seconded by Council Member Allen, the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority approved Consent Calendar item CC6. **Motion carried 5-0.**

CC 7. City Council approved a Professional Services Agreement with Civiltec Engineering, Incorporated for the Holt Avenue Pump Station Engineering Services.

On a motion made by Council Member Delach, seconded by Mayor Pro Tem Stapleton, the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority approved Consent Calendar item CC7. **Motion carried 5-0.**

CC 8. City Council reviewed the Prospero Park Code Enforcement Activities – Consideration of Business License Revisions.

Mr. Forintos stated he is surprised regarding the proposed changes. He inquired if the municipal code changes are related the inspections for Prospero Park only or for the entire City. Mr. Forintos inquired as to when staff could meet to discuss, adding that 300 people would like to hear about the changes.

On a motion made by Mayor Pro Tem Stapleton, seconded by Council Member Allen, the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority approved Consent Calendar item CC8. **Motion carried 5-0.**

CC 9. City Council adopted **City Resolution No. 11-6948**, to amend the fiscal year 2010-2011 Public Works Department, Building Inspection Budget for the completion of document conversion of building permits to electronic format.

On a motion made by Mayor Pro Tem Stapleton, seconded by Council Member Delach, the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority approved Consent Calendar item CC9. **Motion carried 5-0.**

CC 10. City Council adopted **City Resolution No. 11-6945**, declaring its intention to authorize the annexation of territory to Community Facilities District No. 2007-1; and adopt **City Resolution No. 11-6946**, adopting boundary map showing territory proposed to be annexed in the future to Community Facilities District No. 2007-1.

Council Member Low inquired, and Public Works Director Steve Henley confirmed the units would have fire sprinklers.

Council Member Low stated it did not make sense to charge a tax for fire service and the City should give a subsidy for assuming fire protection responsibility.

Following a brief discussion on city services, on a motion made by Council Member Delach, seconded by Mayor Pro Tem Stapleton, the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority approved Consent Calendar item CC10. **Motion carried 4-1, with Council Member Low voting no.**

CC 11. Redevelopment Agency adopted **Agency Resolution No. 11-672**, continuing (or terminating) the Declaration of an Emergency, authorizing the waiver of bidding requirements, and approving the roof replacement at the agency-owned McGill Transitional House pursuant to §22050 of the California Public Contract Code.

Mayor Pro Tem Stapleton commented on roofing integrity for several buildings and called upon building inspectors to watch roofing inspections more closely.

City Manager Parrish reported that because of new fire code regulations, additional work is required before the roof can be finished.

Following a brief discussion, on a motion made by Council Member Allen, seconded by Council Member Delach, the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority approved Consent Calendar item CC11. **Motion carried 5-0.**

CONTINUED PUBLIC HEARING

CPH 1. Continued Public Hearing was before City Council to consider application of a Conditional Use Permit 10-008 and Negative Declaration related to the wireless communication facility located at 1288 N. Bonnie Cove Avenue and determine if the required findings can be justified.

At 8:26 p.m., Mayor King conducted the continued public hearing and took public testimony.

Community Development Director/CRA Deputy Director Robert Neiuber provided an overview of the T-Mobile community meeting on March 21, 2011 and the proposed changes to the wireless communication facility. Community Development

Director/CRA Deputy Director Neiuber reported that one e-mail from Mr. Kirk Jeffries was received regarding the proposed cell tower and entered into the record.

Pak Kouch stated she believes that the tone of the community meeting was an attempt to convince the residents the need for cell coverage and expressed that she was offended. Ms. Kouch stated that she feels this is a business transaction that will benefit T-Mobile and the Covina Baptist Church. She spoke regarding a decrease in property value, noise hazard, environmental health concerns and her quality of life.

Thomas Philip stated he is in opposition of the proposed cell tower. Mr. Philip stated there is already another cell tower within a mile of the proposed project and inquired why it was necessary to have another tower in the neighborhood.

Amit Patel, Aspen Associates Telecom, representing T-Mobile, discussed the changes related to the application and spoke about addressing the concerns of the residents who attended the community meeting. Mr. Patel noted for the record that all appropriate notification and public noticing was made according to the law.

Council Member Allen inquired about the coverage map and asked if a site off Arrow Highway would be a better site, to which Mr. Patel responded that they researched an alternate location, however the Church site meets coverage needs.

Council Member Low inquired about the level of noise generated, to which Mr. Patel confirmed that you would not hear any noise from cell tower equipment from the exterior of the building other than from the air conditioning equipment.

Further discussion continued regarding architectural elements of the proposed tower.

Council Member Allen stated that he believes aesthetically such a tower does not belong in this neighborhood.

City Attorney Martinez reminded the Council of the 1996 Telecommunication Act, which imposes some restrictions in the ability to deny cell tower applications. Council cannot consider the impacts of electromagnetic fields that may be generated by such cell towers. Any decision to deny an application has to be in writing and based on the substantial evidence in the record that was obtained during the public hearing.

At 8:56 p.m., Mayor King closed the public hearing.

On a motion made by Council Member Low, seconded by Council Member Delach, to approve application CUP 10-008, a Conditional Use Permit for the construction and operation of a 37-foot high roof mounted and screened wireless communication facility and associated equipment and related environmental documents as presented this evening. **Motion carried 4-1, with Council Member Allen voting no.**

PUBLIC HEARING

PH 1. Public Hearing was before City Council to consider approving creation of Prospero Park Steetscape for the year 2010-2011 funded with existing CDBG funds.

At 9:07 p.m., Mayor King opened the public hearing.

City Manager Parrish reported this item would approve the purchase of trash receptacles for the Prospero Park community using CDBG funds. Staff is suggesting continuing the public hearing as the property owners are working with the disposal company to establish a rate that meets their needs.

Rick Forintos noted that he has worked on this project for some time. Mr. Forintos stated it is a sluggish economy and hard to find good tenants. He would like to continue to keep the lines of communication open regarding this item.

At 9:09 p.m., Mayor King with the concurrence of the Council Members continued the public hearing to August 16, 2011.

At 9:10 p.m., the City Council/Redevelopment Agency/Public Finance Authority/Public Housing Authority took a five-minute recess. The meeting reconvened at 9:15 p.m.

NEW BUSINESS

NB 1. City Council consideration of the 2011 Engineering and Traffic Survey and Updating of Speed Limits within the City.

City Attorney Marco Martinez reported that there is a possible conflict of interested with four of the five Council Members as their property lie within the roadway segments; therefore City Council Member will draw lots to vote. Council Member Delach and Council Member Low recused themselves from the dais.

Public Works Director Steve Henley reported that the Traffic Advisory Committee reviewed the 2011 Engineering and Traffic Survey. He provided an overview of the proposed changes.

Following a brief discussion, on a motion made by Mayor Pro Tem Stapleton, seconded by City Council Member Allen, the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority approved the 2011 Engineering and Traffic Survey, thereby approving the recommended speed limits for Roadway Segments Nos. 1-42 and 45-77; and directed the speed limit to remain 40 miles per hour, as currently posted, for Segments Nos. 43- Grand Avenue between Puente Street and San Bernardino Road, and 44-Grand Avenue between San Bernardino Road and Covina Boulevard. **Motion carried 3-0, with Council Member Delach and Council Member Low abstaining.**

Council Member Delach and Council Member Low returned to the dais at 9:30 p.m.

NB 2. City Council to award a Contract to Dell Corporation for the Purchase of Server Equipment.

Finance Director Dilu De Alwis and IT Manager Suchot "Doc" Tisuthiwongse summarized the staff report and the vital need to purchase server equipment in order to improve the City's information technology infrastructure. IT Manager Tisuthiwongse mentioned that the current server is out of warranty. Finance Director De Alwis reported the proposed technology infrastructure improvements comply with audit recommendations.

A brief discussion took place regarding purchasing new information technology equipment.

Mayor Pro Tem Stapleton expressed a concern regarding the current economic climate and asked if the server and equipment upgrade is a need or a want.

Council Member Delach and Council Member Allen feels there is a need to improve and use upgraded technology.

On a motion made by Council Member Delach seconded by Council Member Allen, the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority awarded a contract to Dell Corporation for the purchase of VMware Virtual Server and related equipment; and adopted **City Resolution No. 11-6952**, authorizing an amendment to fiscal year 2010-11 budget in account 7200-6250-55700-00. **Motion carried 5-0.**

ADJOURNMENT

At 9:42 p.m., Mayor King adjourned the Covina City Council/Redevelopment Agency/Covina Public Finance Authority/Covina Housing Authority meeting in memory of Rosemary Tucker and Bertha Arenas. The next meeting of the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority meeting is scheduled for Tuesday, April 19, 2011 at 6:30 p.m. for closed session followed by open session at 7:30 p.m. in the Council Chamber of City Hall, 125 East College Street, Covina, California, 91723.

Catherine M. LaCroix
Deputy City Clerk/Agency/Authority Secretary

Approved this 3rd day of May, 2011.

John C. King, Mayor/Chairperson

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: May 3, 2011

STAFF SOURCE: Dilu de Alwis, Finance Director *DA*
Anthony Arroyo, Human Resource Director *AA*

ITEM TITLE: First Amendment to the Professional Services Contract with Tyler Technologies.

STAFF RECOMMENDATION:

Approve the first amendment to the professional services contract with Tyler Technologies for software services in the amount of \$2,590 per year for six and a half years to add the Applicant Tracking Module for the Human Resources Department (HR) and authorize the City Manager and City Attorney to execute said amendment.

FISCAL IMPACT:

Funding will be included in the FY 2011-12 budget in the Information Technology Division budget of the Finance Department in account number 7200-6200-00-51795. This is an Internal Services Fund account and not General Fund. The impact over seven years for this addition will be a total of \$17,482. The annual cost of \$2,590 will be offset by \$1,500 per year currently paid to the City of Foster City for CalOpps online applicant submission system. The net increase per year for this module will be \$1,090 for a total of \$7,085 over seven years.

BACKGROUND:

On January 18, 2011, the City Council approved a contract to subscribe to Tyler Technologies MUNIS Enterprise Resource software package. The project, which kicked off on February 15 and 16 is a vital resource for City staff as well as residents and businesses when all phases are implemented.

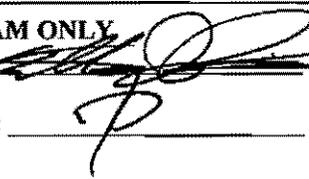
During the kick-off and in subsequent meetings, HR became aware of the value of adding the applicant tracking module to the suite of modules already purchased. Currently, HR uses a basic online applicant submission system through the City of Foster City. The CalOpps system enables applicants to submit their applications online and attach résumés and provides HR the ability to rate the applicants. The Applicant Tracking module within MUNIS goes beyond this whereby it takes all the data entered by the applicant and imports it to the HR module of the MUNIS system and automatically rates the applicants based on hiring criteria that is input into the system. This will save staff time especially when working on recruitments that yield many applicants. In addition, when an applicant is hired, the relevant data (name, address, and other personal information) will already be in the system because it will be taken from the application.

RELEVANCE TO STRATEGIC PLAN:

Use of state-of-the-art technology will assist the City of Covina's staff to enhance financial stability through timely reporting, customer service and increased productivity.

EXHIBITS:

- A. First amendment – Tyler Technologies Inc.
- B. Investment Summary

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

AMENDMENT

This first amendment ("Amendment") is made this 5th day of April, 2011 (Amendment Date) by and between **Tyler Technologies, Inc.**, a Delaware Corporation with offices at 370 U.S. Route 1, Falmouth, Maine 04105 ("Consultant") and **City of Covina**, a California municipal corporation with its principal place of business at 125 E. College Street, Covina California 91723 ("City").

WHEREAS, Consultant and the City are parties to an Agreement effective February 1, 2011 ("Agreement"); and

WHEREAS, Consultant and City desire to amend the Agreement;

NOW THEREFORE, in consideration of the mutual promises hereinafter contained, Consultant and the City agree as follows:

1. The following ASP Tyler Software, shown in the attached quote incorporated into this Amendment as Exhibit A, are hereby added to the Agreement:
 - a. Applicant Tracking with an annual ASP Fee of \$2,590;
 - b. One (1) Implementation Day; and
 - c. One (1) Consulting Day.
2. Payment Terms. Consultant will invoice the City fees for the items added per this Amendment as follows:
 - a. Additional ASP Fees.
 - i. On or before May 1, 2011 and quarterly thereafter through the end of the Term of the Agreement, Client will pay quarterly ASP fees in the amount of \$647.50 each.
3. Section 3.3.1 of the Agreement is amended by changing "One Million Six Hundred Thirteen Thousand Five Hundred Eighteen Dollars and Seventy Eight Cents (\$1,613,518.78)" to "One Million Six Hundred Thirty One Thousand One Dollar and Twenty Eight Cents (\$1,631,001.28)".
4. Section 1 of Exhibit B of the Agreement is amended by changing "\$1,613,518.78" to "\$1,631,001.28".
5. Amendment may be executed in multiple originals, any of which shall be independently treated as an original document. Any electronic, faxed, scanned, photocopied or similarly reproduced signature on this Amendment or any amendment hereto shall be deemed an original signature and shall be fully enforceable as if an original signature.
6. All other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the dates set forth below.

CITY OF COVINA,
a California municipal corporation

TYLER TECHNOLOGIES, INC.
a Delaware Corporation

By: _____
City Manager

By: _____

Its: _____

Attest:

City Clerk

Attest:

Secretary

Approved as to Form:

City Attorney

Approved as to Form:

Legal Counsel



Quoted By: Jennifer Wahlbrink
Date: 03/09/2011
Quote Expiration: 00/00/n/a
Quote Name: ASP - City of Covina, CA - AT
 Quote (6.75 year)
Quote Number: 29685

Sales Quotation For:

Mr. Dilu de Alwis
 City of Covina
 125 East College Street
 Covina, CA 91723-2199

Phone: (626) 384-5516
Fax: (626) 384-5499
Email: ddealwis@covinasca.gov

ASP

Description	Annual Fee	Annual Fee Discount	Annual Fee Net	# Years	Total ASP Fee	Impl. Days	Consulting Days
Applicant Tracking	\$2,800	\$210	\$2,590	6.75	\$17,482	1 @ \$0	1 @ \$0
TOTAL:	\$2,800	\$210	\$2,590		\$17,482	1	1

Summary

	One Time Fees	Recurring Fees
Total ASP	\$0	\$17,482
Summary Total	\$0	\$17,482

Comments

Customer Approval: _____
 Print Name: _____

Date: _____
 P.O. #: _____

All primary values quoted in US Dollars

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: May 3, 2011

ITEM NO.: CC 3

STAFF SOURCE: Dilu de Alwis, Finance Director 

ITEM TITLE: Letter of Engagement with Macias Gini O'Connell LLP for Audit Services FY 2010-2011

STAFF RECOMMENDATION

Approve the Letter of Engagement with Macias Gini O'Connell LLP for auditing services for fiscal year ended June 30, 2011 and authorize the City Manager to execute the agreement.

FISCAL IMPACT

Independent auditing services are budgeted for annually in the Finance Department budget (1010-0500-00-51100). The proposed costs of audit services for Fiscal Year 2010-11 are not to exceed \$69,048. This amount includes the cost of the Redevelopment Agency audit, which will be paid for out of the agency budget and will not exceed \$12,758. Due to the IT audit findings last year, the auditors will be conducting a special audit to seek City compliance of those findings. This audit is estimated to cost the City \$3,752 and will be charged to the IT Department's budget. The impact to the General Fund will not exceed \$52,538.

BACKGROUND

The Letter of Engagement with Macias Gini & O'Connell (MGO) is for auditing services. They will audit the financial statements of the governmental activities, business-type activities, and other funds, which will collectively comprise the City of Covina's basic financial statements for the year ending June 30, 2011.

Fees for these services will be at the hourly rates in the agreement plus out-of-pocket costs but will not exceed \$69,048. The cost comparison table demonstrates the charges for services for the last audit and upcoming audit;

2009/10 Audit	2010/11 Audit
City Audit \$38,945	City Audit \$43,982
Single Audit \$7,130	Single Audit \$ 8,556
CRA Audit \$11,882	CRA Audit \$12,758
IT Audit \$0	IT Audit \$3,752
Total General Fund - \$46,075	Total General Fund - \$52,538
Total CRA - \$11,882	Total CRA - \$12,758
Total IT - \$ 0	Total IT - \$3,752

RELEVANCE TO STRATEGIC PLAN

The annual audit is a requirement for the City of Covina and is a goal of the City in ensuring Financial Stability.

EXHIBITS

A. Letter of Engagement – Macias Gini & O’Connell

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

Certified Public Accountants.

Sacramento • Walnut Creek • Oakland • Los Angeles • Century City • Newport Beach • San Diego

mgocpa.com

April 18, 2011

Mr. Dilu De Alwis
Finance Director
City of Covina
125 East College Street
Covina, CA 91723

Dear Mr. De Alwis:

We are pleased to confirm our understanding of the services we are to provide to the City of Covina, California (City) for the year ended June 30, 2011. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the City and the Community Redevelopment Agency of the City (Agency) as of and for the year ended June 30, 2011. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary comparison schedules for the general fund and major special revenue funds
3. Required supplementary pension and OPEB information

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

City:

1. Schedule of expenditures of federal awards (normally in a separate report)
2. Individual and combining fund financial statements and schedules

3660 S Street
Suite 300
Sacramento
CA 95816

2121 N. California Blvd
Suite 250
Walnut Creek
CA 94596

505 14th Street
5th Floor
Oakland
CA 94612

2029 Century Park East
Suite 500
Los Angeles
CA 90067

1201 Dove Street
Suite 650
Newport Beach
CA 92660

225 Broadway
Suite 1750
San Diego
CA 92101

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

1. Introductory section
2. Statistical section

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the second paragraph when considered in relation to the financial statements taken as a whole. The objective also includes reporting on —

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
- Internal control and compliance related to the Redevelopment Agency financial statements in accordance with *Government Auditing Standards*, and including the *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the state Controller's Office, Division of Accounting and Reporting and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants.

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the audit committee, management, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinion are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal

awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and the schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any non-audit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for monitoring ongoing activities, to help ensure that appropriate goals and objectives are met. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City and Agency and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings.

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

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information, and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures—General

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

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors are limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

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

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will under professional standards established by the American Institute of Certified Public Accountants communicate to management and those charged with governance internal control related matters that are required to be communicated by *Government Auditing Standards* and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of those procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the City in the performance of our services. Any discussion that you have with personnel of our firm regarding employment could pose a threat to our independence. Therefore, we request that you inform us immediately prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Engagement Administration, Fees, and Other

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

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of additional services and the estimated fees.

In connection with the requirements of OMB Circular A-133, at the conclusion of the engagement, we will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. We will provide a print-ready master of our opinion for the Comprehensive Annual Financial Report and the Single Audit Report. We will provide bound copies of the Community Redevelopment Agency report to the City of Covina and electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, management letter, and a corrective action plan) along with the Data Collection Form to the federal audit clearinghouse, if applicable, to pass-through entities. The Data Collection Form and the

reporting package must be submitted electronically within the nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Macias Gini & O'Connell, LLP, and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Macias Gini & O'Connell, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

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

We expect to begin our audit on agreed upon date. Our fees for these services will be at the hourly rates in our agreement plus out-of-pocket expenses except that we agree that our gross fee, including expenses, will not exceed \$69,048. The allocation of the fee is as follows:

City Financial Audit - City prepares CAFR	\$	46,734
GANN Appropriation Limitation Calculation		1,000
Redevelopment Agency		12,758
Single Audit (2 programs)		8,556
Total fees	\$	<u>69,048</u>

Our hourly rates are as follows:

<u>Level</u>	<u>Rate</u>
Partner	\$ 155
Director	134
Manager	118
Experienced Associate	96
Associate	83
Clerical	37

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur additional costs. Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2009 peer review accompanies this letter.

We appreciate the opportunity to be of service to City of Covina and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign one copy and return it to us.

Very truly yours,



MACIAS GINI O'CONNELL LLP
James V. Godsey, Partner

Accepted by City of Covina, California.

Signature: _____

Title: _____

Date: _____



Certified Public Accountants
& Business Consultants

*A Partnership Consisting of
Professional Associations*

Gainesville
4010 N.W. 25th Place
P.O. Box 13494 (32604)
Gainesville, Florida 32606
Phone: (352) 372-6300
(800) 344-5034
Fax: (352) 375-1583

Palatka
906 South State Road 19
Palatka, Florida 32177
Phone: (386) 325-4561
Fax: (386) 328-1014

St. Augustine
1301 Plantation Island Dr.
Suite 205A
St. Augustine, Florida 32080
Phone: (904) 471-3445
Fax: (904) 471-3825

Website:
www.davismonk.com

Members:

CPAmerica International

Florida Institute of
Certified Public Accountants

American Institute of
Certified Public Accountants

Horwath International

SYSTEM REVIEW REPORT

May 14, 2009

To the Partners of
Macias, Gini & O'Connell, LLP
and the Peer Review Committee of the American Institute of Certified
Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Macias, Gini & O'Connell, LLP (the "firm") applicable to non-SEC issuers in effect for the year ended March 31, 2009. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Macias, Gini & O'Connell, LLP applicable to non-SEC issuers in effect for the year ended March 31, 2009, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Macias, Gini & O'Connell, LLP has received a peer review rating of *pass*.

Davis, Monk & Company
DAVIS, MONK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: May 3, 2011

ITEM NO.: CC 4

STAFF SOURCE: Robert Neiuber, Director of Community Development *rw*

ITEM TITLE: Amendment 2 to the July 1, 2009, agreement between the City of Covina and LA Works for the CDBG-R program.

STAFF RECOMMENDATION

Approve Amendment No. 2 to the July 1, 2009, agreement between the City of Covina and LA Works, extending the time for program delivery to June 30, 2012, and increasing the funding to the limits of the CDBG-R grant.

FISCAL IMPACT

\$101,482 is budgeted for this Federally-funded program in account 2105-4750-01 for Project REC024-09, LA Works.

BACKGROUND

On May 27, 2009, City Council approved the allocation of CDBG-Recovery Funds for a three-year program, which provides funds to train and provide employment experience for four (4) income-qualified persons. Both the job training and job experience is in the field of Park Maintenance. The amended contract funding was \$125,000. Under this amendment, an additional \$101,482 is funded for services through June 30, 2012, which makes the total contract \$226,482.

A one-year agreement was originally executed with LA Works administer the program, covering the period from July 1, 2009 through June 30, 2010. Amendment No. 1 provided for the continuation of this program through LA Works, for one additional year. The attached Amendment No. 2 to Contract, which is retroactive to April 1, 2011, provides for the continuation of this program through LA Works, for one additional year, through June 30, 2012. The contract will also include additional funding of \$101,482, specify a ten percent (10%) limit on administrative costs, and adds the reimbursement of costs for transportation.

The City has been awarded this additional money as a result of a competitive proposal process. The amount available for award totaled \$131,444. City staff prepared a proposal outlining how the funds would benefit the City. Based on the proposal submitted, the City of Covina received the majority of this money, \$101,482. The proposal and award letter are attached for your review.

According to Traci Smith, Community Services Analyst for LA Works, the Parks & Recreation Crew assigned to Covina Park maintenance has been a beneficial program for LA Works Youth. This CDBG funded project enables hands on training for local disadvantaged youth and continued employment for one Supervisor. In addition to gaining work experience, participating

youth receive valuable mentoring and leadership training resulting in a positive future outlook for employment.

Parks and Recreation Staff have indicated that the LA Works crew has been very helpful. Last April, the City lost an Irrigation Technician through budget cuts. In the past, there has been contracted maintenance on park buildings. With the assistance of the LA Works crew, all of the maintenance as well as the duties of the position that was lost have been able to be covered. The crew is willing, has good attitudes and makes it easy for Park Maintenance management to delegate assignments to, knowing that the assignment will be completed.

RELEVANCE TO THE STRATEGIC PLAN

Not applicable.

EXHIBITS

- A. Amendment No. 2 to Contract between City of Covina and LA Works
- B. Proposal and Award Letter

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

CITY OF COVINA

**AMENDMENT NO. 2 TO
CONTRACT BETWEEN CITY OF COVINA AND LA WORKS**

This Amendment to Contract modifies the agreement made and entered into the first day of July 1, 2009, and amendment no. 1, by and between the CITY OF COVINA, hereinafter referred to as the "Grantee", and LA WORKS, hereinafter referred to as the "Subrecipient".

Witnesseth: That the parties hereto do mutually agree as follows:

A. Section I (A) of the Contract, "Scope of Services" is amended in its entirety to read:
The Subrecipient will be responsible for administering a 36th and 37th CDBG-R LA Works Program, REC024-09, retroactive from July 1, 2009 through June 30, 2012, in a manner satisfactory to the Grantee and consistent with the provisions of the Agreement with LA WORKS any standards required as a condition of providing these funds. No expenditures may be incurred until the contract has been fully executed. Section I (B) describes the eligible activities to be provided by LA WORKS under the Community Development Block Grant-Recovery program.

B. Section I (B) of the Contract, "Scope of Services" is amended in its entirety to read:
The program provides daily job training and transition services as described in the LA Works Project". The LA Works Program provides for one (1) Supervisor and two (2) crew workers to conduct the park maintenance work. Over the period of the agreement, a minimum of ten workers will receive job training and job transition services for park maintenance. Operational costs are listed in the Proposed Budget.

Total limit of funding over the term of the grant is Two Hundred Twenty Six Thousand Four Hundred Eighty Two Dollars (\$226,482). CDBG-R funds will be used to pay for a Crew Supervisor 1 (Step 5) salary and benefits and two (2) participants salary and benefits (FICA and Worker's Comp) for a grand total of adjusted personnel costs of One Hundred Eighty One Thousand Seven Hundred Fifty Two (\$181,752) and operational costs for LA Works to administer the program totaling Forty Four Thousand Seven Hundred Seventy Three Dollars (\$44,730). Of the operational costs, no more than Ten Percent (10%) of the entire agreement amount will be used for administrative costs such as insurance, facilities, utilities and overhead, or Twenty Two Thousand Six Hundred Forty Eight dollars (\$22,648). Transportation costs for the LA Works crew will be reimbursed at a monthly amount not to exceed Six Hundred Seventy One Dollars (\$671).

C. Section I (D) of the Contract, "Scope of Services" is amended in its entirety to read:
In addition to the normal administrative services required as part of this Agreement, the Subrecipient agrees to provide the following levels of program services:

Total Units for FY 2009-2012

Job Training and Transition to ten (10) CDBG income-qualified participants

D. Section II of the Agreement, "Time of Performance" is amended in its entirety to read:
Services of the Subrecipient shall start on the 1st day of July, 2009, and end on the 30th day of June, 2012. The term of this Agreement and the provisions herein shall be the end of the Contract/Agreement period.

E. Section III of the Agreement, "Payment" is amended in its entirety to read:

It is expressly agreed and understood that the total amount to be paid by the grantee under this contract shall not exceed Two Hundred Twenty Six Thousand Four Hundred Eighty Two Dollars (\$226,482). Draw-downs for the payment of eligible expenses shall be made against the line item budget specified in Paragraph 1B herein and in accordance with performance. Expenses for general administration shall also be paid against the line item budget specified in Paragraph 1B and in accordance with performance. Transportation expenses shall be substantiated by copies of lease payments to be turned in with monthly invoice.

G. Exhibit A-1, Federal Lobbyist Form, is hereby added.

Except as amended herein, all other terms in the Contract remain unchanged.

AGREED BY:

CITY OF COVINA

Date: _____

By: _____
City Manager

LA WORKS

Date: _____

By: _____
Salvador R. Velasquez, Chief Executive Officer

FEDERAL LOBBYIST CERTIFICATION

Name of Firm: _____

Address: _____

State: _____ Zip Code: _____ Telephone Number: () _____

Acting on behalf of the above named firm, as its Authorized Official, I make the following Certification to the U. S. Department of Housing and Urban Development and the Community Development Commission, County of Los Angeles.

- 1) No Federal appropriated funds have been paid by or on behalf of the above named firm to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of and Federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment, or modification thereof, and;
- 2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant loan, or cooperative agreement, the above named firm shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions, and;
- 3) The above name firm shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreement) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into the transaction imposed by Section 1352 Title 31, U. S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Authorized Official:

(Contractor/Subcontractor)

By: _____
(Signature)

(Date)

(Title)

EXHIBIT A-1



CITY OF COVINA

125 East College Street • Covina, California 91723-2199

Community Development Department

March 2, 2011

Los Angeles County
Community Development Commission
Attn: Raymond White

Via e-mail raymond.white@lacdc.org

Proposal for consideration of redistributed CDBG-R funds

Re: Proposal for consideration of redistributed CDBG-R funds
Existing Program: REC024-09-L.A. Works Job Training and Creation Program
(CDBG-R)

Dear Ray:

The City of Covina is submitting this proposal for use of the available CDBG-R funds that are to be redistributed for use in an existing CDBG-R project.

The City is proposing the extension of the existing Project REC024-09 - L.A. Works Job Training & Creation Program (CDBG-R). This is not an administration project; this project trains and provides job employment experience for qualifying program participants. To the best of our knowledge the City is in good standing with our CDBG and CDBG-R programs.

This has been a very successful program that has provided training and employment experience for qualifying participants. The program began in October, 2009 and has trained and provided employment experience for 15 participants, with a total of 5,335 hours of on-the-job experience. It is estimated that the available funds in the existing program, \$16,753, are sufficient to provide job experience for two people through March 2011. Without additional funds the program will end at that time. The subrecipient, L.A. Works, has requested additional funds to continue this project.

The City is requesting an additional \$101,482 to pay for this program through June 30, 2012. Based on the current program, it is estimated that the additional funds requested in this proposal will result in a minimum of ten persons served, and will provide job training funding through June 30, 2012. If less funds than requested are awarded, the benefits will be adjusted accordingly.

If you have any questions, please contact Robert Neiuber, Director of Community Development at (626) 384-5447.

Thank you for your consideration.



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

2 Coral Circle • Monterey Park, CA 91755
323.890.7001 • TTY: 323.838.7449 • www.lacdc.org



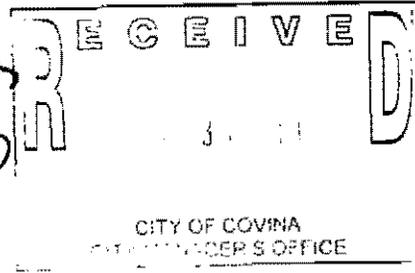
Gloria Molina
Mark Ridley-Thomas
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Sean Rogan
Executive Director

March 28, 2011

Daryl Parrish, Assistant City Manager
City of Covina
125 E. College St.
Covina, CA 91723-2199

3/31
City/Cant: 1/1/2011
file: Steve Harty
Robert Neuber
Good News
D



Dear Mr. Parrish:

AWARD OF REALLOCATED CDBG-R FUNDS

On March 3, 2011, the City of Covina responded to Community Development Block Grant Bulletin No. R11-0005, *Distribution of Recaptured Community Development Block Grant-Recovery (CDBG-R) Funds*, with a request of an additional \$101,482 for its L.A. Works Job Training and Creation Program (REC024). After reviewing all of the proposals, we have decided to award your Project the requested amount. It is imperative that stimulus funds be used efficiently, and your City accomplishes this by providing on the job employment training.

Please submit a request to amend Project REC024 to incorporate the additional funds, and use this letter as proof of available funding. The funds have been transferred to Covina's CDBG-R funding pool.

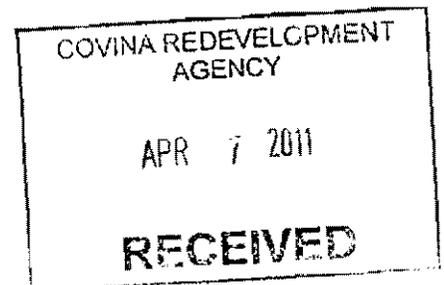
Thank you for submitting a proposal that will continue to effectively expend these stimulus funds. If you have any questions, please contact your Program Manager, Greg Jordan, of my staff, at (323) 890-7175 or Greg.Jordan@lacdc.org.

Sincerely,

for: TERRY GONZALEZ, Director
Community Development Block Grant Division

TG:LJ:HR:RDW:rb
K:\CDBG COMMON\GPA\Recapture\10-11\CDBG-R Reallocation\CovinaAwardLtr.docx

c: Robert Neuber, Community Development Director



CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: May 3, 2011

ITEM NO.: CC 5

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

ITEM TITLE: Award a Contract for Metrolink Complex Security Services to Absolute Security International, Incorporated

STAFF RECOMMENDATION

Award a contract for the operation of Metrolink Complex security services to Absolute Security International, Incorporated, in the amount of \$23,000 for the remainder of Fiscal Year 2010-2011, \$135,000 for Fiscal Year 2011-2012, \$135,000 for Fiscal Year 2012-2013, and \$112,000 for Fiscal Year 2013-2014, and authorize the City Manager or his designee to execute all related documents.

FISCAL IMPACT

There is no General Fund impact. Security services at the Metrolink Complex are funded by Local Return Proposition A funds and the recommended action falls within the Fiscal Year 2010-2011 budget and the proposed Fiscal Year 2011-2012 budget for account code (2400-4350-11).

BACKGROUND

The City's contract with Securitas Security Services USA, Incorporated, to provide security guard and security patrol services at the Covina Metrolink Complex has expired. An audit of the City's Proposition A Local Return account by the Los Angeles County Metropolitan Transportation Authority recommended the initiation of a competitive procurement process for security services at the Covina Metrolink Complex.

A request for proposals (RFP) was duly noticed and advertised in the local paper of record on December 30, 2010 and January 6, 2011, with thirteen proposals being received by the closing date of January 27, 2011. As a professional services agreement, price was not the sole determinant for consideration of award, and a weighted matrix was developed to evaluate the proposals and the interviews independently. The weighted matrix consisted of the following categories and weights: ability to perform and meet the requirements of the RFP (20%), experience and qualifications of the firm (20%), proposed or assigned personnel (20%), client references (25%), and price (15%). The thirteen proposals were scored by an evaluation panel consisting of three City staff members. The Interview and Proposal Scoring Summaries are included as Exhibit A.

The top three scored proposals were submitted by: Absolute Security International, Incorporated of Covina, California; Allied Barton, Incorporated of South El Monte, California and Contact Security, Incorporated of Brea, California. The top three companies were invited to an interview panel at the Metrolink Operations Center in Pomona that was scored by: Lieutenant Curley of the Covina Police Department, Sergeant Trull of the Los Angeles County Sheriffs Department and Senior Management Analyst Gonzalez. The interview panel was provided with the results of the reference checks for the three companies as well as copies of the proposals and the RFP.

The three companies invited to the interview panel were asked to submit an alternative proposal that eliminated the use of a patrol vehicle and instead asked for security guard coverage at each location. The purpose of the request for an alternative proposal was to gauge the company's understanding of the challenges and opportunities of the project site, as well as to initiate a dialog with the proposed project managers that would allow them to best recommend and contrast alternative service options. The companies were specifically directed to have the project manager at the interview.

As shown in the Interview and Proposal Scoring Summaries, Absolute Security International, Incorporated of Covina, California was the top rated company with a final interview score of 96 out of 100. Absolute Security International, Incorporated was then asked to submit a copy of the company's profit and loss statement for the twelve months ending December 31, 2010 for review by the City of Covina's Finance Director. Absolute Security International, Incorporated maintains the following licenses from the State of California: Private Patrol Operator, Training Facility – Baton, and Training Facility – Firearm. The company maintains a City of Covina Private Patrol Operators Permit and provides security services to Taste of Texas and 3Vinos in Downtown Covina.

After approval by the City of Covina Finance Director, City staff negotiated with staff from Absolute Security International to craft a detailed scope of service and post orders that would best serve the needs of Metrolink commuters while also providing staffing on nights and weekends when vandalism and loitering affect the property. In the last three years, there has been a significant effort to improve security at the Metrolink Complex with the addition of a guard shack, two digital closed circuit camera systems, and Bikestation Covina with its own internal security surveillance system and encrypted entrance system. These projects represent a substantial investment in technology and infrastructure at the Covina Metrolink complex, and there have been attempts to damage this infrastructure when security guards are not present. The current contract provides one guard for both locations from 0430 to 2130 on weekdays only, with an additional security patrol that services the location ten times a day. Although the location is secure and does not suffer from a crime problem, there is significant vandalism of the property from skateboarders and other young adults that choose to loiter in the area on nights and weekends.

The new contract will provide the enhanced security and customer service presence of two guards at peak times when the vehicles of commuters are present, and also provides a single security guard on nights and weekends when a majority of the vandalism occurs on the property. Two guards, each with Segway scooters, will patrol the property during peak hours, and a desk /

counter will be installed in a visible location on the first floor of the Metrolink West parking structure where a security guard can provide customer service to commuters at peak hours. As a result, it is the recommendation of staff that Absolute Security International, Incorporated be awarded the Contract for Metrolink Complex Security Services.

RELEVENCE TO THE STRATEGIC PLAN

This item improves customer service at the Covina Metrolink Complex and provides for efficient, visible, and responsive public safety and government services.

