

CITY COUNCIL
MEETING AGENDA

CITY OF MONTEBELLO CITY COUNCIL/SUCCESSOR AGENCY
CITY HALL COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA^{1 1[2]}
WEDNESDAY, AUGUST 28, 2019

5:30 P.M.

MONTEBELLO CITY COUNCIL

JACK HADJINIAN
MAYOR

SALVADOR MELENDEZ
MAYOR PRO TEM

KIMBERLY A. COBOS-CAWTHORNE
COUNCILMEMBER

ANGIE M. JIMENEZ
COUNCILMEMBER

DAVID N. TORRES
COUNCILMEMBER

CITY CLERK
IRMA BARAJAS

CITY TREASURER
RAFAEL GUTIERREZ

CITY STAFF

CITY MANAGER
Rene Bobadilla

CITY ATTORNEY
Arnold M. Alvarez-Glasman

DEPARTMENT HEADS

Assistant City Manager
Fire Chief
Police Chief
Director of Finance
Director of Human Resources
Director of Planning/Community Development
Director of Recreation and Community Services
Director of Transportation

Danilo Batson
Fernando Pelaez
Brad Keller
Robert Mescher
Bob Franco
Manuel Mancha
David Sosnowski
Tom Barrio

OPENING CEREMONIES

- 1. CALL MEETING TO ORDER: Mayor Hadjinian**
- 2. ROLL CALL: City Clerk I. Barajas**

¹ *In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Building Official at 323/887-1497. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title II(203)). If you require translation services, please contact the City Clerk's Office 24 hours before this meeting. Si necesita servicios de traducción, comuníquese con la Oficina del Secretario Municipal 24 horas antes de esta reunión.*

3. STATEMENT OF PUBLIC ORAL COMMUNICATIONS FOR CLOSED SESSION ITEMS:

Members of the public interested in addressing the City Council on Closed Session items must fill out a form provided at the door, and turn it in to the City Clerk prior to the announcement of Closed Session items.

Please be aware that the maximum time allotted for individuals to speak shall not exceed three (3) minutes per speaker. Please be aware that in accordance with State Law, the City Council may not take action or entertain extended discussion on a topic not listed on the agenda. Please show courtesy to others and direct all of your comments to the Mayor.

***IN CONSIDERATION OF OTHERS, PLEASE TURN OFF, OR MUTE,
ALL CELL PHONES AND PAGERS.
THANK YOU FOR YOUR COOPERATION.***

ORAL COMMUNICATIONS ON CLOSED SESSION ITEMS

CLOSED SESSION - 5:30 P.M.

The City Attorney shall provide a briefing on the item listed for Closed Session as follows:

4. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Government Code Section 54956.9(d)(1)
G. Gallardo v. City of Montebello (Case No. ADJ10553176)

5. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Government Code Section 54956.9 (d)(1)
Name of Case: JCS v. City of Montebello

6. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Government Code Section 54956.9(d)(2)
Two matters

REGULAR SESSION – 6:30 P.M.

7. INVOCATION

PLEDGE OF ALLEGIANCE

8. PRESENTATIONS:

- A. OATH OF OFFICE – THREE NEW POLICE OFFICERS**
- B. RECOGNITION OF ARRY’S BURGERS**
- C. RECOGNITION OF MONTEBELLO LION’S CLUB**
- D. INVESTMENT COMMITTEE REPORT**

9. STAFF COMMUNICATIONS ON ITEMS OF COMMUNITY INTEREST

10. CORRECTIONS TO THE AGENDA – CITY MANAGER

11. **STATEMENT OF PUBLIC ORAL COMMUNICATIONS:** Members of the public interested in addressing the City Council on any agenda item or topic must fill out a form provided at the door, and turn it in to the City Clerk prior to the beginning Oral communications. A form does not need to be submitted for public hearing items.

Speakers wishing to address the City Council on an item that is not on the agenda will be called upon in the order that their speaker card was received. Those persons not accommodated during this thirty (30) minute period will have an opportunity to speak under "Oral Communications – Continued" after all scheduled matters have been considered.

Please be aware that the maximum time allotted for individuals to speak shall not exceed three (3) minutes per speaker. Please be aware that in accordance with State Law, the City Council may not take action or entertain extended discussion on a topic not listed on the agenda. Please show courtesy to others and direct all of your comments to the Mayor.

12. **PUBLIC ORAL COMMUNICATIONS ON OPEN SESSION ITEMS (30 MINUTES)**

13. **APPROVAL OF AGENDA:** Any items a Councilmember wishes to discuss should be designated at this time. All other items may be approved in a single motion with the exception of Item No. 14 and any item which a member of the public or City Council has requested to speak upon. Such approval will also waive the reading of any ordinance.

CONSENT MATTERS (14-32)

14. **PUBLIC HEARING: EXTENDING URGENCY INTERIM ZONING ORDINANCE ESTABLISHING TEMPORARY STANDARDS FOR ACCESSORY DWELLING UNITS FOR ONE (1) ADDITIONAL YEAR**

RECOMMENDATION: It is recommended that the City Council:

- 1) Conduct a public hearing;
- 2) Approve a report describing measures taken to alleviate the conditions leading to the adoption of Interim Urgency No. 2406; and
- 3) Adopt, by a four-fifths (4/5) vote, an interim urgency ordinance attached hereto as Attachment A, extending Interim Urgency Ordinance No. 2406 for an additional one (1) year beyond September 26, 2019, while Staff considers the adoption of permanent regulations for Accessory Dwelling Units within the City.

15. **SECOND AMENDMENT TO THE ORIGINAL AGREEMENT NO. 3565 WITH TIERRA WEST ADVISORS, INC. TO PROVIDE CONTRACT PROFESSIONAL SERVICES RELATING TO CANNABIS**

RECOMMENDATION: It is recommended that the City Council:

- 1) Receive and approve the recommendation from staff to approve a second amendment to the original agreement No. 3565 with Tierra West Advisors, Inc. to increase the not-to-exceed amount of \$75,000.00 to a not-to-exceed amount of \$100,000.00 for contract professional services relating to cannabis.

16. COMMERCIAL CANNABIS DEVELOPMENT AGREEMENTS

RECOMMENDATION: It is recommended that the City Council:

- 1) Approve, in substantially the form as presented, two (2) cannabis business development agreements for the operation of commercial cannabis activities in the City of Montebello, for Cannabis Development Agreement Nos. 21-19 and 22-19, and authorize the City Attorney's Office to make minor revisions to fix clerical or formatting errors, if any, prior to execution; and
- 2) Condition the approval of each of the two cannabis business development agreements on the respective operator providing all exhibits to the development agreement and missing information to the City of Montebello in a form acceptable to the City Attorney's Office no later than September 3, 2019, as reflected with highlights in the attachments hereto; and
- 3) Adopt findings contained herein exempting the development agreements from further CEQA review under CEQA Sections 15301 and 15332, as applicable, and direct staff to prepare and file the appropriate Notice of Exemption for each project recommended for approval; and

17. PUBLIC INFORMATION AND OUTREACH SERVICES AGREEMENT

RECOMMENDATION: It is recommended that the City Council:

- 1) Award a Professional Services Agreement to TBWB Strategies in the amount not-to-exceed \$130,000 for public outreach services related to a proposed tax measure, which includes a project contingency of \$24,190 to cover any additional expenditures to be approved by the City Manager;
- 2) Approve a Resolution of Appropriation in the amount of \$130,000 from General Fund Reserves to complete the proposed project/services;
- 3) Authorize the City Manager to execute an agreement on behalf of the City;

18. FY 2019/20 CAPITAL IMPROVEMENT PROJECT (CIP) BUDGET

RECOMMENDATION: It is recommended that the City Council:

- 1) Adopt the Fiscal Year 2019/20 Capital Improvement Project Budget and corresponding resolution,

19. FY 2019/20 STREET IMPROVEMENT, PENSION AND HOTEL BONDS

RECOMMENDATION: It is recommended that the City Council:

1. Receive and file a presentation on the implementation of a Street Improvement Bond that could accelerate road improvement citywide over the next 3-years;
2. Authorize the City Manager to negotiate contract amendments with Infrastructure Engineers and Hilltop Securities, as needed, to ensure that these firms will assist the City with the timely implementation of a Street Improvement Bond, per their respective agreements for engineering/design services and financial advisory services, respectfully;
3. Approve the hiring of Cabrera Capital Markets, LLC to work with the City of Montebello to consider the issuance of bonds (1) to finance street improvements secured by the local share sales tax received by the City of Montebello from the Los Angeles County Metropolitan Transportation Authority (LACMTA), (2) to refund certain outstanding pension fund obligations of the City to the California Public

4. Employees Retirement System (CalPERS), and (3) to refinance the Montebello Public Financing Authority Lease Revenue Bonds, 2004 Series A (Montebello Hotel Project). If approved, the City Council would be applying Montebello Municipal Code Section 3.21.025(c) and would require a 4/5ths vote for approval. The beneficial situation and circumstances of the bond market circumstances would justify making a finding by the council that it would be uneconomical in such instance to follow the newly adopted bidding procedures, and that the welfare of the public would be promoted by dispensing with the same.

20. AWARD A CONSTRUCTION CONTRACT FOR C.P. # 872 – VARIOUS STREET AND INTERSECTION PAVEMENT REHABILITATION (FY 2018/2019), RFP #19-29 TO SEQUEL CONTRACTORS, INC.

RECOMMENDATION: It is recommended that the City Council:

- 1) Award a Construction Contract for C.P. 872 - Various Street and Intersection Pavement Rehabilitation (FY 2018/2019), RFP #19-29 in the amount of \$473,346.50 to Sequel Contractors, Inc.,
- 2) Authorize the Director of Public Works to review and approve change orders within a 10% contingency of the contract amount,
- 3) Authorize the City Manager to execute the Contract Agreement on behalf of the City.

21. AWARD A CONSTRUCTION CONTRACT FOR C.P. # 873 – VARIOUS STREET IMPROVEMENTS (FY 2018/2019), RFP #19-31 TO SEQUEL CONTRACTORS, INC.

RECOMMENDATION: It is recommended that the City Council:

- 1) Award a Construction Contract for C.P. 873 - Various Street Improvements (FY 2018/2019), RFP #19-31 in the amount of \$774,895.80 to Sequel Contractors, Inc.,
- 2) Authorize the Director of Public Works to review and approve change orders within a 5% contingency of the contract amount,
- 3) Direct staff to transfer an additional \$58,843 from Measure M Funds to increasing the Project Budget,
- 4) Authorize the City Manager to execute the Contract Agreement on behalf of the City.

22. AWARD A CONSTRUCTION CONTRACT FO SEWER REPAIRS (RFP NO. 19-34 – SEWER PIPE BURSING AND SEWER LINER INSTALLATION TO QUALITY JET ROOTER

RECOMMENDATION: It is recommended that the City Council:

- 1) Waive the formal bid process for the Public Works Contract pursuant to Montebello Municipal Code (“MMC”) Section 3.20.050(c)
- 2) Authorize the expenditure of City funds by a four-fifths (4/5) vote as required by MMC Section 3.20.050(c)
- 3) Award a Construction Contract for urgent sewer repairs, as described in Request for Proposals No. 19-34 – Sewer Pipe Bursting and Sewer Liner Installation, in the amount of \$154,462 to Quality Jet Rooter
- 4) Authorize the Director of Public Works to review and approve change orders with a 10% contingency of the contract amount

5) Authorize the City Manager to execute the Contract Agreement on behalf of the City.

23. ADOPTION OF A RESOLUTION AUTHORIZING THE CITY MANAGER OR DESIGNEE TO EXECUTE ANY ACTIONS NECESSARY FOR THE PURPOSE OF OBTAINING FINANCIAL ASSISTANCE PROVIDED BY THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION STATE OF GOOD REPAIR PROGRAM

RECOMMENDATION: It is recommended that the City Council:

- 1) Adopt a resolution authorizing the City Manager or Designee to execute any actions necessary for the purpose of obtaining financial assistance provided by the State of California Department of Transportation State of Good Repair Program.

24. AMENDMENTS TO JOB SPECIFICATION: FIRE ENGINEER

RECOMMENDATION: It is recommended that the City Council:

- 1) It is recommended that the City Council approved the amendment of the Fire Engineer job specification the City's classification plan.

25. APPROVE AMENDING THE TABLE OF ORGANIZATION, AND THE CLASSIFICATION AND COMPENSATION PLANS FOR A NEW POSITION IN THE PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT

RECOMMENDATION: It is recommended that the City Council:

- 1) It is recommended that the City Council approve the amendment to the City's organization table to establish a new classification (Deputy Director), along with a compensation plan for the new position with the Planning and Community Development Department.

26. RENEW FINANCIAL AND HUMAN RESOURCE ANNUAL SOFTWARE AGREEMENT WITH TYLER TECHNOLOGIES

RECOMMENDATION: It is recommended that the City Council:

- 1) Authorize the City Manager to execute the Third Amendment to the Tyler Technologies annual software maintenance agreement for ongoing management and maintenance of the City's financial and human resources software systems

27. UNAUDITED FINANCIAL RESULTS FOR THE YEAR ENDED JUNE 30, 2019

RECOMMENDATION: It is recommended that the City Council:

- 1) Review and file the Year-End Financial Report for FY18-19;
- 2) Approve repayment from the Water Fund to the General Fund for \$805,200 effective June 30, 2019; and

28. UPDATED INVESTMENT POLICY

RECOMMENDATION: It is recommended that the City Council:

- 1) Adopt the proposed Investment Policy

29. MONTHLY INVESTMENT REPORT – JULY 2019

RECOMMENDED ACTION: It is recommended that the City Council:

- 1) Approve the Monthly Investment Report as written.

30. SIGNATURES FOR CITY'S LOCAL AGENCY INVESTMENT FUND (LAIF) ACCOUNTS

RECOMMENDATION: It is recommended that the City Council:

- 1) Approve and adopt the attached resolutions to update the authorized officers for the Successor Agency and City LAIF accounts.

31. PAYMENT OF BILLS: RESOLUTION APPROVING THE CITY/SUCCESSOR AGENCY WARRANT REGISTER OF DEMANDS DATED AUGUST 28, 2019

RECOMMENDED ACTION: It is recommended that the City Council:

- 1) Adopt the proposed resolution approving the Warrant Register dated August 28, 2019.

32. APPROVAL OF MINUTES: AUGUST 5 AND 14, 2019

RECOMMENDED ACTION: It is recommended that the City Council:

- 1) Approve minutes as written.

33. PUBLIC ORALS – IF NEEDED

COUNCIL ORALS

34. COUNCILMEMBER TORRES

- a. Ordinance to establish funding for art in public places
- b. Ordinance to set limits on cannabis operations signage
- c. 99th Anniversary Historical Bus Tour of Montebello
- d. Regular events - Coffee with a Councilman, Pick & Stroll

35. MAYOR PRO TEM MELENDEZ

None.

36. COUNCILMEMBER COBOS-CAWTHORNE

- a. Discussion regarding potential Town Hall meeting with City Manager Bobadilla
- b. Montebello Girl Scout Troop 71221

37. COUNCILMEMBER JIMENEZ

None.

38. MAYOR HADJINIAN

Discussion regarding City facility parking.

ADJOURNMENT

NOTES

City of Montebello

City Council Agenda Staff Report

TO: Honorable Mayor and Members of the City Council

FROM: Rene Bobadilla, City Manager

BY: Manuel A. Mancha, Director of Community Development and Planning

SUBJECT: Extending Urgency Interim Zoning Ordinance establishing temporary standards for Accessory Dwelling Units for one (1) additional year

DATE: August 28, 2019

RECOMMENDATION: It is recommended that the City Council:

- 1) Conduct a public hearing;
- 2) Approve a report describing measures taken to alleviate the conditions leading to the adoption of Interim Urgency No. 2406; and
- 3) Adopt, by a four-fifths (4/5) vote, an interim urgency ordinance attached hereto as Attachment A, extending Interim Urgency Ordinance No. 2406 for an additional one (1) year beyond September 26, 2019, while Staff considers the adoption of permanent regulations for Accessory Dwelling Units within the City.

BACKGROUND

In efforts to address the State's shortage of affordable housing, the California Legislature has preempted much of local governments' regulatory authority over "Accessory Dwelling Units" (ADU's). An ADU is an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and includes permanent provisions for living, sleeping, eating, cooking, and sanitation. Though cities generally have broad discretion in zoning and land use matters, the "ADU Law" (Gov't Code §§ 65582.1, 65852.2 and 65852.22) renders local ordinances that conflict with its provisions void and unenforceable. Given the Legislature's most recent amendments to the ADU Law, the City's existing regulatory scheme is likely invalid.

The Planning Department is in the process of preparing an ordinance to address ADU's, due to the recent influx of inquiries pertaining to the new State regulations. However, additional time is needed to adequately study and process the proposed ordinance. On September 26, 2018, City Council adopted the attached urgency ordinance imposing interim standards on new ADUs pending development and adoption of the permanent ordinance. On October 24, 2018, City Council extended the urgency ordinance for an additional 10 months and 15 days. Without these actions, any ADU application would be

ITEM #14

processed under the State's minimum standards without consideration to or impacts on, among other things, local parking conditions and public safety services.

DISCUSSION:

At a City Council meeting on September 26, 2018, the Council adopted Interim Urgency Ordinance No. 2406, an urgency ordinance establishing temporary standards for accessory dwelling units. Subsequently, Interim Urgency Ordinance No. 2406 was extended pursuant to California Government Code Section 65858. The standards for ADUs located within Interim Urgency Ordinance No. 2406 and its first extension are scheduled to expire on September 26, 2019, unless extended by City Council's adoption of an interim ordinance pursuant to Government Code Section 65858. Government Code Section 65858 allows for one more extension for an additional year.

Recent State law amended California Government Code Section 65852.2 and limits the City's ability to regulate Accessory Dwelling Units ("ADUs"). Effective January 1, 2017, the two bills—Assembly Bill 2299 ("AB 2299") and Senate Bill 1069 ("SB 1069")—have required cities to adopt an ordinance that complies with the new State restrictions that may include certain City-specific standards, or be required to approve any ADU that meets minimal State criteria.

The California Government Code provides that the City Council may extend an urgency ordinance for the immediate preservation of the public peace, health or safety. In the opinion of staff, an extension of Interim Urgency Ordinance No. 2406 is appropriate because the circumstances justifying the City Council's adoption of Interim Urgency Ordinance No. 2406 continue to exist given that new ADUs are likely to, among other things: (1) increase on-street parking on crowded narrow streets in the residentially zoned areas; (2) increase burdens on public safety services for first responders due to accessibility on narrow streets; and (3) further reduce the amount of yard and open space in the City. The proposed second extension to the Interim Urgency Ordinance No. 2406 would remain effective for one additional year, expiring on September 26, 2020, or earlier if a regular ordinance becomes effective. In that time, Staff will continue studying and developing permanent standards and a proper permitting process for ADUs and will return with a regular ordinance at a future City Council meeting.

City Staff recommends that the City Council adopt the attached urgency ordinance, extending Interim Urgency Ordinance No. 2406, while the City continues to consider the adoption of permanent regulations. The proposed Interim Urgency Ordinance would maintain the same standards contained within the originally adopted Interim Urgency Ordinance No. 2406.

Pursuant to provisions of Government Code Section 65858, a public hearing is to be held this evening to consider an extension of Interim Urgency Ordinance No. 2406. Upon completion of the public hearing, the City Council may choose to extend the effective time period of Interim Urgency Ordinance No. 2406 for a time period of one (1) additional year by adoption of the attached urgency ordinance. This action would require a four-fifths vote of the City Council for adoption.

ITEM #14

On October 4, 2018, a written report describing the measures taken to alleviate the conditions that led to the adoption of Interim Urgency Ordinance No. 2406 was prepared in compliance with the provisions of California Government Code Section 65858. A copy of that report is provided as Attachment C for the information of the City Council and public during the scheduled hearing.

City Staff recommends that the City Council issue the attached Alleviation Measures Report and adopt the Interim Ordinance attached as Attachment A, extending Interim Urgency Ordinance No. 2406, prohibiting new Accessory Dwelling Units, except those that satisfy specified standards, pending the adoption of permanent regulations.

FISCAL IMPACT: There is no fiscal impact associated with this action.

ATTACHMENT(S):

- A - Draft Urgency Ordinance
- B - Previously Adopted Interim Urgency Ordinance No. 2406
- C - Report to Alleviation Measures Pursuant to Government Code Section 65858

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF MONTEBELLO, CALIFORNIA,
EXTENDING INTERIM URGENCY ORDINANCE
NO. 2406 RELATING TO ACCESSORY DWELLING
UNITS FOR ONE ADDITIONAL YEAR PURSUANT
TO GOVERNMENT CODE SECTION 65858**

WHEREAS, the City of Montebello ("City") is a California general law city, constitutionally vested with the power to make and enforce local laws and ordinances necessary to protect the general health, safety, and welfare of its residents, including comprehensive zoning and land use regulations, to the extent such regulations are not preempted by the State's general laws;

WHEREAS, the City's Zoning Code (Title 17 of the Montebello Municipal Code) divides the City into separate zoning districts, and provides land use and development regulations for each of the districts, including regulations pertaining to accessory dwelling units, efficiency units, and second dwelling units, each as defined in the Zoning Code (hereafter the "City's ADU Regulations");

WHEREAS, effective January 1, 2017, Assembly Bill 2299 ("AB 2299") and Senate Bill 1069 ("SB 1069") amended Government Code Section 65852.2 to limit the standards cities may impose on Accessory Dwelling Units ("ADUs"), as ADU's are defined therein, and require city ordinances to incorporate State-mandated standards for certain types of ADUs;

WHEREAS, as amended, Government Code Section 65852.2 allows the City to designate areas where new ADUs may be permitted, and to establish objective standards related to parking, height, setback, lot coverage, landscaping, and architectural review, which must be applied ministerially to applications for ADUs except where a property owner is seeking an exception to the adopted standards;

WHEREAS, in the absence of a State-compliant ordinance enacted after January 1, 2017, the City's ADU Regulations may be considered null and void pursuant to Government Code Section 65852.2(a)(4), and the City would then be required to approve any application for a new ADU that meets minimal State criteria, regardless of negative impacts to surrounding properties and the community;

WHEREAS, the City of Montebello is currently studying the potential land use, public services, parking, traffic, and infrastructure impacts of allowing new ADUs to be built, converted, or approved in various residential zoning districts of the City, and the City has identified certain areas of concern that possess, among others, the following characteristics: lots of varied sizes, lengths, widths, and shapes, and a high concentration of extremely narrow lots with minimal areas for off-street parking; variations in lot coverage and density within residential zones; extremely narrow public streets and alleyways that, when vehicles are parked on the shoulder, obstruct the free-flow of traffic, pedestrians, and public safety personnel; an extreme shortage of on-street parking in residential areas, particularly areas proximately located to commercial centers, churches, parks, and schools, and areas marked by narrow streets and lot widths; and other neighborhood characteristics that may be inconsistent with the development and operation of new ADUs;

WHEREAS, though staff is currently studying, drafting, and revising proposed permanent regulations for ADUs, staff requires more time to adequately investigate and analyze such matters as the City's ADU Regulations, the State's new ADU regulations, technical analyses of development standards and development review processes concerning ADUs, building safety and fire standards, proportional impact fees, location limitations, as well as recent ordinances adopted by other similarly situated California cities to assess "best practice" standards that may be relevant and applicable in the City;

WHEREAS, following such full study and analysis, staff will bring a proposed permanent ordinance concerning ADUs for consideration and public hearings before the Planning Commission and the City Council;

WHEREAS, over the past year, Staff has received various inquiries from businesses and residents seeking to install ADUs in various areas throughout the City, the frequency of such inquiries and applications are increasing, and any such applications submitted to the City will be processed before the new permanent regulations become effective;

WHEREAS, the establishment of new ADUs in the City before the City's permanent regulations are adopted will create confusion and ambiguity regarding the applicability of the City's current Zoning Code to such applications, at least to the extent such are compliant with the new State legislation, resulting in potentially inconsistent and unfair results for City residents;

WHEREAS, unless the City extends this interim urgency ordinance imposing temporary standards on ADUs, and imposing a temporary moratorium on all ADUs that do not comply with such standards, the City would be required to either approve new ADUs in locations and under standards that may have severe negative impacts on the community, or alternatively adopt permanent standards for the entire City without the benefit of a full inquiry and study on the appropriate locations and standards for ADUs in the City;

WHEREAS, the establishment of these new ADUs in certain particularly problematic areas of the City described above has the potential to conflict with the City's permanent ADU regulations, which will be adopted in compliance with Government Code Section 65852.2 after further study of the appropriate standards and locations for ADUs in the City; and

WHEREAS, pursuant to Government Code Section 65858, the City Council adopted Urgency Ordinance No. 2406, establishing a 45-day moratorium on these new ADUs, on September 26, 2018;

WHEREAS, pursuant to Government Code Section 65858, the City Council extended Urgency Ordinance No. 2406 for 10 months and 15 days;

WHEREAS, the conditions given rise to Urgency Ordinance No. 2406 continue to exist, such that an extension of the moratorium on these ADUs is immediately necessary and appropriate to protect the public health, safety, and general welfare of City residents, in that these new ADUs are likely to, among other things: (1) increase on-street parking on crowded narrow streets in the residentially zoned areas; (2) increase burdens on public safety services for first responders due to accessibility on narrow streets; and (3) further reduce the amount of yard and open space in the City;

WHEREAS, City staff still requires time to study whether these new ADUs are consistent with

the purpose(s) and intent of the City's General Plan and Zoning Code, to evaluate the scope and extent of prohibitions or regulations of such ADUs, and to evaluate various other matters associated with these ADUs;

WHEREAS, in accordance with Government Code section 65858, the City Council has received and approved a public report describing the actions taken by the City to alleviate the conditions giving rise to the adoption of Urgency Ordinance No. 2406, and has held a duly noticed public hearing concerning this Ordinance;

WHEREAS, pursuant to Government Code Section 65858, the City Council desires to adopt this Ordinance as an urgency ordinance, effective immediately, extending the moratorium on these new ADUs imposed Urgency Ordinance No. 2406 for an additional one (1) year until September 26, 2020 (unless earlier superseded or rescinded by the City Council); and

WHEREAS, the City Council had duly considered staff reports, presentations, and public comments presented in connection with this matter, and all legal prerequisites to the adoption of this Ordinance have been satisfied.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES ORDIAN AS FOLLOWS:

SECTION. 1. FINDINGS

A. Based upon staff reports, presentations, public comments, and all other materials presented during its consideration of this item, the City Council finds and declares that the foregoing recitals are true and correct, and incorporates said recitals as substantive findings into this Ordinance, and further, based upon the foregoing materials, makes the additional findings set forth below.