EXHIBITS

- A. Interview and Proposal Scoring Summaries
- B. Professional Services Agreement (inclusive of company proposal, RFP and RFP Addendums)

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

EXHIBIT A

Interview Scoring Summary - Covina Metrolink Security RFP

Company: **Absolute International Security**

9:00 to 9:30

Criterion	Weight	Covina PD			Average
		Score 1	Score 2	Score 3	
A	Ability to perform and meet the requirements of the RFP	20%	19%	18%	18%
B	Experience and qualifications of the firm	20%	18%	18%	18%
C	Proposed/Assigned personnel	20%	20%	20%	20%
D	Client references	25%	25%	25%	25%
E	Price	15%	15%	15%	15%
Total Score		100%	0.97	0.98	0.96

Price-L: City Rate Emp Pay
\$13.45 \$9.45

Company: **Allied Barton**

9:30 to 10:00

Criterion	Weight	Covina PD			Average
		Score 1	Score 2	Score 3	
A	Ability to perform and meet the requirements of the RFP	20%	18%	20%	20%
B	Experience and qualifications of the firm	20%	19%	20%	20%
C	Proposed/Assigned personnel	20%	15%	15%	15%
D	Client references	25%	19%	16%	18%
E	Price	15%	12%	12%	12%
Total Score		100%	0.83	0.85	0.84

Price-L: City Rate Emp Pay
\$15.00 \$10.00

Company: **Contact Security, Inc.**

10:00 to 10:30

Criterion	Weight	Covina PD			Average
		Score 1	Score 2	Score 3	
A	Ability to perform and meet the requirements of the RFP	20%	17%	17%	17%
B	Experience and qualifications of the firm	20%	17%	17%	17%
C	Proposed/Assigned personnel	20%	12%	13%	12%
D	Client references	25%	18%	18%	19%
E	Price	15%	13%	13%	13%
Total Score		100%	0.77	0.78	0.78

Price-L: City Rate Emp Pay
\$13.28 \$9 to \$11

Covina PD _____ Date: _____

LASD _____ Date: _____

Covina PW _____ Date: _____

Proposal Scoring Summary - Covina Metrolink Security RFP

Company: **Absolute International Security**

Criterion		Weight	Score 1	Score 2	Score 3	Average
A	Ability to perform and meet the requirements of the RFP	20%	18%	15%	20%	
B	Experience and qualifications of the firm	20%	20%	15%	20%	
C	Proposed/Assigned personnel	20%	15%	16%	16%	
D	Client references	25%	25%	22%	25%	
E	Price	15%	15%	14%	13%	
Total Score		100%	0.93	0.82	0.94	0.90

Price-L: City Rate Emp Pay
 13.45 9.45
 Price-V: 335

Company: **Nationwide Guard Service**

Criterion		Weight	Score 1	Score 2	Score 3	Average
A	Ability to perform and meet the requirements of the RFP	20%	10%	15%	13%	
B	Experience and qualifications of the firm	20%	10%	15%	13%	
C	Proposed/Assigned personnel	20%	15%	12%	15%	
D	Client references	25%	10%	12%	11%	
E	Price	15%	10%	12%	10%	
Total Score		100%	0.55	0.66	0.62	0.61

Price-L: City Rate Emp Pay
 16.18 10 to 12
 Price-V: 680

Company: **Securitas Security Services, Inc.**

Criterion		Weight	Score 1	Score 2	Score 3	Average
A	Ability to perform and meet the requirements of the RFP	20%	15%	20%	12%	
B	Experience and qualifications of the firm	20%	15%	20%	15%	
C	Proposed/Assigned personnel	20%	15%	15%	10%	
D	Client references	25%	20%	15%	15%	
E	Price	15%	5%	10%	10%	
Total Score		100%	0.70	0.80	0.62	0.71

Price-L: City Rate Emp Pay
 \$17.85 ?
 Price-V: \$400

Company: **WSA Security**

Criterion		Weight	Score 1	Score 2	Score 3	Average
A	Ability to perform and meet the requirements of the RFP	20%	10%	12%	12%	
B	Experience and qualifications of the firm	20%	10%	15%	12%	
C	Proposed/Assigned personnel	20%	15%	15%	15%	
D	Client references	25%	15%	15%	15%	
E	Price	15%	10%	13%	12%	
Total Score		100%	0.60	0.70	0.66	0.65

Price-L: City Rate Emp Pay
 15.52
 Price-V: 650

Company: SP Plus Security Services

Criterion		Weight	Score 1	Score 2	Score 3	Average
A	Ability to perform and meet the requirements of the RFP	20%	15%	17%	15%	
B	Experience and qualifications of the firm	20%	20%	15%	15%	
C	Proposed/Assigned personnel	20%	15%	12%	12%	
D	Client references	25%	25%	18%	20%	
E	Price	15%	10%	12%	12%	
Total Score		100%	0.85	0.74	0.74	0.78

Price-L: City Rate Emp Pay
 15.6 10
 Price-V: 550

Company: U.S. Security Associates

Criterion		Weight	Score 1	Score 2	Score 3	Average
A	Ability to perform and meet the requirements of the RFP	20%	12%	16%	15%	
B	Experience and qualifications of the firm	20%	10%	15%	12%	
C	Proposed/Assigned personnel	20%	10%	15%	12%	
D	Client references	25%	10%	15%	15%	
E	Price	15%	10%	12%	13%	
Total Score		100%	0.52	0.73	0.67	0.64

Price-L: City Rate Emp Pay
 13.7
 Price-V: 1733

Company: Security Patrol Management Corporation

Criterion		Weight	Score 1	Score 2	Score 3	Average
A	Ability to perform and meet the requirements of the RFP	20%	10%	12%	12%	
B	Experience and qualifications of the firm	20%	10%	12%	10%	
C	Proposed/Assigned personnel	20%	10%	15%	10%	
D	Client references	25%	10%	15%	10%	
E	Price	15%	10%	15%	12%	
Total Score		100%	0.50	0.69	0.54	0.58

Price-L: City Rate Emp Pay
 14.26 8.75
 Price-V: 4640

Company: Universal Protection Service

Criterion		Weight	Score 1	Score 2	Score 3	Average
A	Ability to perform and meet the requirements of the RFP	20%	20%	18%	17%	
B	Experience and qualifications of the firm	20%	15%	18%	17%	
C	Proposed/Assigned personnel	20%	15%	18%	15%	
D	Client references	25%	20%	20%	20%	
E	Price	15%	10%	10%	10%	
Total Score		100%	0.80	0.84	0.79	0.81

Price-L: City Rate Emp Pay
 16.72 11
 Price-V: 1002.5

Company: RMI International

Criterion	Weight	Score 1	Score 2	Score 3	Average
A Ability to perform and meet the requirements of the RFP	20%	10%	18%	18%	
B Experience and qualifications of the firm	20%	15%	18%	15%	
C Proposed/Assigned personnel	20%	10%	17%	12%	
D Client references	25%	15%	22%	15%	
E Price	15%	10%	13%	13%	
Total Score	100%	0.60	0.88	0.73	0.74

Price-L: City Rate Emp Pay
 14.56 9.75
 Price-V: 877.4

Company: Contact Security, Inc.

Criterion	Weight	Score 1	Score 2	Score 3	Average
A Ability to perform and meet the requirements of the RFP	20%	19%	18%	20%	
B Experience and qualifications of the firm	20%	20%	17%	20%	
C Proposed/Assigned personnel	20%	20%	17%	20%	
D Client references	25%	25%	20%	20%	
E Price	15%	10%	10%	14%	
Total Score	100%	0.94	0.82	0.94	0.90

Price-L: City Rate Emp Pay
 13.28 9 to 11
 Price-V: 3131

Company: Guard Systems, Inc.

Criterion	Weight	Score 1	Score 2	Score 3	Average
A Ability to perform and meet the requirements of the RFP	20%	15%	20%	15%	
B Experience and qualifications of the firm	20%	20%	17%	16%	
C Proposed/Assigned personnel	20%	15%	17%	16%	
D Client references	25%	20%	20%	20%	
E Price	15%	10%	12%	11%	
Total Score	100%	0.80	0.86	0.78	0.81

Price-L: City Rate Emp Pay
 15.38 10.75
 Price-V: 800

Company: General Security Service, Inc.

Criterion	Weight	Score 1	Score 2	Score 3	Average
A Ability to perform and meet the requirements of the RFP	20%	19%	17%	17%	
B Experience and qualifications of the firm	20%	18%	18%	18%	
C Proposed/Assigned personnel	20%	12%	10%	12%	
D Client references	25%	20%	20%	20%	
E Price	15%	15%	13%	14%	
Total Score	100%	0.84	0.78	0.81	0.81

Price-L: City Rate Emp Pay
 13.18 9.25
 Price-V: 1010

Company: Allied Barton

	Criterion	Weight	Score 1	Score 2	Score 3	Average
A	Ability to perform and meet the requirements of the RFP	20%	19%	17%	18%	
B	Experience and qualifications of the firm	20%	20%	18%	20%	
C	Proposed/Assigned personnel	20%	20%	16%	15%	
D	Client references	25%	25%	20%	25%	
E	Price	15%	13%	12%	13%	
	Total Score	100%	0.97	0.83	0.91	0.90

Price-L:
Price-V:

City Rate	Emp Pay
15	10
300	

Exhibit B:

CITY OF COVINA
PROFESSIONAL SERVICES AGREEMENT
WITH ABSOLUTE SECURITY INTERNATIONAL, INCORPORATED FOR
SECURITY SERVICES AT THE COVINA METROLINK STATION AND PARKING
COMPLEX

THIS AGREEMENT is entered into this 3rd day of May, 2011, by and between the CITY OF COVINA, a California municipal corporation (hereinafter referred to as "CITY") and Absolute Security International, Incorporated, a California Corporation (hereinafter referred to as "CONSULTANT").

The parties do agree as follows:

SECTION 1. RECITALS.

This Agreement is made and entered into with respect to the following facts:

- (a) CITY has considered the proposal (the "Proposal" attached hereto and incorporated herein by reference as Attachment A.), from CONSULTANT for professional services including but not limited to, providing the services as described below in Section 6 of this Agreement.
- (b) CITY desires to have a highly qualified company to perform such services.
- (c) CONSULTANT represents and warrants that it is qualified to perform such services and has agreed to do so pursuant to this Agreement; and
- (d) CITY desires to contract with CONSULTANT on the basis of the following terms and conditions.

SECTION 2. EMPLOYMENT.

CITY hereby employs CONSULTANT and CONSULTANT hereby accepts such employment, to perform those services under this Agreement.

SECTION 3. INDEPENDENT CONTRACTOR.

The parties hereby acknowledge that CONSULTANT is an independent contractor and shall not be considered to be an employee of CITY.

SECTION 4. **PRINCIPAL REPRESENTATIVE**

The Director of Public Works of CITY shall be the principal representative of CITY for purposes of this Agreement. Ms. Lucy J. Lin, President, shall be the principal representative of CONSULTANT for purposes of this Agreement.

SECTION 5. **CONSULTANT NOT AGENT OF CITY.**

A. CONSULTANT shall have no authority, expressed or implied, to act on behalf of CITY in any capacity whatsoever as an agent.

B. CONSULTANT shall have no authority, express or implied, pursuant to this Agreement to bind CITY to any obligation whatsoever.

SECTION 6. **SCOPE OF SERVICES.**

CONSULTANT will diligently perform the tasks, in a good and workmanlike manner, which are more specifically identified in the Scope of Services, attached hereto and incorporated herein by reference as Attachment B, unless otherwise instructed by City.

SECTION 7. **STANDARD OF PERFORMANCE.**

CONSULTANT shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which CONSULTANT is engaged in the geographical area in which CONSULTANT practices his or her profession.

SECTION 8. **TIME.**

A. CONSULTANT shall devote such time to the performance of services pursuant to the Agreement as may be reasonably necessary for satisfactory performance of CONSULTANT's obligations pursuant to this Agreement.

B. Neither party shall be considered in default of this Agreement to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.

SECTION 9. **QUALIFICATIONS.**

A. CONSULTANT represents and warrants to CITY that it has all necessary professional licenses and/or certificates to legally perform the services under this Agreement.

B. CONSULTANT represents and warrants to CITY that CONSULTANT shall, at his sole cost and expense, keep in effect or obtain at all times during the term of this Agreement all necessary licenses and certificates required of CONSULTANT to perform the services.

SECTION 10. TERM.

The term of this Agreement shall be the period commencing from the effective date of this Agreement, as first shown above, and CONTRACTOR shall operate and maintain the service for a three-year period ending on May 3, 2014. If and only if mutually agreeable by both parties, the contract may be extended for up to two additional years, pending City Council approval.

SECTION 11. COMPENSATION.

A. CONSULTANT will perform those tasks and deliver the services described in this Agreement, in accordance with the terms and provisions of this Agreement for a total contract price not to exceed Four Hundred and Five Thousand Dollars (\$405,000.00).

B. CONSULTANT shall be paid the compensation at the payment intervals set forth in the Payment Schedule (Section 12).

C. Authorized work shall be in strict compliance with the provisions of this Agreement. CONSULTANT shall provide all labor, materials and equipment, as necessary to perform the services under this Agreement without any additional charge or compensation. *CONSULTANT shall not charge for travel time or break time.*

D. To provide for employee retention, an adjustment to the hourly billing rate may be negotiated on the yearly anniversary of the contract, if and only if mutually agreeable by both parties. An incentive in the hourly pay of employees of \$0.50 to \$0.75 per hour may be calculated into the hourly billing rate for employees dedicated to the Covina Metrolink Complex, provided that this retention incentive is provided to directly increase the hourly pay of a designated employee that has successfully completed one full year of continuous service at the City of Covina Metrolink Complex with a yearly performance evaluation rated as "above average" or better in mutual agreement between the CONSULTANT and the CITY. The CONSULTANT shall not pass through any other additional costs to the CITY besides the hourly pay rate adjustment that is provided to the employee and a calculation equivalent to 5.5 percent (0.055) of the increase in hourly pay to cover the cost of the additional employee taxes and benefits, as proposed in Attachment A. If an employee that has received an adjustment to their rate of pay is terminated or transferred from the contract, the hourly billing rate of the contract will be adjusted on the next billing statement to reflect the base rate of pay and benefits for all employees (\$9.45 an hour) for the new employee.

SECTION 12. PAYMENT SCHEDULE.

A. CONTRACTOR shall invoice CITY monthly, submitting all required management reports with its invoice. Provided the Services have been rendered satisfactorily to

CITY and in accordance with this Agreement, CITY shall tender payment to CONSULTANT not later than ten (10) days following each of the times set forth above.

B. CITY shall make no payment for any extra, further, or additional services not expressly set forth in this Agreement unless such extra service and the price thereof is agreed to in writing and executed by the City Manager prior to the time that such extra service is rendered.

SECTION 13. COMPENSATION WITHHELD.

A. When the CITY shall have reasonable grounds for believing that CONSULTANT will be unable to perform this Agreement fully and satisfactorily within the time fixed for performance; or a meritorious claim exists or will exist against CONSULTANT or CITY arising out of the negligence of CONSULTANT or CONSULTANT's breach of any provision of this Agreement, then the CITY may withhold payment of any amount otherwise due and payable to CONSULTANT under this Agreement.

B. Any amount so withheld may be retained by CITY for that period as it may deem advisable to protect CITY against any loss and may, after written notice to CONSULTANT, be applied in satisfaction of any claim described here.

C. This provision is intended solely for the benefit of CITY and no person shall have any right against the CITY or claim against CITY by reason of the CITY's failure or refusal to withhold monies.

D. No interest shall be payable by CITY on any amounts withheld under this provision.

E. This provision is not intended to limit or in any way prejudice any other right of CITY.

SECTION 14. RIGHT TO AUDIT AND INSPECT.

CITY shall have the right to audit and inspect all books and records kept by CONSULTANT in connection with the operation and services performed under this Agreement.

SECTION 15. RIGHT OF TERMINATION.

A. This Agreement may be terminated by either party with or without cause, upon thirty (30) days written notice to the other party.

B. All work shall cease at the conclusion of the notice period and CONSULTANT shall be paid for all services satisfactorily provided prior to termination in accordance with the rates as provided in this Agreement.

SECTION 16. INDEMNITY.

CONSULTANT hereby agrees to and does indemnify, defend and hold harmless CITY, and any and all of their respective officers, employees and representatives from any and all

claims, liability and expenses, including attorney fees and costs, that arise out of or are related to CONSULTANT's negligent performance of this Agreement.

To the fullest extent permitted by law, CONSULTANT shall hold harmless, defend at its own expense, and indemnify CITY, its officers, employees, agents, and volunteers, against any and all liability related to the use of Segway scooters or any other scooter transportation devices as part of this Agreement resulting in, claims, losses, damages, or expenses, including reasonable attorney's fees, arising from all acts or omissions to act of CONSULTANT or its officers, agents, or employees in rendering services under this Agreement; excluding, however, such liability, claims, losses, damages, or expenses arising from CITY's sole negligence or willful acts.

In the event that CONSULTANT or any employee, agent, or subcontractor of CONSULTANT providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of CITY, CONSULTANT shall indemnify, defend, and hold harmless CITY for the payment of any employee and/or employer contributions for PERS benefits on behalf of CONSULTANT or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of CITY.

SECTION 17. **CONSULTANT'S LIABILITY FOR PUBLIC LIABILITY AND PROPERTY DAMAGE.**

CONSULTANT shall assume all responsibility for damages to property or injuries to persons, including accidental death, which may be caused by CONSULTANT's negligent performance of this Agreement, whether such performance be by themselves, or their agents, or whether such damage shall accrue or be discovered before or after termination of this Agreement.

SECTION 18. **LIABILITIES.**

A. CONSULTANT shall not assert any claim arising out of any act or omission by any officer, agent, or employee of CITY in the execution or performance of this Agreement against that officer, agent or employee.

B. Nothing in this Agreement shall be construed to give any person other than CITY and CONSULTANT any legal or equitable rights, remedy or claim under this Agreement.

SECTION 19. **CONFLICT OF INTEREST.**

A. CONSULTANT covenants that neither it nor any officer of the corporation, or partnership, as the case may be, has any interest, nor shall they acquire any interest, directly or indirectly, which would conflict in any manner with the performance of CONSULTANT's services under this Agreement.

B. CONSULTANT further agrees that in the performance of this Agreement, no person having an interest of the above nature shall be employed by him or her.

C. No person who contracts with CITY, either for the rendition of personal services shall make any contribution to a CITY official or candidate for CITY office.

SECTION 20. NOTICES.

A. Notices pursuant to this Agreement shall be given by personal service or by deposit of the same in the custody of the United States Postal Service, postage prepaid, addressed as follows:

TO CITY: City of Covina
125 E. College Street
Covina, CA 91723
Attn: Director of Public Works

TO CONSULTANT: Absolute Security International, Inc.
728 N. Barranca Avenue
Covina, CA, 91723
Attn: Ms. Lucy J. Lin, President

B. Notices shall be deemed to be given as of the date of personal service, or two (2) days following the deposit of the same by first class mail in the course of transmission of the United States Postal Service.

SECTION 21. BINDING EFFECT.

This Agreement shall be binding upon the parties hereto and their successors in interest.

SECTION 22. ASSIGNMENT.

A. CONSULTANT shall not assign, transfer, convey, pledge or otherwise dispose of its rights or obligations hereunder, except the payment of funds from CITY, without prior written consent of CITY.

B. The consent of CITY to an assignment shall not be unreasonably withheld, but prior to approving any assignment involving the performance of any obligations pursuant to this Agreement, CITY shall be satisfied by competent evidence that the assignee is financially able and technically qualified to perform those services proposed to be assigned.

C. In the event of such assignment, CITY may condition the same so as to ensure compliance with the provisions of this Agreement.

D. CITY'S consent to one assignment shall not be deemed to constitute consent to future assignments. CONSULTANT acknowledges that CITY'S written consent must be first obtained prior to each assignment, transfer, conveyance, pledge or other disposition.

SECTION 23. COMPLIANCE WITH LAWS.

CONSULTANT shall comply with all applicable laws in performing its obligations under this Agreement.

SECTION 24. INSURANCE.

A. CONSULTANT shall obtain and maintain at its expense, during the term of this Agreement, all necessary insurance for its employees engaged in the performance of this Agreement, including, but not limited to worker's compensation insurance.

B. CONSULTANT shall obtain and maintain at its expense, during the term of this Agreement, comprehensive general liability insurance with coverage of not less than Two Million Dollars (\$2,000,000.00) combined single limit per occurrence (and not "claims made") for bodily injury, personal injury and property damage and Two Million Dollars (\$2,000,000.00) general aggregate. CONSULTANT shall cause CITY, its officers, employees, and agents, to be named as an additional insured on said policy and shall obtain a waiver of the insurer's right of subrogation against CITY.

C. For all vehicles operated by CONSULTANT to provide services under this Agreement, Business Auto Coverage under standard ISO form including symbol 1 (All Auto) auto coverage with limits of no less than \$1,000,000.00 and scheduled under any umbrella policy.

D. CONSULTANT shall obtain and maintain professional liability (errors and omissions) insurance in an amount of not less than \$1,000,000.00.

E. CONSULTANT shall obtain and maintain workers compensation and employers liability insurance in an amount of not less than \$1,000,000.00.

F. CONSULTANT shall provide CITY with written proof of the existence of such insurance and the commitment of the insurance carrier (either by policy endorsement or similar agreement) to notify CITY in writing 30 days before any reduction in coverage or the cancellation of such insurance. All insurance coverage required herein shall apply on a primary non-contributing basis in relation to any insurance or self-insurance available or applicable to CITY.

SECTION 25. DISCRIMINATION.

A. CONSULTANT agrees that no person shall be excluded from employment in the performance of this Agreement on grounds of race, creed, color, sex, age, handicap or marital status, place of national origin or any other basis prohibited by local, State or Federal law.

B. CONSULTANT agrees to comply with all local, State and Federal laws relating to equal employment opportunity rights.

SECTION 26. ENTIRETY OF AGREEMENT.

This Agreement contains the entire Agreement of CITY and CONSULTANT with respect to the subject matter hereof, and no other agreement, statement, or promise made by any party, or to any employee, officer, or agent of any party, which is not contained in this Agreement shall be binding or valid.

SECTION 27. ATTORNEYS FEES.

In the event that any action or proceeding is instituted for the breach of this Agreement, the prevailing party shall be entitled to reasonable attorneys fees.

SECTION 28. CONSISTENCY WITH CURRENT LAW.

A. It is the intent and understanding of the parties to this Agreement that every provision of law required to be inserted in this Agreement is inserted here.

B. If through mistakes or otherwise, any of those provisions are not inserted in correct form, then this Agreement shall upon application of either party, be amended by insertion so as to comply strictly with the law and without prejudice to the rights of either party.

C. If this Agreement contains any unlawful provisions, not an essential part of the Agreement and which appear not to have been a controlling or material inducement to the making of this Agreement, those provisions shall be deemed of no effect, and shall upon application of either party be stricken from the Agreement without affecting the binding force of the Agreement as it shall remain after omitting those provisions.

SECTION 29. VENUE.

In the event that suit shall be brought by either party to this contract, the parties agree that venue shall be exclusively vested in the State courts of the County of Los Angeles or where appropriate, in the United States District Court, Central District of California, Los Angeles, California.

SECTION 30. INTERNAL INCONSISTENCIES.

If this Agreement contains any errors, inconsistencies, ambiguities, or discrepancies, including typographical errors, CONSULTANT shall request a clarification of those items by writing to the City Manager whose decision shall be binding upon the parties.

SECTION 31. CAPTIONS AND HEADNOTES.

The captions and headnotes or sections of this Agreement, and marginal notes are intended for convenience and reference purposes only and in no way define, limit or describe the scope or intent of this Agreement.

IN WITNESS WHEREOF, this Agreement for Professional services has been duly authorized and executed by the parties hereto on the day and year first herein above written.

"CITY"
City of Covina

By: _____
Daryl Parrish
City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

"CONSULTANT"
Absolute Security International, Inc.
a California Corporation

By: _____
Lucy J. Lin
President

ATTACHMENT A



ABSOLUTE INTERNATIONAL SECURITY

鼎盛



State Lic. PPG 16302
CALIFORNIA

PROPOSAL

Absolute Security International, Inc. will provide:

- * One (1) uniformed, unarmed security officers for each of the three (3) 8-hour shifts for 5 weekdays per week
- * Additional One (1) uniformed unarmed security officer during the morning and evening peak hours during the 5 weekdays
- * One (1) uniformed, unarmed security officers for each of the two (2) 8-hour shifts for Saturday & Sunday.
- * AIS Field Supervisors will visit on a daily basis in our marked patrol vehicle, a minimum of three daily random site visits per shift.

DATE	SCHEDULES	REG. HOURS	REG. RATE	O.T. HOURS	Discounted O.T. RATE	TOTAL
Monday	Officer No. 1 4:30 am - 4:30 am	24	\$13.45	0	\$18.80	\$322.80
	Officer No. 2 6:00 am - 10:00 am & 5:00 pm - 9:00 pm	8	\$13.45		\$18.80	107.60
Tuesday	Officer No. 1 4:30 am - 4:30 am	24	\$13.45	0	\$18.80	322.80
	Officer No. 2 6:00 am - 10:00 am & 5:00 pm - 9:00 pm	8	\$13.45		\$18.80	107.60
Wednesday	Officer No. 1 4:30 am - 4:30 am	24	\$13.45	0	\$18.80	322.80
	Officer No. 2 6:00 am - 10:00 am & 5:00 pm - 9:00 pm	8	\$13.45		\$18.80	107.60
Thursday	Officer No. 1 4:30 am - 4:30 am	24	\$13.45	0	\$18.80	322.80
	Officer No. 2 6:00 am - 10:00 am & 5:00 pm - 9:00 pm	8	\$13.45		\$18.80	107.60
Friday	Officer No. 1 4:30 am - 4:30 am	24	\$13.45	0	\$18.80	322.80
	Officer No. 2 6:00 am - 10:00 am & 5:00 pm - 9:00 pm	8	\$13.45		\$18.80	107.60
Saturday	Officer No. 1 9:00 am - 5:00 pm & 7:00 pm - 3:00 am	16	\$13.45	0	\$18.80	215.20
Sunday	Officer No. 1 9:00 am - 5:00 pm & 7:00 pm - 3:00 am	16	\$13.45	0	\$18.80	215.20
WEEKLY TOTAL		<u>192</u>		<u>0</u>		<u>\$2,582.40</u>
MONTHLY TOTAL		<u>832</u>		<u>0.00</u>		<u>\$11,190.40</u>
ANNUAL TOTAL		<u>9,984</u>		<u>0</u>		<u>\$134,284.80</u>

Hourly bill rate	\$13.45
Hourly pay rate	9.45
Gross margin	-4.00
Payroll taxes	0.95
Workers comp	0.39
General liability	0.59
Electric scooter & maintenance	0.10
Supplies & equipment	0.14
Other related misc. costs	0.20
	<u>2.36</u>
Total for OH & profit	<u>\$1.64</u>

Security officer No. 1 will provide physical presence at the Metrolink Station platform to assist the public with incoming/departing trains & buses, to provide info & answer any questions, crowd control & prevent injuries. The security officer will conduct patrols to ensure the facility, including the parking lot is safe & secure from vandalism, unauthorized persons and usage, prevent any potential accidents and report unsafe conditions. He/she will also use CCTV in the guard shack to monitor all areas of service location.

Security officer No. 2 will provide security presence for 4 hrs in the morning & 4 hrs. in the evening during peak time, across the street at the Metrolink West Parking Complex. He/she will perform security patrol of the 4-stories structure to ensure facility is free from theft, vandalism, graffiti, unauthorized usage, & report any potentially unsafe conditions.

AIS recommends adding two(2) three-wheel electric scooters on site to patrol the Covina Metrolink Parking Structure. This additional medium of transportation will enhance patrol efficiency by covering more grounds. It will also assist in providing more efficient usage of break periods. We believe it is an environmentally friendly & cost-effective way to increase productivity.

AIS understands that the City of Covina stipulates a provision for yearly increase for Security Officers, as retention incentives. At the City's request, this hourly pay increase for Security Officers will range from \$0.50 - \$0.75 per hour.



ABSOLUTE INTERNATIONAL SECURITY



State Lic.: PPO 16302

PROPOSED OFFICER RETENTION INCENTIVES

Proposed as an example of contract costs if employees are successfully retained.

	<i>PROPOSED INCREASES</i>	
	<u>\$0.50</u>	<u>\$0.75</u>
Hourly bill rate	\$14.20	\$14.50
Hourly pay rate	<u>9.95</u>	<u>10.20</u>
Gross margin	4.25	4.30
Payroll taxes	1.09	1.12
Workers comp	0.42	0.43
General liability	0.61	0.61
Electric scooter & maintenance	0.11	0.11
Supplies & equipment	0.14	0.14
Other related misc. costs	<u>0.20</u>	<u>0.20</u>
	2.56	2.60
Total for OH & profit	<u>\$1.69</u>	<u>\$1.70</u>
2012 -13 EST. WEEKLY TOTAL	<u><u>\$2,726.40</u></u>	<u><u>\$2,784.00</u></u>
2012 -13 EST. MONTHLY TOTAL	<u><u>\$11,814.40</u></u>	<u><u>\$12,064.00</u></u>
2012 -13 EST. ANNUAL TOTAL	<u><u>\$141,772.80</u></u>	<u><u>\$144,768.00</u></u>

ATTACHMENT B
TO AGREEMENT FOR PROFESSIONAL SERVICES

(Scope of Services)

PROJECT DESCRIPTION

As the Covina Metrolink Station is unstaffed, security personnel provide an essential first line of customer service and will be expected to serve as transportation ambassadors representing the City of Covina and the Metrolink system. As such, security personnel will be trained to answer basic transportation questions and are expected to be on foot patrol at the train platform for the arrival and departure of each train during their shift. When trains are not arriving or departing from the station, guards are expected to patrol the parking structure and the surface parking lot. There is a guard shack at the station with CCTV monitors, but the guard shack is not to be the primary post location for security personnel. Security personnel are expected to spend at least 75% of their time either on parking lot patrol or being a visible customer service presence among the passengers at the train platform. Each shift or post must be staffed throughout the duration of a shift, requiring relief for meals and breaks. Additionally, Contractor must provide an appropriate level of trained field supervision for security officers working these fixed locations. The Contractor shall participate in an ongoing liaison and coordination of activities with the City of Covina Public Works Department, Metrolink field staff, Covina Police Department, and the Los Angeles County Sheriff Department as needed. The Contractor must also provide for ongoing and regular briefings and inspections of contract personnel.

Post Orders

The security contractor shall provide "post orders" to guide the performance of its security personnel on City facilities. These post orders shall be prepared in consultation with the City's Project Manager and shall be subject to regular inspection.

Post orders define the basic work to be performed by contract security personnel at a specific site or sector. Post orders are prepared by the Contractor's Project Manager in consultation with the City's Project Manager. Post orders shall include but are not limited to:

1. Facility information (e.g. operating hours, passenger information, chain of command)
2. Facility rules and regulations
3. Operation of equipment
4. Vehicular traffic control
5. Access control procedures
6. Emergency and critical incident response procedures
7. Security/fire control alarm systems
8. Rail safety concerns
9. Response to injury and illness
10. Train schedules, connecting transit

Although post orders are important guidelines, direction from police, fire, and emergency authorities as well as the City's general orders take precedence.

Post orders shall be written and contain complete duty instructions for staffing each individual post, including provisions for handling critical incidents (emergency procedures). All contract personnel shall have access to these post orders at all times while on duty. All contract security personnel are responsible for knowing the location of these written post orders and shall be familiar with their contents. Security supervisors shall have a comprehensive set of all post orders in their possession or immediately accessible at all times while on duty.

Personnel

The Contractor shall provide a Project Manager, an appropriate number of Security Supervisors and Security Officers. The Managers and Supervisors are not expected to be dedicated to this project alone. Specific tasks for each of these personnel are listed below. These tasks are expected to be performed but are not all inclusive.

Project Manager

1. Act on behalf of the contractor on all matters related to the contract.
2. Report to and coordinate with City Project Manager on a regular basis.
3. Maintain an adequate quality control and complaint resolution system.
4. Respond to contract discrepancy reports on an as needed basis.
5. Establish operational procedures in consultation with City Project Manager.
6. Develop post orders as needed in conjunction with City policy.
7. Meet with City designated Project Manager on a regular basis.
8. Ensure compliance with contractual staffing, training and equipment requirements.
9. Be knowledgeable and adhere to Contractor's standards regarding safety and ensure compliance of subordinates through regular inspections.

Security Supervisors

1. Respond to on-site incidents involving subordinates or respond to requests from the City Project Manager within two (2) hours time period following an occurrence / request.
2. Conduct on-site supervision, inspection and guidance to on-duty security officers.
3. Assure proper assignment and relief coverage (Note: the Covina Station does not have on-site toilet facilities). Notify City Project Manager of uncovered posts immediately.
4. Reviews, corrects, and approves subordinates' logs and reports.
5. Maintains knowledge of City operational areas, facilities and property as well as adjoining areas.
6. Ensures subordinates' compliance to all terms of contract, post orders and Authority policy, rules and regulations.
7. Provides written results of investigations at the request of the City's Project Manager.

Security Officers (uniformed)

The primary responsibilities of Security Officers is the provision of customer service to rail patrons, visual presence of a professional uniformed security force to deter crime and threats to the Metrolink system and its patrons, passengers and property, including equipment, stations, parking lots and facilities, etc. The Security Officer must also provide for public safety by requesting that all individuals that are not patrons of the commuter rail facility vacate the premises in a prompt and orderly manner. This is especially important for area youths that attempt to use the parking facilities or the Metrolink train platform as a recreational facility, thus placing themselves at great risk of bodily injury through auto/train collisions with bicycles/skateboards or placing themselves or others at risk through tossing objects from elevation or walking/sitting on the top level walls of the parking structure while intoxicated. Specific post locations/job assignments are subject to change by the City Project Manager as needed. Uniformed Security Officers will also be required to:

1. Respond to requests from service patrons for assistance and service information.
2. Be familiar with train and bus schedules, ticket vending machine operations, Bikestation operations, parking permit requirements and sales procedures and Metrolink system rules and regulations.
3. Prepare accurate, legible, and grammatical reports detailing any unusual incidents/accidents or occurrences during each shift.
4. Assist City personnel, police and law enforcement personnel on City property as requested by providing perimeter access control, traffic direction or site liaison.

Employee Eligibility Criteria

All security personnel employed by any Contractor under a resulting contract are required to meet certain minimum qualifications or standards regarding background, training, experience, and health as established in this section unless a waiver is requested and approved prior to submission of a proposal. The final decision as to the suitability of security personnel, both Security Officers(s) and Security Supervisor(s), rests with the City Project Manager.

Security Officer

- a) Must be a graduate of a state certified security officer/guard training program and possess current, valid Consumer Affairs guard cards, and certification to carry a baton (PR-24/baton card).
- b) Must possess current First Aid and CPR (Cardiopulmonary Resuscitation) certification cards. Certification as an Emergency Medical Technician – Level I (EMT-I) from an emergency medical service certification agency in Los Angeles County may substitute for the first aid requirement, but not the CPR card.
- c) Must be a citizen of the United States of America, or an alien who has been lawfully admitted for permanent residence as evidenced by an Alien Registration Receipt Card for 1-151, or other evidence from the Immigration and Naturalization Service that the candidate is able to work legally in the United States.

- d) May not be employed under this contract if he or she currently or in the past has been involved in: (1) any felony or sex conviction; (2) military conduct resulting in dishonorable or undesirable discharge; (3) any pattern of irresponsible behavior or moral turpitude, including but not limited to reckless driving, theft, etc.
- e) Must be fully literate in the English language (i.e. be able to read, write, speak and understand clearly). All personnel shall be capable of properly writing reports and maintaining a daily activity log. Oral command of English must be sufficient to permit full and effective communication even in times of stress.
- f) Must acquire, keep active and possess at all times while on duty all technical licenses and permits required by law for employment as a security officer.
- g) Must meet the following requirements regarding professional behavior and ability:
 - i) Ability to meet and deal tactfully with police and fire department personnel, City employees and the general public; ability to understand, explain, interpret and apply rules, regulations, directives and procedures in a tactful manner;
 - ii) Possess poise, self-confidence and an ability to make sound decisions and react quickly under stressful situations;
 - iii) Ability to prepare clear and concise reports;
 - iv) Ability to learn and adapt to changing situations;
 - v) Ability to accept and respond to instruction and direction.

Security Supervisor

Security Supervisors must meet all eligibility criteria applicable to the Security Officer classification. They must also demonstrate the ability to provide direction and guidance to subordinate personnel.

Required Documentation

All personnel performing under this contract must possess and keep current as required all appropriate cards, certificates and licenses, including but not limited to the following:

(a) California Department of Consumer Affairs Guard Card; (b) First Aid (or EMT-I) Certification and Cardiopulmonary Resuscitation (CPR) card; (c) Valid California Driver's License (if operating a motor vehicle).

Items a, b and c must be on officer's person at all times while on duty.

Physical Demands

The work requires frequent and prolonged walking, frequent climbing of stairs, standing, sitting and some running. Rarely, security personnel may be required to subdue violent or potentially violent people. Accordingly, stamina in all of its forms (physical, mental, climate-related, etc.) is a basic physical requirement of this position. Any individual who cannot meet the requirements of this position, including inability discovered through on the job performance, will not be qualified to work under this contract and will be removed immediately from service if necessary.

Training Requirements

Contractor is required to ensure that all field personnel receive training in order that the City is assured that said personnel are capable of assuming the responsibilities of their assignments. This training will include a minimum of four hours of commuter rail safety/security training and will cover topics including:

- 1) Liaison/cooperation with commuter rail police.
- 2) Bomb threats.
- 3) Crowd Control.
- 4) Traffic control.
- 5) Threats to patrons and security awareness.

In addition to these training requirements, all contract personnel may be subject to on-duty participation in Metrolink Rail Authority, Los Angeles County Sheriff's Department or Covina Police Department sponsored emergency operations drills and exercises as they occur.

Equipment for City Service

Personnel

Contractor is required to provide all personnel with the equipment necessary to perform the requirements of this contract. Minimum uniform equipment shall include: handcuffs (Smith & Wesson or Peerless); a two way radio or cellular telephone; a baton (PR-24 or straight stick, depending on employee qualifications); a Sam Brown equipment belt, or approved equal; and a visible name tag.

Uniform equipment and badges/patches shall not be similar in style or appearance to those worn by any law enforcement agency which operates in the service area where the officer or supervisor is assigned.

Additionally, all individual officers shall have the following equipment in their possession at all times when on duty for service:

- 1) Flashlight (2-cell minimum/3-cell maximum)
- 2) Safety (orange/reflective) vest
- 3) CPR pocket mask

At any and all times while in City service, all security personnel and supervisors are required to wear a complete uniform and to be fully equipped.

Vehicle

Security Supervisors are required to have a response vehicle accessible at all times. Vehicles shall be clearly marked. All vehicle costs and the vehicles themselves shall be provided by the Contractor.

Vehicle type, markings, lights, etc. are to be of a type approved by the City Project Manager. Also, all contract response vehicles shall be equipped with the following equipment:

- 1) Heavy duty/rechargeable flashlight
- 2) Traffic cones
- 3) Flares
- 4) Yellow scene management ("banner guard" type) tape
- 5) First aid kit
- 6) Blanket
- 7) Fire extinguisher
- 8) Radio (optional)

The Contractor shall provide two electric scooters that are permanently assigned to the Covina Metrolink Station and Covina Metrolink Structure for use by the security personnel for roving patrols required at the facilities. The electric scooters shall be clearly marked and shall not be street-legal. Security personnel using the electric scooters will be required to dismount and walk the scooter across streets at marked crosswalks. Electric scooter costs and the vehicles themselves shall be provided by the Contractor.

Prohibited Equipment

Security personnel shall not be permitted to carry or possess any unauthorized equipment such as firearms; knives; chemical agents; concealed weapons; personal radios, televisions or computer games; or any other item not specifically approved in the contract.

Maintenance of Uniforms and Equipment

The Contractor is responsible for assuring that all security personnel maintain a clean and neat appearance in accordance with the Contractor standards, up to and including responsibility for maintenance and replacement of uniforms as necessary. Likewise, it is expected that all equipment, particularly vehicles used by the Contractor shall be kept clean, well-maintained, and in safe operating condition at all times, free from defects or wear which may in any manner constitute a hazard to any person or persons on City property.

Weapons Safety

Contractor shall without exception observe the following safeguards regarding the use and possession of weapons and batons at any and all times while on duty at any City function or

property. This includes, but is not limited to, the distribution of the following safeguards to all security personnel in City service:

- 1) At no time shall any weapon or associated equipment (i.e. firearms, batons, gun belt, ammunition, magazines, etc.) be stored at City sites.
- 2) At no time are the belt, baton, or other similar equipment to be removed from the person of the Security Officer or left unattended at any City site.
- 3) Batons are not to be utilized as a measure of threat or intimidation, but only in the defense of life.
- 4) Firearms are not to be present at any City facility at any time.
- 5) Unauthorized weapons, holsters and ammunition are expressly prohibited.
- 6) Loss, theft or misuse of any equipment must be reported to the City Project Manager immediately.

Radio and Communication Equipment

The Contractor shall provide and maintain the following communications equipment:

- A radio system or cellular telephones for all Security Supervisors and personnel.
- Internet service with email capability and a Facsimile (FAX) machine in the office of the Project Manager.

Contractor will provide a centralized dispatch service staffed during work hours.

System Quality

Radio communications among system users is expected to be strong and clear at all times, both transmitting and receiving. Contractor shall be totally responsible for providing and maintaining required system quality throughout their portion of the City service area. The initial and continued integrity of the capability is subject to ongoing inspection by the City Project Manager. Where radio coverage is not adequate, cellular telephone use shall be substituted.

Performance Requirements and Verification

Contractor Responsibility

Contractor shall be responsible for maintaining satisfactory standards of employee competency, conduct, appearance and integrity as required and set forth in the contract with the City. Contractor shall likewise be responsible for disciplining contract personnel as necessary to ensure such performance.

Monthly Progress Reports

A monthly progress report will be provided by the Contractor detailing incident reports, actions and information requested by the City each month. The report will be categorized and reporting done by incident and by site/location.

Alcohol and Drug Policy

Contractor must present City with a comprehensive Alcohol and Drug Testing Policy. Proof of a negative drug screen within the last 30 days is required for all employees.

City Verifications and Inspections

It shall be the responsibility and prerogative of the City to inspect, investigate, conduct inquiries into, supervise and otherwise direct the activities of any and all personnel providing service under this contract. Such activities will be conducted on a regular, periodic basis, either announced or unannounced by the City Project Manager or his/her designee. The Contractor shall only participate in activities approved by the City Project Manger. If Contractor is given direction to participate in activities by any other person besides the City Project Manger, this request needs to be reported to the City Project Manager immediately.

Additional Contractor Responsibilities/Information

The Contractor must also be able to meet the requirements listed below prior to commencing service:

- 1) Licensed to do business in the State of California.
- 2) Licensed to do business in the City of Covina.
- 3) In possession of a State of California and City of Covina Private Patrol Operating Permit.
- 4) Provide security personnel who can speak and write in English and who are able to complete routine logs and accurate incident reports.
- 5) Provide the City with trained, qualified security officers and supervisors who are able to project a positive professional appearance and demeanor and assist the public under demanding conditions in a high volume commuter rail system setting while remaining professional, courteous and tactful.
- 6) Provide uniformed guards possessing all required certifications One Hundred and Ninety Two (192) hours per week, seven days per week, excluding holidays when Metrolink Trains do not run (New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day) according to the following schedule:

Monday-Friday @ Metrolink Station (one guard)

0430 to 1230 (8 hours)

1230 to 2030 (8 hours)

2030 to 0430 (8 hours)

Monday-Friday @ Metrolink Structure (one guard)

0600 to 1000 (4 hours)

1700 to 2100 (4 hours)

Saturdays & Sundays (one guard for both locations)

0900 to 1700 (8 hours)

1900 to 0300 (8 hours)

- 7) Provide personnel with all necessary equipment, transportation, training and supervision.
- 8) Develop and follow an approved relief schedule for all posts.
- 9) Have a 24 hour staff capability.
- 10) Provide personnel with handheld two-way radios or other approved communication equipment as specified in this scope of services.
- 11) Personnel must be baton certified in the State of California for the batons that they carry.
- 12) Provide personnel who have completed the requirements mandated by the California Department of Consumer Affairs for certification and must possess First Aid/CPR certifications.
- 13) Provide patrolling field supervisors to monitor the contract.
- 14) Provide ongoing training for personnel as needed and shall participate in all City mandated or sponsored training and drills as required.
- 15) Provide personnel of the highest caliber who meet the standards demanded in this scope of services.
- 16) Be willing to provide remedial officer training or counseling as required or remove deficient personnel from City service as requested by City Project Manager.
- 17) Participate in liaison/coordination meetings with City personnel and Covina Police Department personnel as needed.
- 18) Comply at all times with the terms and conditions of the contract, including the specific insurance requirements.

City Responsibilities

The City will have the following responsibilities:

- 1) Provide guidelines for security and protective services for associated properties and facilities.
- 2) The City Project Manager, in conjunction with appropriate City personnel, will advise and coordinate with security agency management assignment and deployment of all contract security personnel.
- 3) The City shall actively work with Contractor to jointly develop all necessary emergency operations and critical incident management protocols for use by Contractor personnel and shall support the Contractor in the development of all necessary protocols and procedures for effectively providing comprehensive security/protective services.
- 4) The City or its designee will conduct regular periodic reviews to ensure Contractor's adherence to contract specifications and continued ability to responsibly perform Contract services.
- 5) The City will prepare a Contract Discrepancy Report to identify specific failures of the Contractor to meet contract requirements.

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: May 3, 2011

ITEM NO.: CC 6

STAFF SOURCE: Robert Neuber, Director of Community Development ^{pn}
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.

STAFF RECOMMENDATION

Determine that note terms, agreement terms and program requirements are satisfied for the following CDBG Special Economic Development Program participant: SAI Auto Group LLC, doing business as Bozzani Volkswagen & Covina Valley Kia; 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. Grant was originally awarded in FY 2009-10.

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 or retained 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/retention for businesses receiving grants shall be one year.

SAI Auto Group has reported on job retention activity for one year, the required period, and has met the job retention requirements under the grant, as determined by the Los Angeles County community Development Commission (CDC) and City staff. We therefore recommend that the loan/grant be forgiven.

Business Name	Amount of Loan/Grant	Council date of loan/grant award	Final date of compliance	Years of reporting required	Full-time equivalent jobs retained
SAI AUTO GROUP	\$300,000	02/16/2010	03/31/2011	1	12

RELEVANCE TO THE STRATEGIC PLAN

Providing opportunities for economic development contributes to the City strategic plan objective of enhancing financial stability.

EXHIBITS

None

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

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: May 3, 2011

ITEM NO.: CC 7

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

ITEM TITLE: Support for Reasonable, Practicable, and Economically Achievable Total Maximum Daily Load (TMDL) and Municipal National Pollutant Discharge Elimination System (NPDES) Permit Requirements.

STAFF RECOMMENDATION

Adopt **Resolution No. 11-6933**, supporting reasonable, practicable and economically achievable stormwater NPDES permit and TMDL requirements, through the use of progressive and adaptive best management practices.

FISCAL IMPACT

No immediate fiscal impact is associated with the adoption of the resolution. However, if the Regional Board incorporates absolute compliance with numeric limits by whatever means necessary to achieve such compliance into the next municipal NPDES permit, the potential fiscal impact on the City's general fund is expected to be significant.

BACKGROUND

The City, along with 87 municipalities in Los Angeles County, has been required since the early 1990s to comply with municipal NPDES stormwater permit (NPDES permit) regulations. The Los Angeles Regional Water Quality Control Board (Regional Board) is responsible for assuring municipal compliance with NPDES permit requirements. NPDES permits are primarily authorized under the federal Clean Water Act and, to some extent, under the Porter-Cologne Act, the State's water code.

Basic Permit Requirements

For the most part, compliance costs, though not light, have been manageable. The NPDES permit allows municipalities to discharge stormwater runoff from within their jurisdictions to waters of the United States (typically oceans, lakes, and rivers), also referred to as "receiving waters." The permit also allows the discharge of certain categories of non-stormwater, such as potable water, irrigation water, and residential car wash water. In exchange, the NPDES permit mandates compliance with several program components that require the implementation of best management practices (BMPs) to reduce runoff pollution from construction sites, completed

development and redevelopment projects, and municipal operations and activities (e.g., vehicle and equipment, storm drain, sewer, and street maintenance). BMPs generally prevent stormwater from coming into contact with pollutants or treat pollutants if contact prevention is not possible.

TMDLs

On the other hand, TMDLs or “total maximum daily loads” pose a serious fiscal challenge for local governments. A TMDL is a limit on the amount of a pollutant (e.g., bacteria, metals, nutrients, trash, and dozens of others) that may enter a receiving water in order to protect its beneficial use (typically recreation). The cost of complying with TMDLs is potentially staggering – in the several millions of dollars annually, depending on the municipality and its watershed location (Los Angeles River, San Gabriel River, Dominguez Channel, Machado Lake, Legg Lake, etc.).

To date, several TMDLs have been adopted. In order for them to be binding on municipal permittees, they have to be placed into the NPDES MS4 permit. Once this occurs, subject cities must comply with the TMDL’s numeric limitation, known as a “waste load allocation” (WLA). The problem is that the Regional Board, in the several TMDLs that it has adopted thus far, plans on requiring cities to comply strictly with the WLA in the receiving water through the implementation of BMPs – beyond what federal regulations call for. However, if the WLA is not met, the non-compliant city will be subject to administrative enforcement from the Regional Board, and, more seriously, third party lawsuits from non-governmental environmental organizations. A successful third party law suit against a city could result not only in costly fines and legal fees, but may also result in a settlement agreement requiring it to agree to use general funds to pay for expensive regional treatment facilities.

League Resolution

The Los Angeles Division League of California Cities has adopted a resolution declaring a policy on NPDES permit TMDL compliance which would not require strict compliance with numeric limitations (Exhibit A). Instead, it calls for a TMDL regulatory approach that is keeping with federal stormwater regulations. That approach allows compliance to be achieved through BMP implementation, but without having to actually meet the TMDL’s numeric WLA. As long as the BMPs are being implemented, compliance will be achieved – even if the WLA metric is not met. The mechanism for accomplishing this is known as a water quality based effluent limitation (WQBEL). Actually, federal regulations require WQBELs to be used when TMDLs are effectuated through NPDES permits. The Regional Board has ignored this requirement for reasons that are not clear. The Regional Board does not have to follow federal regulations on this issue; it can rely on State law. However, if it does, it will be creating an unfunded mandate.

City Resolution

The proposed City resolution supports the League’s resolution and allows the Mayor and City Manager to advocate for reasonable compliance approaches to TMDL and NPDES permit requirements. A copy of the resolution will be forwarded to the City’s county, federal, and state elected officials.

RELEVENCE TO THE STRATEGIC PLAN

This resolution supports the Public Works Department's efforts to help achieve the City's Strategic Plan Goals of enhancing its financial stability and becoming an environmentally sustainable community by supporting TMDLs that are reasonably achievable, environmentally sound, cost-effective and based on sound scientific findings.

EXHIBITS

- A. Letter and Resolution from Los Angeles Division, League of California Cities.
- B. Resolution No. 11-6933

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

RESOLUTION NO. 11-6933

A RESOLUTION OF THE CITY OF COVINA SUPPORTING REASONABLE, PRACTICABLE AND ECONOMICALLY ACHIEVABLE STORMWATER NPDES PERMIT AND TMDL REQUIREMENTS, THROUGH THE USE OF PROGRESSIVE AND ADAPTIVE BEST MANAGEMENT PRACTICES

WHEREAS, the City of Covina is proud of its environmental programs and invests significant resources in improving water quality by implementing both federal, state and local environmental programs, including the National Pollution Discharge Elimination System (NPDES) permits and the Total Daily Maximum Load (TMDL) program; and

WHEREAS, the United States Environmental Protection Agency (USEPA) is governed under a consent decree issued by a federal district court in 1999 which requires USEPA to adopt 96 TMDLs for water bodies in the Los Angeles region, under an accelerated time schedule; and

WHEREAS, the State of California, through the State Board and Regional Board, has been designated by the USEPA to enforce federal stormwater regulations, including the municipal NPDES permits and TMDLs, under the Clean Water Act; and

WHEREAS, TMDLs are the means by which water quality standards are applied to the municipalities and TMDLs are specifically designed to achieve beneficial uses of water bodies by limiting the amount of pollutants in runoff conveyed to them; and

WHEREAS, TMDLs are typically implemented and enforced against local governments through the Municipal NPDES permits and that the Clean Water Act allows for third-party litigation/citizen suits against local governments if they fail to comply with their NPDES permit requirements; and

WHEREAS, the USEPA and the Regional Board have adopted dozens of TMDLs since 2001 and additional TMDLs are pending adoption under the consent decree; and

WHEREAS, the Regional Board has already incorporated into the current NPDES permit a trash TMDL for the Los Angeles River and a bacteria TMDL for the Santa Monica Bay, and plans to include in the permit dozens of other TMDLs affecting Ballona Creek, Calleguas Creek, the Dominquez Channel, the Los Angeles River and the San Gabriel River, and Santa Clara River watersheds; and

WHEREAS, a study commissioned by the United States Environmental Protection Agency (USEPA) concluded that the stormwater management program (including TMDLs) in the United States is dysfunctional and in need of radical change; and

WHEREAS, the USEPA study concluded that the cost of complying with TMDLs would impose upon subject local governments tremendous costs that may not result in a significant improvement in water quality; and

WHEREAS, a Government Accountability Office report commissioned by Congress found that compliance with existing TMDL regulations has been problematic and that limitations in USEPA's economic analysis of the NPDES and TMDL programs raises questions about their reasonableness (GAO/T-RCED-00-233); and

WHEREAS, the GAO also found that states have had difficulty in developing accurate water quality standards for the TMDL program due to a lack of financial resources and that, as a consequence, local governments risk directing limited resources to water bodies that have been incorrectly targeted for clean-up (GAO -03-88IT); and

WHEREAS, the State's non-partisan Little Hoover Commission found in its January of 2009 report that local governments, representing small, poor communities, as well as larger, richer urban areas, are struggling to pay for upgrades needed to protect the state's waters and that urban stormwater is a vexing problem with costly solutions, yet the State has not developed an adequate system for assessing and prioritizing the problems; and

WHEREAS, the State Water Board commissioned a panel of experts to report on the feasibility of relying on numeric limits in municipal NPDES permits and the panel reported on June 19, 2006 that "it is not feasible at this time to set enforceable numeric effluent criteria for municipal BMPs and in particular urban discharges"; and

WHEREAS, the League of California Cities adopted statewide water policy guidelines in March of 2010 supporting the development of reasonably achievable, environmentally sound and cost-effective TMDLs based on monitoring and sound science, and opposes legislation that requires the use of numeric limits in NPDES permits, because of the difficulties in meeting numeric limits, problems with exceeding numeric limits and the costs and potential enforcement impacts of numeric limits; and

WHEREAS, federal regulations allow for flexibility and provide discretion to the states when imposing NPDES permit requirements and developing TMDL programs, and USEPA has adopted Interim Permitting Approach for Water Quality-Based Effluent Limitations in Storm Water Permits, which allows municipalities to employ best management practices (BMPs) as a reasonable, practicable and economically achievable method to improve water quality in lieu of incorporating numeric limits into NPDES permits; and

WHEREAS, a recent USEPA memorandum reaffirmed the use of BMPs in addressing water quality based effluent limits (WQBELs) as a means of complying with TMDLs in NPDES stormwater permits;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA DOES HEREBY RESOLVE:

SECTION 1. That the City of Covina supports the California League of Cities statewide policy that TMDLs be reasonably achievable, environmentally sound, cost-effective and based on monitoring and sound science.

SECTION 2. That the City of Covina supports the California League of Cities statewide policy that generally opposes strict compliance with number limits in municipal NPDES permits because of the difficulties in meeting them, problems with exceeding them, and the costs and potential enforcement impacts.

SECTION 3. That the City of Covina recommends that the Regional Board allow the municipalities to comply with TMDLs through reasonable, practical and economically achievable BMPS, in a progressive and adaptable manner.

SECTION 4. That the City of Covina recommends that this BMP compliance approach be included in the upcoming municipal NPDES permits in Los Angeles County, in lieu of absolute compliance with number limits by whatever means necessary to achieve such compliance.

PASSED, APPROVED AND ADOPTED this Third day of May, 2011.

John King, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: May 3, 2011

ITEM NO.: CC 8

STAFF SOURCE: Anthony Arroyo, Human Resources Director 

ITEM TITLE: Adopt Resolution No. 11-6947 Approving the Memorandum of Understanding between the City of Covina and the Police Management Group

STAFF RECOMMENDATION

Adopt Resolution No. 11-6947 approving the Memorandum of Understanding (MOU) between the City of Covina and the Police Management Group (PMG) for a period commencing July 1, 2009 through June 30, 2013.

FISCAL IMPACT

As a result of the longevity step salary increases, the financial impact for the 2010-11 fiscal year, \$16,700; for the 2011-12 fiscal year, the impact is approximately \$17,100; for the 2012-13 fiscal year, the impact is \$17,600. No budget amendment is required for the current fiscal year. The savings realized as a result of the negotiated MOU are: capping medical cash out at \$400 for new hires effective January 1, 2011; eliminating the biennial physical program; requiring those employees promoting to the PMG to be paid out compensatory time.

BACKGROUND

The City and PMG started negotiations for a successor MOU during the 2008-09 fiscal year. Due to a change in city administration and city staff, negotiations resumed during the fall of the 2009 and recently concluded.

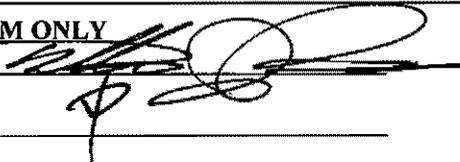
RELEVANCE TO THE STRATEGIC PLAN

None. Negotiations with the Police Management Group was not part of the Strategic Plan.

EXHIBITS

A. Resolution No. 11-6947, which includes the redline version of Resolution Exhibit A (PMG MOU).

REVIEW TEAM ONLY

City Attorney:  Finance Director: 
City Manager: _____ Other: _____

RESOLUTION NO. 11-6947

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND THE POLICE MANAGEMENT GROUP OF COVINA FOR THE PERIOD COMMENCING JULY 1, 2009 THROUGH JUNE 30, 2013.

WHEREAS, the City Council is desirous of attracting and retaining qualified employees to the City's service through a competitive salary and benefit total compensation program; and

WHEREAS, representative of the city and the Police Management Group of Covina have met in good faith to reach an agreement on a new Memorandum of Understanding pursuant to Government Code Section 3500 et seq.; and

WHEREAS, said Memorandum of Understanding for the period commencing July 1, 2009 and expiring on June 30, 2013 has been ratified by a majority membership of the Police Association of Covina and is hereby presented to the City Council for its review and determination; and

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

SECTION 1. The City Council does hereby ratify and approve the Memorandum of Understanding between the City of Covina and the Police Management Group of Covina attached hereto as Exhibit A.

SECTION 2. That all resolutions or portions thereof, in conflict herewith are hereby repealed.

SECTION 3. That the Mayor of the City of Covina is hereby authorized, empowered and directed to execute said Memorandum of Understanding for and on behalf of the City.

SECTION 4. The City Clerk shall certify to the passage and adoption of this resolution and the same shall thereupon take effect and is in force.

PASSED, APPROVED AND ADOPTED this 3rd day of May, 2011.

John C. King, Mayor

ATTEST:

Deputy City Clerk

APPROVED AS TO FORM;

City Attorney

CERTIFICATION

I, Catherine LaCroix, Deputy City Clerk of the City of Covina, hereby CERTIFY that Resolution No. 10-6888 was adopted by the Covina City Council at a regular meeting of the City Council held November 2, 2010, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Catherine LaCroix
Deputy City Clerk

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

TABLE OF CONTENTS

1.0. PREAMBLE.....	10
2.0. RECOGNITION.....	10
2.0.1 EXCLUSIVE REPRESENTATIVE.....	10
2.0.1.1 SWORN.....	10
2.0.1.2 NEW CLASSIFICATIONS.....	10
2.0.2 INDIVIDUAL EMPLOYEE RIGHTS.....	10
3.0. EMPLOYEE DEFINITIONS.....	11
4.0. SCOPE AND PREVAILING RIGHTS.....	11
4.0.1 BASIC AGREEMENT.....	11
4.0.2 DISCRIMINATION.....	12
4.0.3 MANAGEMENT RIGHTS RESERVED.....	12
4.0.4 EMPLOYEE RIGHTS.....	13
5.0. SAVINGS CLAUSE.....	13
5.0.1 STATE AND FEDERAL OBLIGATIONS.....	13
5.0.2 COURT ACTIONS, LEGISLATION.....	14
5.0.3 BINDING ON THE PARTIES.....	14
6.0. FULL UNDERSTANDING, MODIFICATIONS, WAIVER.....	14
7.0. TERM AND RENEWAL OF MEMORANDUM.....	14
8.0. WORKDAYS AND HOURS.....	15
8.0.1 WORK SCHEDULES.....	15
8.0.1.1 FIVE-FORTY PLAN.....	15
8.0.1.2 NINE-EIGHTY PLAN.....	15
8.0.1.3 FOUR-TEN PLAN.....	15
9.0. SALARY AND COMPENSATION.....	16
9.0.1 SALARY ADJUSTMENT AND RANGES.....	16
9.0.1.1 FINANCIAL CRISIS LANGUAGE.....	18
9.0.2 PERFORMANCE INCENTIVE PAY.....	18
9.0.3 ADVANCEMENT THROUGH SALARY RANGE.....	18
9.0.3.1 NEW EMPLOYEES.....	18
9.0.3.2 PROMOTED EMPLOYEES.....	19
9.0.3.3 SALARY UPON PROMOTION.....	19
9.0.4 EXTRA WORK PERFORMED OFF HOURS-COMPENSATION.....	20
9.0.4.1 ADMINISTRATIVE LEAVE.....	20
9.0.4.2 HOUR FOR HOUR COMPENSATION.....	20
9.0.4.3 USE OF COMPENSATORY TIME.....	21
9.0.4.4 PAY OUT OF COMPENSATORY TIME UPON PROMOTION.....	21
9.0.4.5 HOLIDAY OVERTIME - SEE "FIXED AND FLOATING HOLIDAYS".....	21
9.0.5 ACTING APPOINTMENT COMPENSATION.....	21
9.0.6 SPECIAL ASSIGNMENT COMPENSATION.....	22
9.0.6.1 LIEUTENANTS ASSIGNED TO NON-PATROL.....	22
9.0.6.2 BILINGUAL PAY.....	22
10.0. HOLIDAYS AND LEAVES OF ABSENCE.....	22
10.0.1 FIXED AND FLOATING HOLIDAYS DEFINED.....	22

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

<u>10.0.1.1</u>	<u>HOLIDAYS DEFINED</u>	<u>22</u>
<u>10.0.1.2</u>	<u>COMPENSATION IN LIEU OF FIXED HOLIDAYS</u>	<u>23</u>
<u>10.0.1.3</u>	<u>FLOATING HOLIDAYS</u>	<u>23</u>
<u>10.0.1.4</u>	<u>EMPLOYEE REQUIRED TO WORK A HOLIDAY</u>	<u>23</u>
<u>10.0.1.5</u>	<u>ACCRUAL OF FLOATING HOLIDAYS - NEW EMPLOYEES</u>	<u>24</u>
11.0.	SICK LEAVE	24
<u>11.0.1</u>	<u>EARNING AND ACCUMULATION OF SICK LEAVE</u>	<u>24</u>
<u>11.0.1.1</u>	<u>SICK LEAVE EARNED</u>	<u>24</u>
<u>11.0.1.2</u>	<u>EMPLOYEES OF RECORD AS OF DECEMBER 31, 1987</u>	<u>24</u>
<u>11.0.2</u>	<u>PAY OFF OF ACCUMULATED SICK LEAVE</u>	<u>25</u>
<u>11.0.2.1</u>	<u>PAY OFF OF ACCUMULATED SICK LEAVE UPON TERMINATION OF EMPLOYMENT</u>	<u>25</u>
<u>11.0.3</u>	<u>USE OF SICK LEAVE EARNED</u>	<u>26</u>
<u>11.0.3.1</u>	<u>EMPLOYEE'S NEED</u>	<u>26</u>
<u>11.0.3.2</u>	<u>EMPLOYEE'S FAMILY'S NEED</u>	<u>26</u>
<u>11.0.3.3</u>	<u>PAYOFF OF ACCUMULATED SICK LEAVE PRIOR TO TERMINATION</u>	<u>27</u>
<u>11.0.3.4</u>	<u>FOR DEATH IN FAMILY</u>	<u>27</u>
12.0.	VACATION LEAVE	27
<u>12.0.1.1</u>	<u>VACATION EARNING RATE</u>	<u>27</u>
<u>12.0.2</u>	<u>ACCUMULATION AND PAYOFF</u>	<u>28</u>
13.0.	MATERNITY LEAVE	28
<u>13.0.1</u>	<u>FAMILY MEDICAL LEAVE</u>	<u>29</u>
14.0.	OTHER EMPLOYEE BENEFITS	29
<u>14.0.1</u>	<u>HEALTH INSURANCE</u>	<u>29</u>
<u>14.0.2</u>	<u>OPTIONAL BENEFITS</u>	<u>30</u>
<u>14.0.3</u>	<u>LIFE INSURANCE</u>	<u>30</u>
<u>14.0.4</u>	<u>LONG TERM DISABILITY INSURANCE</u>	<u>30</u>
<u>14.0.5</u>	<u>EMPLOYEE RETIREMENT PROVISIONS</u>	<u>31</u>
<u>14.0.5.1</u>	<u>SWORN EMPLOYEES</u>	<u>31</u>
<u>14.0.6</u>	<u>RETIREE MEDICAL</u>	<u>32</u>
<u>14.0.7</u>	<u>UNIFORM ALLOWANCE AND MAINTENANCE</u>	<u>32</u>
<u>14.0.7.1</u>	<u>ELIGIBILITY AND AMOUNTS</u>	<u>33</u>
<u>14.0.7.2</u>	<u>PAYMENT</u>	<u>33</u>
<u>14.0.8</u>	<u>AUTO MILEAGE REIMBURSEMENT</u>	<u>33</u>
<u>14.0.9</u>	<u>SAFETY EQUIPMENT</u>	<u>34</u>
15.0.	GRIEVANCE PROCEDURE	34
16.0.	PUBLIC SAFETY OFFICERS PROCEDURAL BILL OF RIGHTS ACT	35
17.0.	PROBATIONARY PERIOD	35
18.0.	DISCONTINUANCE OF BONUS POINTS IN THE EXAMINATION PROCESS	35
19.0.	LAYOFF PROCEDURE	35
20.0.	PROCEDURE	35
21.0.	DEMOTION IN LIEU OF LAYOFF	36
<u>21.0.1</u>	<u>RECALL</u>	<u>36</u>
<u>21.0.2</u>	<u>SENIORITY</u>	<u>36</u>
22.0.	RESOLUTION OF IMPASSE	37
23.0.	NO STRIKE	37

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

24.0. SIGNATURES AND EXECUTION	39
25.0. EXHIBITS	40
1.0. PREAMBLE	3
2.0. RECOGNITION	3
2.0.1 EXCLUSIVE REPRESENTATIVE	3
2.0.1.1 SWORN	3
2.0.1.2 NEW CLASSIFICATIONS	3
2.0.2 INDIVIDUAL EMPLOYEE RIGHTS	3
3.0. EMPLOYEE DEFINITIONS	4
4.0. SCOPE AND PREVAILING RIGHTS	4
4.0.1 BASIC AGREEMENT	4
4.0.2 DISCRIMINATION	5
4.0.3 MANAGEMENT RIGHTS RESERVED	5
4.0.4 EMPLOYEE RIGHTS	6
5.0. SAVINGS CLAUSE	6
5.0.1 STATE AND FEDERAL OBLIGATIONS	6
5.0.2 COURT ACTIONS, LEGISLATION	7
5.0.3 BINDING ON THE PARTIES	7
6.0. FULL UNDERSTANDING, MODIFICATIONS, WAIVER	7
7.0. TERM AND RENEWAL OF MEMORANDUM	7
8.0. WORKDAYS AND HOURS	8
8.0.1 WORK SCHEDULES	8
8.0.1.1 FIVE FORTY PLAN	8
8.0.1.2 NINE EIGHTY PLAN	8
8.0.1.3 FOUR TEN PLAN	8
9.0. SALARY AND COMPENSATION	8
9.0.1 SALARY ADJUSTMENT AND RANGES	8
9.0.1.1 FINANCIAL CRISIS LANGUAGE	9
9.0.2 PERFORMANCE INCENTIVE PAY	10
9.0.3 ADVANCEMENT THROUGH SALARY RANGE	10
9.0.3.1 NEW EMPLOYEES	10
9.0.3.2 PROMOTED EMPLOYEES	10
9.0.3.3 SALARY UPON PROMOTION	10
9.0.3.4 ADVANCED SALARY STEP INCREASES	10
9.0.4 EXTRA WORK PERFORMED OFF HOURS COMPENSATION	11
9.0.4.1 ADMINISTRATIVE LEAVE	11
9.0.4.2 HOUR FOR HOUR COMPENSATION	12
9.0.4.3 USE OF COMPENSATORY TIME	12
9.0.4.4 HOLIDAY OVERTIME SEE "FIXED AND FLOATING HOLIDAYS"	12
9.0.5 ACTING APPOINTMENT COMPENSATION	12
9.0.6 SPECIAL ASSIGNMENT COMPENSATION	13
9.0.6.1 LIEUTENANTS ASSIGNED TO NON-PATROL	13
9.0.6.2 BILINGUAL PAY	13
10.0. HOLIDAYS AND LEAVES OF ABSENCE	13
10.0.1 FIXED AND FLOATING HOLIDAYS DEFINED	13
10.0.1.1 HOLIDAYS DEFINED	13

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

10.0.1.2	COMPENSATION IN LIEU OF FIXED HOLIDAYS	14
10.0.1.3	FLOATING HOLIDAYS	14
10.0.1.4	EMPLOYEE REQUIRED TO WORK A HOLIDAY	15
10.0.1.5	ACCRUAL OF FLOATING HOLIDAYS - NEW EMPLOYEES	15
11.0	SICK LEAVE	15
11.0.1	EARNING AND ACCUMULATION OF SICK LEAVE	15
11.0.1.1	SICK LEAVE EARNED	16
11.0.1.2	EMPLOYEES OF RECORD AS OF DECEMBER 31, 1987	16
11.0.2	PAY OFF OF ACCUMULATED SICK LEAVE	16
11.0.2.1	PAY OFF OF ACCUMULATED SICK LEAVE UPON TERMINATION OF EMPLOYMENT	16
11.0.3	USE OF SICK LEAVE EARNED	17
11.0.3.1	EMPLOYEE'S NEED	17
11.0.3.2	EMPLOYEE'S FAMILY'S NEED	17
11.0.3.3	PAYOFF OF ACCUMULATED SICK LEAVE PRIOR TO TERMINATION	17
11.0.3.4	FOR DEATH IN FAMILY	18
12.0	VACATION LEAVE	18
12.0.1.1	VACATION EARNING RATE	18
12.0.2	ACCUMULATION LIMITATION	18
13.0	MATERNITY LEAVE	19
13.0.1	FAMILY MEDICAL LEAVE	20
14.0	OTHER EMPLOYEE BENEFITS	20
14.0.1	HEALTH INSURANCE	20
14.0.2	OPTIONAL BENEFITS	20
14.0.3	LIFE INSURANCE	21
14.0.4	LONG TERM DISABILITY INSURANCE	21
14.0.5	EMPLOYEE RETIREMENT PROVISIONS	21
14.0.5.1	SWORN EMPLOYEES	22
14.0.6	RETIREE MEDICAL	22
14.0.7	UNIFORM ALLOWANCE AND MAINTENANCE	23
14.0.7.1	ELIGIBILITY AND AMOUNTS	23
14.0.7.2	PAYMENT	23
14.0.8	AUTO MILEAGE REIMBURSEMENT	23
14.0.9	SAFETY EQUIPMENT	23
15.0	GRIEVANCE PROCEDURE	24
16.0	PUBLIC SAFETY OFFICERS PROCEDURAL BILL OF RIGHTS ACT	24
17.0	PROBATIONARY PERIOD	25
18.0	DISCONTINUANCE OF BONUS POINTS IN THE EXAMINATION PROCESS	25
19.0	LAYOFF PROCEDURE	25
20.0	PROCEDURE	25
21.0	DEMOTION IN LIEU OF LAYOFF	25
21.0.1	RECALL	26
21.0.2	SENIORITY	26
22.0	RESOLUTION OF IMPASSE	26
23.0	NO STRIKE	27
24.0	SIGNATURES AND EXECUTION	29