B. The City is currently studying, and intends to adopt in the near future, permanent regulations concerning ADUs. The Planning Commission, the City Council, and the people of Montebello require a reasonable, limited, yet sufficient period of time to establish permanent regulations for new ADUs. Given the time required to schedule and conduct duly noticed public hearings before the Planning Commission and the City Council, the City Council finds that this Ordinance is necessary to prevent the establishment of new ADUs with a reasonable potential to conflict with the City's permanent regulations and with a reasonable potential to threaten the orderly development of the City and the health, safety, and general welfare of its residents.

C. City staff requires time to study, revise, and draft proposed permanent ADU regulations, which both the Planning Commission and City Council must consider after receiving input from the public at public meetings. Failure to adopt this moratorium would impair the orderly and effective implementation of contemplated amendments to the Zoning Code.

D. The City's study and investigation into this matter shall include, without limitation: the City's existing ADU regulations and the State's new ADU regulations; existing conditions in residential zones; the foreseeable impact on ADUs on parking conditions, public safety services, density, and lot standards; technical analyses of development standards and development review processes to address ADU building placement, life and fire safety; proportional impact fees; location limitations; as well as recent ordinances adopted by other similarly situated California cities to assess

“best practice” standards that may be relevant and applicable in Montebello.

E. Without complying with the procedures otherwise applicable to the adoption of a zoning code amendment, California Government Code Section 65858 authorizes the City Council to extend an interim zoning ordinance prohibiting any land uses that may be in conflict with a contemplated general plan, specific plan, or zoning proposal that the City Council, Planning Commission, or Planning Department is considering or studying or intends to study within a reasonable time, if the City Council finds that there is a current and immediate threat to the public health, safety, or welfare, and that the approval of additional subdivisions, use permits, variances, building permits, or any other applicable entitlement for use which is required in order to comply with a zoning ordinance would result in that threat to public health, safety, or welfare.

F. In accordance with Government Code Section 65858, the City Council finds and declares that: (1) the facts, findings and determinations set forth in the recitals and this Ordinance are true and correct; (2) there exists a current and immediate threat to the public health, safety, and welfare requiring this Ordinance; and (3) this Ordinance establishing a temporary moratorium with interim regulations for accessory dwelling units is necessary for the immediate preservation of the public peace, health, and safety of the community, and that the approval of additional subdivisions, use permits, variances, building permits, or any other applicable entitlement for use which is required in order to comply with State law would result in that threat to public health, safety, or welfare.

SECTION 2. IMPOSITION OF MORATORIUM AND INTERIM REGULATIONS.

A. Intent and Purpose. The intent and purpose of this Ordinance is to establish and set forth minimum property development regulations, conditions and requirements for “accessory dwelling units” in the City, in accordance with the requirements set forth in California Government Code Section 65582.1, 65852.2, 65852.22, as the same may be amended from time to time.

B. Effective Date and Term. This Ordinance is an interim urgency ordinance for the immediate preservation of the public peace, health and safety, within the meaning of Government Code Sections 65858 and 36937(b), and therefore shall be effective immediately upon its adoption. This Ordinance shall expire, and its standards and requirements shall terminate, on September 26, 2020, unless earlier superseded or rescinded by the City Council.

C. Ordinance Controlling. Notwithstanding any other ordinance or provision of the Montebello Municipal Code, Zoning Code, General Plan, or any Specific Plan, no application for a building permit or other land use entitlement shall be accepted for processing or approved for a new ADU unless it satisfies all the requirements of this Ordinance. This Ordinance shall supersede and control over all inconsistent or conflicting ordinances or provisions of the Montebello Municipal Code, Zoning Code, General Plan, or any Specific Plan.

D. Definitions. For purposes of this Ordinance, the term “accessory dwelling unit” or “ADU” shall mean an attached or a detached dwelling unit which provides complete independent living facilities for one or more persons and includes permanent provisions for living, sleeping, cooking, and sanitation on the same parcel as a current or proposed single-family dwelling is situated or proposed to be situated. The term ADU includes an “Efficiency Unit” as defined in Section 17958.1 of the Health & Safety Code section, and a manufactured home, as defined in Section 18007

of the Health & Safety Code.

E. Accessory Dwelling Unit Regulations. The City shall not approve an application for a new ADU unless the ADU satisfies all of the requirements of this Ordinance. An application for a new ADU that satisfies the requirements of this Ordinance shall be approved by the Community Development Director following a ministerial review for compliance with this Ordinance. All persons owning an ADU or a property upon which an ADU is located shall, at all times, comply the requirements set forth herein.

1) Location Restrictions.

- a. An ADU must be located on the same lot as an existing single-family dwelling, or upon the same lot as a single family dwelling that is constructed prior to or concurrently with the ADU.
- b. ADUs are only permitted in the following residential zoning districts of the City: R-A – Residential Agricultural Zone; R-1 – Single-Family Residential Zone; R-2 – Two-Family Residential Zone; R-3 – Multiple-Family Residential Zone; or R-4 – High-Density Residential Zone.
- c. The ADU shall be the only ADU located, or proposed to be located, on the subject lot.
- d. No ADU shall be located on a parcel that is less than 7,500 square feet in area.
- e. Notwithstanding any provision within this Ordinance to the contrary, no ADU shall be converted from an existing garage if such garage is located on a parcel that is located on a street with a street width of less than forty (40) feet, as measured by a straight line from one curb face to the other curb face. In the absence of curbs, the street width is measured from the edges of the roadbed for purposes of this subsection.

2) Property Development Regulations.

- a. An ADU shall include complete independent living facilities for one or more persons, permanent provisions for living, sleeping, eating, cooking, and sanitation, and a kitchen and bathroom.
- b. If attached to a primary residence, the ADU shall comply with all of the height, setback, and separation requirements of the applicable zone in which the primary residence and ADU are located.
- c. If detached from the primary residence, the ADU shall comply with all of the following height, setback, and separation requirements, as applicable:
 - i. Minimum side and rear setbacks as required by the underlying zoning district.

- ii. Maximum building height as prescribed by the underlying zoning district, and a maximum of two (2) stories, if the ADU is not located within the rear setback area, or if the ADU is constructed above an existing garage.
 - iii. Maximum building height of 14 feet and one (1) story if the ADU is located within the rear yard setback area, unless it is constructed above an existing garage.
 - iv. Minimum 8-foot separation between the ADU and the primary residence or other accessory building.
- d. Notwithstanding subsections (b) and (c) above, the following setback exceptions apply where applicable:
 - i. For an ADU that is constructed above a garage, the minimum setback from all property lines is five (5) feet.
 - ii. For an ADU that is converted from an existing garage, no additional setbacks shall be required beyond those required by the local building and fire codes.
- e. Conversion of a non-habitable accessory structure/garage or other living space to an ADU shall meet all building codes for residential occupancy.
- f. Both the single-family dwelling and the ADU on the same lot shall, at all times, be equipped with functioning hardwired smoke detectors with battery backup.
- g. The combined total lot coverage for both the primary residence and ADU shall not exceed the maximum lot coverage applicable to the lot and primary residence.
- h. An ADU shall have no second-story outdoor balcony or patio.
- i. An ADU's color and materials shall match the primary residence.
- j. The total floorspace area of an ADU, whether attached to or detached from the single-family residence, shall not exceed the lesser of 1,200 square feet, or 50% of primary residence's living area.
- k. A minimum of one (1) off-street parking space shall be provided for each bedroom of the ADU or studio ADU, in addition to the parking required for the primary residence. The parking spaces must satisfy all of the following:
 - i. Required yards and open space may not be used for parking.
 - ii. The ADU's parking space may be tandem, covered, or uncovered, but must be paved.

- iii. The dimensions of all parking spaces or driveways shall comply with the requirements set forth in Montebello Municipal Code Title 17.
 - iv. If an existing garage or other parking is converted to or displaced for an ADU, the conversion or displacement shall not eliminate any off-street parking that is required for the primary residence.
 - v. If a garage, carport, or covered parking structure is demolished in conjunction with construction of the ADU, the off-street parking spaces lost as a result of the demolition shall be replaced on-site. The replacement parking spaces may be covered spaces, uncovered spaces, tandem spaces, or spaces created by mechanical automobile parking lifts.
 - vi. All uncovered parking spaces shall be maintained free and clear of vegetation, trash and debris.
- l. Notwithstanding subsection (k) above, no additional parking spaces shall be required for an ADU that satisfies any of the following:
- i. The ADU is located within one-half mile of public transit;
 - ii. The ADU is located within an architecturally and historically significant historic district;
 - iii. The ADU is part of the existing primary residence or an existing accessory structure;
 - iv. The ADU is located in an area where on-street parking permits are required but not offered to the ADU occupant; or
 - v. The ADU is located within one block of a car share vehicle.
- m. The property owner of the subject lot shall record a declaration of covenants and restrictions placing the below restrictions on the lot. Said declaration shall be recorded on the lot prior to final building approval of the ADU. The covenant shall be binding on the property and all owners, lenders, lien holders, occupants and all other persons having an interest or estate in the property, now or in the future. The covenant shall be recorded in the Registrar-Recorder's Office of Los Angeles County. A copy of the covenant shall be filed with the City's Planning Department and shall include all conditions in a form approved by the City Attorney.
- i. The property owner must be an owner-occupant on the lot;
 - ii. The ADU may be rented only for terms longer than 30 days; and
 - iii. The ADU may not be sold or conveyed separately from the primary single-family residence; and

- n. The property owner and all successors in interest shall maintain the ADU and the property in accordance with all applicable ADU requirements and standards.
- o. The property owner shall install a new or separate utility connection between the ADU and the utility, and pay all applicable connection fees or capacity charges, except if the ADU is specifically exempted under Government Code Section 65852.2(e) and (f).
- p. If an automatic sprinkler system is required for the primary residence, the ADU must also provide an automatic sprinkler system.
- q. If the property abuts an alley, parking and services must be accessed through the alley.
- r. Any conflicts between the requirements of this Ordinance, and the California Building Code and/or California Residential Code, shall be resolved in favor of whichever Code imposes the greater requirement; subject to compliance with California Government Code Section 65582.1, 65852.2 and 65852.22.

3) Operating / Use Regulations

- a. The property owner must reside in the single-family dwelling unit or the accessory dwelling unit on the lot. If, thereafter, the owner occupies neither unit, the accessory unit shall automatically become a non-habitable space, shall not be used as a dwelling and shall not be rented.
- b. An accessory dwelling unit shall be used only for residential purposes and no business, enterprise or occupation shall be conducted, permitted or allowed within the accessory dwelling unit, except as otherwise permitted in this Code.
- c. No ADU shall be rented, leased, or otherwise sublet for a period of less than thirty (30) days.
- d. The property owner shall pay all sewer, water, school district, and other applicable fees, including development impact fees, associated with an ADU.

F. Impacts to Neighborhoods. In addition to the standards and regulations set forth in this Ordinance, no accessory dwelling unit shall be permitted in any area of the City identified by resolution of the Planning Commission and/or City Council as being significantly impacted by insufficient capacity for sewers, traffic circulation, parking, public utilities or similar infrastructure needs.

G. Penalties / Violations. Any application that fails to demonstrate compliance with this Ordinance shall be denied. Any person owning an ADU or the lot upon which an ADU is located that fails to comply with the terms of this Ordinance shall be subject to revocation of the certificate of occupancy for the ADU, and the penalty provisions of Chapter 1 of the Montebello Municipal Code.

SECTION 3. CEQA COMPLIANCE. The City Council hereby finds that this interim zoning ordinance implements the provisions of Government Code Section 65582.1, 65852.2 and 65852.22 respectively and is therefore exempt from the California Environmental Quality Act pursuant to Public Resource Code Section 21080.17 and California Code of Regulations, Title 14, Chapter 3, Section 152829(h).

SECTION 4. SEVERABILITY. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of any 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 passed this Ordinance, and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

SECTION 5. CERTIFICATION. The City Clerk shall certify to the adoption of this Ordinance and shall cause the same to be published or posted as prescribed by law. This Ordinance shall take effect immediately upon its adoption and shall go into effect immediately.

PASSED, APPROVED AND ADOPTED this 28th day of August 2019.

Jack Hadjinian
Mayor

APPROVED AS TO FORM:

ATTEST:

Arnold M. Alvarez-Glasman
City Attorney

Irma Barajas
City Clerk

ORDINANCE NO. 2406

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
MONTEBELLO, CALIFORNIA, ADOPTING AN INTERIM
URGENCY ORDINANCE RELATING TO ACCESSORY
DWELLING UNITS PURSUANT TO GOVERNMENT
CODE SECTION 65858**

WHEREAS, the City of Montebello ("City") is a California general law city, constitutionally vested with the power to make and enforce local laws and ordinances necessary to protect the general health, safety, and welfare of its residents, including comprehensive zoning and land use regulations, to the extent such regulations are not preempted by the State's general laws;

WHEREAS, the City's Zoning Code (Title 17 of the Montebello Municipal Code) divides the City into separate zoning districts, and provides land use and development regulations for each of the districts, including regulations pertaining to accessory dwelling units, efficiency units, and second dwelling units, each as defined in the Zoning Code (hereafter the "City's ADU Regulations");

WHEREAS, effective January 1, 2017, Assembly Bill 2299 ("AB 2299") and Senate Bill 1069 ("SB 1069") amended Government Code Section 65852.2 to limit the standards cities may impose on Accessory Dwelling Units ("ADUs"), as ADU's are defined therein, and require city ordinances to incorporate State-mandated standards for certain types of ADUs;

WHEREAS, as amended, Government Code Section 65852.2 allows the City to designate areas where new ADUs may be permitted, and to establish objective standards related to parking, height, setback, lot coverage, landscaping, and architectural review, which must be applied ministerially to applications for ADUs except where a property owner is seeking an exception to the adopted standards;

WHEREAS, in the absence of a State-compliant ordinance enacted after January 1, 2017, the City's ADU Regulations may be considered null and void pursuant to Government Code Section 65852.2(a)(4), and the City would then be required to approve any application for a new ADU that meets minimal State criteria, regardless of negative impacts to surrounding properties and the community;

WHEREAS, the City of Montebello is currently studying the potential land use, public services, parking, traffic, and infrastructure impacts of allowing new ADUs to be built, converted, or approved in various residential zoning districts of the City, and the City has identified certain areas of concern that possess, among others, the following characteristics: lots of varied sizes, lengths, widths, and shapes, and a high concentration of extremely narrow lots with minimal areas for off-street parking; variations in lot coverage and density within residential zones; extremely narrow public streets and alleyways that, when vehicles are parked on the shoulder, obstruct the free-flow of traffic, pedestrians, and public safety personnel; an extreme shortage of on-street parking in residential areas, particularly areas proximately located to commercial centers, churches, parks, and schools, and areas marked by narrow streets and lot widths; and other neighborhood characteristics that may be inconsistent with the development and operation of new ADUs;

WHEREAS, though staff is currently studying, drafting, and revising proposed permanent regulations for ADUs, staff requires more time to adequately investigate and analyze such matters as the City's ADU Regulations, the State's new ADU regulations, technical analyses of development standards and development review processes concerning ADUs, building safety and fire standards, proportional impact fees, location limitations, as well as recent ordinances adopted by other similarly situated California cities to assess "best practice" standards that may be relevant and applicable in the City;

WHEREAS, following such study and analysis, staff will bring a proposed permanent ordinance concerning ADUs for consideration and public hearings before the Planning Commission and the City Council;

WHEREAS, over the past several weeks, Staff has received various inquiries from businesses and residents seeking to install ADUs in various areas throughout the City, the frequency of such inquiries and applications are increasing, and any such applications submitted to the City will be processed before the new permanent regulations become effective;

WHEREAS, the establishment of new ADUs in the City before the City's permanent regulations are adopted will create confusion and ambiguity regarding the applicability of the City's current Zoning Code to such applications, at least to the extent such are compliant with the new State legislation, resulting in potentially inconsistent and unfair results for City residents;

WHEREAS, unless the City adopts this interim urgency ordinance imposing temporary standards on ADUs, and imposing a temporary moratorium on all ADUs that do not comply with such standards, the City would be required to either approve new ADUs in locations and under standards that may have severe negative impacts on the community, or alternatively adopt permanent standards for the entire City without the benefit of an inquiry and study on the appropriate locations and standards for ADUs in the City;

WHEREAS, the establishment of these new ADUs in certain particularly problematic areas of the City described above has the potential to conflict with the City's permanent ADU regulations, which will be adopted in compliance with Government Code Section 65852.2 after further study of the appropriate standards and locations for ADUs in the City; and

WHEREAS, the City Council had duly considered staff reports, presentations, and public comments presented in connection with this matter, and all legal prerequisites to the adoption of this Ordinance have been satisfied.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES ORDIAN AS FOLLOWS:

SECTION. 1. FINDINGS

A. Based upon staff reports, presentations, public comments, and all other materials presented during its consideration of this item, the City Council finds and declares that the foregoing recitals are true and correct, and incorporates said recitals as substantive findings into this Ordinance, and further, based upon the foregoing materials, makes the additional findings set forth below.

B. The City is currently studying, and intends to adopt in the near future, permanent regulations concerning ADUs. The Planning Commission, the City Council, and the people of Montebello require a reasonable, limited, yet sufficient period of time to establish permanent regulations for new ADUs. Given the time required to schedule and conduct duly noticed public hearings before the Planning Commission and the City Council, the City Council finds that this Ordinance is necessary to prevent the establishment of new ADUs with a reasonable potential to conflict with the City's permanent regulations and with a reasonable potential to threaten the orderly development of the City and the health, safety, and general welfare of its residents.

C. City staff requires time to study, revise, and draft proposed permanent ADU regulations, which both the Planning Commission and City Council must consider after receiving input from the public at public meetings. Failure to adopt this moratorium would impair the orderly and effective implementation of contemplated amendments to the Zoning Code.

D. The City's study and investigation into this matter shall include, without limitation: the City's existing ADU regulations and the State's new ADU regulations; existing conditions in residential zones; the foreseeable impact on ADUs on parking conditions, public safety services, density, and lot standards; technical analyses of development standards and development review processes to address ADU building placement, life and fire safety; proportional impact fees; location limitations; as well as recent ordinances adopted by other similarly situated California cities to assess "best practice" standards that may be relevant and applicable in Montebello.

E. Without complying with the procedures otherwise applicable to the adoption of a zoning code amendment, California Government Code Section 65858 authorizes the City Council to adopt an interim zoning ordinance prohibiting any land uses that may be in conflict with a contemplated general plan, specific plan, or zoning proposal that the City Council, Planning Commission, or Planning Department is considering or studying or intends to study within a reasonable time, if the City Council finds that there is a current and immediate threat to the public health, safety, or welfare, and that the approval of additional subdivisions, use permits, variances, building permits, or any other applicable entitlement for use which is required in order to comply with a zoning ordinance would result in that threat to public health, safety, or welfare.

F. In accordance with Government Code Section 65858, the City Council finds and declares that: (1) the facts, findings and determinations set forth in the recitals and this Ordinance are true and correct; (2) there exists a current and immediate threat to the public health, safety, and welfare requiring this Ordinance; and (3) this Ordinance establishing a temporary moratorium with interim regulations for accessory dwelling units is necessary for the immediate preservation of the public peace, health, and safety of the community.

SECTION 2. IMPOSITION OF MORATORIUM AND INTERIMREGULATIONS.

A. Intent and Purpose. The intent and purpose of this Ordinance is to establish and set forth minimum property development regulations, conditions and requirements for “accessory dwelling units” in the City, in accordance with the requirements set forth in California Government Code Section 65582.1, 65852.2, 65852.22, as the same may be amended from time to time.

B. Effective Date and Term. This Ordinance is an interim urgency ordinance for the immediate preservation of the public peace, health and safety, within the meaning of Government Code Sections 65858 and 36937(b), and therefore shall be effective immediately upon its adoption. This Ordinance shall expire, and its standards and requirements shall terminate, 45 days from its adoption unless further extended by the City Council at a regularly noticed public hearing, pursuant to California Government Code Section 65858.

C. Ordinance Controlling. Notwithstanding any other ordinance or provision of the Montebello Municipal Code, Zoning Code, General Plan, or any Specific Plan, no application for a building permit or other land use entitlement shall be accepted for processing or approved for a new ADU unless it satisfies all the requirements of this Ordinance. This Ordinance shall supersede and control over all inconsistent or conflicting provisions of the Montebello Municipal Code, Zoning Code, General Plan, or any Specific Plan.