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

25.0	EXHIBITS	30
1.0	PREAMBLE	3
2.0	RECOGNITION	3
2.0.1	EXCLUSIVE REPRESENTATIVE	3
2.0.1.1	SWORN	3
2.0.1.2	NEW CLASSIFICATIONS	3
2.0.2	INDIVIDUAL EMPLOYEE RIGHTS	3
3.0	EMPLOYEE DEFINITIONS	4
4.0	SCOPE AND PREVAILING RIGHTS	4
4.0.1	BASIC AGREEMENT	4
4.0.2	DISCRIMINATION	5
4.0.3	MANAGEMENT RIGHTS RESERVED	5
4.0.4	EMPLOYEE RIGHTS	6
5.0	SAVINGS CLAUSE	6
5.0.1	STATE AND FEDERAL OBLIGATIONS	6
5.0.2	COURT ACTIONS, LEGISLATION	7
5.0.3	BINDING ON THE PARTIES	7
6.0	FULL UNDERSTANDING, MODIFICATIONS, WAIVER	7
7.0	TERM AND RENEWAL OF MEMORANDUM	7
8.0	WORKDAYS AND HOURS	8
8.0.1	WORK SCHEDULES	8
8.0.1.1	FIVE-FORTY PLAN	8
8.0.1.2	NINE-EIGHTY PLAN	8
8.0.1.3	FOUR-TEN PLAN	8
9.0	SALARY AND COMPENSATION	8
9.0.1	SALARY ADJUSTMENT AND RANGES	8
9.0.1.1	FINANCIAL CRISIS LANGUAGE	9
9.0.2	PERFORMANCE INCENTIVE PAY	10
9.0.3	ADVANCEMENT THROUGH SALARY RANGE	10
9.0.3.1	NEW EMPLOYEES	10
9.0.3.2	PROMOTED EMPLOYEES	10
9.0.3.3	SALARY UPON PROMOTION	10
9.0.3.4	longevity step increases	10
9.0.4	EXTRA WORK PERFORMED OFF HOURS COMPENSATION	11
9.0.4.1	ADMINISTRATIVE LEAVE	11
9.0.4.2	HOUR FOR HOUR COMPENSATION	11
9.0.4.3	USE OF COMPENSATORY TIME	12
9.0.4.4	HOLIDAY OVERTIME - SEE "FIXED AND FLOATING HOLIDAYS"	12
9.0.5	ACTING APPOINTMENT COMPENSATION	12
9.0.6	SPECIAL ASSIGNMENT COMPENSATION	12
9.0.6.1	LIEUTENANTS ASSIGNED TO NON-PATROL	12
9.0.6.2	BILINGUAL PAY	13
10.0	HOLIDAYS AND LEAVES OF ABSENCE	13
10.0.1	FIXED AND FLOATING HOLIDAYS DEFINED	13
10.0.1.1	HOLIDAYS DEFINED	13
10.0.1.2	COMPENSATION IN LIEU OF FIXED HOLIDAYS	13

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

10.0.1.2	FLOATING HOLIDAYS	14
10.0.1.4	EMPLOYEE REQUIRED TO WORK A HOLIDAY	14
10.0.1.5	ACCRUAL OF FLOATING HOLIDAYS - NEW EMPLOYEES	15
11.0	SICK LEAVE	15
11.0.1	EARNING AND ACCUMULATION OF SICK LEAVE	15
11.0.1.1	EMPLOYEES HIRED OR PROMOTED ON OR AFTER JANUARY 1, 1988	15
11.0.1.2	EMPLOYEES OF RECORD AS OF DECEMBER 31, 1987	15
11.0.2	PAY OFF OF ACCUMULATED SICK LEAVE	16
11.0.2.1	PAY OFF OF ACCUMULATED SICK LEAVE UPON TERMINATION OF EMPLOYMENT	16
11.0.3	USE OF SICK LEAVE EARNED	16
11.0.3.1	EMPLOYEE'S NEED	16
11.0.3.2	EMPLOYEE'S FAMILY'S NEED	17
11.0.3.3	PAYOFF OF ACCUMULATED SICK LEAVE PRIOR TO TERMINATION	17
11.0.3.4	FOR DEATH IN FAMILY	17
12.0	VACATION LEAVE	17
12.0.1.1	VACATION EARNING RATE	17
12.0.2	ACCUMULATION LIMITATION	18
13.0	MATERNITY LEAVE	19
13.0.1	FAMILY MEDICAL LEAVE	19
14.0	OTHER EMPLOYEE BENEFITS	20
14.0.1	HEALTH INSURANCE	20
14.0.2	OPTIONAL BENEFITS	20
14.0.3	LIFE INSURANCE	21
14.0.4	LONG TERM DISABILITY INSURANCE	21
14.0.5	EMPLOYEE RETIREMENT PROVISIONS	21
14.0.5.1	SWORN EMPLOYEES	21
14.0.6	RETIREE MEDICAL	22
14.0.7	UNIFORM ALLOWANCE AND MAINTENANCE	22
14.0.7.1	ELIGIBILITY AND AMOUNTS	22
14.0.7.2	PAYMENT	23
14.0.8	AUTO MILEAGE REIMBURSEMENT	23
14.0.9	SAFETY EQUIPMENT	23
15.0	GRIEVANCE PROCEDURE	24
16.0	PUBLIC SAFETY OFFICERS PROCEDURAL BILL OF RIGHTS ACT	24
17.0	PROBATIONARY PERIOD	24
18.0	DISCONTINUANCE OF BONUS POINTS IN THE EXAMINATION PROCESS	24
19.0	LAYOFF PROCEDURE	25
20.0	PROCEDURE	25
21.0	DEMOTION IN LIEU OF LAYOFF	25
21.0.1	RECALL	25
21.0.2	SENIORITY	26
22.0	RESOLUTION OF IMPASSE	26
23.0	NO STRIKE	27
24.0	SIGNATURES AND EXECUTION	28

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

<u>25.0</u>	<u>EXHIBITS</u>	<u>29</u>
<u>1.0</u>	<u>PREAMBLE</u>	<u>3</u>
<u>2.0</u>	<u>RECOGNITION</u>	<u>3</u>
<u>2.0.1</u>	<u>EXCLUSIVE REPRESENTATIVE</u>	<u>3</u>
<u>2.0.1.1</u>	<u>SWORN</u>	<u>3</u>
<u>2.0.1.2</u>	<u>NON-SWORN</u>	<u>3</u>
<u>2.0.1.3</u>	<u>NEW CLASSIFICATIONS</u>	<u>3</u>
<u>2.0.2</u>	<u>INDIVIDUAL EMPLOYEE RIGHTS</u>	<u>3</u>
<u>3.0</u>	<u>EMPLOYEE DEFINITIONS</u>	<u>4</u>
<u>4.0</u>	<u>SCOPE AND PREVAILING RIGHTS</u>	<u>4</u>
<u>4.0.1</u>	<u>BASIC AGREEMENT</u>	<u>4</u>
<u>4.0.2</u>	<u>DISCRIMINATION</u>	<u>5</u>
<u>4.0.3</u>	<u>MANAGEMENT RIGHTS RESERVED</u>	<u>5</u>
<u>4.0.4</u>	<u>EMPLOYEE RIGHTS</u>	<u>6</u>
<u>5.0</u>	<u>SAVINGS CLAUSE</u>	<u>7</u>
<u>5.0.1</u>	<u>STATE AND FEDERAL OBLIGATIONS</u>	<u>7</u>
<u>5.0.2</u>	<u>COURT ACTIONS, LEGISLATION</u>	<u>7</u>
<u>5.0.3</u>	<u>BINDING ON THE PARTIES</u>	<u>7</u>
<u>6.0</u>	<u>FULL UNDERSTANDING, MODIFICATIONS, WAIVER</u>	<u>7</u>
<u>7.0</u>	<u>TERM AND RENEWAL OF MEMORANDUM</u>	<u>8</u>
<u>8.0</u>	<u>WORKDAYS AND HOURS</u>	<u>8</u>
<u>8.0.1</u>	<u>WORK SCHEDULES</u>	<u>8</u>
<u>8.0.1.1</u>	<u>FIVE-FORTY PLAN</u>	<u>8</u>
<u>8.0.1.2</u>	<u>NINE-EIGHTY PLAN</u>	<u>8</u>
<u>8.0.1.3</u>	<u>FOUR-TEN PLAN</u>	<u>8</u>
<u>9.0</u>	<u>SALARY AND COMPENSATION</u>	<u>9</u>
<u>9.0.1</u>	<u>SALARY ADJUSTMENT AND RANGES</u>	<u>9</u>
<u>9.0.1.1</u>	<u>FINANCIAL CRISIS LANGUAGE</u>	<u>11</u>
<u>9.0.2</u>	<u>PERFORMANCE INCENTIVE PAY</u>	<u>11</u>
<u>9.0.3</u>	<u>ADVANCEMENT THROUGH SALARY RANGE</u>	<u>11</u>
<u>9.0.3.1</u>	<u>NEW EMPLOYEES</u>	<u>11</u>
<u>9.0.3.2</u>	<u>PROMOTED EMPLOYEES</u>	<u>11</u>
<u>9.0.3.3</u>	<u>SALARY UPON PROMOTION</u>	<u>12</u>
<u>9.0.4</u>	<u>EXTRA WORK PERFORMED OFF HOURS COMPENSATION</u>	<u>12</u>
<u>9.0.4.1</u>	<u>ADMINISTRATIVE LEAVE</u>	<u>12</u>

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

9.0.4.2.....HOUR FOR HOUR COMPENSATION.....12
12

9.0.4.3.....USE OF COMPENSATORY TIME.....13
13

9.0.4.4.....HOLIDAY OVERTIME SEE "FIXED AND FLOATING HOLIDAYS".....13
13

9.0.5 ACTING APPOINTMENT COMPENSATION.....13

9.0.6 SPECIAL ASSIGNMENT COMPENSATION.....13

9.0.6.1.....LIEUTENANTS ASSIGNED TO NON PATROL.....14
14

9.0.6.2.....BILINGUAL PAY.....14
14

10.0 HOLIDAYS AND LEAVES OF ABSENCE.....14

10.0.1.....FIXED AND FLOATING HOLIDAYS DEFINED.....14
14

10.0.1.1.....HOLIDAYS DEFINED.....14
14

10.0.1.2.....COMPENSATION IN LIEU OF FIXED HOLIDAYS.....13
13

10.0.1.3.....FLOATING HOLIDAYS.....15
15

10.0.1.4.....EMPLOYEE REQUIRED TO WORK A HOLIDAY.....15
15

10.0.1.5.....ACCRUAL OF FLOATING HOLIDAYS - NEW EMPLOYEES.....16
16

11.0 SICK LEAVE.....16

11.0.1.....EARNING AND ACCUMULATION OF SICK LEAVE.....16
16

11.0.1.1.....EMPLOYEES HIRED OR PROMOTED ON OR AFTER JANUARY 1, 1988.....16
16

11.0.1.2.....EMPLOYEES OF RECORD AS OF DECEMBER 31, 1987.....16
16

11.0.2.....PAY OFF OF ACCUMULATED SICK LEAVE.....17
17

11.0.2.1.....PAY OFF OF ACCUMULATED SICK LEAVE UPON TERMINATION OF EMPLOYMENT.....17
17

11.0.2.2.....PAYOFF OF ACCUMULATED SICK LEAVE GRANDFATHER CLAUSE FOR CURRENT SUPPORT SERVICES MANAGER.....17
17

11.0.3.....USE OF SICK LEAVE EARNED.....18
18

11.0.3.1.....EMPLOYEE'S NEEDS.....18
18

11.0.3.2.....EMPLOYEE'S FAMILY'S NEEDS.....18
18

11.0.3.3.....PAYOFF OF ACCUMULATED SICK LEAVE PRIOR TO TERMINATION.....18
18

11.0.3.4.....FOR DEATH IN FAMILY.....19
19

12.0 VACATION LEAVE.....19

12.0.1.1.....VACATION EARNING RATE.....19
19

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

12.0.2	.....	ACCUMULATION LIMITATION	19
13.0	.....	MATERNITY LEAVE	20
13.0.1	.....	FAMILY MEDICAL LEAVE	21
14.0	.....	OTHER EMPLOYEE BENEFITS	21
14.0.1	.....	HEALTH INSURANCE	21
14.0.2	.....	OPTIONAL BENEFITS	21
14.0.3	.....	LIFE INSURANCE	22
14.0.4	.....	LONG TERM DISABILITY INSURANCE	22
14.0.5	.....	EMPLOYEE RETIREMENT PROVISIONS	22
14.0.5.1	.....	SWORN EMPLOYEES	22
14.0.5.2	.....	NON SWORN EMPLOYEES	23
14.0.6	.....	RETIREE MEDICAL	23
14.0.7	.....	UNIFORM ALLOWANCE AND MAINTENANCE	24
14.0.7.1	.....	ELIGIBILITY AND AMOUNTS	24
14.0.7.2	.....	PAYMENT	24
14.0.8	.....	BIENNIAL PHYSICAL EXAM	24
14.0.9	.....	AUTO MILEAGE REIMBURSEMENT	25
14.0.10	.....	SAFETY EQUIPMENT	25
15.0	.....	GRIEVANCE PROCEDURE	26
16.0	.....	PUBLIC SAFETY OFFICERS PROCEDURAL BILL OF RIGHTS ACT	26
17.0	.....	PROBATIONARY PERIOD	26
18.0	.....	DISCONTINUANCE OF BONUS POINTS IN THE EXAMINATION PROCESS	27
19.0	.....	LAYOFF PROCEDURE	27
20.0	.....	PROCEDURE	27
21.0	.....	DEMOTION IN LIEU OF LAYOFF	27
21.0.1	.....	RECALL	28
21.0.2	.....	SENIORITY	28
22.0	.....	RESOLUTION OF IMPASSE	28
23.0	.....	NO STRIKE	29

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

~~24.0 SIGNATURES AND EXECUTION~~ ~~30~~

~~25.0 EXHIBITS~~ ~~31~~

1.0. PREAMBLE

This agreement has been prepared in accordance with Chapter 10, Division 4, Title 1, of the California Government Code, and Section 15 of Resolution 2783 of the City of Covina. The City of Covina, hereinafter referred to as the "City" and the Police Management Group hereinafter referred to as the "Recognized Employee Organization" have reached this Memorandum of Understanding pursuant to meeting and conferring in good faith.

2.0. RECOGNITION

2.0.1 EXCLUSIVE REPRESENTATIVE

The Employer hereby acknowledges the Police Management Group as the exclusive representative for certain full time sworn and non-sworn employees in the Covina Police Department holding the classifications listed below, for the purpose of meeting and conferring in good faith regarding wages, hours, and other terms and conditions of employment.

2.0.1.1 SWORN

Police Captain
Police Lieutenant

~~2.0.1.2 NON-SWORN~~

~~Support Services Manager~~

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~~2.0.1.3~~ **2.0.1.2 NEW CLASSIFICATIONS**

Any other full-time classification(s) created hereinafter by the City of Covina that the City deems appropriate to the Police Management Group.

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2.0.2 INDIVIDUAL EMPLOYEE RIGHTS

Employees of the City shall have the right to form, join and participate in the activities of employee organizations of their own choosing for the purpose of representation on all matters of employer-employee relations including but not limited to wages, hours, and other terms and conditions of employment. Employees of the City also shall have the right to refuse to join or participate in the activities of employee organizations and shall have the right to represent themselves individually in their employment relations with the City. No employee shall be

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

interfered with, intimidated, restrained, coerced or discriminated against by the City or by any employee organization because of his/her exercise of these rights.

3.0. EMPLOYEE DEFINITIONS

EMPLOYEE, FULL-TIME - means for purposes of this Memorandum of Understanding will exclude those not of permanent status of the previously listed position classifications. Permanent status does not include those on probation, of limited term (six months or less), or seasonal hire (school term or season of the year), of part-time status (working less than forty hours in a work week which is from Sunday through the following Saturday).

EMPLOYEE, CONFIDENTIAL - means an employee who is privy to decisions of City management affecting employer-employee relations.

EMPLOYEE, MANAGEMENT - means:

1. Any employee having significant responsibilities for formulating and administering City policies and programs, including but not limited to the City Manager and department heads; and/or
2. Any employee having authority to exercise independent judgment to hire, transfer, suspend, lay-off, recall, promote, discharge, assign, reward or discipline other employees, or having the responsibility to direct them, or to adjust their grievances, or effectively to recommend such action if in connection with the foregoing, the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment. (For illustrative purposes, "management employee" shall be interpreted to mean those classes above Police Sergeant).

EMPLOYEE, PROFESSIONAL - means employees engaged in work requiring specialized knowledge and skills attained through completion of a recognized course of instruction, including, but not limited to, attorneys, physicians, registered nurses, engineers, architects, teachers, and various type of physical, chemical, and biological scientists.

4.0. SCOPE AND PREVAILING RIGHTS

4.0.1 BASIC AGREEMENT

It is the intent and purpose of the Memorandum to assure sound and mutually beneficial working and economic relations between the parties hereto, to provide an orderly and peaceful means of resolving any misunderstanding of differences which may arise, and to set forth herein the basic and full agreement between the parties concerning wages, hours, and other terms and working conditions of employment.

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

However, non-conflicting prior practices shall continue without interruption as a prior practice, which shall be defined as a practice which has been (1) unequivocal; and (2) clearly enunciated and acted upon; and (3) readily ascertainable over a reasonable period of time as fixed and an established practice; and (4) is not in conflict with the Management Rights section of this Article.

4.0.2 DISCRIMINATION

In accordance with Federal and State Laws and in conformance with Covina's Equal Opportunity Plan, it shall be an unlawful employment practice to discriminate on the basis of Race, Color, Ancestry, Religious Creed, National Origin, Gender, Disability, Medical Condition, Age, Sexual Orientation or Marital Status. It is further agreed that the Recognized Employee Organization fully supports the City's Equal Opportunity Plan, and accept its responsibility for creating a work climate conducive to achieving the Equal Employment Opportunity goals and programs outlined in the plan.

The parties hereto agree not to discriminate against any employee because of membership or non-membership activity on behalf of the Police Management Group.

4.0.3 MANAGEMENT RIGHTS RESERVED

All management rights and functions except those which are clearly and expressly limited in this Memorandum of Understanding shall remain vested exclusively in the City. It is expressly recognized merely by way of illustration and not by way of limitation that such rights and functions include, but are not limited to:

- a. Manage the City
- b. Establish and schedule working hours.
- c. Establish, modify, or change work schedules or standards.
- d. Institute changes in procedures.
- e. Direct the work force, including the right to hire, promote, demote, transfer, suspend, discipline or discharge any employee.
- f. Determine the location of any new facilities, buildings, departments, divisions, or subdivisions thereof, and the relocation, sale, leasing or closing of facilities, departments, divisions or subdivisions thereof.
- g. Determine services to be rendered and frequency thereof.
- h. Determine the layout of buildings and equipment and materials to be used therein.
- i. Determine processes, techniques, methods, and means of performing work
- j. Determine the size, character and use of inventories.
- k. Determine financial policy including accounting procedure, establish and administer the fiscal year budget.
- l. Determine the administrative organization of the system.
- m. Determine selection, promotion or transfer of employees.
- n. Determine the size and characteristics of the work force.
- o. Determine the allocation and assignment of work to employees.

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

- p. Determine policy affecting the selection of new employees.
- q. Determine the establishment of quality and quantity standards and the judgment of quality and quantity standards of work required.
- r. Determine administration of discipline.
- s. Determine control and use of City property, materials, and equipment.
- t. Schedule work periods and determine the number and duration of work periods.
- u. Establish, modify, eliminate or enforce rules and regulations.
- v. Place work with outside firms.
- w. Determine the kinds and numbers of personnel necessary to execute the City mission.
- x. Determine the methods and means by which such operations are to be conducted.
- y. Require employees, where necessary, to take in service training courses during working hours.
- z. Determine duties to be included in any job classifications.
- aa. Determine the necessity of overtime and the amount of overtime required.
- bb. Take any necessary action to carry out the mission of the City in cases of any emergency or other unusual situations.
- cc. Prescribe a uniform dress to be worn by designated employees.

The exercise of the foregoing powers, rights, authority, duties, and responsibilities by the City, adoption of policies, rules, regulations, and practices in furtherance thereof, and the use of judgment and discretion in connection therewith, shall be limited only by the specific and express terms of this contract, and then only to the extent such specific and express terms are in conformance with law. As pursuant to the law, all subjects, in relation to wages, hours, and working conditions will continue to be the subject of meet and confer or meet and consult, whichever is applicable.

4.0.4 EMPLOYEE RIGHTS

The rights of employees in the bargaining unit and of the Union are limited to those specifically set forth in this agreement, and the City retains all authority, powers, privileges and rights not specifically limited by the terms of this agreement.

All rights, privileges and working conditions officially recognized and generally enjoyed by the employees represented herein at the time of the signing of this Memorandum of Understanding which are not included in this memorandum shall remain in full force, unchanged and unaffected in any matter during the term of the memorandum unless changed by mutual consent. However, for such prior practices to be applicable they must not be in conflict with the Management Rights section of this Article.

5.0. SAVINGS CLAUSE

5.0.1 STATE AND FEDERAL OBLIGATIONS

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

This Memorandum shall not in any way interfere with the obligation of the parties hereto to comply with the State and Federal Law or of any rule, legislation, regulation or order issued by such government authority pertaining to the matters covered herein.

5.0.2 COURT ACTIONS, LEGISLATION

If any provision of this Memorandum or the application of the Memorandum should be rendered or declared invalid by any court action or by reason of legislation, the remaining parts or portions of this Memorandum shall remain in full force and effect.

5.0.3 BINDING ON THE PARTIES

Except as provided in the above preceding paragraphs, the parties hereto agree that this Memorandum cannot be modified, changed or altered any way whatsoever except by compliance with Section 3504.5 of the Government Code which requires notice and meeting and conferring prior to implementation of any changes.

6.0. FULL UNDERSTANDING, MODIFICATIONS, WAIVER

It is intended that this Agreement sets forth the full and entire understanding of the parties regarding the matters set forth herein, and any other prior or existing understanding or agreements by the parties, whether formal or informal, regarding any such matters are hereby superseded or terminated in their entirety.

By the term "informal" it is understood to refer to such items as person-to-person arrangements unique to an individual situation or circumstance.

Except, as specifically provided herein, it is agreed and understood that both parties voluntarily and unqualifiedly waive their rights, and agree that the other shall not be required to negotiate with respect to any subject or matter covered herein during the term of this Agreement, unless otherwise specified herein.

Any agreement, alteration, understanding, variation, waiver, or modification of any of the terms or provisions contained herein shall not be binding upon the parties hereto unless made and executed in writing by all parties hereto, and if required, approved and implemented by the City Council.

The waiver of any breach, term or condition of this Agreement by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.

7.0. TERM AND RENEWAL OF MEMORANDUM

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

Upon ratification and execution by the City Council, this Memorandum of Understanding shall become effective on July 1, ~~2008-2009~~~~for City employees on the active payroll as of July 1, 2008.~~ It shall remain in full force and effect until June 30, ~~2009~~2013.

This Memorandum of Understanding shall automatically be renewed on the same terms and conditions for consecutive one-year periods thereafter unless no earlier than one hundred and twenty (120) days and no later than ninety (90) days prior to the expiration of this agreement, or any extension thereof, either party shall give written notice to the other party of its intent to terminate or modify the agreement.

8.0. WORKDAYS AND HOURS

8.0.1 WORK SCHEDULES

Employees in this unit may be assigned any approved work schedule as determined by the Police Chief.

8.0.1.1 FIVE-FORTY PLAN

The work week for employees appropriate to this unit assigned to a five-forty plan shall consist of five (5) eight (8) hour days within seven (7) consecutive twenty-four (24) hour periods inclusive of rest periods but exclusive of the lunch period which shall not be paid time.

8.0.1.2 NINE-EIGHTY PLAN

The work period for employees appropriate to this unit assigned to a nine-eighty plan shall consist of eight (8) nine hour days and one (1) eight (8) hour day within fourteen (14) consecutive twenty-four (24) hour periods inclusive of rest periods but exclusive of the lunch period which shall not be paid time.

8.0.1.3 FOUR-TEN PLAN

The work week for employees appropriate to this unit assigned to a four-ten plan shall consist of four (4) ten (10) hour days within seven (7) consecutive twenty-four (24) hour periods, inclusive of rest periods but exclusive of the lunch period which shall not be paid time.

Those employees appropriate to this unit assigned to patrol shall work a four-ten plan which consists of four (4) ten (10) hour days within seven (7) consecutive twenty-four (24) hour periods inclusive of rest periods and lunch period.

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

	A	B	C	D	E
Hourly	64.30040	67.02456	69.87466	62.87064	66.01240
Monthly	9,413.68	9,884.26	10,378.28	10,897.68	11,442.17
Annual	112,962.04	118,611.08	124,530.30	130,770.04	137,306.08

Post-PERS Adjustment

	A	B	C	D	E
Hourly	60.10602	62.16677	65.26338	68.52000	71.05362
Monthly	10,260.80	10,773.84	11,312.32	11,878.36	12,474.06
Annual	123,120.60	129,286.08	135,747.84	142,540.32	149,663.52

Effective January 1, 2009

Prior to PERS Adjustment

	A	B	C	D	E
Hourly	56.48147	59.30554	62.26965	65.38547	68.65290
Monthly	8,780.12	9,079.63	9,783.41	11,333.48	11,890.85
Annual	105,361.45	108,955.63	117,400.87	136,001.77	142,708.22

Post-PERS Adjustment

	A	B	C	D	E
Hourly	61.56480	64.64304	67.87392	71.27016	74.83176
Monthly	10,671.23	11,204.79	11,764.81	12,353.49	12,970.84
Annual	128,054.78	134,457.52	141,177.75	148,241.93	155,650.06

Effective July 1, 2010

	F	G	H
Hourly	76.702554	78.620118	80.585621
Monthly	13,295.11	13,627.49	13,968.17
Annual	159,541.31	163,529.85	167,618.09

Those employees hired or promoted to the Police Management Group will receive Longevity Pay increases as follows:

Effective July 1, 2010, 2.5% available upon seven (7) years service with the Covina Police Department, and one year at Step E.

Effective July 1, 2011, 2.5% available upon nine (9) years service with the Covina Police Department and one year at Step F.

Effective July 1, 2012, 2.5% available upon eleven (11) years service with the Covina Police Department and one year at Step G.

Support Services Manager

Effective July 1, 2008

Prior to PERS Adjustment

	A	B	C	D	E
Hourly	36.10608	38.00144	39.00434	41.00806	43.00076

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City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

Monthly	6,273.81	6,556.86	6,916.75	7,262.49	7,626.07
Annual	76,286.76	79,042.32	83,000.97	87,149.83	91,500.79
	<i>Post-PERS Adjustment</i>				
	A	B	C	D	E
Hourly	33.72673	40.86119	42.60762	44.83188	47.07012
Monthly	6,712.03	7,047.04	7,400.92	7,770.96	8,158.82
Annual	80,555.76	84,575.28	88,811.04	93,260.32	97,906.84

Effective January 1, 2009

	<i>Prior to PERS Adjustment</i>				
	A	B	C	D	E
Hourly	37.0006	38.86114	40.90192	42.84643	45.09053
Monthly	6,430.66	6,751.63	7,089.87	7,444.06	7,815.69
Annual	77,167.90	81,018.38	85,076.00	89,328.58	93,788.30
	<i>Post-PERS Adjustment</i>				
	A	B	C	D	E
Hourly	39.69696	41.67772	43.76506	45.95288	48.24687
Monthly	8,880.80	7,224.14	7,585.94	7,965.13	8,362.79
Annual	82,569.66	86,689.66	91,031.32	95,581.58	100,353.49

Employee contributions to P.E.R.S. shall be paid according to the City's Resolution No. 06-6556, attached hereto as Exhibit A.

9.0.1.1 FINANCIAL CRISIS LANGUAGE

The City honors its commitments and contractual obligations with its employees. In difficult and uncertain economic times, the City appreciates the input and collaborative problem solving efforts of the Police Management Group of Covina. In the event of a financial City crisis, the City shall request that the Police Management Group agree to meet and confer over potential solutions for the remaining term of the agreement. The City agrees to provide the Police Management Group all financial records available to demonstrate its concerns. In the event the parties do not meet and confer, or in the event no solution is reached between the parties, the City reserves the right under this M.O.U., 4.0.3 and 19.0, Personnel Rule Xvi and Covina Municipal Code 2.36.130 to exercise work force reductions, i.e. layoff and or demotions. However, pursuant to Sections 5.0.3 of this M.O.U., this memorandum cannot be modified except by mutual consent of the parties.

9.0.2 PERFORMANCE INCENTIVE PAY

Effective July 1, 2000, all employees covered by this MOU will be eligible for incentive pay of two percent (2%) of base pay upon obtaining a Masters degree in a job related area/field.

9.0.3 ADVANCEMENT THROUGH SALARY RANGE

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

9.0.3.1 NEW EMPLOYEES

Effective January 1, 1988 and applicable only to those new employees hired on or after January 1, 1988, the City shall amend the salary plan of merit increases as follows:

- Step A - upon initial employment
- Step B - upon six (6) months successful completion of employment at Step A.
- Step C - upon twelve (12) months successful completion of employment at Step B.
- Step D - upon twelve (12) months successful completion of employment at Step C.
- Step E - upon twelve (12) months successful completion of employment at Step D.

9.0.3.2 PROMOTED EMPLOYEES

The preceding section shall apply to current employees covered by this Memorandum of Understanding who are promoted to a higher classification or demoted to a lower classification on or After January 1, 1988.

9.0.3.3 SALARY UPON PROMOTION

Such promoted employees shall receive an increase in base salary to the greater of "A" step of the salary range in the higher classification unless placement will not result in a base pay, education and performance incentive pay, and assignment pay to base pay, education and performance incentive pay, and assignment pay increase of at least five percent (5%). In such case the employee will be placed in a pay step so as to allow for a five percent (5%) increase, except that the pay step placement limit of the "E" step is the maximum allowed and supersedes the five percent (5%) increase guidelines.

ADVANCED SALARY STEP INCREASES

~~Those employees hired or promoted to the Police Management Group will receive longevity increases as follows:~~

- ~~Effective July 1, 2010, 2.5% available upon seven (7) years service with the Covina Police Department and one year at Step E.~~
- ~~Effective July 1, 2011, 2.5% available upon nine (9) years service with the Covina Police Department and one year at Step F.~~
- ~~Effective July 1, 2012, 2.5% available upon eleven (11) years service with the Covina Police Department and one year at Step G.~~

~~Salary steps for Step F, Step G and Step H~~

~~POLICE LIEUTENANT Step F Step G Step H~~

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City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

Hourly	68,071.398	69,773.183	71,517.513
Monthly	11,799.04	12,094.02	12,396.37
Annual	141,588.51	145,128.22	148,756.43

POLICE CAPTAIN	Step F	Step G	Step H
Hourly	76,702.554	78,620.118	80,585.621
Monthly	13,295.11	13,627.49	13,968.17
Annual	159,541.31	163,529.85	167,618.09

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Employee contributions to P.E.R.S. shall be paid according to the City's Resolution No. 06-6556, attached hereto as Exhibit A.

9.0.4 EXTRA WORK PERFORMED OFF HOURS-COMPENSATION

9.0.4.1 ADMINISTRATIVE LEAVE

Effective July 1, 2006, administrative leave is hereby provided to Police Management Group employees in lieu of compensatory time for hours worked, except under specifically outlined circumstances per this MOU.

All Police Lieutenant, Police Captain, and Support Services Manager positions will be advanced fifty-four (54) hours of paid administrative leave as of July 1 of each calendar year. The earning of this administrative leave will be at the rate of four and one-half (4.5) hours per month. An employee terminating prior to a complete calendar year and having utilized leave not yet earned will be subject to a dollar value deduction from his or her final paycheck. Employees may use compensatory time already earned.

The scheduling and use of administrative leave for this group is subject to approval of the Police Chief.

9.0.4.2 HOUR FOR HOUR COMPENSATION

The position classifications covered by this Memorandum of Understanding are FLSA exempt, however, supplemental compensation applies for the following conditions to the approval of the Police Chief:

The conditions and scope controlling the payment of premium time overtime (1.5X) and compensatory time off on an hour for hour basis are as follows:

Police Lieutenant

1. Whenever the City calls in an off-duty officer to direct or supervise departmental activities on a major incident including, but not limited to homicides, disasters,

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

officer involved shootings, internal affairs investigations or other matters of a serious or sensitive nature.

2. Whenever the City requires an officer on patrol watch commander assignment to work a shift to offset another officer's absence.
3. Response to court appearance subpoena relating to City business on off-duty time will be compensated at a minimum of two hours and actual time if appearance exceeds two hours

Court Standby required during off-duty time and not called out, in regard to a court subpoena relating to City business will be compensated at two hours straight time for both morning and afternoon session.

9.0.4.3 USE OF COMPENSATORY TIME

Compensatory time accumulation shall be limited to forty hours.

It is understood that compensatory time off in lieu of straight time rate may be given if agreed to by both the City and the affected employee in lieu of payment for the three foregoing allowable overtime situations outlined in the previous section.

The scheduling and use of compensatory time off is subject to the approval of the City Manager or his or her designee.

9.0.4.4 PAY OUT OF COMPENSATORY TIME UPON PROMOTION

Employees who are promoted into the Police Management Group will be paid out any compensatory time he/she may have earned up to the date of promotion. Compensatory time will be paid within 30 days after the effective date of the promotion and will be paid at the hourly rate at the classification held prior to the promotion.

9.0.4.4.9.0.4.5 HOLIDAY OVERTIME – SEE “FIXED AND FLOATING HOLIDAYS”

9.0.5 ACTING APPOINTMENT COMPENSATION

Sworn safety classifications – When a full-time, budgeted position becomes vacant, an employee may be assigned by the Police Chief to work in a higher classification on an acting temporary basis upon the approval of the City Manager. When such employee(s) has completed five (5) consecutive acting workdays in any calendar month, such employee shall be entitled to acting pay beginning on the sixth (6) workday.

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**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

The employee shall be paid at a minimum of five percent (5%) above his/her regular base pay, education and performance incentive pay, and assignment pay or at "A" step of the acting position's salary range, whichever is greater.

9.0.6 SPECIAL ASSIGNMENT COMPENSATION

9.0.6.1 LIEUTENANTS ASSIGNED TO NON-PATROL

Special assignment compensation of 5% of base pay shall be granted for a Police Lieutenant assigned to non-patrol.

9.0.6.2 BILINGUAL PAY

Employee classifications appropriate to this unit may receive \$100 per month lump sum payment for possessing the ability to speak and understand a foreign language. The City, in conjunction with a local high school, community college, college or other source, will develop an appropriate examination and certify such employee(s) language abilities.

The City reserves the right, as the needs of the City dictate, to determine appropriate languages, to certify as many employees as it sees fit and to determine from what departments and classifications these employees are selected as best suits the City's needs.

10.0. HOLIDAYS AND LEAVES OF ABSENCE

10.0.1 FIXED AND FLOATING HOLIDAYS DEFINED

10.0.1.1 HOLIDAYS DEFINED

For the management classifications listed under the "Recognition," section herein, the following thirteen (13) eight (8) hour days shall be established as holidays:

1. New Year's Day
2. Martin Luther King's Birthday
3. Lincoln's Birthday*
4. Third Monday in February, (President's Day)
5. Last Monday in May, (Memorial Day)
6. July Fourth, (Independence Day)
7. First Monday of September, (Labor Day)
8. Second Monday of October, (Columbus Day)*
9. November 11, (Veteran's Day)

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

10. Thanksgiving Day
11. Friday following Thanksgiving
12. Christmas Day
13. Every day on which an election is held throughout the State
* SEE "FLOATING HOLIDAYS" BELOW

10.0.1.2 COMPENSATION IN LIEU OF FIXED HOLIDAYS

1. In lieu of fixed holiday, Lieutenants shall be compensated with thirteen (13) hours per month holiday pay at their regular rate of pay. Lieutenants hired or promoted after January 1, 2007, not assigned to patrol, will receive a day off as indicated below for Police Captain and Support Services Manager positions.
2. Employees working a designated holiday shall be compensated at their regular rate of pay.
3. Captains and the Support Services Managers are given a day off with pay for each designated holiday;
4. When a holiday falls on Sunday, the following Monday shall be observed in lieu thereof. When a holiday falls on Saturday, the preceding Friday shall be observed in lieu thereof. For Captains and Support Service Managers, when a holiday falls on a scheduled Friday off, an additional eight (8) hours of Floating Holiday time is accrued and must be used within the year as designated below.

10.0.1.3 FLOATING HOLIDAYS

For Captains, Support Service Managers, and Lieutenants hired or promoted after January 1, 2007, and not assigned to patrol, Lincoln's Birthday and Columbus Day, as designated above (*), may be used as floating holidays without restriction as to purpose or incremental use within the calendar year. There shall be no carry over permitted. The floating holidays shall accrue to permanent employees on January 1 of each year, except as noted herein.

Employee shall receive prior written permission from the employee's supervisor when requesting floating holidays. Such request may be granted after due consideration of the employee's needs, however, department service and staffing levels will have primary weight in the decision.

Floating holidays may also be used in emergency and other unforeseen circumstances. In this event the employee shall notify the department head or department head's designee prior to the time set for the beginning of the shift of his/her reporting status.

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

10.0.1.4 EMPLOYEE REQUIRED TO WORK A HOLIDAY

If a Captain, Support Services Manager, or Lieutenant hired or promoted after January 1, 2007, and not assigned to patrol, is required to work on any of the above holidays, he/she may be granted a holiday on some other day during the calendar year at such time as the department head allows the employee's absence in accordance with the department work program; or he/she may be granted overtime pay.

If such worked holiday is not restored by the conclusion of the calendar year the employee will be paid in lieu thereof at one and one-half (1.5) times their regular hourly pay rate.

10.0.1.5 ACCRUAL OF FLOATING HOLIDAYS – NEW EMPLOYEES

Effective July 1, 1991 and applicable to all new employees hired on or after July 1, 2001, floating holidays shall accrue to such employees only upon successful completion of six (6) months of continuous employment.

Employees successfully completing six months employment between January 1 and January 31 of a given calendar year shall enjoy the full number of floating holiday enumerated herein for said calendar year.

Employees successfully completing six months employment between February 1 and August 31 of a given calendar year shall enjoy one half the number of floating holidays (hourly equivalent at eight hours per floating holiday) enumerated herein for said calendar year.

Employees successfully completing six months employment between September 1 of a given year and January 31 of the following calendar year shall not enjoy any floating holidays in the given calendar year. These employees, however, will enjoy the full number of floating holidays beginning January 1 of the following year.

11.0. SICK LEAVE

11.0.1 EARNING AND ACCUMULATION OF SICK LEAVE

11.0.1.1 ~~EMPLOYEES HIRED OR PROMOTED ON OR AFTER JANUARY 1, 1988~~ SICK LEAVE EARNED

~~All employees hired or promoted to a position classification covered by this MOU as of January 1, 1988, Effective November 1, 2010, all classifications assigned to this MOU shall receive twelve (12) ~~eight ten (8)10~~ hour days per year paid sick leave with limited accumulation up to~~

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

eighty (80), ~~eight-ten (810)~~ hour work days. The earning of such sick leave is prorated at the rate of one (1) ~~eight-ten (810)~~ hour day per complete month worked.

11.0.1.2 EMPLOYEES OF RECORD AS OF DECEMBER 31, 1987:

For those employees hired to a position classification covered by this MOU as of December 31, 1987, and who have accumulated more than eighty (80), eight (8) hour days, the balance will be carried in a reserve account to be depleted whenever the employee utilizes paid sick leave thereafter, until the reserve account sick leave is totally used. No further earned and accumulated paid sick leave shall be added to the reserve account.

11.0.2 PAY OFF OF ACCUMULATED SICK LEAVE

Employees having reached an accumulation above the limit will annually be paid off for up to the overage balance of day over the accumulation limit and not to exceed twelve (12) days at the rate of 50 percent of the dollar value of the time calculated on base salary. Those days paid-off will then be permanently cancelled. The pay-off for such days will be included in the first paycheck of December.

11.0.2.1 PAY OFF OF ACCUMULATED SICK LEAVE UPON TERMINATION OF EMPLOYMENT

1. Employees hired on or before December 31, 1987:
For those employees covered by this MOU who later terminate prior to their being able to reduce their reserve account to less than the accumulation limit, they shall also be paid-off at the rate of fifty percent (50%) of the dollar value of the time calculated on base salary.

Upon termination of employment, fifty percent (50%) of accumulated sick leave shall be compensated to the employee at his or her base hourly rate of pay unless otherwise provided by state law. For example, an employee with 80 days accumulated would receive 50% of the maximum, or 40 days.

This benefit to be forfeited in any individual case of disciplinary termination.

2. Employees hired on or after January 1, 1988:
Upon termination of employment, fifty (50) percent of accumulated sick leave shall be compensated to the employee at his or her base hourly rate of pay unless otherwise provided by state law. For example, an employee with 80 days accumulated would receive 50 percent of the maximum, or 40 days.

This benefit to be forfeited in any individual case of disciplinary termination.

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

**11.0.2.2 PAYOFF OF ACCUMULATED SICK LEAVE GRANDFATHER CLAUSE FOR
CURRENT SUPPORT SERVICES MANAGER**

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The Support Services Manager on the active City payroll as of 7/1/03, shall be compensated for 55% of his/her accumulated sick leave up to the maximums outlined below. Computation shall be at base rate of pay. Payment shall be for non-disciplinary termination only.

1. Employees of record as of February 29, 1988, upon termination shall be compensated for up to 1600 hours of accumulated sick. Any unused balance of paid sick leave may be applied to the calculation of retirement credit as applicable.

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This section shall also apply to those employees originally hired prior to March 1, 1988 and promoted from bargaining units with no sick leave accumulation limits.

2. Employees hired or promoted bargaining units with a sick leave cap on or after March 1, 1988, upon termination shall be compensated for up to 960 hours of accumulated sick. Any unused balance of paid sick leave may be applied to the calculation of retirement credit as applicable.

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11.0.3 USE OF SICK LEAVE EARNED

11.0.3.1 EMPLOYEE'S NEED:

The employees covered by this Memorandum of Understanding may use this earned sick leave for the following purposes:

1. In ease of the employee's necessity and actual sickness or disability.
2. In the ease of an employee's need to receive preventive medical or dental examinations or services from a licensed health-care practitioner.
3. On an annual fiscal year basis, an employee can convert one (1) full day, 8, 9, or 10 hours depending on work schedule, per year of sick leave for household or personal emergencies.

11.0.3.2 EMPLOYEE'S FAMILY'S NEED:

Employee may use earned sick leave in the case where he or she is required to be absent to provide temporary assistance in a situation where injuries or illness, sick and non-sick preventative illness appointments with licensed health care professionals for members of the employee's immediate family (father, mother, brother, sister, spouse, children, step-children, grandmother, grandfather), which requires the care and attention of the employee.

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

**11.0.3.3 PAYOFF OF ACCUMULATED SICK LEAVE PRIOR TO
TERMINATION**

With written approval of the City Manager, an employee may sell back to the City, accrued sick leave in excess of 200 hours at the rate of fifty percent (50%) of straight time rate of base pay for reimbursement of the cost of tuition for job related coursework, computer purchase or computer training. The City Manager may approve requests subject to the availability of funds and documentation of uses/purchases.

11.0.3.4 FOR DEATH IN FAMILY:

Employee may use up to three (3) days of earned sick leave (on each separate occasion) in the event of death to a member of the employee's immediate family (father, mother, brother, sister, spouse, children, step-children, grandmother, grandfather, mother-in-law, father-in-law). An additional two (2) days paid sick leave may be granted by the Chief of Police if the funeral location is 500 miles or more (one-way) away from the City of Covina.

12.0. VACATION LEAVE

12.0.1.1 VACATION EARNING RATE

For the employees covered by this MOU who have continuous full-time regular employee status with the City of Covina, they shall be allowed vacation leave upon completion of the specified years of service:

<u>Period of Service</u>	<u>Allowed Vacation Days Per Year</u>
A. Up to 5 years service	15 days (based upon 8 hour day)
B. 5 years completed up to 10 years	22 days (based upon 8 hour day)
C. 10 years completed up to 15 years	25 days (based upon 8 hour day)
D. 15 years completed and thereafter	28 days (based upon 8 hour day)

It is understood that the provision of vacation is incremental on a monthly basis.

It is understood that in granting an increase in the allowed vacation days per year, after 15 years of service, from 27 to 28 days of January 1, 1988, that the former special allowance for paid

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

Family Sick Leave is hereby eliminated and is now covered within the basic allowance and use of sick leave under another Article of this MOU.

12.0.2 ACCUMULATION LIMITATION AND PAYOFF

Accumulation of earned vacation shall be allowed up to an amount equal to twice (2x) the then current annual earning allowance of vacation for the particular employee. The determination of status as regards and employee staying within the accumulation limit will be made each March 15 with payment for said time to be on the first paycheck in April.

~~The determination of status as regards an employee staying within the accumulation limit will be made each July 1. The employee will have until the following October 1 to bring his or her accumulated leave to be within the specified accumulation limit.~~

~~If the employee fails to utilize earned vacation over this limitation amount, then the result will be as follows: the City will compensate the employee for all said time at the straight time (1x) rate of base pay of the time to bring the accumulation level to the specified maximum~~

~~A. If the failure to use the vacation over the maximum allowed for accumulation was due to the City cancelling or refusing the employee a reasonable opportunity to schedule and utilize the vacation time necessary to stay within the accumulation limitation, then the City will compensate the employee for said time at the straight time (1x) value of the time to bring the accumulation level to the specified maximum or otherwise;~~

~~B. If written consent of City Manager is received prior to July 31 of each year, the City will compensate the employee for all or a portion of said accumulation overage at the straight time (1X) value of time to bring the accumulation level to the specified maximum. The City Manager may approve payment of all, a portion or none of said overage depending upon available funds and anticipated workload of the individual employee as determined by the City;~~

~~C. If the first two conditions have not been satisfied, the accrual of vacation time shall be frozen until sufficient vacation time has been used by the employee to bring the accumulation level below the applicable limit.~~

13.0. MATERNITY LEAVE

1. Employees shall be granted maternity sick leave in accordance with the City's sick leave program and the following provisions:
2. In all cases of pregnancy, the employee shall furnish the City a statement from her physician giving the anticipated date of delivery and the opinion of her physician of her ability to perform her normal work assignment. Such statement shall be furnished as soon as practical after a determination of pregnancy has been made.

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

3. A pregnant employee shall be permitted to be absent and for the period during which, in the opinion of her attending physician and when necessary, the City physician, she is temporarily disabled because of the pregnancy, miscarriage, abortion, childbirth, and recovery therefrom.
4. Within four (4) weeks after the termination of pregnancy, an employee shall provide the City with a written statement from her physician as to the date the employee shall be able to safely return to work. Failure to return to work on the date designated by her physician shall be deemed a voluntary resignation from her City employment unless the City agrees, in writing, to a later return date. Should the employee request, the City is required to grant up to four months leave of absence in accordance with the Family Medical Leave Act and the California Family Rights Act.
5. The City may, at its option and at City cost, require an independent medical opinion concerning the employee's ability to safely continue to perform her duties or safely return to work.
6. An employee disabled due to pregnancy, miscarriage, abortion, childbirth, and recovery shall be entitled to exhaust accumulated paid sick leave time and paid vacation time prior to being placed in an authorized leave of absence without pay status. In no event should such leave extend beyond 120 days. (GC 12945)
7. An employee disabled due to pregnancy, miscarriage, abortion, childbirth, and recovery therefrom shall accrue seniority and other benefits in the same manner as such benefits are accrued by another disabled employee.

13.0.1 FAMILY MEDICAL LEAVE

Employees shall be granted family care and medical leave in accordance with applicable federal and state law and City policy.

14.0. OTHER EMPLOYEE BENEFITS

14.0.1 HEALTH INSURANCE

During the term of this agreement, the City shall contribute the required minimum contribution, per employee, under PEHMCA, for so long as the City is enrolled in the PERS Health Plan.

New City employees covered under this MOU and hired after January 1, 2007, are required to have health and dental insurance through the City's current plans.

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

During the term of this agreement, the Group and the City shall explore alternatives to the present medical insurance program in the City's benefit committee. The Group will agree to meet and confer during the term of the MOU as to replacing PEMHCA (PERS Medical) with comparable health insurance.

14.0.2 OPTIONAL BENEFITS

~~Effective July 1, 2006,~~ The flex benefit shall be increased for all bargaining unit members toward the optional benefits plan as follows:

All Employees who opt out	\$575.00 per month
Employee	\$575.00 per month
Employee + 1	\$625 800.00 per month
Employee + 2 or more	\$738 800.00 per month

Effective December 1, 2009, \$800 per month will be provided to all PMG employees who participate in the City's health and/or medical insurance program.

Effective January 1, 2011, the benefit amount will increase to \$880 per month.

Effective January 1, 2012, the benefit amount will increase to \$960 per month.

Effective January 1, 2011, new hires who have not served with the Covina Police Department will cash out no more than \$400 per month.

The employee may receive their amount in cash or may elect to use it for coverage for him/herself or his/her dependents for City approved benefit options, including but not limited to, dental insurance, supplemental life insurance or deferred compensation plan. Any monies received in cash will be considered as taxable income.

14.0.3 LIFE INSURANCE

~~Effective January 1, 2010,~~ the City shall provide a ~~\$50~~100,000 basic life insurance policy for each employee covered by this MOU.

14.0.4 LONG TERM DISABILITY INSURANCE

In recognition of prior agreement to place a ceiling on the accumulation of sick leave, the City agrees to the following:

1. To provide a Long Term Disability Insurance Policy as no cost to the employees covered by this MOU.

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

2. To provide a policy whose Schedule Amount is sixty-six and two-thirds (66 2/3) percent of basic monthly earnings subject to a maximum monthly benefit paid of six thousand dollars (\$6,000) per month. (Overtime pay, bonuses, and other compensation not received as base wages or salary will not be included as Monthly Earnings.)
3. To provide a policy whose Qualifying Period shall be the greater of 90 consecutive calendar days or the length of accumulated sick leave.
4. The City shall have the right to select the LTD insurance carrier and to change carriers as good business practice and economic necessity dictate.

14.0.5 EMPLOYEE RETIREMENT PROVISIONS

14.0.5.1 SWORN EMPLOYEES

Maintain the present contract with Public Employee's Retirement System with the following provisions:

1. One-half Pay Continuance (GC 21629)
2. 1957 Survivors Benefit
3. 1959 Survivors Benefit
 - A. Employee contributes \$2.00 per month.
 - B. PERS contract to be amended to provide Level III coverage.
4. One year final compensation (single highest year) effective July 1, 1979 (GC Section 20042)
5. 3% at 50 retirement option, effective July 18, 2000.
6. Credit for unused unpaid sick leave toward retirement credit purposes. (GC 20965)
7. \$600 payment, Retired Death Benefit (GC 21622)
8. Employees covered by this Memorandum of Understanding hired prior to January 1, 1987 shall receive the opportunity to buy Military Service Credit for retirement purposes in accordance with the Government Code, Section 21024.

14.0.5.2 NON-SWORN EMPLOYEES

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**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

~~Maintain the present contract with Public Employee's Retirement System, 2% at age 55 (§21354) with the following provisions:~~

~~One-half pay continuance (§21628)~~

~~1959 Survivors Benefit (§21537)~~

~~Employee Contributes \$2.00 per month~~

~~Level III Survivor Benefits—One year final compensation (§20042)~~

~~Employees of record on or before February 29, 1988 and covered by this resolution shall receive the opportunity to buy military service credit for retirement purposes (§21024)~~

~~Unused sick leave credit (§20965) for those employees hired on or before February 29, 1988.~~

~~Retired Employee Death Benefit of \$600 (§21622)~~

14.0.6 RETIREE MEDICAL

During the term of this agreement, the City shall contribute the required minimum contribution, per retiree, under PEMCHA, for long as the City is enrolled in the PERS Health Plan.

Effective July 1, 2003, the City shall contribute \$550 per month per eligible retiree toward optional benefit plan until the beginning of the month the retiree reaches Medicare age. Each eligible retiree may receive this amount in cash or may elect to use it for coverage for him/herself for city-approved benefit options. Upon reaching medicare age, an eligible retiree shall receive an amount equal to the Medicare Supplemental Part B costs, currently \$58.70 per month.

Eligible retiree means any employee who meets the retirement eligibility standards of the Public Employee's Retirement System (PERS), retires through the PERS system within one week of leaving City of Covina service, retires during the term of this MOU, and is a person who has ten (10) years of cumulative service immediately prior to retirement as a full-time employee with the City of Covina. An employee covered by this MOU and retiring due to job-related disabilities shall be entitled to the same retiree benefits.

Reopener by January 1, 2007, to discuss the elimination of the Supplemental Retiree Benefit for new employees and the establishment of a Retiree Health Savings Plan (RHS) for all new employees.

14.0.7 UNIFORM ALLOWANCE AND MAINTENANCE

City Union

MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP

14.0.7.1 ELIGIBILITY AND AMOUNTS

Classifications represented by this Memorandum shall receive an annual clothing and maintenance allowance to be administered in accordance with Police Department policy. The to be received is as follows:

~~1. Effective July 1, 1991, the annual uniform allowance shall be increased to \$550.~~

~~2.1. Effective July 1, 1992, the annual uniform allowance shall be increased to \$600. Amounts shall be \$600 for each represented member of this MOU.~~

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Comment [a1]: Should this section be cleaned up to eliminate the increases received in 1991 and 1992?

14.0.7.2 PAYMENT

Employees shall receive their annual uniform maintenance and cleaning allowance on the first paycheck of August each year.

~~14.0.8 BIENNIAL PHYSICAL EXAM~~

~~The City shall maintain the biennial physical program for certain employees represented under this MOU. Paid physical examinations for all sworn police personnel over thirty-five (35) years of age are authorized by the City.~~

~~The complete examination includes various laboratory checks, a full blood count (triglycerides and cholesterol), and an EKG. Chest x-rays and EKG with stress will be included upon recommendation of city physician. Subsequently such examination shall be every other year.~~

~~Any non-industrially related problems detected by the examining physician must be corrected at the expense of the employee. Additional examinations or follow-ups as a result of any problem or defect discovered will be at the expense of the employee.~~

~~Where there are definite problems, a complete yearly physical examination may be authorized at City expense if recommended in writing by the department head and approved by the City manager.~~

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~~14.0.9~~ 14.0.8 AUTO MILEAGE REIMBURSEMENT

When an employee is authorized by his/her supervisor to use his/her private vehicle to perform official City business, the employee will be compensated at the current IRS rate per mile allowance.

Employees desiring to use their personal vehicles on authorized City business must provide the City's risk management office with evidence of personal automobile insurance coverage in such minimum limits as required by the State of California. Such evidence could include a letter from

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City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

an employee's insurance agent or company or copy of such insurance policy face sheets identifying name, coverage dates, limits and vehicle's coverage.

Such documents should be filed annually upon the employee's automobile insurance renewal.

14.0.1014.0.9 SAFETY EQUIPMENT

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The City agrees to supply all Police Captains' and Police Licutenants' safety equipment as required by law.

Following initial issue, all of the following items will be replaced on a "fair wear and tear" basis as determined by the appropriate supervisory evaluating authority of the Covina Police Department.

- Gun
- Holster
- Sam Brown Belt
- Baton
- Handcuffs
- Raincoats
- Rain Boots
- Cap Cover (Rain)
- Handcuff Case
- Baton Holder
- Cartridge Case
- Whistle
- Flashlight
- Ammunition
- Flashlight Batteries
- Flashlight Bulbs
- Body Armor
- OC Spray
- OC Spray Holder
- Riot Helmets, with neck and face protectors
- All other items as specified in the Government Code, Section 50081.0

15.0. GRIEVANCE PROCEDURE

Grievances shall be processed according to Rule XVII of the City's Personnel Rules and Regulations, attached hereto as Exhibit A.

No original hire, first time probationary employee shall have the right to use the grievance procedure. Such proccdure shall be reserved only for full-time, permanent employees of the City.

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

The above shall not apply to those who must serve a new probationary period as a result of a promotion in classification.

16.0. PUBLIC SAFETY OFFICERS PROCEDURAL BILL OF RIGHTS ACT

The City hereby recognizes the Public Safety Officers Procedural Bill of Rights Act, codified in Government Code Secs. 3300-3311, relating to procedural rights accorded to public safety officers subject to investigation or discipline.

17.0. PROBATIONARY PERIOD

All employees covered by this MOU, hired by the City on or after January 1, 1988, shall be required to serve a one-year probationary period.

All employees promoted on or after January 1, 1988, shall also be required to serve a one-year probationary period.

18.0. DISCONTINUANCE OF BONUS POINTS IN THE EXAMINATION PROCESS

Effective January 1, 1988, the City has the right to discontinue allowance of the five (5) bonus points added to final examination scores of those employees covered by this MOU.

19.0. LAYOFF PROCEDURE

Whenever, in the judgment of the City Council, a reduction in work force becomes necessary for any reason, the following steps in implementing layoffs, demotions, or recall shall be followed:

20.0. PROCEDURE

Whenever a position is eliminated or abolished in a classification within the department, layoffs or demotions in lieu of layoffs will be in reverse order of classification seniority:

1. In the event of a tie in classification seniority by two or more employees, the order of seniority for such employees shall be based on departmental seniority.
2. In the event a tie still exists after reviewing departmental seniority, the order of seniority for these employees shall be established by the Police Chief after reviewing these employees' performance evaluations.

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

21.0. DEMOTION IN LIEU OF LAYOFF

An employee who is to be laid off may elect to be demoted in lieu of layoff to a lower paying classification within the department provided:

1. The employee has served with the Covina Police Department in the position they are being demoted to in lieu of layoff.
2. The employee has the skills and meets the qualifications of the lower paying classification, and
3. The operating requirements of the department are maintained.

Employees demoted in lieu of layoff shall be placed in the seniority list of the lower classification and an employee with the least seniority in such classification shall be laid off or elect to be demoted to a lower paying classification within the department subject to the same provisions contained in paragraphs A and B until the lowest levels of classification and the most junior employee are reached. At such time, employees shall be laid off.

21.0.1 RECALL

Employees who are laid off or who have displaced others in lieu of layoff will be placed on a recall or re-employment list for two years, during which service time in the previous original position will be maintained but not accrued. The recall or re-employment list or lists may be extended for one (1) additional year by the City Manager or his designee.

If a vacancy or vacancies occur, current employees who have been demoted in lieu of layoff shall be recalled or re-employed to their former positions in order of seniority.

If, after restoring current employee or employees to their previous status, a vacancy or vacancies occur during the life of a recall or re-employment list, employees who have been laid off shall be recalled or re-employed to their former positions in order of seniority provided the employee notifies the department of the employee's intent to return to work within three (3) days of receipt of the written notice of a position opening. It shall be the employee's duty to provide the Personnel office and the department with a current address during the period of layoff. Failure to do so shall nullify the City's duty to recall or re-employ any such person.

Any employee on a re-employment list may be re-employed in a position with a lower maximum rate of pay, provided the person possesses the skills and qualifications for the position.

21.0.2 SENIORITY

As used herein, classification seniority means the total time served in a permanent and probationary status within the classification. Time served in other classifications within the

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

City's competitive service shall not be counted for the purposes of layoff. Classification seniority and city-wide seniority shall be lost in the event of layoff for a period of more than two years, unless the list is extended an additional year by the City Manager or his designee.

22.0. RESOLUTION OF IMPASSE

Impasse procedures may be invoked only after the possibility of settlement by direct discussion has been exhausted. The impasse procedures are as follows:

- A. **MEDIATION (OR CONCILIATION)** - means the effort of an impartial third person, or persons, functioning as intermediaries, to assist the parties in reaching a voluntary resolution to an impasse, through interpretation, suggestion and advice. Mediation and conciliation are interchangeable terms. All mediation proceedings shall be private. The mediator shall make no public recommendations nor take any public position concerning the issues.
- B. **A DETERMINATION BY THE COUNCIL** - after a hearing on the merits of the dispute.
- C. Any other dispute resolving procedures to which the parties mutually agree or which the City Council may order.

Any party may initiate the impasse procedure by filing with the other party (or parties) affected a written request for an impasse meeting together with a statement of its position on all disputed issues. An impasse meeting may then be scheduled by the Municipal Employee Relations Officer forthwith after the date of filing of the written request for such meeting, with written notice to all parties affected. The purpose of such impasse meeting is twofold: (1) to permit a review of the position of all parties in a final effort to reach agreement on the disputed issues, and (2) if agreement is not concluded, to mutually select the specific impasse procedure to which the dispute may be submitted; in the absence of agreement between the parties on this point, the matter may be referred to the City Council.

The fees and expenses, if any, of mediators or of any other impasse procedure, shall be payable one-half by the City and one-half by the employee organization or employee organizations.

23.0. NO STRIKE

It is agreed and understood that there will be no strike, work stoppage, slow-down, refusal or failure to fully and faithfully perform job functions and responsibilities, or other interference with the operations of the City by the Association or by its officers, agents, or members during the term of this Agreement, including compliance with the request of other labor organizations to engage in activity.

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

The Association recognizes the duty and obligations of its representatives to comply with the provisions of this Agreement and to make every effort toward inducing employees to do so. In the event of a strike, work stoppage, slow down, or other interference with the operation of the City or its agents by employees who are represented by the Association, the Association agrees in good faith to take all necessary steps to cease such employee action.

It is agreed and understood that any employee violating this Article may be subject to discipline up to and including termination.

It is understood that in the event this Article is violated, that in addition to any other legal remedies available to it the City shall be entitled, consistent with applicable law, to withdraw any rights privileges, or services provided for in this Agreement or in City rules from any employee and/or the Association.

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE MANAGEMENT GROUP**

24.0. SIGNATURES AND EXECUTION

It is the mutual understanding of all parties hereto that this Memorandum of Understanding is of no force or effect whatsoever unless or until the same is determined by the Covina City Council by appropriate City Council action.

The parties hereto have caused this Memorandum of Understanding to be executed this 28th day of November, 2006.

POLICE MANAGEMENT GROUP

CITY OF COVINA

Pat Buchanan Date
Association Representative

~~Kevin Stapleton~~ John C. King Date
Mayor

Rachel Leo Date
Date
Association Representative

~~Gynthia Kurtz~~ Daryl Parrish
Interim City Manager

Anthony Arroyo Date
Human Resources Director

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE ASSOCIATION OF COVINA**

25.0. EXHIBITS

EXHIBIT "A" - GRIEVANCE PROCEDURE

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE ASSOCIATION OF COVINA**

RULE XVII

GRIEVANCE PROCEDURES

Section 1. **Definition:** For definition purposes, there are two types of grievances to be addressed in this section. A **Type I** grievance is defined as any dispute concerning the application or interpretation of any rule or policy of the City of Covina Personnel Rules and Regulations, of an existing MOU, of departmental rules and regulations, or of the practical consequences of a City rights decision on wages, hours, and other terms and conditions of employment.

A **Type II** grievance is defined as a dispute resulting from a disciplinary action, including but not limited to suspension, demotion or discharge.

Section 2. **Procedure to Afford the Employee Proper Consideration of a Type I Grievance:**

Step 1: Review with Employee Organization: When applicable, the grievant shall discuss the grievance with his/her appropriate Employee Association (Union) Advisory Committee in an effort to determine if the grievance should be pursued. If so, the committee may assist the employee in processing the grievance. The grievant has ten working days following the day the event occurred upon which to consult his/her Employee Advisory Committee. Step I does not preclude the grievant, however, from taking his/her grievance to the next step of review.

Step 2: Informal Discussion: The grievant shall discuss the grievance with his/her immediate supervisor on an informal basis in an effort to resolve the grievance, and said grievance shall be considered waived if not so presented to the immediate supervisor within ten (10) working days following the day the event occurred upon which the grievance is based. The immediate supervisor shall respond in writing within five (5) working days following the meeting with the grievant. Failure of the immediate supervisor to respond within such time limit shall entitle the grievant to process the grievance at the next step.

Step 3: Division Head Review (First Level of Review): If the grievance is not settled at Step 2, the grievant may submit the grievance in writing to his/her division head within five (5) working days of the receipt of the grievance response at Step 2. Failure of the grievant to serve such written notice shall constitute a waiver of the grievance. If such written notice is served, the division head shall meet with the grievant and a written decision and statement facts and issues shall be rendered to the grievant and representative, if any, within ten (10) working days from the date of service. Failure of the division head to respond within such time limits

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE ASSOCIATION OF COVINA**

shall entitle the grievant to process his/her grievance at the next level of review.

Step 4: Department Head Review (Second Level Review): If the grievance is not settled at Step 3, the grievant may serve written notice of the grievance to the department head within ten (10) working days of the receipt of the Step 3 grievance response. Failure of the grievant to serve such written notice shall constitute a waiver of the grievance. If such written notice is served, the department head shall meet with the grievant, and a written decision and statement of facts and issues shall be rendered to the grievant and representative, if any, within ten (10) working days from the date of service. Failure of the department head to respond within such time limit shall entitle the grievant to process the grievance at the next level of review.

Step 5: Personnel Officer Review (Third Level Review): If the grievance is not settled at Step 4, the grievant may serve written notice of the grievance to the Personnel Officer within five (5) working days following receipt of the grievance response at Step 4. Failure of the grievant to serve such written notice is served, the Personnel Officer shall meet with the grievant, and a written decision and statement of facts and issues shall be rendered to the grievant and representative, if any, within ten (10) working days from the date of service. Failure of Management to respond within such time limits shall entitle the grievant to process the grievance at the next level of review.

Step 6: City Manager/Designee Review (Final Level of Review): If the grievance is not settled at Step 4, the grievant may serve written notice of the grievance to the City Manager or his/her designee within ten (10) working days following receipt of the grievance response at Step 4. Failure of the grievant to serve such notice shall constitute a waiver of the grievance. If such notice is served, the City Manager or his/her designee shall meet with the grievant and a written decision and statement of facts and issues shall be rendered to the grievant and representative, if any, within fifteen (15) working days from the date of service. The City Manager's decision, working in conjunction with his/her designee shall be final in all Type I Grievances.

Section 3. Procedure to Afford the Employee Proper Consideration of a Type II Grievance: The procedure to be followed concerning a Type II Grievance shall be in accordance with the law as set forth in the 1975 Skelly v. State Personnel Board and subsequent related cases.

Step 1: Department Head Review (First Level Review): With respect to the Skelly process, the grievant shall have ten (10) working days in which to respond either orally or in writing to charges and intended disciplinary

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE ASSOCIATION OF COVINA**

action. The grievant's response shall be directed to his/her department head. Upon receipt of the grievant's written and/or oral response to the charges, the department head has five (5) working days to submit a written decision to the grievant and representative, if any, concerning the disciplinary action to be taken.

Step 2: Personnel Advisory Board Review (Second Level Review): If the grievance is not resolved at the department head level, the grievant may request in writing a hearing, before the Personnel Advisory Board. The written appeal to the Personnel Advisory Board must be submitted to the Employee Relations Officer within ten (10) working days after receiving the department heads written response.

- Section 4. Scope of Type 1 Grievance: Any regular employee in the competitive service shall have the right to file a grievance as outlined in Sections 1-2. Employees shall clearly define the scope of the Type 1 grievance upon initial filing. Additional information relevant to the identified issue or cause may be added as the grievance progresses. New issues or cause for action shall not be added to the existing grievance once it has been filed and progressed beyond Step 2 (Level 1) Department Head Review.
- Section 5. Right of Grievant to Representation: The grievant has the right to be represented by any person or attorney he/she may select during the various stages of the grievance procedure for both Type I and Type II Grievances.
- Section 6. Reprisals: Employees shall be free from reprisal for using any of the grievance procedures as indicated in the rules and regulations.
- Section 7. Judicial Review: An appeal for judicial review of any final decision pursuant to this grievance procedure shall be filed not later than the 90th day following the date on which said decision becomes final.

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE ASSOCIATION OF COVINA**

RULE XVIII

RULES OF APPEAL TO PERSONNEL ADVISORY BOARD

- Section 1. Right of Appeal: Any regular employee in the competitive service shall have the right to appeal to the Personnel Advisory Board any decision or action that results in said employee receiving disciplinary action. Before appealing an action or decision to the Personnel Advisory Board, the employee must exhaust all previous steps included in the Grievance Procedure for Type II grievances (Rule XV, Section 3).
- Section 2. Method of Appeal: Appeals shall be in writing, subscribed by the appellant, and filed with the Employee Relations Officer, who shall, within five (5) working days after receipt of the appeal, inform each member of the Personnel Advisory Board, the appointing power and such other persons or officers named or affected by the appeal of the filing of the appeal. The appeal shall be a written statement, addressed to the Employee Relations Officer, explaining the matter appealing from and setting forth therein a statement of the action desired by the appellant, with his reasons therefore. The formality of a legal pleading is not required.
- Section 3. Notice: Upon the filing of an appeal, the Personnel Advisory Board shall set a date for a hearing on the appeal within thirty (30) days from the date of filing. The Employee Relations Officer shall notify all interested parties of the date, time and place of the hearing at such places as the Personnel Advisory Board shall prescribe.
- Section 4. Subpoenas: Subpoenas for witnesses to appear at any such hearing shall be issued only upon receipt by the Personnel Board or Employee Relations Officer of a written request therefore setting forth the names and addresses of the witnesses desired to be subpoenaed. Subpoenas duces tecum shall be issued only upon receipt by the Personnel Advisory Board or Employee Relations Officer of a written request therefore, accompanied by an affidavit of the applicant in the form supplied by the Personnel Advisory Board or Employee Relations Officer.
- Section 5. Subpoenas-Issuance: Subpoenas and subpoenas duces tecum shall be issued only at the direction of the Personnel Advisory Board or at the direction of the Employee Relations Officer if so Authorized by the Personnel Advisory Board.
- Section 6. Hearings: The appellant shall appear personally, unless physically unable to do so, before the Personnel Advisory Board at the time and place of the hearings. The employee may be represented by any person(s) or attorney(s) of their choice and may at the hearing, produce on his/her behalf, relevant oral and/or documentary evidence.

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE ASSOCIATION OF COVINA**

At the commencement of any such hearing, or at any time prior to the commencement thereof, the Personnel Advisory Board may, by the affirmative vote of the majority of its members, specify the order of procedure for any such hearing. Except as thus otherwise directed, the order of procedure for any such public hearing shall be as follows:

- a. The Department Head or officer having the appointing power shall be designated the respondent for the purpose of any such hearing. The respondent shall present testimony or evidence in support of the statement of charges against the employee, or if no such statement of charges was issued, then in support of the facts upon which the suspension, demotion, or removal of the employee was based. Such evidence may be presented in the form of oral testimony, written reports, exhibits, affidavits written statements of the witness, personnel records and reports concerning the appellant, and by oral testimony of witnesses, including cross-examination of witnesses. No such written report, exhibit, affidavits written statement, personnel record or report shall be deemed inadmissible if the same was made and kept in the regular course of the business of the department of the appointing power or made in the course of an investigation in connection with any disciplinary action taken with respect to the employee, nor shall any such evidence be deemed inadmissible if it is of the sort upon which responsible persons are accustomed to rely in the conduct of serious affairs.
- b. The employee by or for whom such hearing was requested shall be designated the appellant for the purpose of a public hearing. Upon completion of the respondent's initial presentation, the appellant shall be accorded an opportunity to present testimony in answer to the statement or charges against him/her, or if no statement of charges was issued, then in contradiction of or in explanation of the facts upon which the suspension, demotion or removal of the employee was based according to respondents evidence. Respondent shall have the right to examine and cross-examine witnesses on all facts material to the issues involved in the hearing.
- c. The respondent and appellant may then offer rebuttal evidence only, unless the Personnel Advisory Board in its discretion permits additional evidence to be presented.
- d. At the conclusion of the hearing, the Personnel Advisory Board may permit argument to be made in the order specified by the Personnel Advisory Board.

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE ASSOCIATION OF COVINA**

- e. The conduct and decorum of the hearing shall be under the control of the Personnel Advisory Board by its Chairman, with due regard to the rights and privileges of the parties appearing before it. Hearings need not be conducted according to technical rules relating to evidence and witnesses except as set forth herein. Hearings shall not be open unless the appellant, in writing, requests a closed hearing or if, in the opinion of the Personnel Advisory Board a closed hearing is necessary to secure all facts in the case.
- f. Oral evidence shall be taken only upon oath or affirmation of the witness.
- g. So far as possible, hearings and continuances shall be scheduled and granted to accommodate as many persons directly interested as possible, but nevertheless shall be within the absolute discretion of the Personnel Advisory Board.

Section 7. Findings and Recommendations: The Personnel Advisory Board shall, within ten (10) days after the conclusion of the hearing, certify its findings and decision in writing to the appellant and to the person, officer or body from whose action the appeal was taken and the Employee Relations Officer.

The City Manager shall review the findings and recommendations of the Personnel Advisory Board and may then affirm, revoke or modify the action taken as, in his/her judgment, seems warranted. The action taken by the City Manager shall be final.

Any member of the Personnel Advisory Board may submit a minority or supplemental finding and recommendation. The Personnel Advisory Board shall reinstate any employee to his/her former status if proof is made that the action was for reasons of race, color, gender, age, religion, political affiliation, handicap status, marital status or pregnancy.

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE ASSOCIATION OF COVINA**

**EXHIBIT "B" – RESOLUTION FOR IMPLEMENTATION OF INTERNAL REVENUE
CODE 414(h)(2) FOR ALL POLICE MANAGEMENT GROUP EMPLOYEES**

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE ASSOCIATION OF COVINA**

RESOLUTION NO. 06-6556

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF COVINA, CALIFORNIA, FOR
IMPLEMENTATION OF INTERNAL REVENUE
CODE 414(h)(2) FOR ALL POLICE
MANAGEMENT GROUP EMPLOYEES**

WHEREAS, the City of Covina has the authority to implement the provisions of section 414(h)(2) of the Internal Revenue Code (IRC); and

WHEREAS, the Board of Administration of the Public Employees' Retirement System adopted its resolution regarding Section 414(h)(2) IRC on September 18, 1985; and

WHEREAS, the Internal Revenue Service has stated in December 1985, that the implementation of the provisions of Section 414(h)(2) IRC pursuant to the Resolution of the Board of Administration would satisfy the legal requirements of Section 414(h)(2) IRC; and

WHEREAS, the City of Covina has determined that even though the implementation of the provisions of Section 414(h)(2) IRC is not required by law, the tax benefit offered by Section 414(h)(2) IRC should be provided to certain employees who are members of the Public Employees Retirement System:

NOW, THEREFORE, BE IT RESOLVED:

Section 1. That the City of Covina will implement the provisions of Section 414(h)(2) Internal Revenue Code by making employee contributions pursuant to California Government Code Section 20691 to the Public Employees' Retirement System on behalf of certain employees who are members of the Public Employees' Retirement System. "Employee contributions" shall mean those contributions to the Public Employees' Retirement System, which are deducted from the salary of certain employees and are credited to individual employee's accounts pursuant to California Government Code Section 20691.