D. Definitions. For purposes of this Ordinance, the term “accessory dwelling unit” or “ADU” shall mean an attached or a detached dwelling unit which provides complete independent living facilities for one or more persons and includes permanent provisions for living, sleeping, cooking, and sanitation on the same parcel as a current or proposed single-family dwelling is situated or proposed to be situated. The term ADU includes an “Efficiency Unit” as defined in Section 17958.1 of the Health & Safety Code section, and a manufactured home, as defined in Section 18007 of the Health & Safety Code.

E. Accessory Dwelling Unit Regulations. The City shall not approve an application for a new ADU unless the ADU satisfies all of the requirements of this Ordinance. An application for a new ADU that satisfies the requirements of this Ordinance shall be approved by the Community Development Director following a ministerial review for compliance with this Ordinance. All persons owning an ADU or a property upon which an ADU is located shall, at all times, comply the requirements set forth herein.

1) Location Restrictions.

- a. An ADU must be located on the same lot as an existing single-family dwelling, or upon the same lot as a single family dwelling that is constructed prior to or concurrently with the ADU.
- b. ADUs are only permitted in the following residential zoning districts of the City: R-A – Residential Agricultural Zone; R-1 – Single-Family Residential Zone; R-2 – Two-Family Residential Zone; R-3 – Multiple-Family Residential Zone; or R-4 – High-Density Residential Zone.
- c. The ADU shall be the only ADU located, or proposed to be located, on the subject lot.
- d. No ADU shall be located on a parcel that is less than 7,500 square feet in area.
- e. Notwithstanding any provision within this Ordinance to the contrary, no ADU shall be converted from an existing garage if such garage is located on a parcel that is located on a street with a street width of less than forty (40) feet, as measured by a straight line from one curb face to the other curb face. In the

absence of curbs, the street width is measured from the edges of the roadbed for purposes of this subsection.

2) Property Development Regulations.

- a. An ADU shall include complete independent living facilities for one or more persons, permanent provisions for living, sleeping, eating, cooking, and sanitation, and a kitchen and bathroom.
- b. If attached to a primary residence, the ADU shall comply with all of the height, setback, and separation requirements of the applicable zone in which the primary residence and ADU are located.
- c. If detached from the primary residence, the ADU shall comply with all of the following height, setback, and separation requirements, as applicable:
 - i. Minimum side and rear setbacks as required by the underlying zoning district.
 - ii. Maximum building height as prescribed by the underlying zoning district, and a maximum of two (2) stories, if the ADU is not located within the rear setback area, or if the ADU is constructed above an existing garage.
 - iii. Maximum building height of 14 feet and one (1) story if the ADU is located within the rear yard setback area, unless it is constructed above an existing garage.
 - iv. Minimum 8-foot separation between the ADU and the primary residence or other accessory building.
- d. Notwithstanding subsections (b) and (c) above, the following setback exceptions apply where applicable:
 - i. For an ADU that is constructed above a garage, the minimum setback from all property lines is five (5) feet.
 - ii. For an ADU that is converted from an existing garage, no additional setbacks shall be required beyond those required by the local building and fire codes.
- e. Conversion of a non-habitable accessory structure/garage or other living space to an ADU shall meet all building codes for residential occupancy.
- f. Both the single-family dwelling and the ADU on the same lot shall, at all times, be equipped with functioning hardwired smoke detectors with battery backup.
- g. The combined total lot coverage for both the primary residence and ADU shall not exceed the maximum lot coverage applicable to the lot and primary residence.
- h. An ADU shall have no second-story outdoor balcony or patio.
- i. An ADU's color and materials shall match the primary residence.
- j. The total floor space area of an ADU, whether attached to or detached from the single-family residence, shall not exceed the lesser of 1,200 square feet, or 50% of primary residence's living area.
- k. A minimum of one (1) off-street parking space shall be provided for each bedroom of the ADU or studio ADU, in addition to the parking required for the primary residence. The parking spaces must satisfy all of the following:
 - i. Required yards and open space may not be used for parking.

- ii. The ADU's parking space may be tandem, covered, or uncovered, but must be paved.
 - iii. The dimensions of all parking spaces or driveways shall comply with the requirements set forth in Montebello Municipal Code Title 17.
 - iv. If an existing garage or other parking is converted to or displaced for an ADU, the conversion or displacement shall not eliminate any off-street parking that is required for the primary residence.
 - v. If a garage, carport, or covered parking structure is demolished in conjunction with construction of the ADU, the off-street parking spaces lost as a result of the demolition shall be replaced on-site. The replacement parking spaces may be covered spaces, uncovered spaces, tandem spaces, or spaces created by mechanical automobile parking lifts.
 - vi. All uncovered parking spaces shall be maintained free and clear of vegetation, trash and debris.
- l. Notwithstanding subsection (k) above, no additional parking spaces shall be required for an ADU that satisfies any of the following:
- i. The ADU is located within one-half mile of public transit;
 - ii. The ADU is located within an architecturally and historically significant historic district;
 - iii. The ADU is part of the existing primary residence or an existing accessory structure;
 - iv. The ADU is located in an area where on-street parking permits are required but not offered to the ADU occupant; or
 - v. The ADU is located within one block of a car share vehicle.
- m. The property owner of the subject lot shall record a declaration of covenants and restrictions placing the below restrictions on the lot. Said declaration shall be recorded on the lot prior to final building approval of the ADU. The covenant shall be binding on the property and all owners, lenders, lien holders, occupants and all other persons having an interest or estate in the property, now or in the future. The covenant shall be recorded in the Registrar-Recorder's Office of Los Angeles County. A copy of the covenant shall be filed with the City's Planning Department and shall include all conditions in a form approved by the City Attorney.
- i. The property owner must be an owner-occupant on the lot;
 - ii. The ADU may be rented only for terms longer than 30 days; and
 - iii. The ADU may not be sold or conveyed separately from the primary single-family residence; and
- n. The property owner and all successors in interest shall maintain the ADU and the property in accordance with all applicable ADU requirements and standards.
- o. The property owner shall install a new or separate utility connection between the ADU and the utility, and pay all applicable connection fees or capacity charges, except if the ADU is specifically exempted under Government Code Section 65852.2(e) and (f).
- p. If an automatic sprinkler system is required for the primary residence, the ADU must also provide an automatic sprinkler system.

- q. If the property abuts an alley, parking and services must be accessed through the alley.
- r. Any conflicts between the requirements of this Ordinance, and the California Building Code and/or California Residential Code, shall be resolved in favor of whichever Code imposes the greater requirement; subject to compliance with California Government Code Section 65582.1, 65852.2 and 65852.22.

3) Operating / Use Regulations

- a. The property owner must reside in the single-family dwelling unit or the accessory dwelling unit on the lot. If, thereafter, the owner occupies neither unit, the accessory unit shall automatically become a non-habitable space, shall not be used as a dwelling and shall not be rented.
- b. An accessory dwelling unit shall be used only for residential purposes and no business, enterprise or occupation shall be conducted, permitted or allowed within the accessory dwelling unit, except as otherwise permitted in this Code.
- c. No ADU shall be rented, leased, or otherwise sublet for a period of less than thirty (30) days.
- d. The property owner shall pay all sewer, water, school district, and other applicable fees, including development impact fees, associated with an ADU.

F. Impacts to Neighborhoods. In addition to the standards and regulations set forth in this Ordinance, no accessory dwelling unit shall be permitted in any area of the City identified by resolution of the Planning Commission and/or City Council as being significantly impacted by insufficient capacity for sewers, traffic circulation, parking, public utilities or similar infrastructure needs.

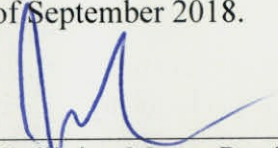
G. Penalties / Violations. Any application that fails to demonstrate compliance with this Ordinance shall be denied. Any person owing an ADU or the lot upon which an ADU is located that fails to comply with the terms of this Ordinance shall be subject to revocation of the certificate of occupancy for the ADU, and the penalty provisions of Chapter 1 of this Code.

SECTION 3. CEQA COMPLIANCE. The City Council hereby finds that this interim zoning ordinance implements the provisions of Government Code Section 65582.1, 65852.2 and 65852.22 respectively and is therefore exempt from the California Environmental Quality Act pursuant to Public Resource Code Section 21080.17 and California Code of Regulations, Title 14, Chapter 3, Section 152829(h).

SECTION 4. SEVERABILITY. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of any 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 passed this Ordinance, and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

SECTION 5. CERTIFICATION. The City Clerk shall certify to the adoption of this Ordinance and shall cause the same to be published or posted as prescribed by law. This Ordinance shall take effect immediately upon its adoption and shall go into effect immediately.

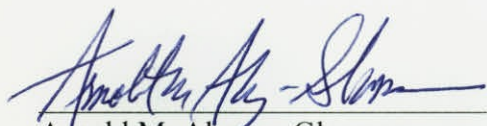
PASSED, APPROVED AND ADOPTED this 26th day of September 2018.



Jack Hadjirian Mayor Pro-Tem

APPROVED AS TO FORM:

ATTEST:



Arnold M. Alvarez-Glasman
City Attorney



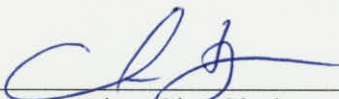
Irma Barajas
City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF MONTEBELLO)

I, Irma Barajas, City Clerk of the City of Montebello, do hereby certify that the foregoing Urgency Ordinance No. 2406 was introduced on September 26, 2018, and duly adopted by the City Council of the City of Montebello at their regular meeting on September 26, 2018, and carried by the following vote:

AYES: Molinari, Barajas, Romero, Hadjinian
NOES: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City on this 11 day of October 2018.



Irma Barajas, City Clerk



O:\PLANNING_DIV\Zone Code Amendment\2018\ADU ORD\MTB ADU Urgency Ordin (final).doc

ATTACHMENT C

REPORT BY THE CITY OF MONTEBELLO REGARDING THE ONGOING STUDY TO DETERMINE WHETHER THE EXISTING ZONING CODE IS ADEQUATE TO ADDRESS THE DEVELOPMENT OF ACCESSORY DWELLING UNITS (“ADUs”)

Pursuant to Government Code Section 65858(d), the City has prepared this written report to describe the measures taken to alleviate the condition, which led to the adoption of Interim Urgency Ordinance No. 2406 to address Accessory Dwelling Units (“ADUs”) in residential zones within the City of Montebello. These measures enable the City to determine whether the existing Zoning Code can accommodate the proposed ordinance for Accessory Dwelling Units (“ADUs”) in residential zones.

Since Interim Urgency Ordinance No. 2406 was adopted on September 26, 2018, City staff has begun studying the adequacy of its existing Zoning Code and the development standards/regulations for future development of this type of housing. City staff is also reviewing the Housing Element of the General Plan to determine if this type of housing will adequately meet the needs of its City’s residents. Specifically, to assess potentially appropriate minimum lot size for Accessory Dwelling Units and/or Garage Conversions, City staff has taken the following actions: (1) reviewed the State regulations for Accessory Dwelling Units and Garage Conversions, (2) reviewed the Montebello Zoning Code and General Plan, (3) surveyed existing residential properties to determine the lot sizes and percent of the lot sizes to establish an appropriate minimum lot size to be considered, and (4) consulted with the City Attorney’s Office regarding relevant laws, potential challenges to City regulations and best strategy to minimize impacts of Accessory Dwelling Units and Garage Conversions while complying with the State regulations.

By extending Interim Urgency Ordinance No. 2406 for an additional year, the City is in a better position to create development standards to address this type of residential development and review the type of impacts it may create for residential neighborhoods.

City staff requires additional time to develop an Ordinance to address the concerns of residents in the community. City staff believes current zoning may not adequately address these concerns. The City Council and the people of Montebello require a reasonable, limited, yet sufficient period of time to consider and study appropriate and reasonable development standards within the residential zoned Area.

During this additional extension of Interim Urgency Ordinance No. 2406, City staff will continue to review the Zoning Code to determine the appropriate development standards for the City as well as survey other cities to decide on a reasonable planning process. City staff also intends to continue reviewing other cities’ ordinances pertaining to similar development issues to formulate recommendations for the City Council’s consideration.

Since Interim Urgency Ordinance No. 2406 was adopted, City staff has continued research in preparation of an ordinance to address the matter of Accessory Dwelling Units and Garage Conversions in the City. This work will culminate in a proposed ordinance amending the City Municipal Code, including the Zoning Code, and providing for regulations of Accessory Dwelling Units and Garage Conversions.

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Rene Bobadilla, City Manager

SUBMITTED BY: Manuel Mancha, Director of Community Development and Planning

SUBJECT: Second Amendment to the Original Agreement No. 3565 with Tierra West Advisors, Inc. to provide Contract Professional Services Relating to Cannabis

DATE: August 28, 2019

RECOMMENDATION

It is recommended that the City Council receive and approve the recommendation from staff to approve a second amendment to the original agreement No. 3565 with Tierra West Advisors, Inc. to increase the not-to-exceed amount of \$75,000.00 to a not-to-exceed amount of \$100,000.00 for contract professional services relating to cannabis.

BACKGROUND

On January 23, 2019, the City Council approved the authorization of the City Manager to hire a consultant to assist City Staff in processing cannabis applications that were approved by the City Council for public review before the Planning Commission. The City Manager entered into agreement no. 3565 with Tierra West Advisors, Inc. for such services.

On June 26, 2019, the City Council approved the First Amendment to the original agreement No. 3565 to increase the not-to-exceed amount of \$49,500.00 to a not-to-exceed amount of \$75,000.00 for contract professional services to continue assisting staff in processing the cannabis applications and preparing the staff reports for the then-approved 21 applications for review by the Planning Commission. Of those 21 applications, only one application remained incomplete at that time.

Discussion

As mentioned above, the contract Professional Service Agreement No. 3565 was to assist staff in processing the cannabis applications for the Planning Commission Review. Due to the number of incomplete applications, the review process is taking longer than expected. Of the originally approved 21 applications for review, 20 applications were deemed complete and were reviewed and approved by the Planning Commission. The remaining applicant was forced to find a new location for the proposed cannabis use. Also, the three cannabis applications from Phase 2 that were temporarily stayed from Phase 3 consideration are now ready and approved for

ITEM #15

Planning Commission review. By moving these three applications from Phase 2 to Phase 3, a total of 4 applications remain for final consideration, which requires additional information before they can be deemed complete and scheduled before the Planning Commission.

For this reason, staff is requesting that the City Council review and approved a Second Amendment to the original agreement no. 3565 to increase the not-to-exceed amount in order to complete the remaining 4 cannabis applications and schedule the applications before the Planning Commission for review.

FISCAL IMPACT

The proposed amendment will not impact the General Fund. The proposed funding will come from money in the General Fund received from the cannabis application fees to cover the proposed \$25,000.00 increase to the agreement's not-to-exceed amount.

SUMMARY

It is recommended that the City Council approve the Second Amendment to the original agreement no. 3565 with Tierra West Advisors. Inc. to increase the not-to-exceed amount of \$75,000.00 to a not-to-exceed \$100,000.00 for contract professional services to process the remaining four cannabis applications.

ATTACHMENT(S)

- A. Second Amendment to Agreement No. 3565

AGREEMENT NO. _____

**SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT
NO. 3565 BY AND BETWEEN THE CITY OF MONTEBELLO AND
TIERRA WEST ADVISORS, INC.**

This Second Amendment to Professional Services Agreement No. 3565 by and between the City of Montebello and Tierra West Advisors, Inc., (“**Second Amendment**”) is entered into this 28th day of August 2019 by and between Tierra West Advisors, Inc., (“**Consultant**”) and City of Montebello (“**City**”), with reference to the following facts:

WHEREAS, Consultant and City (sometimes hereinafter individually referred to as a “**Party**” and jointly as the “**Parties**”) entered into that certain Professional Services Agreement No. 3565 by and between the City of Montebello and Tierra West Advisors, Inc., dated March 11, 2019 (the “**Agreement**”), pursuant to which City retained Consultant to provide various professional services related to cannabis as further described in the Agreement; and

WHEREAS, City, being mutually satisfied with the other Party’s performance of the Agreement, desires to request Consultant provide additional professional services to complete the original scope of work as assigned; and

WHEREAS, the Parties previously entered into a First Amendment to Agreement No. 3565 in order to increase the original not-to-exceed amount from \$49,500.00 to \$75,000.00 in order to allow for the original scope of work’s completion (“**First Amemdnmnt**”); and

WHEREAS, Parties now desire to increase the not-to-exceed amount from \$75,000.00 to \$100,000.00 for the Agreement based upon conditions mutually agreeable to them.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the receipt adequacy of which is expressly acknowledged by the Parties, the Parties agree to amend to the Agreement as follows:

Section 1. Compensation

The not-to-exceed amount of Agreement No. 3565, as later amended by the First Amendment, is hereby increased to \$100,000.00 in order for the Consultant to complete the original scope of work. Once the assigned scope of work is completed, the Agreement is automatically terminated unless otherwise mutually amended by the Parties.

SECTION 2. Remainder of Agreement Effective.

Except as expressly set forth in Section 1 of this Second Amendment, the remainder of the Agreement shall remain in full force and effect, being incorporated fully herein by this reference.

IN WITNESS WHEREOF, the Parties hereto have executed this Second Amendment as of the day and year set forth above.

CITY OF MONTEBELLO

TIERRA WEST ADVISORS, INC.

Jack Hadjinian
Mayor

John Yonai
Principal

ATTEST:

Irma Barajas
City Clerk

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman
City Attorney

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Rene Bobadilla, City Manager

BY: Manuel Mancha, Community Development Director
Arnold M. Alvarez-Glasman, City Attorney
Iain MacMillan, Assistant City Attorney

SUBJECT: Commercial Cannabis Development Agreements

DATE: August 28, 2019

RECOMMENDATION

It is recommended that the City Council:

1. Approve, in substantially the form as presented, two (2) cannabis business development agreements for the operation of commercial cannabis activities in the City of Montebello, for Cannabis Development Agreement Nos. 21-19 and 22-19, and authorize the City Attorney's Office to make minor revisions to fix clerical or formatting errors, if any, prior to execution; and
2. Condition the approval of each of the two cannabis business development agreements on the respective operator providing all exhibits to the development agreement and missing information to the City of Montebello in a form acceptable to the City Attorney's Office no later than September 3, 2019, as reflected with highlights in the attachments hereto; and
3. Adopt findings contained herein exempting the development agreements from further CEQA review under CEQA Sections 15301 and 15332, as applicable, and direct staff to prepare and file the appropriate Notice of Exemption for each project recommended for approval; and

BACKGROUND

On September 13, 2017, the City of Montebello (the "City") adopted Ordinance Nos. 2399 and 2400 adding Chapters 5.90 and 17.71 to the City Municipal Code allowing cannabis cultivation, manufacturing, and testing with a required development agreement and conditional use permit under specified location restrictions.

On June 13, 2018, the City adopted Ordinance Nos. 2404 and 2405 adding delivery-only retail sales and distribution along with cultivation, manufacturing, and testing as conditionally approved activities/uses in the M-1 and M-2 zones with a required development agreement and sensitive use buffer of 600 feet from residential zones and other sensitive uses.

On February 13, 2019, the City Council held a public hearing for the selection of potential cannabis operators for Phase 3 consideration and adoption of fees. The City Council selected 21 potential operators, adopted cannabis business application fees, and established a conditional use permit filing due date of March 4, 2019 for said operators.

Since the March 4, 2019 conditional use permit filing deadline, multiple departments of City staff and the City Attorney's Office has worked with said operators to finalize the conditional use permit application and negotiate a final development agreement, respectively. Prior to this meeting, the City has already approved both the conditional use permit and development agreement for eighteen operators. Additionally, at the August 6, 2019 Planning Commission meeting, the Planning Commission approved two (2) conditional use permits. Each approved conditional use permit incorporated the health and safety requirements from the City-adopted ordinances and State law as conditions of approval, and were further conditioned upon the City Council's approval of a development agreement. The cannabis development agreements for those two (2) potential operators who were granted said conditional use permits are before the City Council here for consideration and approval. Lastly, these two development agreements include the same labor peace agreement provision amendment that was approved for the first eighteen authorized cannabis businesses.

ANALYSIS

The two cannabis development agreements before the Council here contain uniform provisions and incorporate the health, safety, and welfare requirements in Chapters 5.90 and 17.71 of the Montebello Municipal Code, including the 600-foot buffer zone from residential zones and other sensitive uses. Specifically, the development agreements require each potential operator to comply with strict odor control, security, background check, quality control, environmental protection, and packaging requirements. Additionally, each development agreement requires operator compliance with the extensive conditional use permit conditions of approval and the State of California cannabis regulations.

As to fees, the development agreements require an annual community benefits fee of \$50,000. Additionally, each operator, if approved for such commercial cannabis activity, must pay the following operation fees: 2% of gross receipts for manufacturing, 2.5% of gross receipts for distribution, 2% of gross receipts for delivery-only retail, and \$10.00 per square foot for cultivation.

Table 1, below, illustrates the 2 development agreements that are bring recommended

for approval to the City Council by City staff at the August 28, 2019 meeting.

TABLE 1 – Development Agreements Recommended for City Council Approval				
DA #	Applicant	Activity	Zone	Project Location
21-19	CalGreen, LLC	C/M/D/DR	M2	1701 Aeros Way, Suite A
22-19	The Jasmine Rose LLC	C/M/D/DR	M2	1701 Aeros Way, Suite B

Key: C – Cultivation | M – Manufacturing | D – Distribution | DR – Delivery-Only Retail

ENVIRONMENTAL ASSESSMENT

The California Environmental Quality Act (“CEQA”) requires public agencies to analyze and consider the impacts a “project” may have on the environment. A project is only subject to CEQA if the project requires a discretionary decision by the public agency. The required level of review depends on the probability and intensity of project related impacts. Additionally, a project may be exempt from CEQA review if the project qualifies for a categorical exemption.

City staff determined that approval of these development agreements qualifies as a project pursuant to CEQA. As such, staff determined that the proposed projects anticipated by the development agreements require CEQA compliance. After a thorough examination of the project applications of each proposed facility, including, but not limited to, standard operating procedures (“SOPs”), security plan, site plan and environmental data form, staff determined that the projects meet the provisions of CEQA Categorical Exemptions. These categorical exemptions were mandated by Public Resource Code Section 21084 and listed as a part of the CEQA Guidelines by the Secretary for Resource in Article 19 of the CEQA Guidelines.

Staff determined that the activities anticipated from Cannabis Development Agreement No. 21-19 is exempted from further environmental review as it meets the stipulations outlined in the “Existing Facilities” exemption (CEQA Section 15301) and the “In-fill Development” exemption (CEQA Section 15332).

The project contemplated by Cannabis Development Agreement No. 21-19 includes only minor interior alterations to the subject property. This zone was previously analyzed for environmental impacts with the approval of the conditional use permits for the subject property. Impacts were evaluated based on the anticipated activities likely to occur in such zone and City staff has determined that such project meets the following conditions in CEQA Sections 15301 and 15332:

1. The project consists of the operation repair, maintenance, permitting, leasing, licensing, or minor alterations of existing public and private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing of former use.

2. The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.
3. The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.
4. The project site has no value as habitat for endangered, rare or threatened species.
5. Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.
6. The site can be adequately served by all required utilities and public services.

Commercial cannabis activities are like in nature to those uses allowed by right currently existing or allowed in the zones in which commercial cannabis activities are proposed. Therefore, there is no nexus between commercial cannabis activities and additional significant environmental impacts in the zones that allow such activities.