Section 2. That the contributions made by the City of Covina to the Public Employees' Retirement System, although designated as employee contributions, are being paid by the City of Covina in lieu of contributions by the employees who are members of the Public Employees' Retirement System.

Section 3. That employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the City of Covina to the Public Employees' Retirement System.

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE ASSOCIATION OF COVINA**

Section 4. That the City of Covina shall pay to the Public Employees' Retirement System the contributions designated as employee contributions from the same source of funds as used in paying salary.

Section 5. That the amount of the contributions designated as employee contributions and paid by the City of Covina to the Public Employees' Retirement System on behalf of an employee shall be the entire contribution required of the employee by the Public Employees' Retirement Law (California Government Code sections 20000, et seq.).

Section 6. That the contributions designated as employee contributions made by the City of Covina to the Public Employees' Retirement System shall be treated for all purposes, other than taxation, in the same way that contributions are treated by the Public Employees' Retirement System.

PASSED, APPROVED AND ADOPTED this 27th day of November 2006.

CITY OF COVINA

Meline D. Juarez, Mayor

ATTEST:

Rosie Fabian, City Clerk

APPROVED AS TO FROM:

Edward W. Lee, City Attorney

I, AMY TURNER, CMC, Chief Deputy City Clerk of the City of Covina, hereby CERTIFY that Resolution No. 06-6556 was adopted by the Covina City Council at a regular meeting of the City Council held November 27, 2006, and was approved and passed by the following vote:

City Union

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE ASSOCIATION OF COVINA**

AYES: Council Members Chadwick, Delach, Stapleton, Mayor Pro Tem King, Mayor
Juarez

NOES: None

ABSTAIN: None

ABSENT: None

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND
THE POLICE ASSOCIATION OF COVINA**

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: May 3, 2011

ITEM NO.: CC 9

STAFF SOURCE: Steve Henley, Director of Public Works
Kalieh Honish, Assistant Director of Public Works *JK*

ITEM TITLE: Continue Emergency Repair of the City's Rancho Simi Reservoir under Section 22050 of the California Public Contract Code

STAFF RECOMMENDATION

Adopt **Resolution No. 11-6958** confirming the continued existence of an emergency at the City-owned Rancho Simi potable water reservoir under Section 22050 of the California Public Contract Code.

FISCAL IMPACT

The total budget for the repair project is estimated as not to exceed \$60,000.00. Funding for the work is provided within the current Fiscal Year approved budget within Account No. 6011-5060-00-55100 (Water Capital, Buildings and Structures).

BACKGROUND

The City's Rancho Simi Reservoir was originally constructed in 1988 as a concrete, underground tank with a capacity of 5 million gallons. Over the years it has seen a variety of minor repairs and dive inspections but had never been drained, cleaned and thoroughly inspected. In late-March 2011 staff took the tank out of service to complete these activities.

During the tank cleaning staff found a considerable amount of sediment, cement remnants, and rock debris in the tank. While the crew was removing this material from the tank and making needed repairs internally to the steel access ladder and cathodic protection it happened to rain. During this rain event the crew noted water intrusion into the tank from between the roof and the walls in several locations. Further investigation of the source of the intrusion revealed that the sealant between the roof and the wall had failed in multiple locations. As the failure of this seal allows for the potential intrusion of irrigation run-off and/or rain water which can be high in bacteria and thus a potential contaminant of the city's water supply, the seal failure constitutes a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life and health.

Under Public Contract Code Section 22050 (a) (1), in the case of an emergency, a public agency, pursuant to a four-fifths vote of its governing body, may repair or replace a public facility, take

any directly related and immediate action required by that emergency, and procure the necessary equipment, services and supplies for those purposes, without giving notice for bids to let contracts.

Given the imminent danger of contamination of the city's water supply system and the need to provide adequate fire protection system services to the community it is necessary to immediately affect the needed repairs.

The contractor selected to perform the necessary repairs is Spiess Construction Company, Incorporated of Santa Maria, California; California Contractors License No. 333989. Work was initiated on the project on Wednesday, April 20, 2011 and is anticipated to be completed within approximately three weeks.

RELEVANCE TO THE STRATEGIC PLAN

This matter has no direct relevance to the current Strategic Plan.

EXHIBITS

A. Resolution No. 11-6958

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

RESOLUTION NO. 11-6958

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, AUTHORIZING THE LETTING OF A CONTRACT TO COMPLETE EMERGENCY REPAIRS OF THE CITY-OWNED RANCHO SIMI POTABLE WATER RESERVOIR PURSUANT TO SECTION 22050 OF THE CALIFORNIA PUBLIC CONTRACT CODE

WHEREAS, the City-owned Rancho Simi Reservoir was constructed in 1988 as a 5 million gallon underground concrete reservoir and has been in continual operation for twenty-two years; and

WHEREAS, the reservoir provides potable water and fire protection services to a large segment of the community and the system does not have adequate reservoir capacity to maintain the required levels of water and fire supply services should the reservoir be out of service for an extended period of time; and

WHEREAS, during a recently scheduled maintenance of the reservoir it was discovered that the sealant between the reservoir's roof and wall had failed allowing irrigation run-off and rainwater intrusion into the reservoir; and

WHEREAS, Section 1102 of the California Public Contract Code defines an emergency as "a sudden unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss of life, health, property, or essential public services"; and

WHEREAS, the City Council hereby finds that the failure of the seal between the roof and wall of the Rancho Simi Reservoir constitutes a sudden unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, or property, given that the Rancho Simi Reservoir provides potable water supplies to a large segment of the community and the intrusion of irrigation run-off or rainwater into the reservoir creates the potential of bacterial contamination of the water supply; and

WHEREAS, under Section 22050 of the California Public Contract Code "a public agency, pursuant to a four-fifths vote of its governing body may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services and supplies for those purposes, without giving notice for bids to let contracts"; and

WHEREAS, Resolution No. 11-6954 constitutes action specified in subdivision (a) of California Public Contract Code Section 22050.

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

SECTION 1. The Covina City Council hereby reviews the emergency action to repair the failed seal at the subject site pursuant to California Public Contract Code Section 22050.

SECTION 2. The Covina City Council hereby determines that the emergency action to repair the seal at the subject site needs to continue in order to respond to the emergency pursuant to California Public Contract Code Section 22050.

SECTION 3. Such action shall be reviewed by the City Council at subsequent regular meetings to determine whether there is a need to further continue the action.

PASSED, APPROVED AND ADOPTED this 3rd day of May, 2011.

John King, Mayor

ATTEST:

Catherine LaCroix, Deputy City Clerk

APPROVED AS TO FORM;

City Attorney

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: May 3, 2011

ITEM NO.: CC 10

STAFF SOURCE: Robert Neiuber, Director of Community Development *RN*
Nuala Gasser, Senior Redevelopment Manager *NG*

ITEM TITLE: Resolutions relating to the annexation of territory to Community Facilities District No. 2007-1 known as Annexation No. 4 (McGill)

STAFF RECOMMENDATION

- a). Adopt **Resolution No. 11-6959**, declaring its intention to authorize the annexation of territories to Community Facilities District No. 2007-1 (Public Services); and
- b). Adopt **Resolution No. 11-6960**, adopting boundary maps showing territory proposed to be annexed in the future to Community Facilities District No. 2007-1 (Public Services).

FISCAL IMPACT

There is one residential unit in the proposed annexation area subject to the special tax. The "Special Tax" authorized by the proposed annexation to Community Facilities District 2007-1 (the "CFD") will generate \$571.15 annually based on the 2010-2011 tax rate of \$571.15 per unit, and will be deposited to Account No. 2740-4800-00-45800. The Special Tax shall be used to pay for the following services: police, fire protection and suppression, paramedic services, and park maintenance. The Special Tax will increase annually by the greater of two percent (2.00%), or the percentage change in the Consumer Price Index.

BACKGROUND

The purpose of the subject resolutions is to 1) notice the intent of the City to annex property to the CFD, 2) identify the boundaries of the proposed annexation, 3) identify the types of services to be funded by the CFD, and 4) notice that a public hearing will be held on June 7, 2011, where the City Council will consider the proposed annexation. The subject resolutions are hereby presented to the City Council, pursuant to the Conditions of Approval for one (1) single family home to be built on West McGill Street, Covina, CA, APN # 8343-004-034.

On June 5, 2007, the City Council held a public hearing and formed CFD 2007-1. Pursuant to the Conditions of Approval for development of one single family home at APN 8343-004-034, McGill Street, Covina, the builder has agreed to annex to the CFD, or to pay an in-lieu fee based on the financial impact on Police, Fire, Emergency and Parks services. The builders have opted to annex into the CFD. Under the CFD, in Fiscal Year 2010-2011, any newly constructed residential units are charged \$571.15 per year for the following services: police, fire protection and suppression, paramedic services, and park maintenance. This Special Tax appears on the annual Property Tax bill for each parcel. The Special Tax authorized by the CFD shall be levied

on all parcels for which building permits were issued on or before May 1 of the preceding fiscal year.

The purpose of the CFD is to finance the aforementioned public safety and park services that are in addition to those currently provided for the territory within the District. In Fiscal Year 2010-2011, the calculated amount for these services, for each additional multi-family residential unit, is \$571.15. This program has been conceived with the intention that all future residential development, which results in a net increase of residential units, would annex to the CFD. Residential units constructed prior to formation of the CFD are not subject to the Special Tax.

RELEVANCE TO THE STRATEGIC PLAN

This action will assist the City to reach the goal of enhancing financial stability, as the special tax assessed on all future residential development will provide some of the needed funding to provide public safety and park services.

EXHIBITS

- A. Resolution No. 11-6959
- B. Resolution No. 11-6960

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

EXHIBIT A

RESOLUTION NO. 11-6959

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA,
CALIFORNIA, DECLARING ITS INTENTION TO AUTHORIZE THE
ANNEXATION OF TERRITORY TO COMMUNITY FACILITIES
DISTRICT NO. 2007-1 (PUBLIC SERVICES)**

WHEREAS, the City Council of the City of Covina, California, (hereafter referred to as the “City Council”), at this time desires to authorize the annexation of territory to City of Covina Community Facilities District No. 2007-1 (Public Services) (“CFD No. 2007-1”) pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982”, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, as amended (the “Act”); and

WHEREAS, CFD No. 2007-1 was formed to finance new police services, fire protection and suppression services, paramedic services, and park maintenance and other public services in addition to those provided in or required for the territory within CFD No. 2007-1 and will not be replacing services already available; and

WHEREAS, certain territory is proposed to be annexed to CFD No. 2007-1 and such territory shall be known and designated as Community Facilities District No. 2007-1 (Public Services), Annexation No. 4 (“Annexation No. 4”).

WHEREAS, this legislative body now desires to proceed to adopt its Resolution of Intention to annex Annexation No. 4 into CFD No. 2007-1, to describe the territory proposed to be annexed, Annexation No. 4, to specify the services to be financed from the proceeds of the levy of special taxes within Annexation No. 4, to set and specify the special taxes that would be levied within the territory to finance such services, and to set a time and place for a public hearing relating to the annexation of Annexation No. 4 into CFD No. 2007-1; and

WHEREAS, a map showing the boundaries of Annexation No. 4 proposed to be annexed has been submitted, and a copy of the map shall be kept on file with the transcript of these proceedings.

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

SECTION 1 Recitals. The above recitals are all true and correct.

SECTION 2 Authorization. The proceedings for annexing Annexation No. 4 into CFD No. 2007-1 are authorized and initiated by this legislative body pursuant to the authorization of the Act.

SECTION 3 Intention to Annex. This legislative body hereby determines that the public convenience and necessity requires that Annexation No. 4 be added to CFD No. 2007-1 in order to pay the costs and expenses for the required and authorized new services generated from new

development within the City and this City Council declares its intention to annex Annexation No. 4 to CFD No. 2007-1.

SECTION 4 Boundaries. A general description of the boundaries of Annexation No. 4 proposed to be annexed is as follows:

All that territory proposed to be annexed to CFD No. 2007-1, as such property is shown on a map designated as "Annexation Map No. 4 of Community Facilities District No. 2007-1 (Public Services), City of Covina, County of Los Angeles, State of California," attached hereto as Exhibit "A" and hereby incorporated by reference.

SECTION 5 Name of District. The name of the district is "City of Covina Community Facilities District No. 2007-1 (Public Services)" and the designation for the territory to be annexed shall be "City of Covina Community Facilities District No. 2007-1 (Public Services), Annexation No. 4."

SECTION 6 Services Authorized to be Financed by CFD No. 2007-1, Annexation No. 4. The services that are authorized to be financed by CFD No. 2007-1 are certain services which are in addition to those provided in or required for the territory within CFD No. 2007-1 and Annexation No. 4 and will not be replacing services already available. A general description of the services to be financed by CFD No. 2007-1 and Annexation No. 4 is as follows:

PUBLIC SERVICES

New police services, fire protection and suppression services, paramedic services, and park maintenance, including but not limited to (i) the costs of contracting services, (ii) related facilities, equipment, vehicles, ambulances, fire apparatus and supplies, (iii) the salaries and benefits of City staff that directly provide police services, fire protection and suppression services, paramedic services, and park maintenance respectively, and (iv) City overhead costs associated with providing such services within CFD No. 2007-1 and Annexation No. 4. The Special Tax provides only partial funding for Public Services.

The same types of services which are authorized to be financed by CFD No. 2007-1 are the types of services to be provided in Annexation No. 4. If, and to the extent possible, such services shall be provided in common within CFD No. 2007-1 and Annexation No. 4.

SECTION 7 Special Taxes. It is the further intention of this City Council body that, except where funds are otherwise available, a special tax sufficient to pay for such services to be provided in CFD No. 2007-1 and Annexation No. 4, and related incidental expenses authorized by the Act, secured by recordation of a continuing lien against all non-exempt real property in Annexation No. 4, will be levied annually within the boundaries of such Annexation No. 4. For further particulars as to the rate and method of apportionment of the proposed special tax, reference is made to the attached and incorporated Exhibit "B" (the "First Amended Rate and Method of Apportionment"), which sets forth in sufficient detail the method of apportionment to allow each landowner or resident within proposed Annexation No. 4 to clearly estimate the maximum amount that such person will have to pay.

The special tax proposed to be levied within Annexation No. 4 for services to be supplied within Annexation No. 4 shall be equal to the special tax levied to pay for the same services in CFD No. 2007-1, to the extent that the actual cost of providing the services in Annexation No. 4 is equivalent to the cost of providing those services in CFD No. 2007-1. Notwithstanding the foregoing, the special tax may not be levied at a rate that is higher than the maximum special tax authorized to be levied pursuant to the First Amended Rate and Method of Apportionment.

The special taxes herein authorized, to the extent possible, shall be collected in the same manner as ad valorem property taxes and shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes. Any special taxes that may not be collected on the County tax roll shall be collected through a direct billing procedure by the City Treasurer.

The maximum special tax rate in CFD No. 2007-1 shall not be increased as a result of the annexation of Annexation No. 4 to CFD No. 2007-1.

SECTION 8 Public Hearing. Notice is given that on the 7th day of June, 2011, at the hour of 7:30 p.m., in the regular meeting place of the City Council being the Covina City Hall located at 125 E. College Street Covina, CA 91723, a public hearing will be held where this City Council will consider the authorization for the annexation of Annexation No. 4 to CFD No. 2007-1, the proposed method and apportionment of the special tax to be levied with Annexation No. 4 and all other matters as set forth in this Resolution of Intention.

At such public hearing, the testimony of all interested persons for or against the annexation of Annexation No. 4 or the levying of special taxes within Annexation No. 4 will be heard.

At such public hearing, protests against the proposed annexation of Annexation No. 4, the levy of special taxes within Annexation No. 4 or any other proposals contained in this resolution may be made orally by any interested person. Any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularities or defects to which objection is made. All written protests shall be filed with the City Clerk prior to the time fixed for the public hearing. Written protests may be withdrawn at any time before the conclusion of the public hearing.

SECTION 9 Majority Protest. If (a) 50% or more of the registered voters, or six (6) registered voters, whichever is more, residing within CFD No. 2007-1, (b) 50% or more of the registered voters, or six (6) registered voters, whichever is more, residing within Annexation No. 4, (c) owners of one-half or more of the area of land in the territory included in CFD 2007-1, or (d) owners of one-half or more of the area of land in the territory included in Annexation No. 4, file written protests against the proposed annexation of Annexation No. 4 to CFD No. 2007-1 and such protests are not withdrawn so as to reduce the protests to less than a majority, no further proceedings shall be undertaken for a period of one year from the date of the decision by the City Council on the annexation of Annexation No. 4 to CFD 2007-1.

SECTION 10 Notice. Notice of the time and place of the public hearing shall be given by the City Clerk by publication in a legally designated newspaper of general circulation, in the territory

of Annexation No. 4 and CFD 2007-1 pursuant to Section 6061 of the Government Code. Said publication shall be completed at least seven (7) days prior to the date set for the public hearing and shall contain the information prescribed in Section 53322 of the Act.

SECTION 11 The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED this 3rd day of May, 2011.

John King, Mayor

ATTEST:

Deputy City Clerk, City of Covina

APPROVED AS TO FORM;

City Attorney

EXHIBIT A
ANNEXATION MAP

NOTE

**Annexation Map to be
placed here**

**To be provided by
Nuala**

EXHIBIT B
AMENDED RATE AND METHOD OF APPORTIONMENT

FIRST AMENDED RATE AND METHOD OF APPORTIONMENT

CITY OF COVINA

COMMUNITY FACILITIES DISTRICT NO. 2007-1 (PUBLIC SERVICES)

A special tax as hereinafter defined shall be levied on and collected for Community Facilities District No. 2007-1 (Public Services) of the City of Covina ("CFD No. 2007-1") each Fiscal Year, commencing in Fiscal Year 2007-2008, in an amount determined by the City Council of the City of Covina through the application of the appropriate Special Tax for "Developed Property," as described below. All of the real property in CFD No. 2007-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Act" means the Mello-Roos Communities Facilities Act of 1982 as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any actual ordinary and necessary expense of the City of Covina, or designee thereof or both, to carry out the administration of CFD No. 2007-1 related to the determination of the amount of the levy of the Special Tax, the collection of the Special Tax including the expenses of collecting delinquencies, the payment of a proportional share of salaries and benefits of any City employee whose duties are directly related to the administration of CFD No. 2007-1, fees and expenses for counsel, Special Tax consultant and other consultants hired by the City in relation to CFD No. 2007-1, costs associated with responding to public inquiries regarding CFD No. 2007-1, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2007-1.

"Affordable Housing" means any Unit within CFD No. 2007-1 that is subject to a written and recordable covenant, deed restriction, resale restriction, regulatory agreement or similar agreement with either the City of Covina or the Redevelopment Agency of the City of Covina, which restricts the amount of rent for that Unit to "affordable rent" (as that term is defined in California Health and Safety Code Section 50053) for a period of not less than fifty-five (55) years, or which restricts the purchase price for that Unit to "affordable housing cost" (as that term is defined in California Health and Safety Code Section 50052.5) for a period of not less than forty-five (45) years. A Unit shall no longer be considered Affordable Housing following the expiration or termination of the applicable covenant, restriction or agreement.

"Annual Escalation Factor" means for the Special Tax, the greater of (i) two percent (2.00%), or (ii) the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel number within the boundaries of CFD No. 2007-1.

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel number.

“Base Year” means Fiscal Year ending June 30, 2008.

“Boundary Map” means the map of the boundaries for CFD No. 2007-1, as approved by the City Council, and recorded with the County in maps of assessments and community facilities districts.

“Building Permit” means a permit for new construction for a residential dwelling Unit. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of retaining walls, utility improvements, or other such improvements not intended for human habitation.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirements and providing for the levy and collection of the Special Tax.

“CFD No. 2007-1” means Community Facilities District No. 2007-1 (Public Services) established by the City under the Act.

“City” means the City of Covina.

“City Council” means the City Council of the City, acting as the Legislative Body of CFD No. 2007-1, or its designee.

“Consumer Price Index” means the index published by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

“County” means the County of Los Angeles.

“Developed Property” means all Assessor’s Parcels within CFD No. 2007-1 for which Building Permits were issued on or before May 1 preceding the Fiscal Year for which the Special Tax is being levied, provided that a Final Map was created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the City and/or CFD administrator.

“Exempt Property” means all Assessor’s Parcels within CFD No. 2007-1 designated as being exempt from the Special Tax as determined in Section F.

“Final Map” means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or the recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

“Fiscal Year” means the period commencing on July 1 of any year and ending the following June 30.

“Lot” means an individual legal lot created by a Final Map for which a Building Permit could or has been issued.

“Maximum Special Tax” means the Maximum Special Tax determined in accordance with Section C, which can be levied by CFD No. 2007-1 in any Fiscal Year on Taxable Property within CFD No. 2007-1.

“Mixed-Use Property” means all Assessor’s Parcels of Developed Property for which Building Permit(s) have been issued for purposes of constructing Non-Residential Property and Residential Property. Residential Units on Mixed-Use Property shall be classified as Multi-Family Residential.

“Multi-Family Residential” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing a residential structure consisting of two or more residential Units that share common walls, including, but not limited to, duplexes, triplexes, town homes, condominiums, apartment Units, and residential Units on Assessor’s Parcels that are considered Mixed-Use Property.

“Non-Residential Property” means all Assessor’s Parcels for which a Building Permit was issued for any type of non-residential use.

“Public Property” means any property within the boundaries of CFD No. 2007-1 that is owned by or irrecoverably dedicated to the City, the federal government, the State of California, the County, CFD No. 2007-1, or other public agency. For purposes of this definition, property owned by the Redevelopment Agency of the City of Covina is **not** considered Public Property and any property owned by the Redevelopment Agency will be subject to the levy of a Special Tax in accordance with Sections C and D herein.

“Public Services” means new police services, fire protection and suppression services, paramedic services, and park maintenance, including but not limited to (i) the costs of contracting services, (ii) related facilities, equipment, vehicles, ambulances, fire apparatus and supplies, (iii) the salaries and benefits of City and Fire District staff that directly provide police services, fire protection and suppression services, paramedic services, and park maintenance, and (iv) City and Fire District overhead costs associated with providing such services within CFD No. 2007-1. The Special Tax provides only partial funding for police, fire protection services, paramedic services, and park maintenance.

“Special Tax” means any special tax authorized to be levied by CFD No. 2007-1 pursuant to the Act to fund the Special Tax Requirement.

“Single-Family Residential” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one single-family residential dwelling Unit.

“Taxable Property” means all Assessor’s Parcels within CFD No. 2007-1 that are not exempt from the levy of the Special Tax.

“Tax Class” means any of the classes listed in Table 1 below.

“Undeveloped Property” means all Assessor’s Parcels within CFD No. 2007-1 for which Building Permits have not been issued and that is not classified as Approved Property or Public Property.

“Unit” means any separate residential dwelling unit in which a person or persons may live, which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units and is not considered to be for commercial or industrial use.

B. CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2007-2008, each Assessor’s Parcel within CFD No. 2007-1 shall be classified as Developed Property or Exempt Property. In addition, each Fiscal Year, beginning with Fiscal Year 2007-2008, each Assessor’s Parcel of Developed Property shall be further classified as Single-Family Residential, Multi-Family Residential, or Mixed-Use Property.

C. MAXIMUM ANNUAL SPECIAL TAX

The Maximum Special Tax for each Assessor’s Parcel classified as Single-Family Residential, Multi-Family Residential, and Mixed-Use Property in Fiscal Year 2007-2008 shall be equal to the Maximum Special Tax set forth in Table 1.

TABLE 1
MAXIMUM ANNUAL SPECIAL TAX RATES
Fiscal Year 2007-2008

Tax Class	Description	Maximum Special Tax
1	Single-Family Residential	\$527 per Unit
2	Multi-Family Residential	\$395 per Unit
3	Mixed-Use Property	\$395 per Unit

For each subsequent Fiscal Year following the Base Year, the Maximum Special Tax for each Assessor’s Parcel classified as Developed Property shall be adjusted by the Annual Escalation Factor.

Multiple Tax Classes

In some instances an Assessor’s Parcel may contain more than one Tax Class. The Maximum Special Tax levied on such Assessor’s Parcel shall be the sum of the Maximum Special Tax that can be imposed on all Tax Classes located on that Assessor’s Parcel.

D. METHOD OF APPORTIONMENT OF SPECIAL TAX

Commencing with Fiscal Year 2007-2008, and for each subsequent Fiscal Year, the Special Tax shall be levied on each Assessor’s Parcel of Developed Property at the applicable Maximum Special Tax as set forth in Section C.

E. TERMINATION OF SPECIAL TAX

The Special Tax shall be levied in perpetuity to fund Public Services provided to CFD No. 2007-1.

F. EXEMPTIONS

The City shall classify as Exempt Property: (i) Public Property, (ii) Non-Residential Property, (iii) Undeveloped Property, (iv) Affordable Housing, or (v) Assessor's Parcels with public or utility easements making impractical their utilization for other purposes than those set forth in the easement.

G. APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2007-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made, but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

H. MANNER OF COLLECTION

The annual Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that CFD No. 2007-1 may collect the Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

EXHIBIT B

RESOLUTION NO. 11-6960

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, ADOPTING BOUNDARY MAP SHOWING TERRITORY PROPOSED TO BE ANNEXED IN THE FUTURE TO COMMUNITY FACILITIES DISTRICT NO. 2007-1 (PUBLIC SERVICES)

WHEREAS, the City Council of the City of Covina, California, (hereafter referred to as the "City Council"), formed a Community Facilities District, designated as Community Facilities District No. 2007-1 (Public Services) ("CFD No. 2007-1"), pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982", being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, as amended (the "Act"); and

WHEREAS, the City Council desires to initiate proceedings to annex certain territory to CFD No. 2007-1; and

WHEREAS, there has been submitted a map showing the territory proposed to be annexed to CFD No. 2007-1, said area to be designated as Community Facilities District No. 2007-1 (Public Services), Annexation No. 4 (hereafter referred to as "Annexation No. 4").

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

SECTION 1 Recitals. The above recitals are all true and correct.

SECTION 2 Annexation Map. The map showing Annexation No. 4 to be subject to the levy of a special tax upon the annexation of such territory to CFD No. 2007-1 is hereby approved and adopted. Such map is designated by the name of "Annexation Map No. 4 of Community Facilities District No. 2007-1 (Public Services), City of Covina, County of Los Angeles, State of California."

SECTION 3 Certificate. A certificate shall be endorsed on the original and on at least one (1) copy of the map of Annexation No. 4, evidencing the date and adoption of this Resolution, and within fifteen days after the adoption of the Resolution of Intention fixing the time and place of the Public Hearing to annex Annexation No. 4 to CFD No. 2007-1, a copy of said map shall be filed with the correct and proper endorsements thereon with the Los Angeles County Recorder, all in the manner and form provided for Section 3111 of the Streets and Highways Code of the State California.

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

PASSED, APPROVED AND ADOPTED this 3rd day of May, 2011.

John King, Mayor

ATTEST:

Deputy City Clerk, City of Covina

APPROVED AS TO FORM;

City Attorney

CERTIFICATION

I, Catherine M. LaCroix, Deputy City Clerk of the City of Covina, hereby CERTIFY that Resolution No. 6960 was adopted by the Covina City Council at a regular meeting of the City Council held this 3rd day of April, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Catherine M. LaCroix
Deputy City Clerk

COVINA REDEVELOPMENT AGENCY
AGENDA ITEM COMMENTARY

MEETING DATE: May 3, 2011

ITEM NO.: CC 11

STAFF SOURCE: Robert Neiuber, Director of Community Development/
Deputy Executive Director *RN*

ITEM TITLE: Continue roof repair at the McGill Transitional House under Section 22050 of the California Public Contract Code

STAFF/AGENCY RECOMMENDATION

Adopt **Resolution No. 11-677** confirming the continued existence of an emergency at the Agency-owned McGill Transitional House pursuant to Section 22050 of the California Public Contract Code.

FISCAL IMPACT

Funding for the work for an amount up to \$20,000 is currently budgeted in the Redevelopment Agency Low-to Moderate Income Housing Fund, Account Number 2051-4700-00-52710, Operation of Acquired Property.

BACKGROUND

The McGill House, a transitional house for homeless women and children, was purchased in 2004, and has been in operation for four years. The house provides housing for two families and a resident attendant. About a month ago, rain and wind in the locality caused roof shingles to fly off the roof to the ground below, especially on the north, east and west portions of the property.

On March 8, the Agency adopted Resolution 11-669, authorizing the letting of a contract to complete emergency repairs at the agency-owned transitional house for homeless women and children pursuant Section 22050, subdivision (a) of the California Public Contract Code ("Section 22050"). Resolutions regarding the continuation of the emergency action were adopted on April 5, 2011, and on April 19, 2011; Agency resolutions were numbered No. 11-672, and No. 11-676, respectively.

Section 22050 requires a governing body that takes action pursuant to subdivision (a) of that Section to review the emergency action at its next regularly scheduled meeting, and by a four-fifths vote, determine that there is a need to continue the action. On March 8, 2011, the Covina Redevelopment Agency took action pursuant to subdivision (a) of Section 22050 to repair the roof at the McGill Transitional House. Therefore, the Redevelopment Agency is required to review this action and determine whether it is necessary to continue the action.

The roof repairs to the McGill Transitional House are complete, but associated work related to the smoke detectors and carbon monoxide detectors is ongoing, and expected to be completed in the immediate future.

RELEVANCE TO THE STRATEGIC PLAN

Not applicable.

EXHIBITS

A. Agency resolution continuing the emergency

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

RESOLUTION NO. 11-677

A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY CONFIRMING THE CONTINUED EXISTENCE OF AN EMERGENCY AT THE AGENCY-OWNED MCGILL TRANSITIONAL HOUSE PURSUANT TO SECTION 22050 OF THE CALIFORNIA PUBLIC CONTRACT CODE.

WHEREAS, the McGill House, a transitional house for homeless women and children located at 1104 W. McGill Street in Covina ("Subject Site"), was purchased in 2004, and has been in operation for four years; and

WHEREAS, the house provides housing for two families and a resident attendant; and

WHEREAS, rain and wind around the Subject Site caused roof shingles to fly off the roof to the ground below, especially on the north, east and west portions of the Subject Site; and

WHEREAS, on March 8, 2011 the Covina Redevelopment Agency adopted Resolution No. 11-669 declaring an emergency, authorizing the waiver of bidding requirements, and approving the roof replacement at the Subject Site pursuant to California Public Code Section 22050; and

WHEREAS, California Public Contract Code Section 22050, subdivision (a)(1) provides that "a public agency, pursuant to a four-fifths vote of its governing body may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts"; and

WHEREAS, California Public Contract Code Section 22050, subdivision (c) provides that "if the governing body orders any action specified in subdivision (a), the governing body shall review the emergency action at its next regularly scheduled meeting and at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue the action"; and

WHEREAS, Resolution 11-669 constitutes action specified in subdivision (a) of California Public Contract Code Section 22050; and

WHEREAS, on April 5, 2011 and on April 19, 2011 the Covina Redevelopment Agency adopted Resolutions No. 11-672 and 11-676 respectively, reviewing the emergency action and determining that the emergency action needs to continue in order to respond to the emergency; and

WHEREAS, the need to install hard wiring for the fire and carbon monoxide alarms pursuant to the new building code have slowed repairs to the roof; and

WHEREAS, repairs to the roof are complete but associated repairs are ongoing.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Covina as follows:

SECTION 1. The Covina Redevelopment Agency hereby reviews the emergency action to repair the roof at the Subject Site pursuant to California Public Contract Code Section 22050.

SECTION 2. The Covina Redevelopment Agency hereby determines that the emergency action to repair the roof at the Subject Site needs to continue in order to respond to the emergency pursuant to California Public Contract Code Section 22050.

SECTION 3. Such action shall be reviewed by the Agency Board at subsequent regular Agency Board meetings to determine whether there is a need to further continue the action.

PASSED, APPROVED AND ADOPTED this 3rd day of May, 2011.

John King, Chairman

ATTEST:

Catherine LaCroix, Agency Secretary

APPROVED AS TO FORM:

Agency Counsel

CERTIFICATION

I, Catherine M. LaCroix, Secretary of the Redevelopment Agency of the City of Covina, do hereby CERTIFY that Resolution No. 677 was adopted by the Covina Redevelopment Agency at a regular meeting of the Agency held this 3rd day of May, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Catherine M. LaCroix
Secretary of the Covina Redevelopment Agency

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: May 3, 2011

ITEM NO.: PH 1

STAFF SOURCE: Kim Raney, Chief of Police
Robert Neiuber, Director of Community Development, 
William J. Priest, Assistant City Attorney

ITEM TITLE: Urgency Ordinance to extend Interim Urgency Ordinance Nos. 10-1983 and 10-1985 for an additional 3 months and continue for this period the moratorium on the issuance of new permits for massage establishments and massage technicians and on the transfer of certain massage permits to new locations within the City of Covina.

STAFF RECOMMENDATION

- 1.) Adopt Interim **Urgency Ordinance No. 11-1986** (attached as Exhibit "A") extending Interim Urgency Ordinance Nos. 10-1983 and 10-1985 for an additional period of 3 months and thereby extending the moratorium on the permitting of new massage establishments and massage technicians and transfer of certain massage permits to new locations within the City of Covina.
- 2.) Direct staff to continue studying possible revisions to the City's existing massage regulations in light of the passage of SB 731 and return a draft ordinance to the City Council for its consideration.

FISCAL IMPACT

None.

BACKGROUND

On May 4, 2010, the City Council adopted Interim Urgency Ordinance No. 10-1983 that temporarily prohibited the approval or issuance of any (i) new permit to massage technicians, (ii) approval or issuance of any new use permit, home occupation permit, variance, building permit, business license, operator's permit or other applicable entitlement for the establishment or operation of a massage establishment in the City, and (iii) transfer of an existing massage permit to another location. A copy of Ordinance No. 10-1983 is attached hereto as Exhibit "B".

The moratorium was established to allow the City the opportunity to evaluate its existing ordinance regulating massage establishments in light of SB 731, California's first comprehensive, statewide regulatory system for massage therapy. (Bus. & Prof. Code § 4600 et seq.) This new law, which went into effect on September 1, 2009, establishes a non-profit California Massage Therapy Council ("CMTC"). Subject to specific standards, the CMTC issues certificates to qualified massage technicians. Once massage technicians obtain CMTC certifications, they will be exempted from most local regulations. For example:

- 1.) CMTC-certified technicians and massage establishments that employ only CMTC technicians do not have to receive a local permit before practicing massage;
- 2.) For zoning purposes, massage establishments that employ only CMTC-certified technicians must be allowed in the same locations as similar “personal and professional uses”, such as day spas, hair and nail salons, barber shops, physical therapy, etc.

However, the City may still require a CMTC-certified establishment or technician to obtain a local business license and may also impose reasonable health and safety requirements on CMTC-certified establishments, as long as these are consistent with standards imposed on similar “personal service” businesses. These would include hygiene and cleanliness requirements, among other things. Further, SB 731 preempts local regulation for those CMTC-certified establishments that only hire CMTC-licensed technicians. If a massage establishment employs any technician without a CMTC certification, local regulation can still apply.

Because SB 731 dramatically limits the City's power to address local massage issues, and because of the unique health, safety and welfare implications of massage establishments, it is important for Staff to study different options to preserve as much local regulatory power as available under State law.

Ordinance 10-1983 was only effective for 45 days and was scheduled to expire on June 18, 2010. In order to provide Staff additional time to perform its work, at a noticed public hearing on June 15, 2010, the City Council adopted Interim Urgency Ordinance No. 10-1985, which extended the interim moratorium for an additional ten (10) months and fifteen (15) days -- resulting in an amended expiration date of May 4, 2011. A copy of Ordinance No. 10-1985 is attached hereto as Exhibit “C”.

Since the adoption of the moratorium, the Police Department, the Planning Division of the Community Development Department, and the City Attorney’s Office have continued their work on alleviating the conditions which led to adoption of the moratorium. These include: (i) determining the legal effects of SB 731 on local massage regulation, (ii) drafting amendments to Covina Municipal Code, Chapter 5.36 in order to ensure consistency with SB 731 and (iii) tracking the State’s implementation of SB 731. A more detailed discussion of these efforts is provided in a Follow-Up Report, which was adopted by the City Council on April 19, 2011 and is attached hereto as Exhibit “D”.

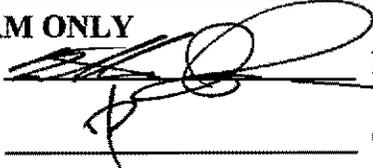
At present, the draft ordinance is undergoing internal review. Therefore, although Staff has taken measures outlined above to address the issues created by SB 731, they have not yet finished their work in this regard. As such, Staff is requesting the Council to extend the moratorium for an additional period of three (3) months. Staff intends to present a draft ordinance for the City Council’s consideration before this extension expires.

Permit renewals would not be affected. The moratorium, if extended, will remain in effect until August 4, 2011. This is the final extension that may be taken under State law.

RELEVANCE TO THE STRATEGIC PLAN
None.

EXHIBITS

- A. Interim Urgency Ordinance No. 11-1986
- B. Interim Urgency Ordinance No. 10-1983
- C. Interim Urgency Ordinance No. 10-1985
- D. April 19, 2011 Council Follow-Up Report Re: City's Measures to Alleviate Moratorium Conditions

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

ORDINANCE NO. 11 - 1986

**AN INTERIM URGENCY ORDINANCE OF THE CITY OF
COVINA ENACTED PURSUANT TO GOVERNMENT
CODE SECTION 65858 TO EXTEND INTERIM URGENCY
ORDINANCE NOS. 10-1983 AND 10-1985 FOR AN
ADDITIONAL THREE MONTHS AND CONTINUE FOR
THIS PERIOD THE MORATORIUM UPON THE
ISSUANCE AND TRANSFER OF CERTAIN MASSAGE
PERMITS**

WHEREAS, on May 4, 2010, pursuant to section 65858 of the California Government Code, the City Council of the City of Covina ("City Council") adopted Ordinance No. 10-1983, an interim urgency ordinance, which temporarily prohibits the approval or issuance of any new permit to massage technicians, the approval or issuance of any new operator's permit, use permit, home occupation massage permit, variance, building permit, business license or other applicable entitlement for the establishment or operation of any massage establishment in the City in the City of Covina, and the transfer of massage permits to new locations within the City of Covina; and

WHEREAS, Section 65858 of the California Government Code provides that Ordinance No. 10-1983 expired and was of no further force and effect forty-five (45) days from its date of adoption; and

WHEREAS, Section 65858 of the California Government Code provides that prior to the expiration of Ordinance No. 10-1983, the City may extend Ordinance No. 10-1983 for an additional ten (10) months and fifteen (15) days after giving notice pursuant to Section 65090 of the California Government Code and conducting a public hearing; and

WHEREAS, on June 15, 2010, at a noticed public hearing, the Covina City Council adopted Ordinance No. 10-1985 extending the interim moratorium for an additional ten (10) months and fifteen (15) days – resulting in an amended expiration date of May 4, 2011.

WHEREAS, on April 19, 2011, the City Council issued a written follow-up report describing the measures and actions taken by the City to alleviate the circumstances and conditions which led to the adoption of Ordinance Nos. 10-1983 and 10-1985 since their adoption on May 4, 2010 and June 15, 2010, respectively, as required by Government Code section 65858(d) ("Council Report"); and

WHEREAS, based on the Council Report, the City Council has determined that the circumstances and conditions that led to the adoption of Ordinance Nos. 10-1983 and 10-1985, which are set forth in the recitals therein and are fully incorporated herein by this reference, have not been alleviated as of the date of this Ordinance and continue to create the concerns described in Ordinance Nos. 10-1983 and 10-1985; and

WHEREAS, the City Council now seeks to extend the temporary prohibition on the approval or issuance of any new use permit, home occupation permit, variance, building permit, business license, operator's permit, or other applicable entitlement for the establishment or operation of a massage establishment or for massage technicians in the City of Covina, and the transfer of existing permits/licenses to new locations within the City of Covina, as currently authorized under Ordinance Nos. 10-1983 and 10-1985, to continue studying possible amendments to the City's zoning regulations to help ensure that massage establishments and technicians are regulated in a way that protects the community and complies with applicable law; and

WHEREAS, the purpose of extending Ordinance Nos. 10-1983 and 10-1985 is to avoid the potentially significant adverse impacts to the public's health, safety, and welfare described in Ordinance Nos. 10-1983 and 10-1985; and

WHEREAS, the City Council has determined there is a need to extend Ordinance Nos. 10-1983 and 10-1985 for an additional three months as authorized under section 65858 of the California Government Code; and

WHEREAS, the notice and public hearing required by section 65858 of the California Government Code for the extension of Ordinance Nos. 10-1983 and 10-1985 has been provided in accordance with law.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINA DOES ORDAIN AS FOLLOWS:

SECTION 1. Adoption of this urgency interim ordinance ("Ordinance") shall constitute an extension of Ordinance Nos. 10-1983 and 10-1985 for a period of three months, pursuant to section 65858 of the California Government Code.

SECTION 2. During the time this Ordinance is in effect, the City: (i) shall not approve or issue any new use permit, home occupation permit, variance, building permit, business license, operator's permit, or other applicable entitlement for the establishment or operation of a massage establishment in the City and (ii) shall not approve the transfer of any existing permit, license or entitlement for a massage establishment to a new location, and (iii) shall not issue or approve any new permit, license or entitlement to massage technicians. For purposes of this ordinance, the terms "massage technician" and "massage establishment", shall have the meanings set forth in section 5.36.010 of the Covina Municipal Code.

SECTION 3. The City Council hereby finds and determines that adoption of this Ordinance and the extension of Ordinance Nos. 10-1983 and 10-1985 is necessary for the current and immediate protection of the public health, safety, and welfare of the City and its residents for all the reasons set forth in the recitals above and the recitals of Ordinance Nos. 10-1983 and 10-1985, which are hereby expressly incorporated as though fully set forth herein, and

the following additional reasons:

A. The City continues to study the issue of regulation of massage establishments and the effect of the new state law known as SB 731 on the regulation of massage establishments.

B. City staff is preparing draft amendments to the Covina Municipal Code to address the legal effects of SB 731.

C. Establishment of massage establishments, and the issuance of new permits to massage technicians and massage establishments, under existing zoning and development standards will have a detrimental effect because the existing standards do not consider the unique impacts created by massage establishments, which would create the potential for severe land use incompatibilities, with associated impacts to adjacent residents and businesses. These adverse impacts on the public health, safety, and welfare can be avoided through careful study and proper planning for the regulation of massage establishments.

SECTION 4. The requirements of this Ordinance shall have no application and no effect upon and shall not be construed as applying to any persons designated as follows: State licensed physicians, surgeons, chiropractors, acupuncturists, acupressurists, physical therapists, osteopaths, registered or licensed vocational nurses, barbers, cosmetologists, aestheticians, and manicurists. Except as amended by this Ordinance, chapter 5.36 of the Covina Municipal Code shall remain in effect during the effective period of this Ordinance and any extensions of this Ordinance.

SECTION 5. The City Council hereby directs the Police Department, the Planning division of the Community Development Department and the City Attorney's Office to continue studying possible means of regulating massage establishments and massage technicians, including zoning-based regulations and other regulations permissible under SB 731, including the drafting of appropriate amendments to the Covina Municipal Code.

SECTION 6. The City Council hereby enacts this interim urgency ordinance by not less than a four-fifths (4/5) vote, and in light of the findings set forth in Section 3, under the authority granted to it by Article XI, Section 7 of the California Constitution and Section 65858 of the California Government Code, which allows the City to adopt an interim urgency ordinance prohibiting land uses which may be in conflict with a zoning proposal that the City Council, planning commission or the planning department is considering or studying or intends to study within a reasonable time.

SECTION 7. The City Council finds that this Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA

Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

SECTION 8. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The City Council hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 9. This Ordinance shall take effect immediately upon adoption if adopted by at least a four-fifths (4/5) vote of the City Council and shall remain in effect for three months from the date.

SECTION 10. The Mayor shall sign this Ordinance and the City Clerk shall attest thereto and shall within fifteen (15) days of its adoption cause it, or a summary of it, to be published in a newspaper of general circulation in the City of Covina.

ADOPTED this 3rd day of May, 2011.

JOHN KING, MAYOR

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

CERTIFICATION

I, _____, City Clerk of the City of Covina, California, do hereby certify that the foregoing Ordinance was regularly and duly passed and adopted at a regular meeting of the City Council of the City of Covina, California, duly held the 3rd day of May, 2011, by the following vote of the Council:

AYES:
NOES:
ABSENT:
ABSTAINED:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Covina, California, this 3rd day of May, 2011.

City Clerk

INTERIM URGENCY ORDINANCE NO. 10-1983

AN INTERIM URGENCY ORDINANCE OF THE CITY OF COVINA, CALIFORNIA, PLACING A MORATORIUM ON THE ISSUANCE OR APPROVAL OF NEW PERMITS, LICENSES OR OTHER ENTITLEMENTS TO ESTABLISH OR OPERATE MASSAGE ESTABLISHMENTS AND TO OPERATE AS A MASSAGE TECHNICIAN WITHIN THE CITY FOR A PERIOD OF 45 DAYS, PENDING THE ADOPTION OF ANY AND ALL NECESSARY AMENDMENTS TO THE CITY'S MASSAGE ESTABLISHMENT AND TECHNICIAN REGULATIONS TO ACCOUNT FOR THE LEGAL EFFECTS OF CALIFORNIA SENATE BILL 731, AND SETTING FORTH THE FACTUAL BASIS FOR SAME AS AN URGENCY ORDINANCE.

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

SECTION 1. This interim urgency ordinance is adopted pursuant to Section 65858 of the California Government Code.

SECTION 2. During the time this Ordinance is in effect, the City of Covina (i) shall not issue or approve any new operator's permit, use permit, home occupation permit, building permit, business license, variance, or other applicable entitlement for the establishment or operation of any massage establishment in the City of Covina, (ii) shall not approve the transfer of any existing permit, license or entitlement for a massage establishment to a new location, and (iii) shall not issue or approve any new permit, license or entitlement to massage technicians. For purposes of this ordinance, the terms "massage establishment" and "massage technician" shall have the meanings set forth in Section 5.36.010 of the Covina Municipal Code.

SECTION 3. The City Council hereby finds, determines and declares that this interim urgency ordinance adopted pursuant to California Government Code Section 65858 is necessary for the current and immediate protection of the public health, safety and welfare of the City and its residents for the following reasons:

- A. In 2008, the California Legislature adopted Senate Bill 731 ("SB 731"), which allows massage practitioners to receive certification from the State of California after September 1, 2009; and
- B. SB 731 limits the ability of cities to regulate the operations of massage establishments employing only state-certified massage practitioners, preempting most local licensure and permitting requirements and land use regulations; and
- C. The City is authorized, by the California State Constitution and California Government Code Section 51030 et. seq., to regulate massage establishments by imposing reasonable standards relative to the skill and experience of massage

operators and massage technicians, and reasonable conditions on the operation of the massage establishments; and

- D. The Covina Municipal Code, including the Covina Zoning Code, regulates massage establishments and technicians, but does not yet reflect the changes imposed by SB 731; and
- E. There is a significant risk of injury to massage clients by improperly trained and/or educated massage technicians, and the City has a legitimate interest in providing reasonable safeguards against injury and economic loss to such clients; and
- F. Massage establishments are businesses which involve significant intimate contact between persons which creates opportunities for acts of prostitution and other unlawful sexual activity to occur; and
- G. The establishment of reasonable local standards on massage operations, which are still permitted under SB 731, would serve to reduce the risk of personal injury and illegal activity; and
- H. In light of SB 731's passage, the City needs reasonable time to study its existing massage establishment and technician regulations to determine appropriate amendments to the City's current business and zoning regulations in order to protect against potentially harmful secondary impacts.

SECTION 4. The requirements of this ordinance shall have no application or effect upon and shall not be construed as applying to any persons designated as follows: State-licensed physicians, surgeons, chiropractors, acupuncturists, acupressurists, physical therapists, osteopaths, registered or licensed vocational nurses, barbers, cosmetologists, aestheticians, and manicurists. Except as amended by this ordinance, Chapter 5.36 of the Covina Municipal Code shall remain in effect during the effective period of this ordinance and any extensions of this ordinance.

SECTION 5. The City Council hereby enacts this interim urgency ordinance by not less than a four-fifths (4/5) vote, and in light of the findings set forth in Section 3, under the authority granted to it by Article XI, Section 7 of the California Constitution and Section 65858 of the California Government Code, which allows the City to adopt an interim urgency ordinance prohibiting land uses which may be in conflict with a zoning proposal that the City Council, planning commission or the planning department is considering or studying or intends to study within a reasonable time. The City Council hereby directs the Police Department and the Planning Division of the Community Development Department to consider and study possible means of regulating massage establishments and massage technicians, including zoning-based regulations and other regulations permissible under SB 731.

SECTION 6. Ten (10) days prior to the expiration of this interim urgency ordinance, or an extension thereof, the City Council shall issue a written report describing the measures which the City has taken to address the conditions which led to the adoption of this ordinance.

SECTION 7. This interim urgency ordinance shall take effect immediately upon its adoption by a four-fifths (4/5) vote of the City Council. This interim urgency ordinance shall continue in effect for forty-five (45) days from the date of its adoption and shall thereafter be of no further force and effect unless, after notice pursuant to California Government Code Section 65090 and a public hearing, the City Council extends this interim urgency ordinance pursuant to California Government Code Section 65858.

SECTION 8. Not later than fifteen (15) days following the passage of this interim urgency ordinance, the ordinance, or a summary of the ordinance, along with the names of the City Council members voting for and against the ordinance, shall be published in a newspaper of general circulation in the City of Covina.

SECTION 9. The City Council finds that this ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

SECTION 10. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this ordinance 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 this ordinance. The City Council hereby declares that it would have adopted this ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

PASSED AND APPROVED this 4th day of May, 2010.

Peggy Delach
Mayor

ATTEST:

By:

Rosalia A. Conde, CMC
Deputy City Clerk

APPROVED AS TO FORM:

By:

Edward Lee
City Attorney

URGENCY ORDINANCE NO. 10-1985

**AN URGENCY ORDINANCE OF THE CITY OF COVINA
ENACTED PURSUANT TO GOVERNMENT CODE
SECTION 65858 TO EXTEND INTERIM URGENCY
ORDINANCE NO. 10-1983 FOR AN ADDITIONAL 10
MONTHS AND 15 DAYS AND CONTINUE FOR THIS
PERIOD THE MORATORIUM**

WHEREAS, on May 4, 2010, pursuant to section 65858 of the California Government Code, the City Council of the City of Covina ("City Council") adopted Ordinance No. 10-1983, an interim urgency ordinance, which temporarily prohibits the approval or issuance of any new permit to massage technicians, and the approval or issuance of any new operator's permit, use permit, home occupation massage permit, variance, building permit, business license or other applicable entitlement for the establishment or operation of any massage establishment in the City in the City of Covina; and

WHEREAS, Section 65858 of the California Government Code provides that Ordinance No. 10-1983 shall expire and be of no further force and effect forty-five (45) days from its date of adoption; and

WHEREAS, Section 65858 of the California Government Code provides that prior to the expiration of Ordinance No. 10-1983, the City may extend Ordinance No. 10-1983 for an additional ten (10) months and fifteen (15) days after giving notice pursuant to Section 65090 of the California Government Code and conducting a public hearing; and

WHEREAS, on June 3, 2010, the City Council issued a written report describing the measures and actions taken by the City to alleviate the circumstances and conditions which led to the adoption of Ordinance No. 10-1983 since its adoption on May 4, 2010, as required by Government Code section 65858 ("Council Report"); and

WHEREAS, based on the Council Report, the City Council has determined that the circumstances and conditions that led to the adoption of Ordinance No. 10-1983, which are set forth in the recitals of Ordinance No. 10-1983 and are fully incorporated herein by this reference, have not been alleviated as of the date of this Ordinance and continue to create the concerns described in Ordinance No. 10-1983; and

WHEREAS, the City Council now seeks to extend the temporary prohibition on the approval or issuance of any new use permit, home occupation permit, variance, building permit, business license, operator's permit, or other applicable entitlement for the establishment or operation of a massage establishment or for massage technicians in the City of Covina, as currently authorized under Ordinance No. 10-1983, to continue studying possible amendments to the City's zoning regulations to help ensure that massage establishments and technicians are regulated in a way that protects the community and complies with applicable law; and

EXHIBIT A

WHEREAS, the purpose of extending Ordinance No. 10-1983 is to avoid the potentially significant adverse impacts to the public's health, safety, and welfare described in Ordinance No. 10-1983; and

WHEREAS, the City Council has determined there is a need to extend Ordinance No. 10-1983 for an additional ten (10) months and fifteen (15) days as authorized under section 65858 of the California Government Code; and

WHEREAS, the notice and public hearing required by section 65858 of the California Government Code for the extension of Ordinance No. 10-1983 has been provided in accordance with law.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINA DOES ORDAIN AS FOLLOWS:

SECTION 1. Adoption of this urgency interim ordinance ("Ordinance") shall constitute an extension of Ordinance No. 10-1983 for a period of ten (10) months and fifteen (15) days, pursuant to section 65858 of the California Government Code.

SECTION 2. During the time this Ordinance is in effect, the City: (i) shall not approve or issue any new use permit, home occupation permit, variance, building permit, business license, operator's permit, or other applicable entitlement for the establishment or operation of a massage establishment in the City and (ii) shall not approve the transfer of any existing permit, license or entitlement for a massage establishment to a new location, and (iii) shall not issue or approve any new permit, license or entitlement to massage technicians. For purposes of this ordinance, the terms "massage technician" and "massage establishment", shall have the meanings set forth in section 5.36.010 of the Covina Municipal Code.

SECTION 3. The City Council hereby finds and determines that adoption of this Ordinance and the extension of Ordinance No. 10-1983 is necessary for the current and immediate protection of the public health, safety, and welfare of the City and its residents for all the reasons set forth in the recitals above and the recitals of Ordinance No. 10-1983, which are hereby expressly incorporated as though fully set forth herein, and the following additional reasons:

A. The City continues to study the issue of regulation of massage establishments and the effect of the new state law known as SB 731 on the regulation of massage establishments.

B. Establishment of massage establishments, and the issuance of new permits to massage technicians and massage establishments, under existing zoning and development standards will have a detrimental effect because the existing standards do not consider the unique impacts created by massage establishments, which would create the potential for severe land use incompatibilities, with associated impacts to adjacent residents and businesses. These adverse impacts on the public health, safety, and welfare can be avoided through careful study and proper planning for the regulation of massage establishments.

EXHIBIT A

SECTION 4. The requirements of this Ordinance shall have no application and no effect upon and shall not be construed as applying to any persons designated as follows: State licensed physicians, surgeons, chiropractors, acupuncturists, acupressurists, physical therapists, osteopaths, registered or licensed vocational nurses, barbers, cosmetologists, aestheticians, and manicurists. Except as amended by this Ordinance, chapter 5.36 of the Covina Municipal Code shall remain in effect during the effective period of this Ordinance and any extensions of this Ordinance.

SECTION 5. The City Council hereby directs the Police Department, the Planning division of the Community Development Department and the City Attorney's Office to consider and study possible means of regulating massage establishments and massage technicians, including zoning-based regulations and other regulations permissible under SB 731.

SECTION 6. Ten (10) days prior to the expiration of this Ordinance, the City Council shall issue a written report describing the measures which the City has taken to alleviate the conditions which led to the adoption of this Ordinance.

SECTION 7. The City Council hereby enacts this interim urgency ordinance by not less than a four-fifths (4/5) vote, and in light of the findings set forth in Section 3, under the authority granted to it by Article XI, Section 7 of the California Constitution and Section 65858 of the California Government Code, which allows the City to adopt an interim urgency ordinance prohibiting land uses which may be in conflict with a zoning proposal that the City Council, planning commission or the planning department is considering or studying or intends to study within a reasonable time.

SECTION 8. The City Council finds that this Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

SECTION 9. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The City Council hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 10. This Ordinance shall take effect immediately upon adoption if adopted by at least a four-fifths (4/5) vote of the City Council and shall remain in effect for ten (10) months and fifteen (15) days from the date of adoption unless extended by the City Council as provided for in Government Code Section 65858.

SECTION 11. The Mayor shall sign this Ordinance and the City Clerk shall attest thereto and shall within fifteen (15) days of its adoption cause it, or a summary of it, to be published in a newspaper of general circulation in the City of Covina.

EXHIBIT A

PASSED, APPROVED and ADOPTED this 15th day of June, 2010.

Peggy Delach, Mayor

ATTEST:

Rosalia A. Conde, CMC
Deputy City Clerk

APPROVED AS TO FORM:



Edward W. Lee, City Attorney

EXHIBIT A

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: April 19, 2011

ITEM NO.: CC 10

STAFF SOURCE: Kim Raney, Chief of Police
Robert Neuber, Director of Community Development *RU*
William J. Priest, Assistant City Attorney

ITEM TITLE: Adopt and Issue City Council Follow-Up Report to the Public Re: City's Measures to Alleviate Conditions Which Led to Adoption of Interim Urgency Ordinance Nos. 10-1983 and 10-1985 - a Moratorium on the Issuance of Permits for New Massage Establishments and Massage Technicians in the City of Covina and the Transfer of Said Permits to a New Location within the City of Covina.

STAFF RECOMMENDATION

That the City Council adopt and issue the attached City Council Follow-Up Report to the public describing the City's Measures to alleviate the conditions which led to adoption of Interim Urgency Ordinance Nos. 10-1983 and 10-1985 - a moratorium on the issuance of permits for new massage establishments and massage technicians in the City of Covina and on the transfer of said permits to a new location within the City of Covina.

FISCAL IMPACT

None.

BACKGROUND

On May 4, 2010, the City Council adopted Interim Urgency Ordinance No. 10-1983 that temporarily prohibited the approval or issuance of any (i) new permit to massage technicians, (ii) approval or issuance of any new use permit, home occupation permit, variance, building permit, business license, operator's permit or other applicable entitlement for the establishment or operation of a massage establishment in the City, and (iii) transfer of an existing massage permit to another location.

The moratorium was established to allow the City the opportunity to evaluate its existing ordinance regulating massage establishments in light of SB 731, California's first comprehensive, statewide regulatory system for massage therapy. (Bus. & Prof. Code § 4600 et seq.) Because SB 731 dramatically limits the City's power to address local massage issues, and because of the unique health, safety and welfare implications of massage establishments, it is important for staff to study different options to preserve as much local regulatory power as available under State law.

Ordinance 10-1983 was effective for 45 days and was scheduled to expire on June 18, 2010. Pursuant to Government Code, Section 65858(d), the City Council is required, not later than 10

days prior the expiration of a moratorium ordinance, or any extension thereof, to issue a written report to the public describing the measures taken to alleviate the conditions which led to the adoption of the moratorium ordinance. On June 1, 2010, the City Council issued such a report to the public. A copy of this report is attached as Exhibit "B" for the Council's review.

On June 15, 2010, at a noticed public hearing, the City Council adopted Interim Urgency Ordinance No. 10-1985, which extended the interim moratorium for an additional ten (10) months and fifteen (15) days – resulting in an amended expiration date of May 4, 2011. In order to comply with Government Code, Section 65858(d) the City Council is, once again, required to issue a written report to the public describing the measures to taken to alleviate the conditions which led to the massage moratorium ordinance.

Since the adoption of the moratorium, the Police Department, the Planning Division of the Community Development Department, and the City Attorney's Office have continued their work on alleviating the conditions which led to adoption of the moratorium. These include: (i) determining the legal effects of SB 731 on local massage regulation, (ii) drafting amendments to Covina Municipal Code, Chapter 5.36 in order to ensure consistency with SB 731 and (iii) tracking the State's implementation of SB 731. A more detailed discussion of these efforts is provided in the attached Council Report.

At present, the draft ordinance is undergoing internal review and should be ready for presentation to the City Council shortly. Therefore, although Staff has taken measures outlined above to address the issues created by SB 731, they have not yet finished their work in this regard. As such, Staff will present to the Council at its May 3, 2011 meeting a request to extend the moratorium for an additional period of three months.

RELEVANCE TO THE STRATEGIC PLAN

None.

EXHIBITS

- A. Council Follow-Up Report for April 19, 2011 Re: City Measures Taken to Alleviate Moratorium Conditions.
- B. Council Report for June 1, 2010 Re: City Measures Taken to Alleviate Moratorium Conditions.

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

April 19, 2011

FROM: MAYOR AND CITY COUNCIL MEMBERS OF THE CITY OF COVINA

TO: GENERAL PUBLIC

RE: FOLLOW-UP REPORT ON MEASURES TAKEN TO ALLEVIATE THE CONDITIONS WHICH LED TO THE ADOPTION OF ORDINANCE NOS. 10-1983 AND 10-1985, INTERIM URGENCY ORDINANCES THAT TEMPORARILY PROHIBIT: (1) THE ISSUANCE OF ANY NEW PERMIT TO MASSAGE TECHNICIANS; (2) THE APPROVAL OR ISSUANCE OF CERTAIN NEW PERMITS, LICENSES OR ENTITLEMENTS TO MASSAGE ESTABLISHMENTS; AND (3) THE TRANSFER OF ANY PERMIT FOR A MASSAGE ESTABLISHMENT TO A NEW LOCATION

On May 4, 2010, the Covina City Council adopted Ordinance No. 10-1983, an interim urgency ordinance that temporarily prohibits the approval or issuance of any new permit to massage establishments and to massage technicians within the City of Covina, as well as the transfer of such permits to a new location within the City of Covina. Ordinance No. 10-1983 was adopted pursuant to California Government Code Section 65858 and provided that the ordinance shall expire 45 days from its date of adoption, unless the ordinance is extended by the Covina City Council after additional notice and public hearing. At a noticed public hearing held on June 15, 2010, the Covina City Council adopted Ordinance No. 10-1985 extending the interim moratorium for an additional ten (10) months and fifteen (15) days – resulting in an amended expiration date of May 4, 2011.

At a public hearing to be held on May 3, 2011, the Covina City Council will be asked to consider a second extension of the interim moratorium by adopting a new ordinance, as authorized by Government Code Section 65858. The interim moratorium, as extended, will automatically expire three months from the date of adoption of the second extension – May 3, 2011.

Government Code Section 65858(d) requires that at least 10 days prior to the expiration of the moratorium, or any extension thereof, the Covina City Council must issue a written report describing the measures taken to alleviate the conditions which led to the adoption of the ordinance. This is that required written report.

Since the original adoption of this moratorium, City staff, including the City Attorney's office, has thoroughly studied the regulatory issues posed by SB 731. Through this study, staff has determined: (a) whether and to what extent the Covina Municipal Code provisions regarding massage establishments and massage technicians need to be amended as a result of SB 731, to better protect against potential injury or other harm to persons, acts of prostitution, and other unlawful sexual activity; and (b) the effects of the operation of massage establishments employing only state-certified massage technicians on the City's regulation of massage establishments in general and on its licensure and permitting of massage establishments employing technicians other than state-certified technicians. Finally, City staff has continued to

EXHIBIT A Page 1 of 2

EXHIBIT D Page 3 of 6

monitor the on-going efforts at the state level to adopt regulations and implement SB 731, and have used that knowledge to better understand the need for revisions to Covina Municipal Code, Chapter 5.36.

At the present time, the Community Development Department, Police Department and City Attorney's Office have prepared a draft ordinance to revise Covina Municipal Code Chapter 5.36. The draft ordinance is undergoing internal review.

Although the City has taken the above actions to alleviate the circumstances involving the issuance of permits for massage establishments and massage technicians, staff has requested three months of additional time to make final edits to the draft ordinance prior to presenting it to the City Council. Therefore, in order to provide time for the City to complete this work, the City Council will consider an extension of the existing moratorium at its May 3, 2011 meeting in order to preserve the public convenience, health, safety and general welfare.

Respectfully submitted,

Mayor and Covina City Council

June 1, 2010

FROM: MAYOR AND CITY COUNCIL MEMBERS OF THE CITY OF COVINA

TO: GENERAL PUBLIC

RE: REPORT ON MEASURES TAKEN TO ALLEVIATE THE CONDITIONS WHICH LED TO THE ADOPTION OF ORDINANCE NO. 10-1983, AN INTERIM URGENCY ORDINANCE THAT TEMPORARILY PROHIBITS: (1) THE ISSUANCE OF ANY NEW PERMIT TO MASSAGE TECHNICIANS; (2) THE APPROVAL OR ISSUANCE OF CERTAIN NEW PERMITS, LICENSES OR ENTITLEMENTS TO MASSAGE ESTABLISHMENTS; AND (3) THE TRANSFER OF ANY PERMIT FOR A MASSAGE ESTABLISHMENT TO A NEW LOCATION

On May 4, 2010, the Covina City Council adopted Ordinance No. 10-1983, an interim urgency ordinance that temporarily prohibits the approval or issuance of any new permit to massage establishments and to massage technicians within the City of Covina. Ordinance No. 10-1983 was adopted pursuant to California Government Code Section 65858 and provides that the ordinance shall expire 45 days from its date of adoption, unless the ordinance is extended by the Covina City Council after additional notice and public hearing. At a noticed public hearing to be held on June 15, 2010, the Covina City Council will be asked to consider extending the interim moratorium by adopting a new ordinance, as authorized by Government Code Section 65858. The interim moratorium, as extended, will automatically expire ten (10) months and fifteen (15) days from the date of its adoption – May 4, 2011.

Government Code Section 65858(d) requires that at least 10 days prior to the expiration of the moratorium, the Covina City Council must issue a written report describing the measures taken to alleviate the conditions which led to the adoption of the ordinance. This is that required written report.

Since the original adoption of this moratorium, staff has begun studying the regulatory issues posed by SB 731. Through staff's study, the City hopes to determine: (a) whether and to what extent the Covina Municipal Code provisions regarding massage establishments and massage technicians need to be amended as a result of SB 731, to better protect against potential injury or other harm to persons, acts of prostitution, and other unlawful sexual activity; and (b) the effects of the operation of massage establishments employing only state-certified massage technicians on the City's regulation of massage establishments in general and on its licensure and permitting of massage establishments employing technicians other than state-certified technicians. Finally, City staff and the City Attorney have been monitoring the on-going efforts at the state level to adopt regulations and implement SB 731, and have been using the knowledge they have gained to better understand the need for potential additional revisions to Chapter 5.36.

There is some noted state-wide concern that SB 731 has left local jurisdictions without adequate protection against the less reputable massage technicians and massage operators. For instance, the California Police Chiefs Association recently introduced AB 1822 (Swanson) to address what

it believes are problems. Since the California Massage Therapy Council is essentially a volunteer board – and not a state agency as some believe - the Association believes that they simply don't have the resources to do thorough background investigations of applicants for the state license. They believe the system already has been and will continue to be abused by inappropriate or improperly trained applicants slipping through the cracks. AB 1822 would attempt to do at least three things immediately: (1) it would require applicants for a state license to first obtain clearance from the local agency where they will be doing business, with the applicant paying the reasonable costs of the background investigation; (2) it would eliminate preemptive rules that require massage establishments to be zoned like similar "personal and professional uses"; and (3) it would clarify the existing law to make it abundantly clear that the intent of SB 731 was to allow a local agency to require massage establishment operators to obtain a business license and an operators permit, unless they fall into the "sole proprietorship" definition.

In addition to the City's on-going study efforts, the Community Development Department, Police Department and City Attorney's Office have begun to draft revisions to Covina Municipal Code Chapter 5.36 since the enactment of the moratorium.

As noted above, although the City has taken the above actions to alleviate the circumstances involving the issuance of permits for massage establishments, there are still pending circumstances regarding the effect SB 731 has had on local jurisdictions. Therefore, in order to provide time for the City to determine what amendments to the massage ordinance are necessary to ensure compliance by massage establishments and technicians with state law, the City Council will consider an extension of the existing moratorium at its June 15, 2010 meeting in order to preserve the public convenience, health, safety and general welfare.

Respectfully submitted,

Mayor and Covina City Council

CITY OF COVINA/REDEVELOPMENT AGENCY
AGENDA ITEM COMMENTARY

MEETING DATE: May 3, 2011

ITEM NO.: NB 1

STAFF SOURCE: Robert Neiuber, Deputy Executive Director *RN*
Dilu De Alwis, Director of Finance *DD*

ITEM TITLE: City Council adopt resolution authorizing sending a report to the County Auditor indicating the Agency's intention to defer a portion of the 2010-2011 low/mod fund deposit and a loan from the low/mod fund to pay the Fiscal Year 2010-2011 SERAF payment.

Redevelopment Agency adopt resolution approving deferring the 2010-2011 low/mod fund deposit and a loan from the previous fiscal year Housing Fund to pay for the Fiscal Year 2010-2011 SERAF payment.

STAFF RECOMMENDATION

- a. City Council to adopt **Resolution No. 11-6961** authorizing a report to the Los Angeles County Auditor declaring the Redevelopment Agency's intent to suspend payments to the low and moderate income housing fund for fiscal year 2010-2011 to provide for the fiscal year 2010-2011 supplemental educational revenue augmentation fund payment; and
- b. Redevelopment Agency to adopt **Resolution No. 11-678** of the Covina Redevelopment Agency deferring the 2010-2011 Low and moderate income housing fund deposit and approving a loan from the Housing Fund to pay for the Fiscal Year 2010-2011 SERAF payment.

FISCAL IMPACT

Loss of \$522,454 of Covina Redevelopment Agency funds for FY 2010-2011.

BACKGROUND

On September 15, 2009, a report was brought before the Agency Board on the estimated \$3,062,545 State take-away from the Covina Redevelopment Agency in fiscal years 2009-2011. The City Council made a determination on February 15, 2010 as to how payment of the 2009-2010 funds will be made to the County "Supplemental" Educational Revenue Augmentation Funds (SERAF). At this time resolutions are being brought forth to address the SERAF payment for the 2010-2011 fiscal year.

The Legislature enacted Chapter 21 of the 2009 Fourth Extraordinary Session which creates a devastating taking of \$2.05 billion in redevelopment funds, which funds will be deposited in County "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to schools to meet the State's Prop 98 obligations to education, in conjunction with the adoption of the 2009-2010 FY California State Budget. This is not new money for the schools; it is simply

the State requiring another government entity to cover the State's funding obligation. Covina's SERAF taking totals \$3,062,545 over fiscal years 2009-2010 and 2010-2011. \$2,540,091 was paid by May 10, 2010, with the remaining \$522,454 to be paid by May 10, 2011. Please read Exhibit A for a comprehensive overview of Chapter 21 requirements. The SERAF payments will not be made until the due date in the hope that the pending litigation will negate or stay the taking.

After reviewing our current financial situation, Agency and Finance staff studied the options available to the Agency under Chapter 21 for making the mandated payment. Chapter 21 allows the Agency to defer the 2010-2011 low/mod fund deposit and borrow the funds at 0% interest to help pay the current fiscal year's SERAF taking. The deferred payment and the borrowed funds would have to be paid back by 2016. Borrowing these funds will not affect the Agency's ability to provide vital Housing programs or impair our existing contracts. In order to borrow the funds, the Agency Board must make certain findings as outlined in the attached Resolution.

For fiscal year 2010-2011, staff is recommending that the Agency address the State taking by deferring the 2010-2011 low/mod fund deposit. This would result in deferring approximately \$522,454 of the available \$1,782,000 in funds.

By deferring the low/mod fund deposit, the Agency is maintaining maximum flexibility of its funds so that projects can continue to move forward.

RELEVANCE TO THE STRATEGIC PLAN

Borrowing the allowable low-mod funds will help to maintain the financial stability of the Agency, retain the services provided by the Agency, improve the infrastructure of the Project Areas and eliminate blight.

EXHIBITS

- A. CRA Agenda Item Commentary dated 09/15/09
- B. Resolution No. 11-6961
- C. Resolution No. 11-678

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

COVINA REDEVELOPMENT AGENCY
AGENDA ITEM COMMENTARY

MEETING DATE: September 15, 2009

ITEM NO.: NB 2

STAFF SOURCE: Robert Neuber, Deputy Executive Director
Victoria Gallo, Interim Director of Finance ✓
Nuala Gasser, Senior Redevelopment Manager
Nikki Miller, Senior Management Analyst

ITEM TITLE: Report on estimated \$3,060,100 State take-away from the Covina Redevelopment Agency.

STAFF RECOMMENDATION

- a) Receive and file report on estimated \$3,060,100 State take-away from the Covina Redevelopment Agency.
- b) Consider alternatives to meet this devastating cut in Agency funding.
- c) Approve **Resolution No. 09-606** approving a loan from the Housing fund to pay for Fiscal Years 2009-2010 and 2010-2011 SERAF payments.
- d) Authorize the Agency's Executive Director to make the payment to the State by the May 10, 2010, and May 10, 2011, deadlines and adjust the funding sources for the project at 200 W. Rowland so that Housing programs can be maintained.
- e) Approve adjustment to Housing funds for 200 W. Rowland

FISCAL IMPACT

Estimated loss of \$2,537,634 of Covina Redevelopment Agency funds for FY 2009-2010.
Estimated loss of \$522,454 of Covina Redevelopment Agency funds for FY 2010-2011.

BACKGROUND

The Legislature enacted Chapter 21 of the 2009 Fourth Extraordinary Session which creates a devastating taking of \$2.05 billion in redevelopment funds, which funds will be deposited in County "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to schools to meet the State's Prop 98 obligations to education, in conjunction with the adoption of the 2009-2010 FY California State Budget. This is not new money for the schools; it is simply the State requiring another government entity to cover the State's funding obligation. Covina's SERAF taking is \$3,060,100 over the next two years. \$2,537,634 must be paid by May 10, 2010, with the remaining \$522,454 to be paid by May 10, 2011. Please read Exhibit A for a comprehensive overview of Chapter 21 requirements.

The California Redevelopment Association (CRA) won a lawsuit on a similar taking of funds last year and plans on opposing this taking of funds as well. While the litigation progresses, it is prudent to plan for how the Agency will meet this payment demand by the State.