Staff determined that the activities anticipated from Cannabis Development Agreement No. 22-19 are exempted from further environmental review as they meet the stipulations outlined in the "In-fill Development" exemption (CEQA Section 15332). This zone was previously analyzed for environmental impacts with the approval of the conditional use permits for the subject property.

The project contemplated by Cannabis Development Agreement No. 22-19 meets the following conditions required by CEQA Section 15332:

1. The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.
2. The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.
3. The project site has no value as habitat for endangered, rare or threatened species.
4. Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.
5. The site can be adequately served by all required utilities and public services.

There has been no scientific or factual data presented, to date, identifying any direct or indirect environmental impacts resulting from the manufacturing process or any other cannabis related activity. In fact, many of the processes used in the manufacturing of cannabis, like extraction methods, are currently used in other manufacturing industries. Furthermore, impacts can be mitigated or otherwise regulated by the permitting process of other regulatory agencies. For example, all manufacturing facilities are required to obtain approvals and permits by the Fire Department and regional air quality management districts.

None of the conditions described in CEQA Guidelines, requiring the preparation of a Negative Declaration, Mitigated Negative Declaration or Environmental Impact Report, will occur as part of the proposed projects contemplated as part of the DAs. The City Council has the authority and discretion to make findings exempting the approval of the Development Agreement from further CEQA review. Therefore, in accordance with Section 15061(d) of the CEQA Guidelines, the City staff recommends that the City Council adopt these findings exempting the development agreements from further CEQA review and direct staff to prepare and file a Notice of Exemption for each project recommended for approval.

A Notice of Exemption from the California Environmental Quality Act CEQA for each development agreement have been prepared pursuant to CEQA (Public Resources Code §21000 et seq.) and the State CEQA Guidelines (Title 14, California Code of Regulations, Division 6, Chapter 3, §15000 et seq.) prior to the City Council's consideration for approval. The subject development agreements are "projects" that are subject to environmental review.

FISCAL IMPACT

The recommended action will have a substantially positive fiscal impact to the City by generating operating fees based on the aforementioned gross receipts' percentages and square footage, as applicable, and annual community benefit fees in the annual amount of \$50,000.00 per location.

SUMMARY

City staff recommends that the City Council approve two (2) cannabis business development agreements for the operation of commercial cannabis activities in the City of Montebello, and adopt findings contained herein exempting the development agreements from further CEQA review under CEQA Sections 15301 and 15332, as applicable, and direct staff to prepare and file the appropriate Notice of Exemption for each project recommended for approval.

ATTACHMENTS

1. Cannabis Development Agreement No. 21-19 (CalGreen, LLC)
2. Cannabis Development Agreement No. 22-19 (The Jasmine Rose LLC)

COMMERCIAL CANNABIS BUSINESS DEVELOPMENT
AGREEMENT NO. 21-19 BETWEEN THE CITY OF MONTEBELLO AND
CALGREEN, LLC

THIS DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into this 28th day of August, 2019, (the "Execution Date"), by and between the **CITY OF MONTEBELLO**, a California municipal corporation ("City"), and **CALGREEN, LLC**, a California limited liability company ("Owner"). City and Owner are sometimes referenced together herein as the "Parties." In instances when a provision hereof applies to each of the Parties individually, either may be referenced as a "Party." The Parties hereby jointly render the following statement as to the background facts and circumstances underlying this Agreement:

RECITALS

WHEREAS, Owner currently holds a legal or equitable interest in certain real property considered in this Agreement which has a development area of approximately **9,229** square feet located at 1701 Aeros Way, Suite A, City of Montebello, State of California (the "Site"). The Site includes Assessor's Parcel Number(s): 6354-028-021, and is more fully described in the Legal Description in Exhibit A, and shown on the map in Exhibit B. Both exhibits being attached hereto, respectively, and are incorporated herein by this reference;

WHEREAS, presently, Owner has a leasehold interest in a portion of the Site for the purpose of conducting commercial cannabis related activities which shall include, but not be limited to commercial cannabis cultivation, manufacturing, delivery-only retail, and distribution. Such commercial cannabis facilities shall operate in accordance with all applicable provisions of California Business and Professions Code §§26000-26231.2; California Health and Safety Code Safety Code §§ 11357-11362.9 and 11362.7- 11362.85; California Revenue and Taxation Code §§ 34010-34021.5; California Vehicle Code §§ 2429.7 and 23222; California Water Code §§ 1831, 1847, and 13276; Cal. Code Regs. tit. 16, div. 4 (2019); Cal. Code Regs. tit. 3, div. 8, Ch. 1 (2019); Cal. Code Regs. tit. 17, div. 1, ch. 13 (2019); and the City of Montebello Municipal Code as it applies to such facilities, as such provisions may be amended from time to time (collectively the "Applicable Cannabis Laws"). Prior to operating a cannabis manufacture site, cultivation site, delivery-only retailer site, and distribution site, as those terms are defined in the Montebello Municipal Code ("Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility"), Owner shall be required to obtain a Conditional Use Permit from the City, and any and all related permits and licenses prior to the operation of same, pursuant to Montebello Municipal Code Chapters 5.90 and 17.71;

WHEREAS, ultimately, Owner intends upon obtaining one or more permanent annual California State License(s), pursuant to Applicable Cannabis Laws, to operate a Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility at the Site. The

definition of "Owner" hereunder shall mean and refer to the fee simple owner and/or any authorized tenant of the Site to the extent such party holds or is covered by a City Conditional Use Permit; and is not intended to necessarily be coextensive with the definition of that term as defined in California Business & Professions Code Section 26001(al);

WHEREAS, on March 4, 2019 Owner applied to this City for a Conditional Use Permit (*hereinafter* "CUP") to conduct commercial cannabis activities. No such activities are allowed or authorized without this Agreement, a CUP, and all requirements having been satisfied pursuant to Montebello Municipal Code Chapters 5.90 and 17.71;

WHEREAS, Owner presently intends to develop and open a Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility on the Site consistent with the Applicable Cannabis Laws and project approvals (known as the "Project"). The Project will include indoor cannabis manufacturing, cultivation, delivery-only retail, and distribution in accordance with the Applicable Cannabis Laws;

WHEREAS, the Project will consist of such final square footage to be consistent with Owner's final approved CUP, as many be amended pursuant to the CUP and/or this Agreement. The building will be divided into major spaces for cultivation, manufacturing, delivery and general business offices as follows:

Cultivation: The Project's cultivation area includes the following uses: flowering rooms, a drying and trimming room, a vegetation room and a cloning room. Total area of each of these uses will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. Cultivation operations would occur 24-hours daily.

Manufacturing: The Project will include a manufacturing room that would be used initially for packaging products. Under the manufacturing license, the Owner will conduct additional manufacturing activities including, volatile extraction (Type 7 Manufacturing). The total area of these uses will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. Manufacturing operations would occur 24-hours daily.

Non-storefront Retail Delivery: The retail delivery activities will occur within the delivery office located near the facility's main entry. The total area of this use will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. All delivery activities will be conducted in accordance with Applicable Cannabis Laws, including, but not limited to specified hours of operation.

Distribution: The distribution activities will occur within the distribution area. The total area of this use will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. All distribution activities will be conducted in accordance with Applicable Cannabis Laws, including, but not

limited to specified hours of operation.

General Business Offices: The Project will be open from 8:00 a.m. to 8:00 p.m., Monday through Friday.

Parking/Loading/Access: The proposed project provides parking spaces in accordance with the City-approved Site Plan.

Security: The Project will secure the facility against unauthorized entry by installing security lights on the exterior of the building to illuminate the side yards and parking area, installing commercial-grade locks, installing an alarm and video surveillance system, establishing procedures for identifying authorized persons, establish inventory controls, and install a secure surveillance vault to maintain the integrity of records. In addition, the applicant will engage a licensed security company to provide an operational security plan in compliance with Montebello Municipal Code Chapters 5.90 and 17.71.

The proposed layout of the site is as shown in the attached Site and/or Floor Plans, in Exhibit C.

The Project will consist of a vertically integrated commercial cannabis facility compliant with Applicable Cannabis Laws that will provide several levels of cannabis production, processing, and distribution

This includes:

- 1) Cultivation and processing of young and mature cannabis plants.
- 2) Research and development of cannabis plants and strains.
- 3) Manufacturing of cannabis and its derivatives through volatile and non-volatile extraction.
- 4) Manufacturing of cannabis food products.
- 5) Packaging and storage of cannabis products.
- 6) Distribution of cannabis products.
- 7) Retail delivery of cannabis products.

Proposed Hours of Operation (subject to final approval pursuant to the CUP):
8:00AM to 8:00PM for general business hours, 24-hours for internal operations

[x] Co-location, check if applicable:

Note: Applicable Cannabis Laws authorize a person to apply for and be issued more than one State annual license at one location provided the licenses premises are separate and distinct.

Owner has applied for or will apply for the following State cannabis licenses:

- 1) **Cultivation**

- 2) **Manufacturing**
- 3) **Distribution**
- 4) **Delivery-Only Retail**

Please see the Recitals of this Development Agreement for details for separate and distinct locations of each operation within the Premises.

WHEREAS, On February 14, 2018, Ordinances No. 2399 and No. 2400 came into effect authorizing specified commercial cannabis activities within the City of Montebello, in strict compliance with Applicable Cannabis Laws, under specified conditions and provisions;

WHEREAS, On June 13, 2018, Ordinances No. 2404 and 2405 came into effect amending specified commercial cannabis activities authorized by Ordinances No. 2399 and No. 2400 within the City of Montebello, in strict compliance with Applicable Cannabis Laws, under specified conditions and provisions;

WHEREAS, all procedures of the California Environmental Quality Act ("CEQA"), California Public Resources Code §21000 et seq., and the CEQA guidelines, title 14 of the California Code of Regulations, chapter 3, §15000 et seq. have been satisfied;

WHEREAS, the City has given public notice of its intention to approve this Agreement. The City has found that the provisions of this Agreement and its purposes are consistent with the objectives, policies, general land uses and programs specified in City's General Plan, zoning code and municipal ordinances;

WHEREAS, the City, in entering into this Agreement, acknowledges that certain City obligations hereby assumed shall survive beyond the terms of the present Council members, that this Agreement will serve to bind City and future Councils to the obligations hereby undertaken, and that this Agreement shall limit the future exercise of certain governmental and proprietary powers of City. By approving this Agreement, the Council has elected to exercise certain governmental powers at the time of entering into this Agreement rather than defer its actions to some undetermined future date. The terms and conditions of this Agreement have undergone extensive review by City and the Council and have been found to be fair, just and reasonable. City has concluded that the pursuit of the Project will serve the best interests of its citizens and that the public health, safety and welfare are best served by entering into this obligation. Owner has represented to City that it would not consider or engage in the Project absent City approving this Agreement;

WHEREAS, the City agrees that Owner's land use entitlements, if any, that have been applied for and approved by the City, for the Project shall vest for the term of this Agreement as described below, if applicable;

WHEREAS, after conducting a duly noticed CUP hearing on August 6, 2019,

in conjunction with the City's applicable ordinances and resolutions, the Planning Commission of the City reviewed, considered and approved environmental clearance and approved the execution of the CUP. The Planning Commission found the Project consistent with the objectives, policies, general land uses and programs specified in the general plan; compatible with the uses authorized in the City's zoning laws; in conformity with the public necessity, public convenience, general welfare and good land use practices; will not be detrimental to the health, safety and general welfare of the city; will not adversely affect the orderly development of property or the preservation of property values; and will have a positive fiscal impact on the City;

WHEREAS, after conducting a duly noticed meeting on August 28, 2019, in conjunction with the City's applicable ordinances and resolutions, and after independent review and consideration, the City Council approved the execution of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

1. The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of this Agreement, herein below, said provisions of this Agreement shall prevail.

2. Government Code and Municipal Code Required Elements

a. Description of Property. Land situated in the City of Montebello, County of Los Angeles, State of California; whose street address is 1701 Aeros Way, Suite A, City of Montebello, State of California (the "Site"). The Site includes Assessor's Parcel Number: 6354-028-021.

b. Owner and Other Person with Legal or Equitable Interest.

Owner: **CalGreen, LLC**

Nature of Interest: *Lease for 10 years with Option to Renew for an additional 10 years.*

A true and correct copy of a recorded grant deed, or executed lease agreement, is attached hereto as Exhibit D, and incorporated herein by this reference.

If Owner is not the fee simple owner of the Site, check box below:

[x] Owner represents and warrants that the property owner has consented in writing to the execution of this Agreement against the Site. [See also attached Property Owner Signed and Notarized Consent Form wherein the property owner has acknowledged reading Montebello

Municipal Code Chapters 5.90 and 17.71, incorporated herein by this reference (Exhibit E).]

c. Permitted Uses. The Site may be used for a Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility as presently authorized under Montebello Municipal Code Chapters 5.90 and 17.71 and for any other use if authorized under applicable provisions of the Montebello Municipal Code ("Permitted Uses"). In the event that the Montebello Municipal Code, California law, and/or Federal law is amended in the future to permit additional commercial cannabis uses, Owner may apply for an amendment to this Agreement and to the issued CUP, both of which must receive approval by the City's Planning Commission or City Council, as required, to amend the Permitted Uses at the Site.

d. Zoning. Owner shall use commercially reasonable efforts to ensure that such activities outlined in Owner's CUP Application ("Application") are conducted pursuant to this Agreement and under the CUP shall comply with the Montebello Municipal Code, including the zoning ordinance, any applicable zoning development standards, and any and all development and construction requirements contained therein, and/or as required by the City. Owner shall not conduct any business under this Agreement or under the CUP without having obtained all necessary permits, licenses, and approvals from the City and State of California, as required by Applicable Cannabis Laws, including the City of Montebello Municipal Code.

e. Compliance with CUP conditions of approval. Owner shall comply with all Conditions of Approval imposed against this Agreement, as enumerated in the CUP and attached as Exhibit F, and incorporated herein by reference.

3. Term

This Agreement shall commence on either the date of this Agreement's approval by the City Council or the date of the CUP approval by the City Planning Commission, whichever comes later ("Effective Date"), and end **ten (10)** years from the Effective Date, and it shall remain in full force and effect so long as the Site is used for a commercial cannabis facility as authorized under Montebello Municipal Code Chapters 5.90 and 17.71; provided, however, such use is not abandoned for a period of more than ninety (90) days.

This Agreement may be extended for one (1) additional **five (5)** year period following the expiration of the initial **ten (10)** year term upon the occurrence of all of the following:

(i) The Owner shall give written notice to the City no later than ninety (90) days before the expiration of the initial ten (10) year term that the Owner desires to extend this Agreement for an additional **five (5)** year period;

(ii) The Owner shows reasonably satisfactory evidence to the City that it has, and continues to have a legal and/or equitable interest in the Site and/or will have such interests for the duration of the extended term of the Agreement;

(iii) The Owner shall deposit all fees required by the City necessary for processing the extension request and drafting necessary documentation;

(iv) The Owner shall be in compliance with all provisions of Montebello Municipal Code Chapters 5.90 and 17.71, and all terms imposed by the City-issued CUP, including the timely renewal of a CUP if required; and

(v) The Owner shall not be in material default of any provision of any agreement between City and Owner relative to the development of the Site, the business operations as allowed by a CUP, or of any conditions of approval imposed upon any entitlement or CUP granted by the City relative to the development of the Site for which Owner has been given a written notice to cure by the City and for which Owner has not cured or commenced to cure such material default within thirty (30) days, if and as provided by such agreement or condition of approval.

4. Owner's Site and Floor Plans

a. Owner's site plan and floor plan for the facility are attached hereto as Exhibit C and incorporated into the Agreement.

b. A preliminary landscape plan shall be prepared and reviewed and approved by the City Manager and/or the Director of Public Works and Director of Community Development, or their respective designees, if required by the CUP. A final landscape plan shall be prepared and submitted in conjunction with building and site improvement plans prior to issuance of building permits for construction activities, if required by the CUP.

c. An exterior signage plan shall be prepared and reviewed and approved by the City Manager and/or the Director of Public Works & Director of Community Development, or their respective designees, in accordance with the procedures and requirements of the Montebello Municipal Code.

5. Facility Operations

a. Standard Operating Procedures. Owner is a lawful entity that will only sell to other legally permitted persons and entities under the Applicable Cannabis Laws, as may be amended from time to time and in accordance with Subsection 2(c) of this Agreement. Prior to operating a Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility, Owner shall be required to obtain a CUP, and all requirements pursuant to said permit, from the City pursuant to

Montebello Municipal Code Chapters 5.90 and 17.71. Further, and notwithstanding anything to the contrary, Owner may operate such cannabis-related activities as permitted in accordance with Applicable Cannabis Laws, including without limitation, as long as such activity is not inconsistent with Montebello Municipal Code Chapters 5.90 and 17.71, this Development Agreement, the City-issued CUP, and the Montebello Municipal Code.

During the term of its CUP and the term of this Agreement, Owner shall operate in accordance with all Applicable Cannabis Laws. Owner shall employ industry standard operating procedures to comply with Applicable Cannabis Laws. Owner's facility shall employ adequate safety and security measures for the safety and security of its employees, visitors, vendors, and neighboring communities and properties.

Owner shall fully comply with the minimum operating standards regulating the proposed commercial cannabis activity, including, but not limited to those, as set forth in Montebello Municipal Code Chapters 5.90 and 17.71, and such more specific operational requirements as applied by the CUP and this Agreement.

b. Security Plan. Owner shall secure approval of its proposed security plan by the Montebello Police Department or the City prior to operating, which approval shall not be unreasonably withheld, conditioned, or delayed. The security plan shall include, at a minimum and as appropriate, provisions for video surveillance, perimeter fencing and security, protection of the building(s) from vehicle intrusion, cash handling procedures, internal accounting controls, product handling and storage procedures, and a professionally monitored alarm system. Equipment and systems used for video surveillance and building alarms shall be approved by City.

Video surveillance shall include, at a minimum, all site and facility entrances and access points, all spaces accessible by the public, all secured areas of the facility with restricted access, all interior spaces and rooms where cannabis products are handled and processed, shipping and receiving areas, cash storage areas, and other areas necessary to protect the safety of employees and the public and to ensure cannabis products are received, handled, stored, packaged, shipped, and distributed in compliance with Applicable Cannabis Laws. The video surveillance system shall be web-based with direct access provided to the Montebello Police Department upon request.

The security system shall also include sensors to detect entry and exit from all secure areas, panic buttons in appropriate locations, and a professionally monitored alarm system.

Owner shall employ properly trained and licensed third-party security personnel to protect the welfare and safety of Owner and employees, and to ensure public safety to the neighboring community. Owner shall use security personnel during

hours of operation, pursuant to Applicable Cannabis Laws. Security personnel may be armed so long as proper licensing and insurance requirements are followed and met by the third-party operator providing such security services.

c. Fire Department Approval. Owner shall not operate any facility, and no permit, license, or other approval issued by City shall be valid unless and until the Montebello Fire Department has approved Owner's site plan, floor plan, safety plan, and any other plans that require its approval, which approval shall not be unreasonably withheld, conditioned, or delayed.

d. Possession of Firearms. Except for licensed and bonded security personnel, no person employed by Owner shall be in possession of any firearm while on the Site without having first obtained a license from the appropriate state or local agency authorizing the person to be in possession of such firearm. Every such person in possession of a firearm while on the Site must provide the City Manager and the Montebello Police Department, ten (10) calendar days' notice before bringing the firearm onto the premises, with the following:

- 1) A copy of the license issued to the person by the appropriate state or local agency authorizing him or her to possess such firearm;
- 2) A copy of his or her law enforcement identification (if he or she is employed by a law enforcement agency);
- 3) A copy of his or her California driver's license or California identification card; and
- 4) Any other information reasonably required by the Montebello Police Department to show that the individual is in compliance with the provisions of all laws regarding the possession and use of a firearm.

e. Identification Display. Each owner, manager, employee, and individual member engaged in the cultivation, processing, manufacturing, distribution, or transporting of cannabis shall at all times while engaged in the duties of his or her position wear in plain sight, on his or her person and at chest level, a valid identification badge, issued by Owner.

f. Employee Background Checks/Procedures for Inventory Control to Prevent Illegal Diversion of Cannabis. Only employees who receive clearance from the Montebello Police Department shall be permitted to enter Owner's facility. Each employee will have to meet a criminal background investigation, which at minimum shall include a LiveScan criminal history check conducted and provided by each employee. The City shall make a good faith effort to facilitate within a reasonable time following the issuance of a CUP to Owner. Employees shall not be disqualified for any conviction which would no longer be a felony under California law at the time of the LiveScan criminal history check.

Owner shall not permit and shall take all necessary and reasonable steps to prevent the distribution of any of its cannabis products to minors; prevent revenue from the sale or distribution of its cannabis and/or infused products from going to criminal enterprises, gangs and cartels; prevent the diversion of cannabis from California to any other state; prevent state-authorized cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; prevent violence and the use of firearms in the manufacturing, delivery-only retail, cultivation, and distribution of cannabis; discourage and educate against drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use; disavow growing cannabis on public lands that creates attendant public safety and environmental dangers posed by such illegal uses; and discourage and educate against cannabis possession or use on federal property.

g. Quality Control and Testing. Owner shall utilize industry standardized quality control measures and testing to ensure only the highest quality of commercial cannabis and infused products will be produced. Owner shall inspect the product to ensure its identity and quantity, and shall have a testing lab perform testing of random samples prior to distribution. Inspection and testing will be conducted by a state-licensed testing lab off-site, except for licensed distributors authorized to conduct testing on-site with a testing lab field representative present. Testing standards and procedures shall be in accordance with Applicable Cannabis Laws.

All commercial cannabis products will undergo a quality assurance review in accordance with state law prior to distribution. Inventory procedures will be utilized for tracking and taxing purposes by the state. Owner shall employ an efficient record-keeping system to make transparent its financing, testing, and adverse effect recording, as well as recall procedures.

h. Packaging of Commercial Cannabis and Infused Products. All Owner commercial cannabis products shall be packaged and labeled strictly in accordance with Applicable Cannabis Laws.

Owner intends to produce infused products and shall secure any approval from the County of Los Angeles Health Department required for manufacturing and handling such products. Owner infused products shall not be produced, manufactured, stored or packaged in private homes. All commercial cannabis infused products shall be individually wrapped at the original point of preparation strictly in accordance with Applicable Cannabis Laws.

i. Point of Sale Tracking System. Owner shall maintain an inventory control and reporting system that accurately documents the location of cannabis products from inception through distribution, including descriptions, weight, and quantity. The inventory control and reporting system shall comply with the California Cannabis Track and Trace System ("CCTT") required by Applicable

Cannabis Laws.

Owner shall employ an electronic point of donation/sale system in accordance with Applicable Cannabis Laws for all point of donations/sales tracking from seed or inception to product distribution to other licensed commercial cannabis facilities, or otherwise in compliance with state and local law and in accordance with Subsection 2(c) of this Agreement. Such approved system shall track all commercial cannabis products, each edible, harvested flower, and/or manufactured concentrate, as well as gross sales (by weight and sale). Owner's point of sale system shall have the capacity to produce historical transactional data in accordance with City's requirements.

j. Record Keeping. Owner shall maintain records for all commercial cannabis and/or infused products. Owner shall comply with all record-keeping responsibilities that are set forth in Applicable Cannabis Laws and complete and up-to-date records regarding the amount of commercial cannabis cultivated, produced, manufactured, harvested, stored, tested, distributed, delivered or packaged at Owner's facility.

k. Processing, Handling, Storing, and Distribution of Commercial Cannabis and Related Products. Commercial cannabis cultivation, handling, storing, and processing shall be concealed from public view at all stages of growth and processing, and there shall be no exterior evidence of cultivation or processing occurring at the premises from a public right-of-way or from an adjacent parcel. Commercial cannabis cultivation, handling, storing, processing, or distribution shall not create offensive odors; create excessive dust, heat, noise, smoke, traffic, or other impacts that are disturbing to people of normal sensitivity residing or present on adjacent or nearby property or areas open to the public; or be hazardous due to use or storage of materials, processes, products, or wastes.

Owner shall store its commercial cannabis and/or commercial cannabis products in a secured storage room with T-card identification access for management only. The storage room shall be constructed of fire-rated walls with an appropriate number of cameras installed to view all entries and exits from the storage room, as well as all other activities performed within Owner's facility. Owner will not conduct outdoor operations except as related to lawful delivery and transportation of commercial cannabis and infused products. Owner will not store commercial cannabis or related products in its delivery vehicle outside normal operating hours of the facility.

Commercial cannabis products shall be sold or distributed only to licensed facilities in California, in compliance with state and local law in accordance with Subsection 2(c) of this Agreement. Excess or contaminated product will be securely stored on-site until it is properly disposed. Disposal may include composting, incineration, land-fill disposal through the local waste management

hauler, or other disposal methodology in accordance with state and county health and safety codes and regulations.

l. Odor Control. All structures shall have adequate ventilation and filtration systems installed that minimize and control commercial cannabis plant odors from exiting the interior of the structure. The ventilation and filtration system shall be approved by the City Building Official and installed prior to commencing cultivation or manufacturing within the allowable structure. Facility air intake, exhaust, and recirculating system shall be of industrial grade. Activated charcoal, recirculating, and closed loop aeration systems will be utilized as necessary for effective odor control and management.

m. Transportation Plan. Owner shall comply with all Applicable Cannabis Laws regarding transportation, including the rules governing delivery service. Owner shall retain a list of names and cellular contact numbers for all employees engaged in transportation of commercial cannabis products and provide it to the applicable oversight authority, keeping the list current and up to date.

Owner will keep complete and up-to-date records documenting each transfer of commercial cannabis to other licensed entities, including the amount provided, the form or product category in which the commercial cannabis was provided, the date and time provided, the name of the employee making the transfer, the name and address of each lawful licensed entity to whom delivery is made, and the amount of any related donation or other monetary transaction.

6. Community Relations, Employment, and Wages

a. Public Outreach and Education Program. The Owner shall coordinate and cooperate with City and other owners of commercial cannabis facilities located within City of Montebello in the establishment and implementation of appropriate public outreach and education programs. The public outreach and education programs shall be reasonably approved by City.

b. Community Benefits Program. The Owner shall fund the establishment and implementation of a community benefits program which may include such items as senior citizen programs, City beautification efforts, funding for enforcement against illegal cannabis operations, public safety, housing programs, economic development, infrastructure, capital improvements, including expansion and/or improvement to existing facilities or other physical improvements that provide a benefit to the community, support of holiday and special community events, and support of local public service, public safety, litigation defense, and special social and community organizations ("Community Benefits Program").

To fulfill its funding obligation for the Community Benefits Program, Owner

agrees to pay the City of Montebello the yearly sum of **\$50,000.00 (“Montebello Community Benefits Program Fee” or “MCBPF”)**. The first annual MCBPF shall be payable to the City on the date that the Certificate of Occupancy is issued to the Owner. Thereafter, the annual MCBPF shall be payable to the City on every July 1 for the term of the Agreement, and shall be pro-rated for any partial days during such period(s) of the Agreement.

The MCBPF is separate and apart from any Cannabis Operation Fee, or penalties therefrom. If the original term of this Agreement is mutually extended by the Parties, the annual minimum payment to this program will be amended accordingly.

c. Designation of Community Relations Liaison. Pursuant to Montebello Municipal Code Chapters 5.90 and 17.71, at the time of this Agreement, Owner's day-to-day operations manager, [REDACTED], will be responsible for community inquiries and complaints and on-site management during normal business hours.

d. Interface with Montebello Municipal Code / Inspections. Owner's day-to-day operations manager, and/or the Owner's Community Relations Liaison, [REDACTED], will interface with the Montebello Police Department's assigned designee to ensure its operation complies with state and local laws and regulations. The City Manager, or designee, or the Montebello Police Department's assigned designee acting at the City Manager's request and per his specific and limiting instructions, shall have the right to enter all portions of the Site from time to time unannounced during hours of operation for the purpose of making reasonable inspections to observe and enforce compliance with this Agreement and Applicable Cannabis Laws, without the requirement of a search warrant, subpoena, or court order, and subject to appropriate cost recovery fees set forth in this Agreement, or adopted by the City.

____ Owner's Initials

e. Local Recruitment, Hiring, and Training Programs. Owner is committed to making a good-faith effort to recruit, hire, and train City residents for employment by Owner. A good-faith effort means Owner shall take the following or similar actions to recruit and employ City residents: 1) Contact local recruitment sources to identify qualified individuals who are City residents, 2) Advertise for qualified City residents in trade papers and newspapers of general circulation in the area, and 3) Develop a written plan to recruit and employ City residents as a part of the its workforce. At a minimum, the Owner endeavors to achieve a targeted local annual hiring goal of approximately 45% of total operational jobs for permanent and apprentice employees. This goal shall apply horizontally, across all departments and managerial positions. The Owner shall not be penalized or deemed in default under this Agreement if it is unable to achieve such a goal. "Local" is defined as within a 3-mile radius of the

boundaries of the City's boundaries. The Owner may contact and work with a job referral agency assigned by the City Manager to implement a local hiring policy for permanent and apprentice employees. The purpose of the hiring policy is to facilitate the training and employment of local and disadvantaged job applicants for jobs within the City's jurisdiction, and 3-mile radius of City boundaries. Applicants for jobs shall not be disqualified from hiring solely on the basis of an arrest or conviction for a Cannabis-related crime that occurred prior to November 8, 2016, and could have been prosecuted as a misdemeanor or citation under current California law. The Owner shall periodically report on compliance with the local hiring goals as part of its annual audit report.

f. Living Wages. Living Wages. Owner shall pay make a good-faith effort all employees of the Facility, at a minimum, a Living Wage. A "Living Wage" is the higher of whatever the Owner currently pays its employees for similar work elsewhere or the following: the Full Cash Wage required to be paid by an employer to any similarly situated, educated, and/or credentialed individual under the City of Los Angeles Minimum Wage Ordinance [LAMC Sections 187 and 188], as adjusted annually.

g. Full-time Work. Owner shall make its best efforts to fill every position with a full-time employee. However, at no time shall Owner have a labor force that is composed of less than 50% full-time employees within its labor force, and Owner shall make a good faith effort to maintain a full-time employee level of more than 50%. Owner agrees to provide to its eligible employees leave benefits, health and wellness benefits and other employee benefits to the extent such benefits are required to be paid for by Owner under applicable state and federal employment laws.

h. Labor Peace Agreement. If Owner has twenty (20) or more employees at the time of this Agreement's signing, then Owner shall in good faith work with any labor organization for the purpose of collective bargaining and shall enter into and provide the City a copy of a labor peace agreement no later than one hundred and twenty (120) days after this Agreement's signing. Such Owner with twenty (20) or more employees but without a labor peace agreement at the time of this Agreement's signing shall in good faith provide a notarized Statement of Intent to the City no later than this Agreement's signing, indicating that the Owner will enter into and abide by the terms of a labor peace agreement with any labor organization no later than one hundred and twenty (120) days after this Agreement's signing.

If Owner has less than twenty (20) employees at the time of this Agreement's signing, such Owner shall in good faith provide a notarized Statement of Intent to the City no later than this Agreement's signing, indicating that the Owner will enter into and abide by the terms of a labor peace agreement with any labor organization if and when Owner has twenty (20) or more employees at any time during the Term of this Agreement. Such Owner with less than twenty (20)

employees at the time of this Agreement's signing shall also provide the City a copy of the labor peace agreement no later than one hundred and twenty (120) days from hiring its twentieth (20th) employee, if and when such event occurs during the Term of this Agreement. Attached as Exhibit G, and incorporated herein is a true and correct copy of the actual Labor Peace Agreement; or applicable Notarized Statement of Intent. Owner shall abide by the terms of the labor peace agreement if and when so adopted in accordance with this Subsection. If Owner fails to comply with the labor peace agreement requirement in accordance with this Subsection, such failure shall constitute a default in accordance with Section 13 of this Agreement.

7. Payment of City Fees

a. Permit and Application Fees. Owner agrees to pay all permit fees and charges referenced in Montebello Municipal Code Chapters 5.90 and 17.71, and the amounts adopted by City Council by Resolution No. 19-14, effective February 13, 2019, as well as any fees set forth in this Agreement. Permit application, processing, and renewal fees shall be due and payable at the time application is made.

b. Cannabis Operation Fees.

As used herein, "**Premises**" means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the Owner where the commercial cannabis activities will be or are conducted.

As used herein, "canopy" means the designated area(s), except nurseries, that will contain mature plants at any point in time, as follows:

(1) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain mature plants at any point in time, including all of the space(s) within the boundaries;

(2) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary that includes, but is not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots; and

(3) If mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

As used herein, "**commercial cannabis activities**" means all permitted activities: e.g., cultivation, possession, manufacture, processing, storing, packaging, labeling, transportation, sale, delivery or distribution of cannabis

and/or cannabis products.

As used herein, "**Gross receipts**" shall mean the total amount of receipts actually received or receivable in accordance with GAAP or other comprehensive version of accounting in the course of business in a calendar year or calendar month from sales or the performance of acts or services for which charge is made or credit allowed. "**Gross receipts**" include, without limitation, all receipts, cash, credit, property received in lieu of cash, and any other valuable consideration taken in exchange for goods, services or other valuable consideration.

As used herein, "**Production Space**" means the area on or within the **Premises** intended for **commercial cannabis activities** excluding non-operational common areas such as restrooms, cafeterias, break rooms, hallways, corridors, vestibules, parking structures or surface street lots. The parties stipulate and agree that the square footage for the **Production Space** shall be determined by the City Manager in his sole and complete discretion as the Project is completed.

The City Manager is specifically authorized to increase the square footage for the Production Space up to an increase in size of ten percent (10%) administratively and to determine the corresponding operating fee as the Project is completed.

Owner agrees to pay to City ninety (90) days after a Certificate of Occupancy is granted, in order to enable City to promote, protect, and enhance the health, safety, and welfare of the community and its residents and its quality of life., Owner agrees to pay the following percentage of gross receipts and the following square footage for cannabis operations, as follows, paid on a quarterly basis to the City ("Cannabis Operation Fee"):

1. Manufacturing: 2% of gross receipts
2. Distribution: 2.5% of gross receipts, excluding distribution of products manufactured at the Site as well as distribution activities solely to licensed entities under common ownership or otherwise affiliated with Owner so long as distribution is not the only commercial cannabis activity conducted at the Site
3. Delivery-Only Retail: 2% of gross receipts
4. Cultivation: \$10.00 per square foot of canopy space, as may be amended from time to time pursuant to the CUP and/or this Agreement

Any subsequent years of operation after the first ten (10) year term of this Agreement shall be negotiated in good faith by the parties.

A Site with multiple licenses must not commingle respective sales proceeds, and blend percentage rate of **Gross Receipts**.

The Cannabis Operation Fee shall begin to accrue **ninety (90)** days after a Certificate of Occupancy is granted. Owner shall make payments to the City on a quarterly basis, within ninety (90) calendar days after the last day of each quarter. The first quarter is defined as January 1 through March 31, the second quarter as April 1 through June 30, the third quarter as July 1 through September 30, and the fourth quarter as October 1 through December 31. First payment to the City may be prorated, if applicable, to adhere to the latter, uniform quarterly payment schedule.

Failure to pay the Cannabis Operation Fee within thirty (30) calendar days after the due date shall result in a penalty for nonpayment in a sum equal to 10% of the total amount due. Additional penalties will be assessed in the following manner: an additional 10% shall be added to the first day of each calendar month following the month of the imposition of the 10% penalty if these fees remain unpaid in whole or in part – up to a maximum of 100% of the total fee payable on the due date.

c. Owner understands and agrees that the fees set forth above shall be paid in a manner and in accordance with a payment schedule set or modified by City. The cultivation, manufacturing, testing, distribution, and delivery space to which the Cannabis Operation Fee applies is as identified on the City-issued final approved floor plan.

d. If Owner makes any changes to the interior layout of the Site that increases the amount of space allocated to those uses to which the per-square-foot Cannabis Operation Fee applies, Owner shall notify City in writing of such changes at least fourteen (14) calendar days prior to making such changes, and if approved by the City the per-square-foot fee shall be modified accordingly. If Owner fails to give City notice as required herein, Owner shall be responsible for paying to City a per-square-foot fee based on any increase in the amount of space allocated to those uses to which the per-square-foot fee applies retroactive to the date the CUP became effective.

8. Additional Owner Obligations

a. Reporting of Gross Receipts from Operations

1) Quarterly Receipts. No later than one-hundred twenty (120) days from the date Owner secures a CUP and every three months thereafter (Owner shall deliver to City a report (the “Quarterly Report”), pursuant to the quarterly payment schedule discussed hereinabove) showing (i) Gross Receipts from commercial cannabis activities for the immediate prior three months received by Owner, and a cumulative total of all amounts of Gross Receipts from commercial cannabis activities received by Owner for the calendar year, (ii) a calculation of the quarterly payment due to City for the prior three months, and (iii) a calculation of the cumulative total of all quarterly payments for the calendar year.

2) Statement of Receipts/Annual Audit. The Owner shall keep complete, accurate and appropriate books and records of all receipts from operations in accordance with generally accepted accounting principles ("GAAP") or other comprehensive version of accounting. For purposes herein, "books and records" shall mean all bookkeeping or accounting documents Owner typically utilizes in managing its business operations relating to the Project. Such books and records, as well as all other relevant documents as the City Manager may reasonably require, shall, upon reasonable written notice, be open for inspection by City, its auditors or other authorized representatives. If at any time during the term such books and records prove inadequate in the reasonable judgment of City to record the Gross Receipts from commercial cannabis activities as herein required, Owner shall, upon the written request of the City, procure and maintain such books and records as shall be of a character and from adequate for such purpose. City shall have the right to audit and examine such books, records and documents and other relevant items in the possession of Owner, on no more than an annual basis, or at any time other upon reasonable basis therefor substantiated the City, to the extent necessary for a proper determination of Gross Receipts from commercial cannabis activities, and all such books, records, documents and other items shall be held available for such audit and examination. The City's audit shall be performed by a non-contingency fee, regionally recognized independent auditor approved in advance by the City. Upon request by City, Owner shall make all such books, records and documents available to the City Manager, his designee, or to the City approved auditor, and provide removable copies thereof, within thirty (30) days of the date of City's request. Owner shall pay all reasonable costs of such audits. Owner shall preserve such books, records, documents, and other items in Montebello for a period of not less than one (1) years for the purpose of auditing or re-auditing these accounts upon reasonable notice; except that, if an audit is made within the seven-year period and Owner claims that errors or omissions have occurred, the books and records shall be retained and made available until those matters are resolved. City shall keep strictly confidential all statements of revenue furnished by Owner and all other information concerning Owner's operation of the Site obtained by City as a result of the inspection audit and examination privileges of City hereunder (i.e. receipts and tax filings), except as otherwise required by a court order. If City receives a request for such information pursuant to the Public Records Act (California Government Code Section 6250, et seq.), City shall provide Owner notice of any such request prior to disclosing any such information and shall refuse to disclose such information until such time as Owner has been given notice and afforded the opportunity to obtain a protective order. Within seven (7) years after the receipt of any statement of receipts under this Agreement, City at any time shall be entitled to carry out an audit of such revenue either by City or agent to be

designated by City. If it shall be determined as a result of such audit that there has been a deficiency in any payment due under this Agreement made on the basis of such statement, then such deficiency shall become immediately due and payable within thirty (30) days of such determination.

3) Copies of Tax Filings. Owner shall provide the City with courtesy copies of each and every report Owner is required to provide to the County of Los Angeles or the State of California for sales, use, cannabis excise, or other gross receipts type taxes at the time such filings are required to be made, including any lawful extensions thereof.

b. Future Revenue Mechanisms. During the term of this Agreement, if the City imposes (by Citizen Initiative) an alternative revenue mechanism specifically related to commercial cannabis activities (e.g., a cannabis tax), Owner agrees to renegotiate in good faith the terms of this Development Agreement with the City so as to comply with an alternative revenue mechanism to the extent the alternative revenue mechanism does not result in higher annual fees than the fees required under this Agreement. As used in this section, "alternative revenue mechanism" does not include taxes, fees, or assessments levied on or collected from both cannabis and non-cannabis operations.

9. Insurance and Indemnity

a. Insurance. Owner shall require all persons doing work on the Project, including its contractors and subcontractors (collectively, "Owner" for purposes of this Section 9 only), to obtain and maintain insurance of the types and in the amounts described in this section and its subsections with carriers reasonably satisfactory to City.

b. General Liability Insurance. Owner shall maintain commercial general liability insurance or equivalent form with a limit of not less than One Million Dollars (\$1,000,000) (or as otherwise approved, in writing, by City) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate. Such insurance shall also:

1) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as "Additional Insureds" by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insured.

2) Be primary with respect to any insurance of self-insurance programs covering City, its officials, employees, agents, and representatives.

3) Contain standard separation of insured provisions.

c. Automobile Liability Insurance. Owner shall maintain business automobile liability insurance or equivalent form with policy limits that are in commercially reasonable amounts and in compliance with state law for such automotive liability insurance for each accident for the vehicles Owner operates in connection with its cannabis business. Such insurance shall include coverage for owned, hired, and non-owned automobiles. Such insurance shall also:

- 1) Name City, and work in good faith with the City and the insurers to name additional insureds as deemed reasonably necessary. "Additional Insureds" by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insureds;
- 2) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives;
- 3) Contain standard separation of insured provisions.

d. Workers' Compensation Insurance. Owner shall take out and maintain during the term of this Agreement, the statutorily required minimum amount of workers' compensation insurance in accordance with applicable state workers' compensation laws for all of Owner's employees employed at or on the Project, and in the event any of the work is subcontracted, Owner shall require any general contractor or subcontractor similarly to provide workers' compensation insurance for such contractor's or subcontractor's employees, unless such employees are covered by the protection afforded by Owner. In case any class of employee engaged in work on the Project is not protected under any workers' compensation law, Owner shall provide and shall cause each contractor and subcontractor to provide adequate insurance for the protection of employees not otherwise protected. Owner hereby indemnifies City for any damage resulting from failure of Owner, its agents, employees, contractors, or subcontractors to take out or maintain such insurance. Workers' compensation insurance with statutory limits and employer's liability insurance of not less than the required statutory limits for each accident shall be maintained.

e. Other Insurance Requirements. Owners shall do all of the following:

- 1) Prior to taking any actions under this Agreement, furnish City with properly executed certificates of insurance that clearly evidenced all insurance required in this Section, including evidenced that such insurance will not be canceled, allowed to expire, or be materially reduced in coverage without thirty (30) days prior written notice to City.
- 2) Provide to City, upon request, and within seven (7) calendar days of said request, certified copies of endorsements and policies, and properly executed certificates of insurance evidencing the insurance

required herein.

3) Replace or require the replacement of certificates, policies and endorsements for any insurance required herein expiring prior the termination of this Agreement.

4) Maintain all insurance required herein from the Effective Date of this Agreement to the earlier of the expiration of the term or the mutual written termination of this Agreement.

5) Place all insurance required herein with insurers licensed to do business in California with a current Best's Key Rating Guide reasonably acceptable to City.

f. Indemnity. Owner agrees to indemnify, defend, and hold City, and its elected and appointed council, boards, commissions, officers, agents, employees, contractors, consultants and representatives, harmless from any and all claims costs and liability for any personal injury or property damage which may arise as a result of any actions or negligent omissions by Owner or Owner's contractors, subcontractors, agents, or employees in connection with the construction, improvement, or operation of the Project.

10. Termination

a. Termination upon End of Term. This Agreement shall terminate upon the expiration of the term, unless it is terminated earlier pursuant to the terms of this Agreement.

b. Effect of Termination on Owner's Obligations. Termination of this Agreement shall eliminate any further obligation of Owner to comply with this Agreement, or some portion thereof, if such termination relates to only part of the Site or Project. Termination of this Agreement, in whole or in part, shall not, however, eliminate or otherwise limit the rights of Owner to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

c. Effect of Termination on City's Obligations. Termination of this Agreement shall eliminate any further obligation of City to comply with this Agreement, or some portion thereof. Termination of this Agreement shall not, however, eliminate the rights of City to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

d. Survival after Termination. The rights and obligations of the Parties set forth in Section 14, Section 20, and Subsection 22(c), and Subsection 22(e), and any right or obligation of the Parties in this Agreement which, by its express terms or nature and context is intended to survive termination of this

Agreement, will survive any such termination.

11. Resources Efficiency

Owner shall in good faith endeavor to reduce its environmental impact when possible. The design of the Site shall include reasonable water and energy conservation measures in accordance with applicable State regulations and the CUP.

12. Standard Conditions for Construction

During any on-site construction activities related to development of the Site and any buildings thereon, or renovation or remodeling of existing buildings, Owner shall comply with all applicable terms and conditions of City's standard conditions for construction and the CUP. The Project shall comply with the applicable parking standards in accordance with the CUP.

13. Defaults and Remedies

a. Remedies in general. It is acknowledged by the Parties that City would not have entered into this Agreement if it were to be liable in damages under this Agreement, or with respect to this Agreement or the application thereof, except as hereinafter expressly provided. Subject to extensions of time by mutual consent in writing, failure to delay by either party to perform any term or provision of this Agreement beyond a reasonable notice and cure period shall constitute a default. In the event of alleged default or breach of any terms or conditions of this Agreement, the party alleging such default or breach shall give the other party not less than thirty (30) day notice in writing specifying the nature of the alleged default and the manner in which said default may be satisfactorily cured during any such thirty (30) day period, the party charged shall not be considered in default for purposes of termination or institution of legal proceedings. Notwithstanding the foregoing to the contrary, if the alleged default is of such a nature that it cannot be reasonably cured within thirty (30) days, the alleged defaulting party shall not be deemed in default as long as such party commences to cure such default within such thirty (30) day period and thereafter diligently prosecutes such cure to completion.

After notice and expiration of the thirty (30) day period, the other party to this Agreement, at its option, may institute legal proceedings pursuant to this Agreement.

In general, each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this Agreement, except that City shall not be liable for monetary damages, unless expressly provided for this Agreement, to Owner, to any mortgagee or lender, or to any successors in interest of Owner or mortgagee or lender, or to any other person, and Owner covenants on behalf of itself and all successors in interest to the Property or any portion thereof, not to sue for damages or claim any damages.

- 1) For any breach of this Agreement or for any cause of action which arises out of this Agreement; or
- 2) For the impairment or restriction of any right or interest conveyed or provided under, with, or pursuant to this Agreement, including, without limitation, any impairment or restriction which Owner characterizes as a regulatory taking or inverse condemnation; or
- 3) Arising out of or connected with any dispute, controversy or issue regarding the application or interpretation or effect of the provisions of this Agreement.

Nothing contained herein shall modify or abridge Owner's rights or remedies (including its rights for damages, if any) resulting from the exercise by City of its power of eminent domain. Nothing contained herein shall modify or abridge Owner's rights or remedies (including its rights for damages, if any) resulting from bad faith intentional acts, the grossly negligent or malicious acts of City and its officials, officers, agents and employees. Nothing herein shall modify or abridge any defenses or immunities available to City and its employees pursuant to the Government Liability Act and all other applicable statutes and decisional law.