Agency and Finance staff reviewed the fund balances and evaluated the cash flow for the Agency. Project Area No. One has a fund balance of \$4.9 million and \$7.4 million in bond proceeds. Project Area No. Two has a zero fund balance and \$1 million in public bond proceeds. The Agency also has a Land Proceeds Fund with a balance of just over \$2.5 million.

The Agency anticipates the use of these funds for future projects including but not limited to parking improvements, pedestrian safety improvements, property acquisition, Citrus Valley Health Partners, and infrastructure improvements. The current cash flow, which is undergoing additional review by a consultant, shows that while we can meet our current budget demands there is not a lot of capacity for additional bonding. It also shows that as the Agency reduces the fund balance the interest income will decline and as long as current City overhead and direct expenses remain at the current level then the capacity for future bonding will be further reduced.

Agency Housing set aside has a fund balance of \$1.2 million and \$6 million in bond proceeds. The Agency anticipates the use of these funds for future projects including but not limited to low and moderate income housing projects, property acquisitions, low and moderate covenant acquisitions, and substantial rehabilitation of low and moderate income housing units. The current cash flow seems to indicate that there may be capacity for further bonding for a substantial project.

After reviewing our current financial situation, staff studied the options available to the Agency under Chapter 21 for making the mandated payment. Chapter 21 allows the Agency to borrow housing set aside funds, up to the current fiscal year's allotment at 0% interest to help pay the current fiscal year's SERAF taking. The borrowed funds would have to be paid back by 2015 and 2016 respectively. Borrowing these funds will not affect the Agency's ability to provide vital Housing programs or impair our existing contracts. In order to borrow the funds, the Agency Board must make certain findings as outlined in the attached Resolution.

For fiscal year 2009-2010, staff is recommending that the Agency address the State taking by borrowing the maximum amount against the 2009-2010 housing set aside funds and pay the remainder out of Project Area No. One redevelopment funds for the 2009-2010 fiscal year. This would result in approximately \$1,700,000 being borrowed from housing set-aside funds and \$837,634 being paid out of Project Area No. One redevelopment funds.

For fiscal year 2010-2011, staff is recommending that the Agency address the State taking by borrowing the maximum amount against the 2010-2011 housing set aside funds. This would result in approximately \$522,454 being borrowed from housing set-aside funds.

Staff is also asking that the Agency Board adjust the funding for the housing rehabilitation at 200 W. Rowland. The funds for the program were to come entirely from housing set aside funds. Staff is now requesting that the \$4.7 million dollars for that project come from \$2.7 million of housing set aside funds and \$2 million dollars of housing bond money so that there are additional funds to maintain Housing programs despite the States machinations.

By borrowing the maximum allowable from housing set aside funds, the Agency is maintaining maximum flexibility of its funds so that projects can continue to move forward. Should these SERAF takings become an ongoing State mandate, staff will propose further program cuts in the future.

EXHIBITS

- A. Summary of Chapter 21
- B. CRA SERAF calculations
- C. Memo on required Findings
- D. Resolution No. 09-606

REVIEW TEAM ONLY	
City Attorney: _____	Finance Director: <u>D. Gallo</u>
City Manager: <u>Φ</u>	Other: _____

SUMMARY of Chapter 21

(Statutes of 2009 Fourth Extraordinary Session)

\$2.05 Billion Shift of Redevelopment Tax Increment to Supplemental Educational Revenue Augmentation Fund

Chapter 21 enacts a devastating taking of \$2.05 billion in redevelopment funds: \$1.7 billion in FY 2009-10 and another \$350 million in FY 2010-11, which will be deposited in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to schools to meet the State's Prop 98 obligations to education. In response to this unconstitutional taking, CRA's legal team has begun preparation of another lawsuit to challenge the State's action. Tables of each agency's estimated redevelopment fund loss for the current and following fiscal years are on the CRA website, www.calredevelop.org.

Summary of Provisions

The structure for the redevelopment fund shift is similar to that in last year's budget trailer bill, AB 1389, which attempted to take \$350 million from local communities.

- ❖ The Department of Finance will determine each agency's ERAF payment by November 15 of each year.
- ❖ The formula for calculating the amount each agency must surrender is based half on net tax increment (net of pass-throughs) and half on gross tax increment.
- ❖ The legislation states that the calculations for FY 2009-10 and FY 2010-11 will be based on State Controller's Office Tax Increment data for FY 2006-07.
- ❖ Payments are due by May 10 of the applicable year.
- ❖ Agencies that do not make their payment by the May 10 deadline suffer the "death penalty" and must increase their housing set aside to 25%.
- ❖ If an agency is unable to pay its required amount because of existing indebtedness, it must adopt a resolution by December 31 of the relevant year.
- ❖ The legislative body of the redevelopment agency must report to the county auditor by March 1 how it intends to fund the payment.
- ❖ Agencies are entitled to a one-year extension on their AB 1290 time limits if they make timely ERAF payments. This extension does not trigger pass-through payments under Health and Safety Code Section 33607.7.

The agency can use any available funds to make the SERAF payment.

- ❖ For FY 2009-10, the agency may "suspend" all or part of the required 20% allocation to its low and moderate income housing fund in order to make the payment. The agency may not use any accumulated funds from past years in its Housing Fund to make payments.
 - ◇ The Housing Fund must be repaid by June 30, 2015.
 - ◇ If the agency fails to repay the Housing Fund, the required allocation of tax increment to the Housing Fund is increased to 25% for as long as the project area continues to receive tax increment.

- ❖ A separate, but overlapping (and confusing), section of the bill permits an agency to borrow the amount required to be allocated to the Housing Fund in order to make the SERAF payment.
 - ◇ This provision apparently applies to fiscal years 2009-10 and 2010-11.
 - ◇ It requires a finding that there are insufficient other funds to make the SERAF payment. (There is no parallel requirement to make findings for the “suspension” in FY 2009-10.)
 - ◇ Amounts “borrowed” from the current year allocation to the Housing Fund under this section must also be repaid by June 30, 2015 or June 30, 2016, as applicable.

In an effort to get around the finding in CRA’s successful lawsuit against the State overturning the ERAF shift last year, the funds deposited into the new county “Supplemental” ERAF must be distributed to a K-12 school district or county office of education located partially or entirely within any project area of the agency in an amount proportional to the average daily attendance of each school district.

- ❖ The funds distributed to schools or county offices of education from the SERAF must be used to serve pupils living in the project area or in housing supported by redevelopment funds.
- ❖ The total amount of SERAF funds received by a school district is deemed to be local property taxes and will reduce dollar-for-dollar the State’s Prop 98 obligations to fund education.
- ❖ The funds in the ERAF can not go to cities and counties to compensate them for the Vehicle License Fee swap and Triple Flip as is the case under ERAF.

The local legislative body may lend the ERAF payment to the agency and in that case, the agency is authorized to repay the legislative body from tax increment.

- ❖ The legislative body may make the payment on behalf of the agency.
- ❖ The provisions of existing law which permit a joint powers authority (i.e. California Communities) to sell bonds and loan the proceeds to redevelopment agencies in order to make ERAF payments are also available for the 2009-10 and 2010-11 payments.

The obligation to make the ERAF payment is subordinate to obligations to repay bonds and other indebtedness.

- ❖ An agency may pay less than the amount required if it finds that it is necessary to make payments on existing obligations required to be committed, set-aside or reserved by the agency during the applicable fiscal year.
- ❖ An agency that intends to pay less than the required amount in order to pay existing obligations must adopt a resolution prior to December 31, 2009, listing the existing indebtedness and the payments required to be made during the applicable fiscal year.

An agency failing to timely make its ERAF payment – even if it must do so to pay existing obligations – is subject to the “death penalty” as follows:

- ❖ An agency may not adopt a new redevelopment plan, amend an existing plan to add territory, issue bonds, further encumber funds or expend any moneys derived from any source except to pay pre-existing indebtedness, contractual obligations, and 75% of the amount expended on agency administration for the preceding fiscal year.
- ❖ This penalty would las

PASSED, APPROVED AND ADOPTED this __ day of _____, 2009 .

COVINA REDEVELOPMENT AGENCY

Chairman

ATTEST:

Secretary

APPROVED AS TO FORM:

Agency Attorney

- 3 -

EXHIBIT D 3 of 3

California Redevelopment Association's Estimate of Agency's ERAF Transfer to Meet the \$1.7 Billion State Budget Payment for 2009-10 Based on the State Controller's Office's Corrected 2006-07 Tax Increment Revenue Summary provided to the Department of Finance

ERAF Calculation Method:

Individual Agency's Total Payment = Agency's Net Tax Increment X [(1.7 billion / 2) / 3,763,301,476] + Agency's Gross Tax Increment X [(1.7 billion/ 2) / 4,742,213,063]

Multiplier to Determine an Individual Agency's Payment from Net Tax Increment = 850,000,000/3,763,301,476 or 0.225865508

Multiplier to Determine an Individual Agency's Payment from Gross Tax Increment = 850,000,000/ 4,742,213,063 or 0.179241208

Redevelopment Agency Name	2006-07 Net Tax Increment	Estimated 2009-10 ERAF Net Payment	2006-07 Gross Tax Increment	Estimated 2009-10 ERAF Gross Payment	Total Agency ERAF Payment for 2009-10
Arcadia Redevelopment Agency	3,761,204	849,526	3,895,139	698,169	1,547,696
Azusa Redevelopment Agency	5,034,565	1,137,135	7,544,968	1,352,369	2,489,504
Baldwin Park Redevelopment Agency	4,053,541	915,555	4,872,683	873,386	1,788,941
Claremont Redevelopment Agency	2,708,844	611,834	3,229,169	578,800	1,190,635
Covina Redevelopment Agency	5,956,947	1,345,469	6,651,178	1,192,165	2,537,634
Duarte Redevelopment Agency	6,081,981	1,373,710	7,484,594	1,341,548	2,715,257
El Monte Redevelopment Agency	4,334,053	978,913	5,962,729	1,068,767	2,047,680
Glendora Community Redevelopment Agency	5,958,286	1,345,771	6,153,243	1,102,915	2,448,686
Industry Urban-Development Agency	80,350,351	18,148,373	83,121,304	14,898,763	33,047,136
Irwindale Community Redevelopment Agency	13,198,907	2,981,178	16,745,566	3,001,495	5,982,673
La Puente Redevelopment Agency	392,861	88,734	491,076	88,021	176,755
La Verne Redevelopment Agency	3,776,059	852,881	8,680,831	1,555,963	2,408,844
Monrovia Redevelopment Agency	5,476,073	1,236,856	7,333,856	1,314,529	2,551,385
San Dimas Redevelopment Agency	4,528,066	1,022,734	5,918,425	1,060,826	2,083,560
Temple City Community Redevelopment Agency	814,199	183,899	814,199	145,938	329,837
Walnut Improvement Agency	4,000,000	903,462	21,951,014	3,934,526	4,837,988
West Covina Redevelopment Agency	14,726,478	3,326,203	17,835,352	3,196,830	6,523,033

California Redevelopment Association's Estimate of Agency's ERAF Transfer to Meet the \$350 Million State Budget Payment for 2009-10 Based on the State Controller's Office's Corrected 2006-07 Tax Increment Revenue Summary provided to the Department of Finance

ERAF Calculation Method:

Individual Agency's Total Payment = Agency's Net Tax Increment X [(350million / 2) / 3,763,301,476] + Agency's Gross Tax Increment X [(350 million/ 2) /4,742,213,063

Multiplier to Determine an Individual Agency's Payment from Net Tax Increment = 175/3,763,301,476 or 0.046501722

Multiplier to Determine an Individual Agency's Payment from Gross Tax Increment = 175,000,000/ 4,742,213,063 or 0.036902602

Redevelopment Agency Name	2006-07 Net Tax Increment Less: Pass-Throughs	Estimated 2010-11 ERAF Net Payment	2006-07 Gross Tax Increment	Estimated 2010-11 ERAF Gross Payment	Total Agency ERAF Payment for 2010-11
Arcadia Redevelopment Agency	3,761,204	174,902	3,895,139	143,741	318,643
Azusa Redevelopment Agency	5,034,565	234,116	7,544,968	278,429	512,545
Baldwin Park Redevelopment Agency	4,053,541	188,497	4,872,683	179,815	368,311
Claremont Redevelopment Agency	2,708,844	125,966	3,229,169	119,165	245,131
Covina Redevelopment Agency	5,956,947	277,008	6,651,178	245,446	522,454
Duarte Redevelopment Agency	6,081,981	282,823	7,484,594	276,201	559,024
El Monte Redevelopment Agency	4,334,053	201,541	5,962,729	220,040	421,581
Glendora Community Redevelopment Agency	5,958,286	277,071	6,153,243	227,071	504,141
Industry Urban-Development Agency	80,350,351	3,736,430	83,121,304	3,067,392	6,803,822
Irwindale Community Redevelopment Agency	13,198,907	613,772	16,745,566	617,955	1,231,727
La Puente Redevelopment Agency	392,861	18,269	491,076	18,122	36,391
La Verne Redevelopment Agency	3,776,059	175,593	8,680,831	320,345	495,938
Monrovia Redevelopment Agency	5,476,073	254,647	7,333,856	270,638	525,285
San Dimas Redevelopment Agency	4,528,066	210,563	5,918,425	218,405	428,968
Temple City Community Redevelopment Agency	814,199	37,862	814,199	30,046	67,908
Walnut Improvement Agency	4,000,000	186,007	21,951,014	810,050	996,056
West Covina Redevelopment Agency	14,726,478	684,807	17,835,352	658,171	1,342,977

COVINA REDEVELOPMENT AGENCY

INTER-OFFICE MEMORANDUM

TO: DARYL PARRISH, EXECUTIVE DIRECTOR

FROM: ROBERT NEIUBER, DEPUTY EXECUTIVE DIRECTOR

DATE: AUGUST 18, 2009

SUBJECT: REQUIRED FINDINGS FOR SERAF LOAN FROM LMIH

Pursuant to Chapter 21 from the Statutes of 2009 Fourth Extraordinary Session, a Redevelopment Agency may borrow the entire amount allocated to the Low and Moderate Income Housing Funds (LMIH), during the 2009-2010 and 2010-2011 fiscal years to help pay for the State's required Supplemental Educational Revenue Augmentation Fund (SERAF) takings. The proposed loans would only come from current year tax increment deposits to the LMIH as required by the Law.

The Agency anticipates receiving 1.7 million in LMIH during the 2009-2010 and 2010-2011 fiscal years, the Agency can borrow the entire LMIH for a fiscal year to help pay the SERAF amount for that same fiscal year if the findings are made. The Agency would borrow 1.7 million in the 2009-2010 fiscal year and \$522,454 in the 2010-2011 fiscal year.

As a condition of borrowing from the LMIH, the Agency must make a finding that there are insufficient other monies to meet the SERAF requirements and that the Agency's ability to provide vital Housing programs and the existing contracts would not be affected by borrowing these funds. If the resolution is approved, funds borrowed from LMIH would have to be repaid by 2015 and 2016 respectively.

Under an alternate scenario provided in Chapter 21, the Agency Board could decide not to pay back the "suspended" housing fund at which point the housing set aside requirements for the project areas would go from 20% to 25% beginning in the 2015-2016 fiscal year for the life of the projects. Staff will explore which of these options provides the best scenario to allow the Agency to continue to move projects forward as we approach the date of repayment.

The Agency finds that the loans are necessary to meet the Agency's obligation to pay the 2009-2010 and 2010-2011 SERAF. In addition to its bonded indebtedness and tax sharing obligations the Agency has debt repayments, administrative expenses, and capital projects. The Agency must reserve additional funds in anticipation of future projects including but not limited to parking improvements, pedestrian safety improvements, property acquisition, Citrus Valley Health Partners, and infrastructure improvements. As a result, existing fund balances are not available to make the SERAF payment.

The Agency also reviewed the current LMIH and determined that the Agency's ability to provide vital Housing programs and the existing contracts would not be affected by borrowing these funds.

RESOLUTION NO. 09-606

A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY APPROVING A LOAN FROM THE HOUSING FUND TO PAY FOR FISCAL YEARS 2009-2010 & 2010-2011 SERAF PAYMENTS

WHEREAS, the COVINA REDEVELOPMENT AGENCY (Agency) is engaged in activities necessary to execute and implement the Redevelopment Plan for Redevelopment Project No. 1 and Redevelopment Project No. 2 (collectively referred to the Redevelopment Projects); and

WHEREAS, pursuant to California Health and Safety Code Section 33334.2, the Agency has established a Low and Moderate Income Housing Fund (the Housing Fund) and the Agency is authorized and required to assist in the provision of housing for low and moderate income persons inside and outside of the areas of the Redevelopment Projects; and

WHEREAS, the Agency since the beginning of fiscal year 2009-2010 has received and allocated funds to the Housing Fund in the sum of \$34,730, and anticipates receiving a total of approximately \$1.7 million for such fiscal year; and

WHEREAS, the Agency is required by the provisions of Chapter 21 of the 2009 Fourth Extraordinary Session enacted in 2009 to make a payment to the County's Supplemental Education Revenue Augmentation Fund (SERAF payment) in an amount estimated to be \$2,537,634 for fiscal year 2009-2010 which must be paid by May 10, 2010, and an amount estimated to be \$522,454 for fiscal year 2010-2011; and

WHEREAS, the Agency is permitted by such legislation to borrow up to one hundred percent (100%) of the current fiscal year tax increment required to be paid to the Housing Fund, so long as no executed contracts would be impaired by such a reduction in the Housing Fund and a finding is made that there are insufficient other funds to make the payment, provided that any loan from the Housing Fund must be repaid by the end of fiscal year 2014-2015;

WHEREAS, the Agency is permitted by such legislation to borrow up to one hundred percent (100%) of the tax increment for fiscal year 2010-2011 required to be paid to the Housing Fund, so long as no executed contracts would be impaired by such a reduction in the

Housing Fund and a finding is made that there are insufficient other funds to make the payment, provided that any loan from the Housing Fund must be repaid by the end of fiscal year 2015-2016;

NOW, THEREFORE, BE IT RESOLVED BY THE COVINA REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The Agency finds that:

A. there are insufficient other funds to make the SERAF payments in that other funds are currently budgeted for on-going projects and Agency activities, including the obligation to repay existing indebtedness.

B. no executed contracts would be impaired by such a reduction in the Housing Fund in that there are sufficient remaining funds either in the Housing Fund or in bond funds to carry out planned projects and affordable housing projects which are the subject of existing contracts.

SECTION 2. The Agency hereby approves the borrowing of up to \$1,700,000 from the contributions made and to be made to the Housing Fund for 2009-2010 in order for the Agency to make the required SERAF payment for fiscal year 2009-2010 due on or before May 10, 2010, provided that (a) such loan from the SERAF fund shall be repaid not later than June 30, 2015 and (b) no interest shall accrue or be payable on such loan.

SECTION 3. The Agency hereby approves the borrowing of up to \$522,454 from the contributions made and to be made to the Housing Fund for 2010-2011 in order for the Agency to make the required SERAF payment for fiscal year 2010-2011 due on or before May 10, 2011, provided that (a) such loan from the SERAF fund shall be repaid not later than June 30, 2016 and (b) no interest shall accrue or be payable on such loan.

SECTION 4. The Executive Director is authorized to take such actions as are necessary or desirable to make the required SERAF payments.

SECTION 5. The Agency Secretary shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force.

RESOLUTION NO. 10-678

A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY DEFERRING THE 2010-2011 LOW AND MODERATE INCOME HOUSING FUND DEPOSIT AND APPROVING A LOAN FROM THE HOUSING FUND TO PAY FOR THE FISCAL YEAR 2010-2011 SERAF PAYMENT

WHEREAS, the COVINA REDEVELOPMENT AGENCY (Agency) is engaged in activities necessary to execute and implement the Redevelopment Plan for Redevelopment Project No. 1 and Redevelopment Project No. 2 (collectively referred to the Redevelopment Projects); and

WHEREAS, pursuant to California Health and Safety Code Section 33334.2, the Agency has established a Low and Moderate Income Housing Fund (the Housing Fund) and the Agency is authorized and required to assist in the provision of housing for low and moderate income persons inside and outside of the areas of the Redevelopment Projects; and

WHEREAS, the Agency is required by the provisions of Chapter 21 of the 2009 Fourth Extraordinary Session enacted in 2009 to make a payment to the County's Supplemental Education Revenue Augmentation Fund (SERAF payment) in the amount of \$522,454 for fiscal year 2010-2011 which must be paid by May 10, 2011; and

WHEREAS, the Agency is permitted by such legislation to defer a portion of the 2010-2011 low/mod fund deposit, so long as no executed contracts would be impaired by such a reduction in the Housing Fund and a finding is made that there are insufficient other funds to make the payment, provided that any deferral or loan from the Housing Fund must be repaid by the end of fiscal year 2015-2016;

NOW, THEREFORE, BE IT RESOLVED BY THE COVINA REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The Agency finds that:

A. there are insufficient other funds to make the SERAF payments in that other funds are currently budgeted for on-going projects and Agency activities, including the obligation to repay existing indebtedness.

B. no executed contracts would be impaired by such a reduction in the Housing

Fund in that there are sufficient remaining funds either in the Housing Fund or in bond funds to carry out planned projects and affordable housing projects which are the subject of existing contracts.

SECTION 2. The Agency hereby approves the deferral of a portion of the 2010-2011 low/mod funds (\$522,454) in order for the Agency to make the required SERAF payment for fiscal year 2010-2011 due on or before May 10, 2011, provided that (a) such deferral and loan from the Housing fund shall be repaid not later than June 30, 2016 and (b) no interest shall accrue or be payable on such loan.

SECTION 3. The Executive Director is authorized to take such actions as are necessary or desirable to make the required SERAF payments if it is determined that such payments are required. The Executive Director is authorized to withhold the payment, on the advice of Agency Counsel, provided the pending litigation to invalidate this obligation is successful prior to the May 10, 2011 deadline.

SECTION 4. The Agency Secretary shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force.

PASSED, APPROVED AND ADOPTED this 3rd day of May, 2011.

John King, Chairman Covina Redevelopment Agency

ATTEST:

Secretary, Covina Redevelopment Agency

APPROVED AS TO FORM;

Agency Counsel

CERTIFICATION

I, Catherine M. LaCroix, Secretary of the Redevelopment Agency of the City of Covina, does hereby CERTIFY that Resolution No. 11-678 was adopted by the Covina Redevelopment Agency at a regular meeting of the Agency held this 3rd day of May, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Catherine M. LaCroix
Secretary of the Covina Redevelopment Agency

RESOLUTION NO. 11-6961

**A RESOLUTION OF THE CITY OF COVINA,
CALIFORNIA AUTHORIZING A REPORT TO THE LOS
ANGELES COUNTY AUDITOR DECLARING THE
REDEVELOPMENT AGENCY'S INTENT TO SUSPEND
PAYMENTS TO THE LOW AND MODERATE INCOME
HOUSING FUND FOR FISCAL YEAR 2010-2011 TO
PROVIDE FOR THE FISCAL YEAR 2010-2011
SUPPLEMENTAL EDUCATIONAL REVENUE
AUGMENTATION FUND PAYMENT**

WHEREAS, pursuant to the California Community Redevelopment Law (Health & Safety Code Sections 33000, *et seq.*) ("CRL"), the City Council of the City of Covina ("City") approved and adopted a Redevelopment Plan ("Redevelopment Plan") for the redevelopment Project Areas known as the Project Area One, Project Area Two, and Project Area Two 88 Annex ("Project Areas"); and

WHEREAS, the Governing Board of the Covina Redevelopment Agency ("Agency") is engaged in activities to implement the Redevelopment Plan for the Project Areas pursuant to the provisions of the CRL; and

WHEREAS, the CRL generally requires that not less than twenty percent (20%) of all taxes allocated to the Agency pursuant to Health and Safety Code Section 33670 be deposited in a fund used by the Agency for preserving, improving, and increasing the City's supply of low and moderate income housing available at affordable housing cost to persons and families of very low, low or moderate income ("Housing Fund"); and

WHEREAS, the State legislature passed AB 26 4x, as amended by Senate Bill 68, as a budget balancing measure, which requires redevelopment agencies statewide to make payments totaling \$1,700,000,000 to county Supplemental Educational Revenue Augmentation Funds ("SERAF") during Fiscal Year 2009-10; and

WHEREAS, the City, must report to the Los Angeles County Auditor how the Agency intends to fund the required SERAF payment for Fiscal Year 2010-11; and

WHEREAS, the Agency's required SERAF contribution for Fiscal Year 2010-11 is \$522,454, which, unless the SERAF obligation is overturned by pending litigation, the Agency must pay to the Los Angeles County Auditor for deposit in the County's SERAF fund prior to May 10, 2011; and

WHEREAS, CRL Section 33334.2(k) authorizes redevelopment agencies to suspend all or part of the required allocation/deposit into the Housing Fund for the 2010-11 Fiscal Year, provided that such suspended deposits are repaid from July 1, 2011 to June 30, 2016; and

WHEREAS, in order to have sufficient funds to deposit the requisite SERAF payment, the Agency intends to suspend a portion of the Housing Fund allocation/deposit for the 2010-11 Fiscal Year totaling approximately \$522,454; and

WHEREAS, the Agency will, after making appropriate findings, borrow from the Housing Fund accumulated tax increment to pay the balance of the SERAF payment.

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

Section 1. The facts set forth in the recitals above are true and correct and hereby incorporated into the City' Council's findings and determinations.

Section 2. The City Council hereby authorizes and approves reporting to the County Auditor the Agency's intention to suspend the Fiscal Year 2010-11 Housing Fund allocation/deposit in the approximate amount of \$522,454 in order to pay the Agency's SERAF payment.

Section 3. The Housing Fund money suspended and borrowed for the SERAF payment shall be repaid into the Housing Fund by June 30, 2016.

Section 4. The City Council hereby authorizes and directs the City Manager to take any action and execute any documents necessary to implement this Resolution.

Section 5. 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.

PASSED, APPROVED AND ADOPTED this 3rd day of May, 2011.

John King, Mayor City of Covina

ATTEST:

City Clerk, City of Covina

APPROVED AS TO FORM;

City Attorney

CERTIFICATION

I, Catherine M. LaCroix, Deputy City Clerk of the City of Covina, hereby CERTIFY that Resolution No. 11-6961 was adopted by the Covina City Council at a regular meeting of the City Council held this 3rd day of May, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Catherine M. LaCroix
Deputy City Clerk

CITY OF COVINA
AGENDA ITEM COMMENTARY

MEETING DATE: May 3, 2011

ITEM NO.: NB 2

STAFF SOURCE: Steve Henley, Director of Public Works
Kalieh Honish, Assistant Director of Public Works *JH*
Kyle Randall, Building Official
Alex Gonzalez, Senior Management Analyst

ITEM TITLE: Re-Introduction of Ordinance No. 10-1980 Amending Title 5, Business Licenses and Regulations, Pertaining to Rental Housing

STAFF RECOMMENDATION

1. Re-introduce **Ordinance No. 10-1980**, amending Title 5, Business Licenses and Regulations, pertaining to rental housing; and
2. Schedule second reading and consideration of adoption of Ordinance No. 10-1980 for the regular City Council meeting of June 7, 2011.

FISCAL IMPACT

As all work and inspections to be performed under the proposed ordinance would be accomplished with existing staff and resources, implementation of a rental housing licensing program could have a positive affect on the City's General Fund through the collection of license application and inspection fees. The exact amount of this positive affect would be dependent upon the fees ultimately approved by the City Council.

BACKGROUND

Section 5.04.500 of the Covina Municipal Code requires all residential rental properties of four or more units to pay an annual business license tax to the City. Additionally, Section 5.04.020 of the Covina Municipal Code establishes that the payment of this tax is solely for the purpose of raising revenue for municipal purposes and is not intended for regulation. Therefore, while the owners of rental properties of four or more units pay an annual tax to the City for their business operations, the City's ability to inspect and regulate these businesses for the health, safety and welfare of the general public is severely restricted.

There are approximately 321 rental properties licensed within the city. This number includes only those properties containing four or more units and specifically does not include properties consisting of triplexes, duplexes, or single family homes under lease or rent. It is estimated that the currently un-licensed rental properties would bring the total number of rental properties in the city to over 500. Concerns have recently arisen that rental properties, both apartment complexes and those in single family neighborhoods, are not being maintained in a manner acceptable to the

norms of the individual neighborhoods or with regard to the general health, welfare and safety of the community, at large. Additionally, the inability to regulate the maintenance and operation of residential rental properties within the city to protect the general health, welfare and safety of the general public under the current license tax provisions of the Municipal Code has shown to be problematic when dealing with absentee land owners. The proposed ordinance has been developed to address these concerns.

As drafted, the proposed ordinance would require all residential property owners to apply for and obtain a business license from the City. Upon receipt of a complete application and payment of fees, staff would schedule the property for a variety of inspections dependent upon the type of property being licensed. For example, a single family home would be inspected by a Code Enforcement Officer to determine the general condition of the exterior envelope of the structure, if any un-permitted exterior improvements were present, and the maintenance level of the property, in general. An inspection of the interior of the structure would not be conducted unless requested by either the property owner or the tenant.

Conversely, a multi-unit apartment complex or motel/hotel would be inspected by not only a Code Enforcement Officer or Building Inspector for the issues previously addressed, but also potentially by the Health Department, Fire Department, Police Department and Public Works Department to ensure compliance with all applicable, Health, Fire, Building, waste, recycling, stormwater and industrial waste regulations and public safety requirements for such properties. Similar to the single family inspection, these inspections would deal primarily with general property appearance and maintenance issues, as well as mechanical operations (boiler rooms, laundry facilities, electrical/mechanical rooms) and public areas (swimming pools, carports). Inspections of the interiors of individual or inhabited dwelling units would generally not be performed unless requested by either the property owner or the tenant. Any deficiencies would be brought to the attention of the property owner; with issuance of the business license being withheld until the necessary corrective actions were taken and the property was in full compliance with all applicable regulations. Failure to take the necessary corrective actions would result in the denial and/or revocation of the property's business license.

Prior to the preparation of this report staff, including the City Manager and representatives of the Police and Public Works Departments, met with representatives of the Prospero Park Apartment Owners' Association to review the proposed parameters of the ordinance and discuss its possible re-introduction and implementation. This meeting ended with the consensus of all parties present that the proposed ordinance could be a valuable tool in the protection of the general health, safety and welfare of rental property neighborhoods.

RELEVANCE TO THE STRATEGIC PLAN

This matter has no direct relevance to the current Strategic Plan.

EXHIBITS

A. Ordinance No. 10-1980

REVIEW TEAM ONLY

City Attorney: ~~_____~~ Finance Director: DD

City Manager: J Other: _____

ORDINANCE NO. 10-1980

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINA,
CALIFORNIA AMENDING TITLE 5, BUSINESS LICENSES AND
REGULATIONS, PERTAINING TO RENTAL HOUSING**

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

Section 1: Title 5 of the Covina Municipal Code is hereby amended by adding new
Chapter 5.06 thereto to read as follows:

“Chapter 5.06

RENTAL HOUSING

Sections:

- 5.06.010 Definitions.
- 5.06.020 Permit – Required.
- 5.06.030 Permit – Application.
- 5.06.040 Permit – Investigation.
- 5.06.050 Permit – Grant or Denial.
- 5.06.060 Permit – Suspension or Revocation.
- 5.06.070 Permit – Appeal.
- 5.06.080 Permit – Violation and Penalty.

5.06.010 Definitions. The following words and phrases when used in this chapter shall have the meanings hereinafter respectively ascribed to them:

A. “Boarding and rooming house” means a lodging house or other building or structure maintained, advertised, or held out to the public as a place where sleeping or rooming accommodations are furnished to the whole or any part of the public, whether with or without meals. Such places shall include all buildings or structures which provide sleeping and living accommodations to persons under an oral or written lease, license or similar agreement for rental occupancy which are not otherwise licensed under this title as an apartment house, hotel or motel.

B. “Dwelling” means a building or portion thereof designed for residential purposes and approved by the city and improved with full utility services including connection to a public sewer or private septic tank. “Dwelling” includes single-family dwellings, two-family dwellings and multiple dwellings.

C. “Rental Housing” means a building, dwelling, or structure advertised or held out to the public for rent or lease for sleeping or living accommodations. Rental Housing includes boarding houses, rooming houses, apartment houses, dwellings, hotels and motels.

5.06.020 Permit – Required. Every person engaged in the business of maintaining or conducting rental housing shall first obtain an annual inspection permit and pay an annual inspection and regulatory fee as established by resolution of the city council.

5.06.030 Permit – Application. Applications shall be submitted upon forms furnished by the finance director and shall be signed by the applicant. In addition to any other information which may reasonably be required by the finance director, the applicant shall show the true name of the applicant, his/her fictitious name or names, if any, his/her present residence address, his/her proposed business address in the city, the name under which the applicant conducted any similar business, if any, and the place of his/her residence at such time.

5.06.040 Permit – Investigation. The Building Official, Health Officer, Fire Chief and City Planner, within the jurisdiction and duties of their particular departments, shall ascertain whether or not the premises to be used are suitable, proper and adequate and comply with applicable laws, ordinances and regulations concerning such premises. A report of the investigations required hereby along with the application and any recommendations made shall be referred to the finance director for action thereon.

5.06.050 Permit – Grant or Denial. A. The finance director shall review the application, investigation reports and recommendations and shall deny the permit if he or she finds any of the following to be true:

1. That any of the information on the application has been deliberately falsified.
2. That the premises is inimical to the public health, safety, or general welfare.
3. That the premises do not comply with all applicable sections of this code.

B. If the finance director finds that there are no grounds for denial, he or she shall issue the permit. He or she may attach to such permit any conditions which are reasonably related to the grant in order to ensure that the public health, safety and general welfare are protected.

5.06.060 Permit – Suspension or Revocation – Grounds. A. Based upon evidence provided to the finance director, he or she shall suspend or revoke a permit if he or she finds any of the following:

1. That the permittee has failed to comply with the conditions attached to the permit.
2. That the permittee has violated any of the standards or regulations of this title.
3. That the permittee, or premises involved, is in violation of applicable sections of this code relating to the conduct of his or her business or maintenance of the premises.

B. No permit shall be revoked until after a hearing has been held before the city manager to determine just cause for such revocation; provided however that the finance director may order any permits suspended pending such hearing, and it is unlawful for any person to operate rental housing until the suspended permit has been reinstated by the city manager.

C. Notice of such hearing shall be given in writing and served at least five calendar days prior to the date of the hearing thereon. The notice shall state the grounds of the complaint against the holder of such permit or against the business being conducted at the permitted premises, and shall state the time and place where such hearing will be held.

D. The notice shall be served upon the permit holder by delivering the same to such person or by leaving such notice at the place of business or residence of the permit holder in the custody of a person of suitable age and discretion. In the event the permit holder cannot be

found and the service of such notice cannot be made in the manner herein provided, a copy of such notice shall be mailed, postage fully prepaid, addressed to the permit holder at his place of business or residence, at least five calendar days prior to the date of such hearing.

5.06.070 Appeal. A. Any person aggrieved by the grant, denial, suspension or revocation of a permit may appeal that decision by filing a written notice of such appeal and the grounds therefor with the city clerk within 10 calendar days after the decision. Upon receipt of the appeal, the matter shall be set for review by the city council. No rights shall be exercised under any permit until the city council's decision.

B. In considering and ruling upon any appeal of the petitioner, the city council shall judge the merits of the appeal based upon those grounds set forth in sections 5.06.050 and 5.06.060 of this code.

C. The city council may reverse or affirm wholly or partly or may modify any decision, determination, or requirement of the finance director and city manager and may make such decisions or determinations or impose such conditions as the facts warrant, and may order that a permit be granted, denied, suspended or revoked in accordance with their ruling. The decision of the city council shall be final. Any hearing may be continued from time to time.

5.06.080 Violation and Penalty. A. Every person who engages in the business of maintaining or conducting a rental housing unit without first obtaining a permit and paying an annual fee to do so to the city or who violates any provision of this title is guilty of a misdemeanor.

B. Any rental housing unit operated, conducted or maintained contrary to the provisions of this chapter is unlawful and a public nuisance and the city attorney may, in addition to or in lieu of prosecuting a criminal action hereunder, commence an action or actions, proceeding or proceedings, for the abatement, removal, and enjoinder thereof, in the manner provided by law; and shall take other steps and shall apply to such court or courts as may have jurisdiction to grant such relief as will abate or remove such rental housing unit and restrain and enjoin any person from operating, conducting or maintaining rental housing contrary to the provisions of this chapter.”

Section 2: Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this ordinance, or any part thereof, is for any reason held to be unconstitutional or void, such decision shall not affect the validity of the remaining portion of this ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause or phrase be declared unconstitutional or void.

Section 3: Certification. The City Clerk shall certify the passage of this ordinance and shall cause the same to be entered in the book of original ordinances of said City; shall make a minute passage and adoption thereof in the records of the meeting at which time the same is passed and adopted; and shall, within fifteen (15) days after the passage and adoption thereof, cause the same to be published as required by law, in a local weekly newspaper of general circulation and which is designated for that purpose.

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

Peggy Delach
Mayor

ATTEST:

Toni Taber
City Clerk

APPROVED AS TO FORM:

City Attorney