Except as set forth in the preceding paragraph relating to eminent domain, Owner's remedies shall be limited to those set forth in this Subsection 13(a), Subsection 13(b), and Subsection 13(c).

Notwithstanding anything to the contrary contained herein, City covenants as provided in Civil Code Section 3300 not to sue for or claim any consequential damages or, in the event all or a portion of the Site is not developed, for lost profits or revenues which would have accrued to City as a result of the development of the Site.

b. Specific Performance. The Parties acknowledge that money damages and remedies at law are inadequate, and specific performance and other non-monetary relief are particularly appropriate remedies for the enforcement of this Agreement and should be available to all parties for the following reasons:

Due to the size, nature and scope of the Project, it may not be practical or possible to restore the Site to its natural condition once implementation of this Agreement has begun. After such implementation, Owner may be foreclosed from other choices it may have had to use the Site or portions thereof. Owner has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more significant time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to

determine the sum of money which would adequately compensate Owner for such efforts; the parties acknowledge and agree that any injunctive relief may be ordered on an expedited, priority basis.

c. Release. Except for those remedies set forth in Subsections 13(a), 13(b), and 13(c), Owner, for itself, its successors and assignees, hereby releases City, its officers, agents and employees from any and all claims, demands, actions, or suits of any kind or nature arising out of any liability, known or unknown, present or future, based or asserted, pursuant to Article 1, Section 19 of the California Constitution, the Fifth Amendment of the United States Constitution, or any other law or ordinance which seeks to impose any other liability or damage, whatsoever, upon City because it entered into this Agreement or because of the terms of this Agreement.

Owner acknowledges that it may have suffered, or may suffer, damages and other injuries that are unknown to it, or unknowable to it, at the time of its execution of this Agreement. Such fact notwithstanding, Owner agrees that the release provided in this Subsection 13(c) shall apply to such unknown or unknowable claims and damages. Without limiting the generality of the foregoing, Owner acknowledges the provisions of California Civil Code Section 1542, which provide:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

Owner hereby waives, to the maximum legal extent, the provisions of California Civil Code Section 1542 and all other statutes and judicial decisions of similar effect.

Owners' Initials

d. Termination of Agreement for Default of City. Owner may terminate this Agreement in the event of a default by City in the performance of a material term of this Agreement and only after providing written notice to City of default setting forth the nature of the default and the actions, if any, required by City to cure such default and, where the default can be cured, City has failed to take such actions and cure such default within thirty (30) days after the effective date of such notice or, in the event that such default cannot be cured within such thirty (30) day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such thirty (30) day period and to diligently proceed to complete such actions and cure such default. Notwithstanding anything to the contrary, in the event that Owner deem it is necessary and/or advisable to cease operations in Montebello, then Owner may terminate this Agreement, and such termination shall be effective upon the date

of written notice to the City.

e. Attorneys' Fees and Costs. In any action or proceeding between City and Owner brought to interpret or enforce this Agreement, or which in any way arises out of the existence of this Agreement or is based upon any term or provision contained herein, the "prevailing party" in such action or proceeding shall be entitled to recover from the non-prevailing party, in addition to all other relief to which the prevailing party may be entitled pursuant to this Agreement, the prevailing party's reasonable attorneys' fees and litigation costs, in an amount to be determined by the court. The prevailing party shall be determined by the court in accordance with California Code of Civil Procedure Section 1032. Fees and costs recoverable pursuant to this Subsection 13(e) include those incurred during any appeal from an underlying judgment and in the enforcement of any judgment rendered in any such action or proceeding.

f. Owner Default. No building permit shall be issued or building permit application accepted for any structure on the Site after Owner is determined by City to be in default of the terms and conditions of this Agreement until such default thereafter is cured by Owner or is waived by City. If City terminates this Agreement because of Owner's default, then City shall retain any and all benefits, including money or land received by City hereunder.

14. Third Party Litigation

a. General Plan Litigation. City has determined that this Agreement is consistent with its General Plan. Owner has reviewed the General Plan and concurs with City's determination.

City shall have no liability under this Agreement or otherwise for any failure of City to perform under this Agreement, or for the inability of Owner to develop the Site as contemplated by the Agreement, which failure to perform or inability to develop is as the result of a judicial determination that the General Plan, or portions thereof, are invalid or inadequate or not in compliance with law, or that this Agreement or any of City's actions in adopting it were invalid, inadequate, or not in compliance with the law.

b. Hold Harmless Agreement. Owner hereby agrees to, and shall hold City, its elective and appointive boards, commissions, officers, agents, attorneys, contractors, consultants and employees harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for property damage which may arise from Owner or Owner's contractors, subcontractors, agents, or employees' operations under this Agreement, whether such operations be by Owner, or by any of Owner's contractors, subcontractors, agents, or employees operations under this Agreement, whether such operations be by Owner, or by any of Owner's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as

agent for Owner or any of Owner's contractors or subcontractors. Owner agrees to and shall defend City and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for damage caused, or alleged to have been caused, by reason of any of the aforesaid operations.

c. Indemnification. Owner shall defend, indemnify, and hold harmless City and its elective and appointive boards, commissions, officers, agents, attorney's, contractors, consultants and employees against and from any and all liabilities, demands, claims, actions or proceedings and costs and expenses incidental thereto (including costs of defense, settlement and reasonable attorneys' fees) which any or all of them may suffer, incur, be responsible for or pay out as a result of or in connection with any challenge to the legality, validity or adequacy of any of the following: (i) this Agreement and the concurrent and subsequent permits, licenses and entitlements approved for the Project or Site; (ii) the environmental impact report, mitigated negative declaration or negative declaration, as the case may be, prepared in connection with the development of the Site; and (iii) the proceedings undertaken in connection with the adoption or approval of any of the above. In the event of any legal or equitable action or other proceeding instituted by any third party (including a governmental entity or official) challenging the validity of any provision of this Agreement or any portion thereof as set forth herein, the parties shall mutually cooperate with each other in defense of said action or proceeding. Notwithstanding the above, City, at its sole option, may tender the complete defense of any third-party challenge as described herein. In the event City elects to contract with special counsel to provide for such a defense, City shall meet and confer with Owner regarding the selection of counsel, and Owner shall pay all costs related to retention of such counsel.

d. Environmental Contamination. Owner shall indemnify and hold City, its elective and appointive boards, commissions, officers, agents, attorney's, contractors, consultants and employees free and harmless from any liability, based or asserted, upon any act or omission of Owner, its officers, agents, employees, subcontractors, predecessors in interest, successors, assigns and independent contractors, excepting and acts or omissions of City as successor to any portions of the Site dedicated or transferred to City by Owner and further excepting any environmental conditions not within Owner's control nor directly associated with a Permitted Use, for any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under or about the Property, including, but not limited to, soil and groundwater conditions, and Owner shall defend, at its expense, including attorneys' fees, City, its officers, agents and employees in any action based or asserted upon any such alleged act or omission. City may in its discretion participate in the defense of any such claim, action or proceeding.

The provisions of this Section 14(d) do not apply to environmental conditions

that predate Owner's ownership or control of the Site or applicable portion; provided, however, that the foregoing limitation shall not operate to bar, limit or modify any of Owner's statutory or equitable obligations as an owner or seller of the Site.

e. City to Approve Counsel. With respect to Subsections 14(a) through 14(d) only, City reserves the right to approve the attorney(s) which Owner selects, hires or otherwise engages to defend City hereunder, which approval shall not be unreasonably withheld, conditioned, or delayed.

f. Accept Reasonable Good Faith Settlement. City shall not reject any reasonable good faith settlement offer regarding claims contemplated in this Section 14. If City does reject a reasonable, good faith settlement that is acceptable to Owner, Owner may enter into a settlement of the action, as it relates to Owner, and City shall thereafter defend such action (including appeals) at its own cost and be solely responsible for any judgment rendered in connection with such action. This Subsection 14(f) applies exclusively to settlements pertaining to monetary damages or damages which are remedial by the payment of monetary compensation. Owner and City expressly agree that this Subsection 14(f) does not apply to any settlement that requires an exercise of City's police powers, limits City's exercise of its police powers, or affects the conduct of City's municipal operations.

g. Survival. The provisions of Subsections 14(a) through 14(f) inclusive, shall survive the termination or expiration of the Agreement.

15. California Environmental Quality Act

Owner shall reimburse City for any and all reasonable costs incurred by City related to project review under the California Environmental Quality Act (CEQA), Public Resources Code, §§21000-21189.3, and the Guidelines for California Environmental Quality Act, California Code of Regulations, Title 14, §§15000-15387. If reasonably requested by City, Owner shall conduct and pay for any required CEQA reviews and analyses. The City has found that the proposed Project is Categorically Exempt from California Environmental Quality Act (CEQA) requirements under provisions of CEQA Guidelines **Section 15301** – Existing Facilities and **Section 15332** – In-Fill Development. These exemptions apply to projects characterized as alterations to existing facilities meeting the conditions described in **Section 15301** and infill development within urbanized areas meeting the conditions described in **Section 15332**, respectively.

16. Rules, Regulations, and Official Policies

Except as otherwise provided in this Agreement, the rules, regulations, and official policies of City governing permitted uses of the land, governing density, and governing the design, improvements, and construction standards and specifications applicable to the development of the Project subject of this

Agreement, shall be those rules, regulations, and official policies of City in force as of the Effective Date of this Agreement. This Agreement does not prevent City, in subsequent actions applicable to the Site, from applying new rules, regulations, and policies which do not conflict with those rules, regulations, and policies applicable to the property as set forth herein, nor does this Agreement prevent City from denying or conditionally approving any subsequent development project application (i.e. not the Project) based on such existing or new rules, regulations, or policies.

17. CUP Conditions of Approval

Owner shall comply with all conditions of approval of the City-issued CUP. If there is any conflict between a term of this Agreement and a condition of approval of the City-issued CUP, then the most restrictive shall apply.

18. Periodic Reviews

This Agreement shall be subject to annual review. The Owner executing this Agreement, or successor in interest thereto, shall demonstrate good faith compliance with the terms of this Agreement. If, as a result of such periodic review, City finds and determines, based on substantial evidence, that Owner executing this Agreement, or successor in interest thereto, has not materially complied in good faith with the terms or conditions of this Agreement, City may terminate or modify this Agreement (except no modification shall increase Owner's liability nor reduce Owner's rights), provided that City shall first provide Owner notice of its intent to terminate, with a detailed explanation as to why, and provide Owner the reasonable right to cure the same.

a. Periodic Review. City Council shall review this Agreement annually, on or before each anniversary of the Effective Date, in order to ascertain Owner's good faith compliance with this Agreement. During the periodic review Owner shall be required to demonstrate good faith compliance with the terms of the Agreement, through submitting an annual monitoring report, records, or equivalent written materials to the Planning Department. The Planning Department will schedule a hearing on the periodic review of the Development Agreement on or following the anniversary of the Effective Date, but Owner has no obligation to compel such hearing, and no implication will be made to Owner's detriment if a hearing is not in fact held. Owner shall document any request for an extension of the term due to delays beyond the control of Owner (see Subsection 22(g), "Force Majeure"). Owner shall submit an annual review and administration fee deposit not to exceed City's estimated internal and third-party costs associated with the review and administration of this Agreement during the succeeding year. City shall provide Owner said estimate a reasonable time in advance of the annual review and administration fee deposit being due.

b. Conditional Use Permit. The operation of the business at all times shall

be required to comply with the CUP and this Agreement.

c. Special Review. City Council may order a special review of compliance with this Agreement at any time. The City Manager, Community Development Director, or his or her designee(s) shall conduct such special review. During a special review, Owner shall be required to demonstrate good faith compliance with the terms of the Agreement. The burden of proof on this issue shall be on Owner.

d. Review Hearing. At the time and place set for the special or periodic review hearing, Owner shall be given an opportunity to be heard. If City Council finds, based upon substantial evidence, that Owner has not complied in good faith with the terms or conditions of this Agreement, City Council may terminate this Agreement notwithstanding any other provision of this Agreement to the contrary, or modify this Agreement and impose such conditions as are reasonably necessary to protect the interests of City. The decision of City Council shall be final, subject only to judicial review pursuant to Code of Civil Procedure Section 1094.5.

e. Certificate of Agreement Compliance. If, after a periodic or special review, Owner is found to be in compliance with this Agreement, and if Owner requests it, City shall issue a Certificate of Agreement Compliance ("Certificate") to Owner stating that after the most recent periodic or special review, and based upon the information known or made known to the Planning Director and City Council, that (i) this Agreement remains in effect and (ii) Owner is not in default. City shall not be bound by a Certificate if a default existed at the time of the periodic or special review, but was concealed from or otherwise not known to the Planning Director and City Council, regardless of whether the Certificate is relied upon by assignees or other transferees or Owner.

f. Failure to Conduct Review. City's failure to conduct a periodic review of this Agreement shall not constitute a breach of this Agreement.

g. Cost of Review. The reasonable costs incurred by City in connection with the periodic reviews shall be borne by Owner.

19. Assignment

Assignment by Owner. Owner shall not transfer, delegate, sublet or assign its interest, rights, duties, and obligations under this Agreement without the prior written consent of City, which consent shall not be unreasonably withheld. Owner shall submit a transfer application to the City Manager or City Manager's designee and pay any applicable transfer fee. The proposed transferee must show proof of lawful transfer of possession of the applicable location as may be acceptable to the City. Owner is aware it may take the City approximately six (6) months to process a transfer application.

Any assignment, delegation, subletting or assignment without the prior written consent of City shall be null and void. Any transfer, delegation, subletting or assignment by Owner as authorized herein shall be effective only if and upon the party to whom such transfer, delegation, subletting or assignment is made is issued a CUP as required under Montebello Municipal Code Chapters 5.90 and 17.71.

Owner shall also comply with all proposed assignments and changes, including assignment and changes impacting a Development Agreement or a CUP, as required pursuant to state law, and Montebello Municipal Code Chapters 5.90 and 17.71.

20. Operating Commercial Cannabis Facility

Any Party to this Agreement, or successor in interest thereto, shall not operate a commercial cannabis facility authorized under the municipal code unless:

- a. It is the holder of a valid CUP issued by City in accordance with the procedures and requirements of Montebello Municipal Code Chapters 5.90 and 17.71; and,
- b. At such time as the State of California requires commercial cannabis facilities and businesses to hold a valid license or permit issued by the State of California, it also holds such license or permit, unless, however, such permit or license is not required by the State of California for the type of commercial cannabis facility or business operation that is the subject of this Agreement.

21. Notices

Any notice or communication required hereunder between City and Owner must be in writing, and may be given either personally, by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered, as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at

their addresses set forth below:

If to City: City of Montebello
1600 W. Beverly Blvd
Montebello, California 90640
Attention: City Manager

With a copy to: City Attorney
13181 Crossroads Parkway North
Suite 400 – West Tower
City of Industry, California 91746

If to Owner: [NAME AND ADDRESS OF OPERATOR]

With a copy to:

22. Miscellaneous Provisions

Amendment or Cancellation. This Agreement may be amended, or canceled in whole or in part, only by the written mutual consent of the parties to this Agreement or their successors in interest, except that minor amendments that do not affect a substantive provision of this Agreement may be approved by the City Manager on behalf of the City. The decision whether a proposed amendment is "minor" shall be in the reasonable good faith discretion of the City Manager, and consistent with Montebello Municipal Code Chapters 5.90 and 17.71.

- a. Waiver. Waiver by City of any one or more of the terms or conditions of this Agreement shall not be construed as waiver of any other term or condition under this Agreement.
- b. Enforcement/Reserved Powers. Unless amended or canceled pursuant hereto, this Agreement shall be enforceable by any Party hereto, or successor in interest thereto, notwithstanding any subsequent change in any applicable general or specific plan, zoning, subdivision or building regulation, or municipal code amendment adopted by City that conflicts with the terms of this Agreement. However, this Agreement is subject to the City's "Reserved Powers." For purposes of this Agreement, "Reserved Powers" means the rights and authority excepted from this Agreement's restrictions on the City's police powers and which are instead reserved to the City. The Reserved Powers include the powers to enact regulations or take future discretionary actions after the Effective Date of this Agreement that: (1) are necessary to protect the public health and safety, and are generally applicable on a City-wide basis (except in the event of natural disasters as found by the City Council such as floods, earthquakes and similar acts of God); (2) are amendments to California

Marijuana Laws or California Uniform Codes, as adopted by the City of Montebello, and/or the Montebello Municipal Code, as applicable, regarding the construction, engineering and design standards for private and public improvements to be constructed on the Site; (3) are necessary to comply with state or federal laws and regulations; or (4) involve sign and parking ordinances and guidelines, changes to the City's zoning laws, Specific Plan or the City's General Plan, whether adopted previous or subsequent to the Effective Date of this Agreement).

If any City ordinance, rule or regulation or addition to the Montebello Municipal Code is enacted or imposed by a citizen-sponsored initiative or referendum after the Effective Date that would conflict with this Agreement or an associated CUP, business license or other authorizations and City approvals, or reduce development rights or assurances provided to the Owner in this Agreement, then such changes, additions or deletions to the Montebello Municipal Code shall not be applied to the Site or Project. The parties shall cooperate with each other and undertake such reasonable actions as may be appropriate to ensure this Agreement remains in full force and effect and is implemented in accordance with its terms and to the fullest extent permitted by state or federal law.

Notwithstanding anything to the contrary in this Agreement, site improvements contemplated by this Agreement shall be completed pursuant to the development standards and design guidelines to be adopted by the zoning code amendment.

- c. Severability. If any part of this Agreement is found to conflict with applicable state laws or regulations, such part shall be inoperative, null, and void insofar as it conflicts with said laws or regulations, or modified or suspended as may be necessary to comply with such state laws or regulations, but the remainder of this Agreement shall continue to be in full force and effect.
- d. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual, facsimile, or electronic signature.
- e. Jurisdiction. The law governing this Agreement shall be that of the State of California. Any suit brought by any party against any other party arising out of the performance of this Agreement or the breach, termination, enforcement, interpretation or validity thereof, shall be filed and maintained in the County of Los Angeles Superior Court.
- f. Disclaimer. Despite California's commercial cannabis laws and the terms

and conditions of this Agreement, or any CUP issued pertaining to Owner or the property specified herein, California commercial cannabis cultivators, manufacturers, retailers, transporters, distributors, or possessors may still be subject to arrest by state or federal officers and prosecuted under state or federal law. The Federal Controlled Substances Act, 21 USC § 801, prohibits the manufacture, distribution, and possession of cannabis without any exemptions for medical use.

- g. Force Majeure. If delays are caused by unforeseen events beyond the control of Owner, such delays will entitle Owner to an extension of time as provided in this Section 22. Such unforeseen events (“Force Majeure”) shall mean war, insurrection, acts of God, local, state or national emergencies, strikes and other labor difficulties beyond the party’s control, or any default by City hereunder, which Force Majeure event substantially interferes with the development, construction or operation of the Project.
- h. Costs and Fees. Intentionally omitted.
- i. Constructive Notice and Acceptance. Every person who after the Effective Date of this Agreement owns or acquires any right, title, or interest to any portion of the Site, is and shall be conclusively deemed to have consented and agreed to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Site, and all rights and interests of such person in the Site shall be subject to the terms, requirements, and provisions of this Agreement.
- j. Binding Effect of Recitals. The Parties agree that the Recitals above are true and correct and intend to be bound by same.
- k. Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between the City and the Owner is that of a government entity regulating the development of private property and the owner of such property.
- l. Changes to Project. The parties acknowledge that changes to the Project and related approvals may be appropriate and mutually desirable to carry out the intent and purpose of this Agreement. This Agreement shall not prevent the City from applying, with the consent or at the request of the

Owner, *Subsequent Land Use Regulations* or *Subsequent Development Approvals* that do not directly conflict with the Site authorized under this Agreement. The granting of one such change or request shall not obligate the City to grant other similar changes or requests. As used herein, "*Subsequent Development Approvals*" include, without limitation, all excavation, grading, building, construction, demolition, encroachment or street improvement permits, occupancy certificates, utility connection authorizations, or other non-discretionary permits or approvals necessary, convenient or appropriate for the Project. As used herein, "*Subsequent Land Use Regulations*" means ordinances, resolutions and codes adopted or approved by the City after the Effective Date of this Agreement governing the development and use of the land, including general plan amendments, zone changes, variances or conditional use permits affecting the permitted use of the land including density or intensity of use, subdivision requirements, the maximum height and size of proposed buildings, the provisions of reservation or Dedication of land for public purposes, and the design, improvement and construction and initial occupancy standards and specifications applicable to the Development of the Property.

- m. Conflicting Federal or State Rules. In the event that any conflicting federal or state laws or regulations, enacted after the Effective Date, prevent or preclude compliance with one or more provisions of this Agreement or require changes in plans, maps or permits approved by the City, *this Agreement shall remain in full force and effect as to those provisions not affected*; and

(i) Notice of Conflict. Either party, upon learning of any such matter, will provide the other party with written notice thereof and provide a copy of any such law, regulation or policy together with a statement of how any such matter conflicts with the provisions of this Agreement; and

(ii) Modification Conferences. The parties shall, within thirty (30) days of the notice referenced to in the preceding subsection, meet and confer in good faith and attempt to modify this Agreement to bring it into compliance with any such federal or state law or regulation.

(iii) City Council Hearings. In the event the City believes that an amendment to this Agreement is necessary due to the effect of any federal or state law or regulation, the proposed amendment shall be scheduled for hearing before the City Council. The City Council shall determine the exact nature of the amendment necessitated by such federal or state law or regulation. Owner shall have the right to offer oral and written testimony at the hearing. Any modification ordered by the City Council pursuant to such hearing is subject to judicial review in accordance with California law.

(iv) City Cooperation. The City shall cooperate with Owner in securing

any City permits, licenses or other authorizations that may be required as a result of any amendment resulting from actions initiated by the City. As required by this Agreement, Owner shall be responsible to pay all applicable fees in connection with securing of such permits, licenses or other authorizations.

- n. Effective Date. “Effective Date” means either the date of this Agreement approved by the City Council or the date of the CUP’s approval by the City Planning Commission, whichever comes later.
- o. Authority to Sign. Each Party or responsible officer or governing body therefore, has read this Agreement and understands and knows the contents thereof, and represents and warrants that each of the officers or agents executing this Agreement on behalf of their respective corporations, partnerships, or other organizations is empowered to do so and hereby binds the respective corporation, partnership, or other organization. Additionally, Owner represents and warrants that each of the officers or agents executing this Agreement on behalf of its corporation, partnership, or other organization is an “owner” as defined by California Business and Professions Code Section 26001 and hereby binds the respective corporation, partnership, or other organization.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF MONTEBELLO

CALGREEN, LLC

Jack Hadjinian
Mayor

Name: XXXXXX
Title: XXXXXX

APPROVED AS TO FORM:

City Attorney
City of Montebello

EXHIBITS

- A. LEGAL DESCRIPTION [TO BE INSERTED]
- B. PARCEL MAP [TO BE INSERTED]
- C. SITE AND/OR FLOOR PLANS [TO BE INSERTED]
- D. RECORDED GRANT DEED OR EXECUTED LEASE AGREEMENT [TO BE INSERTED]
- E. PROPERTY OWNER SIGNED AND NOTARIZED CONSENT FORM [TO BE INSERTED]
- F. CONDITIONS OF APPROVAL [TO BE INSERTED]
- G. LABOR PEACE AGREEMENT OR NOTARIZED STATEMENT OF INTENT [TO BE INSERTED]

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT B

MAP

EXHIBIT C

SITE AND/OR FLOOR PLANS

EXHIBIT D

RECORDED GRANT DEED OR EXECUTED LEASE AGREEMENT

EXHIBIT E

PROPERTY OWNER SIGNED AND NOTARIZED CONSENT FORM

EXHIBIT F

CONDITIONS OF APPROVAL

EXHIBIT G

LABOR PEACE AGREEMENT OR NOTARIZED STATEMENT OF INTENT

**COMMERCIAL CANNABIS BUSINESS DEVELOPMENT
AGREEMENT NO. 22-19 BETWEEN THE CITY OF MONTEBELLO AND
THE JASMINE ROSE LLC**

THIS DEVELOPMENT AGREEMENT (this “Agreement”) is made and entered into this 28th day of August, 2019, (the “Execution Date”), by and between the **CITY OF MONTEBELLO**, a California municipal corporation (“City”), and **THE JASMINE ROSE LLC**, a California limited liability company (“Owner”). City and Owner are sometimes referenced together herein as the “Parties.” In instances when a provision hereof applies to each of the Parties individually, either may be referenced as a “Party.” The Parties hereby jointly render the following statement as to the background facts and circumstances underlying this Agreement:

RECITALS

WHEREAS, Owner currently holds a legal or equitable interest in certain real property considered in this Agreement which has a development area of approximately **7,400** square feet located at 1701 Aeros Way, Suite B, City of Montebello, State of California (the “Site”). The Site includes Assessor’s Parcel Number(s): 6354-028-021, and is more fully described in the Legal Description in Exhibit A, and shown on the map in Exhibit B. Both exhibits being attached hereto, respectively, and are incorporated herein by this reference;

WHEREAS, presently, Owner has a leasehold interest in a portion of the Site for the purpose of conducting commercial cannabis related activities which shall include, but not be limited to commercial cannabis cultivation, manufacturing, delivery-only retail, and distribution. Such commercial cannabis facilities shall operate in accordance with all applicable provisions of California Business and Professions Code §§26000-26231.2; California Health and Safety Code Safety Code §§ 11357-11362.9 and 11362.7- 11362.85; California Revenue and Taxation Code §§ 34010-34021.5; California Vehicle Code §§ 2429.7 and 23222; California Water Code §§ 1831, 1847, and 13276; Cal. Code Regs. tit. 16, div. 4 (2019); Cal. Code Regs. tit. 3, div. 8, Ch. 1 (2019); Cal. Code Regs. tit. 17, div. 1, ch. 13 (2019); and the City of Montebello Municipal Code as it applies to such facilities, as such provisions may be amended from time to time (collectively the “Applicable Cannabis Laws”). Prior to operating a cannabis manufacture site, cultivation site, delivery-only retailer site, and distribution site, as those terms are defined in the Montebello Municipal Code (“Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility”), Owner shall be required to obtain a Conditional Use Permit from the City, and any and all related permits and licenses prior to the operation of same, pursuant to Montebello Municipal Code Chapters 5.90 and 17.71;

WHEREAS, ultimately, Owner intends upon obtaining one or more permanent annual California State License(s), pursuant to Applicable Cannabis Laws, to operate a Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility at the Site. The

definition of "Owner" hereunder shall mean and refer to the fee simple owner and/or any authorized tenant of the Site to the extent such party holds or is covered by a City Conditional Use Permit; and is not intended to necessarily be coextensive with the definition of that term as defined in California Business & Professions Code Section 26001(al);

WHEREAS, on March 4, 2019 Owner applied to this City for a Conditional Use Permit (*hereinafter* "CUP") to conduct commercial cannabis activities. No such activities are allowed or authorized without this Agreement, a CUP, and all requirements having been satisfied pursuant to Montebello Municipal Code Chapters 5.90 and 17.71;

WHEREAS, Owner presently intends to develop and open a Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility on the Site consistent with the Applicable Cannabis Laws and project approvals (known as the "Project"). The Project will include indoor cannabis manufacturing, cultivation, delivery-only retail, and distribution in accordance with the Applicable Cannabis Laws;

WHEREAS, the Project will consist of such final square footage to be consistent with Owner's final approved CUP, as many be amended pursuant to the CUP and/or this Agreement. The building will be divided into major spaces for cultivation, manufacturing, delivery and general business offices as follows:

Cultivation: The Project's cultivation area includes the following uses: flowering rooms, a drying and trimming room, a vegetation room and a cloning room. Total area of each of these uses will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. Cultivation operations would occur 24-hours daily.

Manufacturing: The Project will include a manufacturing room that would be used initially for packaging products. Under the manufacturing license, the Owner will conduct additional manufacturing activities including, volatile extraction (Type 7 Manufacturing). The total area of these uses will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. Manufacturing operations would occur 24-hours daily.

Non-storefront Retail Delivery: The retail delivery activities will occur within the delivery office located near the facility's main entry. The total area of this use will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. All delivery activities will be conducted in accordance with Applicable Cannabis Laws, including, but not limited to specified hours of operation.

Distribution: The distribution activities will occur within the distribution area. The total area of this use will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. All distribution activities will be conducted in accordance with Applicable Cannabis Laws, including, but not

limited to specified hours of operation.

General Business Offices: The Project will be open from 7:00 a.m. to 10:00 p.m., Monday through Friday.

Parking/Loading/Access: The proposed project provides parking spaces in accordance with the City-approved Site Plan.

Security: The Project will secure the facility against unauthorized entry by installing security lights on the exterior of the building to illuminate the side yards and parking area, installing commercial-grade locks, installing an alarm and video surveillance system, establishing procedures for identifying authorized persons, establish inventory controls, and install a secure surveillance vault to maintain the integrity of records. In addition, the applicant will engage a licensed security company to provide an operational security plan in compliance with Montebello Municipal Code Chapters 5.90 and 17.71.

The proposed layout of the site is as shown in the attached Site and/or Floor Plans, in Exhibit C.

The Project will consist of a vertically integrated commercial cannabis facility compliant with Applicable Cannabis Laws that will provide several levels of cannabis production, processing, and distribution

This includes:

- 1) Cultivation and processing of young and mature cannabis plants.
- 2) Research and development of cannabis plants and strains.
- 3) Manufacturing of cannabis and its derivatives through volatile and non-volatile extraction.
- 4) Manufacturing of cannabis food products.
- 5) Packaging and storage of cannabis products.
- 6) Distribution of cannabis products.
- 7) Retail delivery of cannabis products.

Proposed Hours of Operation (subject to final approval pursuant to the CUP):
7:00AM to 10:00PM for general business hours, 24-hours for internal operations

[x] Co-location, check if applicable:

Note: Applicable Cannabis Laws authorize a person to apply for and be issued more than one State annual license at one location provided the licenses premises are separate and distinct.

Owner has applied for or will apply for the following State cannabis licenses:

- 1) **Cultivation**

- 2) **Manufacturing**
- 3) **Distribution**
- 4) **Delivery-Only Retail**

Please see the Recitals of this Development Agreement for details for separate and distinct locations of each operation within the Premises.

WHEREAS, On February 14, 2018, Ordinances No. 2399 and No. 2400 came into effect authorizing specified commercial cannabis activities within the City of Montebello, in strict compliance with Applicable Cannabis Laws, under specified conditions and provisions;

WHEREAS, On June 13, 2018, Ordinances No. 2404 and 2405 came into effect amending specified commercial cannabis activities authorized by Ordinances No. 2399 and No. 2400 within the City of Montebello, in strict compliance with Applicable Cannabis Laws, under specified conditions and provisions;

WHEREAS, all procedures of the California Environmental Quality Act ("CEQA"), California Public Resources Code §21000 et seq., and the CEQA guidelines, title 14 of the California Code of Regulations, chapter 3, §15000 et seq. have been satisfied;

WHEREAS, the City has given public notice of its intention to approve this Agreement. The City has found that the provisions of this Agreement and its purposes are consistent with the objectives, policies, general land uses and programs specified in City's General Plan, zoning code and municipal ordinances;

WHEREAS, the City, in entering into this Agreement, acknowledges that certain City obligations hereby assumed shall survive beyond the terms of the present Council members, that this Agreement will serve to bind City and future Councils to the obligations hereby undertaken, and that this Agreement shall limit the future exercise of certain governmental and proprietary powers of City. By approving this Agreement, the Council has elected to exercise certain governmental powers at the time of entering into this Agreement rather than defer its actions to some undetermined future date. The terms and conditions of this Agreement have undergone extensive review by City and the Council and have been found to be fair, just and reasonable. City has concluded that the pursuit of the Project will serve the best interests of its citizens and that the public health, safety and welfare are best served by entering into this obligation. Owner has represented to City that it would not consider or engage in the Project absent City approving this Agreement;

WHEREAS, the City agrees that Owner's land use entitlements, if any, that have been applied for and approved by the City, for the Project shall vest for the term of this Agreement as described below, if applicable;

WHEREAS, after conducting a duly noticed CUP hearing on August 6, 2019,

in conjunction with the City's applicable ordinances and resolutions, the Planning Commission of the City reviewed, considered and approved environmental clearance and approved the execution of the CUP. The Planning Commission found the Project consistent with the objectives, policies, general land uses and programs specified in the general plan; compatible with the uses authorized in the City's zoning laws; in conformity with the public necessity, public convenience, general welfare and good land use practices; will not be detrimental to the health, safety and general welfare of the city; will not adversely affect the orderly development of property or the preservation of property values; and will have a positive fiscal impact on the City;

WHEREAS, after conducting a duly noticed meeting on August 28, 2019, in conjunction with the City's applicable ordinances and resolutions, and after independent review and consideration, the City Council approved the execution of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

1. The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of this Agreement, herein below, said provisions of this Agreement shall prevail.

2. Government Code and Municipal Code Required Elements

a. Description of Property. Land situated in the City of Montebello, County of Los Angeles, State of California; whose street address is 1701 Aeros Way, Suite B, City of Montebello, State of California (the "Site"). The Site includes Assessor's Parcel Number: 6354-028-021.

b. Owner and Other Person with Legal or Equitable Interest.

Owner: **The Jasmine Rose LLC**

Nature of Interest: *Lease for 5 years with Option to Renew for an additional 5 years.*

A true and correct copy of a recorded grant deed, or executed lease agreement, is attached hereto as Exhibit D, and incorporated herein by this reference.

If Owner is not the fee simple owner of the Site, check box below:

[x] Owner represents and warrants that the property owner has consented in writing to the execution of this Agreement against the Site. [See also attached Property Owner Signed and Notarized Consent Form wherein the property owner has acknowledged reading Montebello

Municipal Code Chapters 5.90 and 17.71, incorporated herein by this reference (Exhibit E).]

c. Permitted Uses. The Site may be used for a Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility as presently authorized under Montebello Municipal Code Chapters 5.90 and 17.71 and for any other use if authorized under applicable provisions of the Montebello Municipal Code ("Permitted Uses"). In the event that the Montebello Municipal Code, California law, and/or Federal law is amended in the future to permit additional commercial cannabis uses, Owner may apply for an amendment to this Agreement and to the issued CUP, both of which must receive approval by the City's Planning Commission or City Council, as required, to amend the Permitted Uses at the Site.

d. Zoning. Owner shall use commercially reasonable efforts to ensure that such activities outlined in Owner's CUP Application ("Application") are conducted pursuant to this Agreement and under the CUP shall comply with the Montebello Municipal Code, including the zoning ordinance, any applicable zoning development standards, and any and all development and construction requirements contained therein, and/or as required by the City. Owner shall not conduct any business under this Agreement or under the CUP without having obtained all necessary permits, licenses, and approvals from the City and State of California, as required by Applicable Cannabis Laws, including the City of Montebello Municipal Code.

e. Compliance with CUP conditions of approval. Owner shall comply with all Conditions of Approval imposed against this Agreement, as enumerated in the CUP and attached as Exhibit F, and incorporated herein by reference.

3. Term

This Agreement shall commence on either the date of this Agreement's approval by the City Council or the date of the CUP approval by the City Planning Commission, whichever comes later ("Effective Date"), and end **ten (10)** years from the Effective Date, and it shall remain in full force and effect so long as the Site is used for a commercial cannabis facility as authorized under Montebello Municipal Code Chapters 5.90 and 17.71; provided, however, such use is not abandoned for a period of more than ninety (90) days.

This Agreement may be extended for one (1) additional **five (5)** year period following the expiration of the initial **ten (10)** year term upon the occurrence of all of the following:

(i) The Owner shall give written notice to the City no later than ninety (90) days before the expiration of the initial ten (10) year term that the Owner desires to extend this Agreement for an additional **five (5)** year period;

(ii) The Owner shows reasonably satisfactory evidence to the City that it has, and continues to have a legal and/or equitable interest in the Site and/or will have such interests for the duration of the extended term of the Agreement;

(iii) The Owner shall deposit all fees required by the City necessary for processing the extension request and drafting necessary documentation;

(iv) The Owner shall be in compliance with all provisions of Montebello Municipal Code Chapters 5.90 and 17.71, and all terms imposed by the City-issued CUP, including the timely renewal of a CUP if required; and

(v) The Owner shall not be in material default of any provision of any agreement between City and Owner relative to the development of the Site, the business operations as allowed by a CUP, or of any conditions of approval imposed upon any entitlement or CUP granted by the City relative to the development of the Site for which Owner has been given a written notice to cure by the City and for which Owner has not cured or commenced to cure such material default within thirty (30) days, if and as provided by such agreement or condition of approval.

4. Owner's Site and Floor Plans

a. Owner's site plan and floor plan for the facility are attached hereto as Exhibit C and incorporated into the Agreement.

b. A preliminary landscape plan shall be prepared and reviewed and approved by the City Manager and/or the Director of Public Works and Director of Community Development, or their respective designees, if required by the CUP. A final landscape plan shall be prepared and submitted in conjunction with building and site improvement plans prior to issuance of building permits for construction activities, if required by the CUP.

c. An exterior signage plan shall be prepared and reviewed and approved by the City Manager and/or the Director of Public Works & Director of Community Development, or their respective designees, in accordance with the procedures and requirements of the Montebello Municipal Code.

5. Facility Operations

a. Standard Operating Procedures. Owner is a lawful entity that will only sell to other legally permitted persons and entities under the Applicable Cannabis Laws, as may be amended from time to time and in accordance with Subsection 2(c) of this Agreement. Prior to operating a Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility, Owner shall be required to obtain a CUP, and all requirements pursuant to said permit, from the City pursuant to

Montebello Municipal Code Chapters 5.90 and 17.71. Further, and notwithstanding anything to the contrary, Owner may operate such cannabis-related activities as permitted in accordance with Applicable Cannabis Laws, including without limitation, as long as such activity is not inconsistent with Montebello Municipal Code Chapters 5.90 and 17.71, this Development Agreement, the City-issued CUP, and the Montebello Municipal Code.

During the term of its CUP and the term of this Agreement, Owner shall operate in accordance with all Applicable Cannabis Laws. Owner shall employ industry standard operating procedures to comply with Applicable Cannabis Laws. Owner's facility shall employ adequate safety and security measures for the safety and security of its employees, visitors, vendors, and neighboring communities and properties.

Owner shall fully comply with the minimum operating standards regulating the proposed commercial cannabis activity, including, but not limited to those, as set forth in Montebello Municipal Code Chapters 5.90 and 17.71, and such more specific operational requirements as applied by the CUP and this Agreement.

b. Security Plan. Owner shall secure approval of its proposed security plan by the Montebello Police Department or the City prior to operating, which approval shall not be unreasonably withheld, conditioned, or delayed. The security plan shall include, at a minimum and as appropriate, provisions for video surveillance, perimeter fencing and security, protection of the building(s) from vehicle intrusion, cash handling procedures, internal accounting controls, product handling and storage procedures, and a professionally monitored alarm system. Equipment and systems used for video surveillance and building alarms shall be approved by City.

Video surveillance shall include, at a minimum, all site and facility entrances and access points, all spaces accessible by the public, all secured areas of the facility with restricted access, all interior spaces and rooms where cannabis products are handled and processed, shipping and receiving areas, cash storage areas, and other areas necessary to protect the safety of employees and the public and to ensure cannabis products are received, handled, stored, packaged, shipped, and distributed in compliance with Applicable Cannabis Laws. The video surveillance system shall be web-based with direct access provided to the Montebello Police Department upon request.

The security system shall also include sensors to detect entry and exit from all secure areas, panic buttons in appropriate locations, and a professionally monitored alarm system.

Owner shall employ properly trained and licensed third-party security personnel to protect the welfare and safety of Owner and employees, and to ensure public safety to the neighboring community. Owner shall use security personnel during

hours of operation, pursuant to Applicable Cannabis Laws. Security personnel may be armed so long as proper licensing and insurance requirements are followed and met by the third-party operator providing such security services.

c. Fire Department Approval. Owner shall not operate any facility, and no permit, license, or other approval issued by City shall be valid unless and until the Montebello Fire Department has approved Owner's site plan, floor plan, safety plan, and any other plans that require its approval, which approval shall not be unreasonably withheld, conditioned, or delayed.

d. Possession of Firearms. Except for licensed and bonded security personnel, no person employed by Owner shall be in possession of any firearm while on the Site without having first obtained a license from the appropriate state or local agency authorizing the person to be in possession of such firearm. Every such person in possession of a firearm while on the Site must provide the City Manager and the Montebello Police Department, ten (10) calendar days' notice before bringing the firearm onto the premises, with the following:

- 1) A copy of the license issued to the person by the appropriate state or local agency authorizing him or her to possess such firearm;
- 2) A copy of his or her law enforcement identification (if he or she is employed by a law enforcement agency);
- 3) A copy of his or her California driver's license or California identification card; and
- 4) Any other information reasonably required by the Montebello Police Department to show that the individual is in compliance with the provisions of all laws regarding the possession and use of a firearm.

e. Identification Display. Each owner, manager, employee, and individual member engaged in the cultivation, processing, manufacturing, distribution, or transporting of cannabis shall at all times while engaged in the duties of his or her position wear in plain sight, on his or her person and at chest level, a valid identification badge, issued by Owner.

f. Employee Background Checks/Procedures for Inventory Control to Prevent Illegal Diversion of Cannabis. Only employees who receive clearance from the Montebello Police Department shall be permitted to enter Owner's facility. Each employee will have to meet a criminal background investigation, which at minimum shall include a LiveScan criminal history check conducted and provided by each employee. The City shall make a good faith effort to facilitate within a reasonable time following the issuance of a CUP to Owner. Employees shall not be disqualified for any conviction which would no longer be a felony under California law at the time of the LiveScan criminal history check.

Owner shall not permit and shall take all necessary and reasonable steps to prevent the distribution of any of its cannabis products to minors; prevent revenue from the sale or distribution of its cannabis and/or infused products from going to criminal enterprises, gangs and cartels; prevent the diversion of cannabis from California to any other state; prevent state-authorized cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; prevent violence and the use of firearms in the manufacturing, delivery-only retail, cultivation, and distribution of cannabis; discourage and educate against drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use; disavow growing cannabis on public lands that creates attendant public safety and environmental dangers posed by such illegal uses; and discourage and educate against cannabis possession or use on federal property.

g. Quality Control and Testing. Owner shall utilize industry standardized quality control measures and testing to ensure only the highest quality of commercial cannabis and infused products will be produced. Owner shall inspect the product to ensure its identity and quantity, and shall have a testing lab perform testing of random samples prior to distribution. Inspection and testing will be conducted by a state-licensed testing lab off-site, except for licensed distributors authorized to conduct testing on-site with a testing lab field representative present. Testing standards and procedures shall be in accordance with Applicable Cannabis Laws.

All commercial cannabis products will undergo a quality assurance review in accordance with state law prior to distribution. Inventory procedures will be utilized for tracking and taxing purposes by the state. Owner shall employ an efficient record-keeping system to make transparent its financing, testing, and adverse effect recording, as well as recall procedures.

h. Packaging of Commercial Cannabis and Infused Products. All Owner commercial cannabis products shall be packaged and labeled strictly in accordance with Applicable Cannabis Laws.

Owner intends to produce infused products and shall secure any approval from the County of Los Angeles Health Department required for manufacturing and handling such products. Owner infused products shall not be produced, manufactured, stored or packaged in private homes. All commercial cannabis infused products shall be individually wrapped at the original point of preparation strictly in accordance with Applicable Cannabis Laws.

i. Point of Sale Tracking System. Owner shall maintain an inventory control and reporting system that accurately documents the location of cannabis products from inception through distribution, including descriptions, weight, and quantity. The inventory control and reporting system shall comply with the California Cannabis Track and Trace System ("CCTT") required by Applicable

Cannabis Laws.

Owner shall employ an electronic point of donation/sale system in accordance with Applicable Cannabis Laws for all point of donations/sales tracking from seed or inception to product distribution to other licensed commercial cannabis facilities, or otherwise in compliance with state and local law and in accordance with Subsection 2(c) of this Agreement. Such approved system shall track all commercial cannabis products, each edible, harvested flower, and/or manufactured concentrate, as well as gross sales (by weight and sale). Owner's point of sale system shall have the capacity to produce historical transactional data in accordance with City's requirements.

j. Record Keeping. Owner shall maintain records for all commercial cannabis and/or infused products. Owner shall comply with all record-keeping responsibilities that are set forth in Applicable Cannabis Laws and complete and up-to-date records regarding the amount of commercial cannabis cultivated, produced, manufactured, harvested, stored, tested, distributed, delivered or packaged at Owner's facility.

k. Processing, Handling, Storing, and Distribution of Commercial Cannabis and Related Products. Commercial cannabis cultivation, handling, storing, and processing shall be concealed from public view at all stages of growth and processing, and there shall be no exterior evidence of cultivation or processing occurring at the premises from a public right-of-way or from an adjacent parcel. Commercial cannabis cultivation, handling, storing, processing, or distribution shall not create offensive odors; create excessive dust, heat, noise, smoke, traffic, or other impacts that are disturbing to people of normal sensitivity residing or present on adjacent or nearby property or areas open to the public; or be hazardous due to use or storage of materials, processes, products, or wastes.

Owner shall store its commercial cannabis and/or commercial cannabis products in a secured storage room with T-card identification access for management only. The storage room shall be constructed of fire-rated walls with an appropriate number of cameras installed to view all entries and exits from the storage room, as well as all other activities performed within Owner's facility. Owner will not conduct outdoor operations except as related to lawful delivery and transportation of commercial cannabis and infused products. Owner will not store commercial cannabis or related products in its delivery vehicle outside normal operating hours of the facility.

Commercial cannabis products shall be sold or distributed only to licensed facilities in California, in compliance with state and local law in accordance with Subsection 2(c) of this Agreement. Excess or contaminated product will be securely stored on-site until it is properly disposed. Disposal may include composting, incineration, land-fill disposal through the local waste management

hauler, or other disposal methodology in accordance with state and county health and safety codes and regulations.

l. Odor Control. All structures shall have adequate ventilation and filtration systems installed that minimize and control commercial cannabis plant odors from exiting the interior of the structure. The ventilation and filtration system shall be approved by the City Building Official and installed prior to commencing cultivation or manufacturing within the allowable structure. Facility air intake, exhaust, and recirculating system shall be of industrial grade. Activated charcoal, recirculating, and closed loop aeration systems will be utilized as necessary for effective odor control and management.

m. Transportation Plan. Owner shall comply with all Applicable Cannabis Laws regarding transportation, including the rules governing delivery service. Owner shall retain a list of names and cellular contact numbers for all employees engaged in transportation of commercial cannabis products and provide it to the applicable oversight authority, keeping the list current and up to date.

Owner will keep complete and up-to-date records documenting each transfer of commercial cannabis to other licensed entities, including the amount provided, the form or product category in which the commercial cannabis was provided, the date and time provided, the name of the employee making the transfer, the name and address of each lawful licensed entity to whom delivery is made, and the amount of any related donation or other monetary transaction.

6. Community Relations, Employment, and Wages

a. Public Outreach and Education Program. The Owner shall coordinate and cooperate with City and other owners of commercial cannabis facilities located within City of Montebello in the establishment and implementation of appropriate public outreach and education programs. The public outreach and education programs shall be reasonably approved by City.

b. Community Benefits Program. The Owner shall fund the establishment and implementation of a community benefits program which may include such items as senior citizen programs, City beautification efforts, funding for enforcement against illegal cannabis operations, public safety, housing programs, economic development, infrastructure, capital improvements, including expansion and/or improvement to existing facilities or other physical improvements that provide a benefit to the community, support of holiday and special community events, and support of local public service, public safety, litigation defense, and special social and community organizations ("Community Benefits Program").

To fulfill its funding obligation for the Community Benefits Program, Owner

agrees to pay the City of Montebello the yearly sum of **\$50,000.00 (“Montebello Community Benefits Program Fee” or “MCBPF”)**. The first annual MCBPF shall be payable to the City on the date that the Certificate of Occupancy is issued to the Owner. Thereafter, the annual MCBPF shall be payable to the City on every July 1 for the term of the Agreement, and shall be pro-rated for any partial days during such period(s) of the Agreement.

The MCBPF is separate and apart from any Cannabis Operation Fee, or penalties therefrom. If the original term of this Agreement is mutually extended by the Parties, the annual minimum payment to this program will be amended accordingly.

c. Designation of Community Relations Liaison. Pursuant to Montebello Municipal Code Chapters 5.90 and 17.71, at the time of this Agreement, Owner's day-to-day operations manager, Jorge Carrillo, will be responsible for community inquiries and complaints and on-site management during normal business hours.

d. Interface with Montebello Municipal Code / Inspections. Owner's day-to-day operations manager, and/or the Owner's Community Relations Liaison, Jorge Carrillo, will interface with the Montebello Police Department's assigned designee to ensure its operation complies with state and local laws and regulations. The City Manager, or designee, or the Montebello Police Department's assigned designee acting at the City Manager's request and per his specific and limiting instructions, shall have the right to enter all portions of the Site from time to time unannounced during hours of operation for the purpose of making reasonable inspections to observe and enforce compliance with this Agreement and Applicable Cannabis Laws, without the requirement of a search warrant, subpoena, or court order, and subject to appropriate cost recovery fees set forth in this Agreement, or adopted by the City.

_____ Owner's Initials

e. Local Recruitment, Hiring, and Training Programs. Owner is committed to making a good-faith effort to recruit, hire, and train City residents for employment by Owner. A good-faith effort means Owner shall take the following or similar actions to recruit and employ City residents: 1) Contact local recruitment sources to identify qualified individuals who are City residents, 2) Advertise for qualified City residents in trade papers and newspapers of general circulation in the area, and 3) Develop a written plan to recruit and employ City residents as a part of the its workforce. At a minimum, the Owner endeavors to achieve a targeted local annual hiring goal of approximately 45% of total operational jobs for permanent and apprentice employees. This goal shall apply horizontally, across all departments and managerial positions. The Owner shall not be penalized or deemed in default under this Agreement if it is unable to achieve such a goal. "Local" is defined as within a 3-mile radius of the

boundaries of the City's boundaries. The Owner may contact and work with a job referral agency assigned by the City Manager to implement a local hiring policy for permanent and apprentice employees. The purpose of the hiring policy is to facilitate the training and employment of local and disadvantaged job applicants for jobs within the City's jurisdiction, and 3-mile radius of City boundaries. Applicants for jobs shall not be disqualified from hiring solely on the basis of an arrest or conviction for a Cannabis-related crime that occurred prior to November 8, 2016, and could have been prosecuted as a misdemeanor or citation under current California law. The Owner shall periodically report on compliance with the local hiring goals as part of its annual audit report.

f. Living Wages. Living Wages. Owner shall pay make a good-faith effort all employees of the Facility, at a minimum, a Living Wage. A "Living Wage" is the higher of whatever the Owner currently pays its employees for similar work elsewhere or the following: the Full Cash Wage required to be paid by an employer to any similarly situated, educated, and/or credentialed individual under the City of Los Angeles Minimum Wage Ordinance [LAMC Sections 187 and 188], as adjusted annually.

g. Full-time Work. Owner shall make its best efforts to fill every position with a full-time employee. However, at no time shall Owner have a labor force that is composed of less than 50% full-time employees within its labor force, and Owner shall make a good faith effort to maintain a full-time employee level of more than 50%. Owner agrees to provide to its eligible employees leave benefits, health and wellness benefits and other employee benefits to the extent such benefits are required to be paid for by Owner under applicable state and federal employment laws.

h. Labor Peace Agreement. If Owner has twenty (20) or more employees at the time of this Agreement's signing, then Owner shall in good faith work with any labor organization for the purpose of collective bargaining and shall enter into and provide the City a copy of a labor peace agreement no later than one hundred and twenty (120) days after this Agreement's signing. Such Owner with twenty (20) or more employees but without a labor peace agreement at the time of this Agreement's signing shall in good faith provide a notarized Statement of Intent to the City no later than this Agreement's signing, indicating that the Owner will enter into and abide by the terms of a labor peace agreement with any labor organization no later than one hundred and twenty (120) days after this Agreement's signing.

If Owner has less than twenty (20) employees at the time of this Agreement's signing, such Owner shall in good faith provide a notarized Statement of Intent to the City no later than this Agreement's signing, indicating that the Owner will enter into and abide by the terms of a labor peace agreement with any labor organization if and when Owner has twenty (20) or more employees at any time during the Term of this Agreement. Such Owner with less than twenty (20)

employees at the time of this Agreement's signing shall also provide the City a copy of the labor peace agreement no later than one hundred and twenty (120) days from hiring its twentieth (20th) employee, if and when such event occurs during the Term of this Agreement. Attached as Exhibit G, and incorporated herein is a true and correct copy of the actual Labor Peace Agreement; or applicable Notarized Statement of Intent. Owner shall abide by the terms of the labor peace agreement if and when so adopted in accordance with this Subsection. If Owner fails to comply with the labor peace agreement requirement in accordance with this Subsection, such failure shall constitute a default in accordance with Section 13 of this Agreement.

7. Payment of City Fees

a. Permit and Application Fees. Owner agrees to pay all permit fees and charges referenced in Montebello Municipal Code Chapters 5.90 and 17.71, and the amounts adopted by City Council by Resolution No. 19-14, effective February 13, 2019, as well as any fees set forth in this Agreement. Permit application, processing, and renewal fees shall be due and payable at the time application is made.

b. Cannabis Operation Fees.

As used herein, "**Premises**" means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the Owner where the commercial cannabis activities will be or are conducted.

As used herein, "canopy" means the designated area(s), except nurseries, that will contain mature plants at any point in time, as follows:

(1) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain mature plants at any point in time, including all of the space(s) within the boundaries;

(2) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary that includes, but is not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots; and

(3) If mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

As used herein, "**commercial cannabis activities**" means all permitted activities: e.g., cultivation, possession, manufacture, processing, storing, packaging, labeling, transportation, sale, delivery or distribution of cannabis

and/or cannabis products.

As used herein, "**Gross receipts**" shall mean the total amount of receipts actually received or receivable in accordance with GAAP or other comprehensive version of accounting in the course of business in a calendar year or calendar month from sales or the performance of acts or services for which charge is made or credit allowed. "**Gross receipts**" include, without limitation, all receipts, cash, credit, property received in lieu of cash, and any other valuable consideration taken in exchange for goods, services or other valuable consideration.

As used herein, "**Production Space**" means the area on or within the **Premises** intended for **commercial cannabis activities** excluding non-operational common areas such as restrooms, cafeterias, break rooms, hallways, corridors, vestibules, parking structures or surface street lots. The parties stipulate and agree that the square footage for the **Production Space** shall be determined by the City Manager in his sole and complete discretion as the Project is completed.

The City Manager is specifically authorized to increase the square footage for the Production Space up to an increase in size of ten percent (10%) administratively and to determine the corresponding operating fee as the Project is completed.

Owner agrees to pay to City ninety (90) days after a Certificate of Occupancy is granted, in order to enable City to promote, protect, and enhance the health, safety, and welfare of the community and its residents and its quality of life., Owner agrees to pay the following percentage of gross receipts and the following square footage for cannabis operations, as follows, paid on a quarterly basis to the City ("Cannabis Operation Fee"):

1. Manufacturing: 2% of gross receipts
2. Distribution: 2.5% of gross receipts, excluding distribution of products manufactured at the Site as well as distribution activities solely to licensed entities under common ownership or otherwise affiliated with Owner so long as distribution is not the only commercial cannabis activity conducted at the Site
3. Delivery-Only Retail: 2% of gross receipts
4. Cultivation: \$10.00 per square foot of canopy space, as may be amended from time to time pursuant to the CUP and/or this Agreement

Any subsequent years of operation after the first ten (10) year term of this Agreement shall be negotiated in good faith by the parties.

A Site with multiple licenses must not commingle respective sales proceeds, and blend percentage rate of **Gross Receipts**.

The Cannabis Operation Fee shall begin to accrue **ninety (90)** days after a Certificate of Occupancy is granted. Owner shall make payments to the City on a quarterly basis, within ninety (90) calendar days after the last day of each quarter. The first quarter is defined as January 1 through March 31, the second quarter as April 1 through June 30, the third quarter as July 1 through September 30, and the fourth quarter as October 1 through December 31. First payment to the City may be prorated, if applicable, to adhere to the latter, uniform quarterly payment schedule.

Failure to pay the Cannabis Operation Fee within thirty (30) calendar days after the due date shall result in a penalty for nonpayment in a sum equal to 10% of the total amount due. Additional penalties will be assessed in the following manner: an additional 10% shall be added to the first day of each calendar month following the month of the imposition of the 10% penalty if these fees remain unpaid in whole or in part – up to a maximum of 100% of the total fee payable on the due date.

c. Owner understands and agrees that the fees set forth above shall be paid in a manner and in accordance with a payment schedule set or modified by City. The cultivation, manufacturing, testing, distribution, and delivery space to which the Cannabis Operation Fee applies is as identified on the City-issued final approved floor plan.

d. If Owner makes any changes to the interior layout of the Site that increases the amount of space allocated to those uses to which the per-square-foot Cannabis Operation Fee applies, Owner shall notify City in writing of such changes at least fourteen (14) calendar days prior to making such changes, and if approved by the City the per-square-foot fee shall be modified accordingly. If Owner fails to give City notice as required herein, Owner shall be responsible for paying to City a per-square-foot fee based on any increase in the amount of space allocated to those uses to which the per-square-foot fee applies retroactive to the date the CUP became effective.

8. Additional Owner Obligations

a. Reporting of Gross Receipts from Operations

1) Quarterly Receipts. No later than one-hundred twenty (120) days from the date Owner secures a CUP and every three months thereafter (Owner shall deliver to City a report (the “Quarterly Report”), pursuant to the quarterly payment schedule discussed hereinabove) showing (i) Gross Receipts from commercial cannabis activities for the immediate prior three months received by Owner, and a cumulative total of all amounts of Gross Receipts from commercial cannabis activities received by Owner for the calendar year, (ii) a calculation of the quarterly payment due to City for the prior three months, and (iii) a calculation of the cumulative total of all quarterly payments for the calendar year.

2) Statement of Receipts/Annual Audit. The Owner shall keep complete, accurate and appropriate books and records of all receipts from operations in accordance with generally accepted accounting principles ("GAAP") or other comprehensive version of accounting. For purposes herein, "books and records" shall mean all bookkeeping or accounting documents Owner typically utilizes in managing its business operations relating to the Project. Such books and records, as well as all other relevant documents as the City Manager may reasonably require, shall, upon reasonable written notice, be open for inspection by City, its auditors or other authorized representatives. If at any time during the term such books and records prove inadequate in the reasonable judgment of City to record the Gross Receipts from commercial cannabis activities as herein required, Owner shall, upon the written request of the City, procure and maintain such books and records as shall be of a character and from adequate for such purpose. City shall have the right to audit and examine such books, records and documents and other relevant items in the possession of Owner, on no more than an annual basis, or at any time other upon reasonable basis therefor substantiated the City, to the extent necessary for a proper determination of Gross Receipts from commercial cannabis activities, and all such books, records, documents and other items shall be held available for such audit and examination. The City's audit shall be performed by a non-contingency fee, regionally recognized independent auditor approved in advance by the City. Upon request by City, Owner shall make all such books, records and documents available to the City Manager, his designee, or to the City approved auditor, and provide removable copies thereof, within thirty (30) days of the date of City's request. Owner shall pay all reasonable costs of such audits. Owner shall preserve such books, records, documents, and other items in Montebello for a period of not less than one (1) years for the purpose of auditing or re-auditing these accounts upon reasonable notice; except that, if an audit is made within the seven-year period and Owner claims that errors or omissions have occurred, the books and records shall be retained and made available until those matters are resolved. City shall keep strictly confidential all statements of revenue furnished by Owner and all other information concerning Owner's operation of the Site obtained by City as a result of the inspection audit and examination privileges of City hereunder (i.e. receipts and tax filings), except as otherwise required by a court order. If City receives a request for such information pursuant to the Public Records Act (California Government Code Section 6250, et seq.), City shall provide Owner notice of any such request prior to disclosing any such information and shall refuse to disclose such information until such time as Owner has been given notice and afforded the opportunity to obtain a protective order. Within seven (7) years after the receipt of any statement of receipts under this Agreement, City at any time shall be entitled to carry out an audit of such revenue either by City or agent to be

designated by City. If it shall be determined as a result of such audit that there has been a deficiency in any payment due under this Agreement made on the basis of such statement, then such deficiency shall become immediately due and payable within thirty (30) days of such determination.

3) Copies of Tax Filings. Owner shall provide the City with courtesy copies of each and every report Owner is required to provide to the County of Los Angeles or the State of California for sales, use, cannabis excise, or other gross receipts type taxes at the time such filings are required to be made, including any lawful extensions thereof.

b. Future Revenue Mechanisms. During the term of this Agreement, if the City imposes (by Citizen Initiative) an alternative revenue mechanism specifically related to commercial cannabis activities (e.g., a cannabis tax), Owner agrees to renegotiate in good faith the terms of this Development Agreement with the City so as to comply with an alternative revenue mechanism to the extent the alternative revenue mechanism does not result in higher annual fees than the fees required under this Agreement. As used in this section, "alternative revenue mechanism" does not include taxes, fees, or assessments levied on or collected from both cannabis and non-cannabis operations.

9. Insurance and Indemnity

a. Insurance. Owner shall require all persons doing work on the Project, including its contractors and subcontractors (collectively, "Owner" for purposes of this Section 9 only), to obtain and maintain insurance of the types and in the amounts described in this section and its subsections with carriers reasonably satisfactory to City.

b. General Liability Insurance. Owner shall maintain commercial general liability insurance or equivalent form with a limit of not less than One Million Dollars (\$1,000,000) (or as otherwise approved, in writing, by City) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate. Such insurance shall also:

1) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as "Additional Insureds" by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insured.

2) Be primary with respect to any insurance of self-insurance programs covering City, its officials, employees, agents, and representatives.

3) Contain standard separation of insured provisions.

c. Automobile Liability Insurance. Owner shall maintain business automobile liability insurance or equivalent form with policy limits that are in commercially reasonable amounts and in compliance with state law for such automotive liability insurance for each accident for the vehicles Owner operates in connection with its cannabis business. Such insurance shall include coverage for owned, hired, and non-owned automobiles. Such insurance shall also:

- 1) Name City, and work in good faith with the City and the insurers to name additional insureds as deemed reasonably necessary. "Additional Insureds" by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insureds;
- 2) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives;
- 3) Contain standard separation of insured provisions.

d. Workers' Compensation Insurance. Owner shall take out and maintain during the term of this Agreement, the statutorily required minimum amount of workers' compensation insurance in accordance with applicable state workers' compensation laws for all of Owner's employees employed at or on the Project, and in the event any of the work is subcontracted, Owner shall require any general contractor or subcontractor similarly to provide workers' compensation insurance for such contractor's or subcontractor's employees, unless such employees are covered by the protection afforded by Owner. In case any class of employee engaged in work on the Project is not protected under any workers' compensation law, Owner shall provide and shall cause each contractor and subcontractor to provide adequate insurance for the protection of employees not otherwise protected. Owner hereby indemnifies City for any damage resulting from failure of Owner, its agents, employees, contractors, or subcontractors to take out or maintain such insurance. Workers' compensation insurance with statutory limits and employer's liability insurance of not less than the required statutory limits for each accident shall be maintained.

e. Other Insurance Requirements. Owners shall do all of the following:

- 1) Prior to taking any actions under this Agreement, furnish City with properly executed certificates of insurance that clearly evidenced all insurance required in this Section, including evidenced that such insurance will not be canceled, allowed to expire, or be materially reduced in coverage without thirty (30) days prior written notice to City.
- 2) Provide to City, upon request, and within seven (7) calendar days of said request, certified copies of endorsements and policies, and properly executed certificates of insurance evidencing the insurance

required herein.

3) Replace or require the replacement of certificates, policies and endorsements for any insurance required herein expiring prior the termination of this Agreement.

4) Maintain all insurance required herein from the Effective Date of this Agreement to the earlier of the expiration of the term or the mutual written termination of this Agreement.

5) Place all insurance required herein with insurers licensed to do business in California with a current Best's Key Rating Guide reasonably acceptable to City.

f. Indemnity. Owner agrees to indemnify, defend, and hold City, and its elected and appointed council, boards, commissions, officers, agents, employees, contractors, consultants and representatives, harmless from any and all claims costs and liability for any personal injury or property damage which may arise as a result of any actions or negligent omissions by Owner or Owner's contractors, subcontractors, agents, or employees in connection with the construction, improvement, or operation of the Project.

10. Termination

a. Termination upon End of Term. This Agreement shall terminate upon the expiration of the term, unless it is terminated earlier pursuant to the terms of this Agreement.

b. Effect of Termination on Owner's Obligations. Termination of this Agreement shall eliminate any further obligation of Owner to comply with this Agreement, or some portion thereof, if such termination relates to only part of the Site or Project. Termination of this Agreement, in whole or in part, shall not, however, eliminate or otherwise limit the rights of Owner to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

c. Effect of Termination on City's Obligations. Termination of this Agreement shall eliminate any further obligation of City to comply with this Agreement, or some portion thereof. Termination of this Agreement shall not, however, eliminate the rights of City to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

d. Survival after Termination. The rights and obligations of the Parties set forth in Section 14, Section 20, and Subsection 22(c), and Subsection 22(e), and any right or obligation of the Parties in this Agreement which, by its express terms or nature and context is intended to survive termination of this Agreement, will survive any such termination.

11. Resources Efficiency

Owner shall in good faith endeavor to reduce its environmental impact when possible. The design of the Site shall include reasonable water and energy conservation measures in accordance with applicable State regulations and the CUP.

12. Standard Conditions for Construction

During any on-site construction activities related to development of the Site and any buildings thereon, or renovation or remodeling of existing buildings, Owner shall comply with all applicable terms and conditions of City's standard conditions for construction and the CUP. The Project shall comply with the applicable parking standards in accordance with the CUP.

13. Defaults and Remedies

a. Remedies in general. It is acknowledged by the Parties that City would not have entered into this Agreement if it were to be liable in damages under this Agreement, or with respect to this Agreement or the application thereof, except as hereinafter expressly provided. Subject to extensions of time by mutual consent in writing, failure to delay by either party to perform any term or provision of this Agreement beyond a reasonable notice and cure period shall constitute a default. In the event of alleged default or breach of any terms or conditions of this Agreement, the party alleging such default or breach shall give the other party not less than thirty (30) day notice in writing specifying the nature of the alleged default and the manner in which said default may be satisfactorily cured during any such thirty (30) day period, the party charged shall not be considered in default for purposes of termination or institution of legal proceedings. Notwithstanding the foregoing to the contrary, if the alleged default is of such a nature that it cannot be reasonably cured within thirty (30) days, the alleged defaulting party shall not be deemed in default as long as such party commences to cure such default within such thirty (30) day period and thereafter diligently prosecutes such cure to completion.

After notice and expiration of the thirty (30) day period, the other party to this Agreement, at its option, may institute legal proceedings pursuant to this Agreement.

In general, each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this Agreement, except that City shall not be liable for monetary damages, unless expressly provided for this Agreement, to Owner, to any mortgagee or lender, or to any successors in interest of Owner or mortgagee or lender, or to any other person, and Owner covenants on behalf of itself and all successors in interest to the Property or any portion thereof, not to sue for damages or claim any damages.

- 1) For any breach of this Agreement or for any cause of action which arises out of this Agreement; or
- 2) For the impairment or restriction of any right or interest conveyed or provided under, with, or pursuant to this Agreement, including, without limitation, any impairment or restriction which Owner characterizes as a regulatory taking or inverse condemnation; or
- 3) Arising out of or connected with any dispute, controversy or issue regarding the application or interpretation or effect of the provisions of this Agreement.

Nothing contained herein shall modify or abridge Owner's rights or remedies (including its rights for damages, if any) resulting from the exercise by City of its power of eminent domain. Nothing contained herein shall modify or abridge Owner's rights or remedies (including its rights for damages, if any) resulting from bad faith intentional acts, the grossly negligent or malicious acts of City and its officials, officers, agents and employees. Nothing herein shall modify or abridge any defenses or immunities available to City and its employees pursuant to the Government Liability Act and all other applicable statutes and decisional law.

Except as set forth in the preceding paragraph relating to eminent domain, Owner's remedies shall be limited to those set forth in this Subsection 13(a), Subsection 13(b), and Subsection 13(c).

Notwithstanding anything to the contrary contained herein, City covenants as provided in Civil Code Section 3300 not to sue for or claim any consequential damages or, in the event all or a portion of the Site is not developed, for lost profits or revenues which would have accrued to City as a result of the development of the Site.

b. Specific Performance. The Parties acknowledge that money damages and remedies at law are inadequate, and specific performance and other non-monetary relief are particularly appropriate remedies for the enforcement of this Agreement and should be available to all parties for the following reasons:

Due to the size, nature and scope of the Project, it may not be practical or possible to restore the Site to its natural condition once implementation of this Agreement has begun. After such implementation, Owner may be foreclosed from other choices it may have had to use the Site or portions thereof. Owner has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more significant time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate Owner for

c. Release. Except for those remedies set forth in Subsections 13(a), 13(b), and 13(c), Owner, for itself, its successors and assignees, hereby releases City, its officers, agents and employees from any and all claims, demands, actions, or suits of any kind or nature arising out of any liability, known or unknown, present or future, based or asserted, pursuant to Article 1, Section 19 of the California Constitution, the Fifth Amendment of the United States Constitution, or any other law or ordinance which seeks to impose any other liability or damage, whatsoever, upon City because it entered into this Agreement or because of the terms of this Agreement.

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

Owners' Initials

City of Montebello
Development Agreement

e. Attorneys' Fees and Costs. In any action or proceeding between City and Owner brought to interpret or enforce this Agreement, or which in any way arises out of the existence of this Agreement or is based upon any term or provision contained herein, the "prevailing party" in such action or proceeding shall be entitled to recover from the non-prevailing party, in addition to all other relief to which the prevailing party may be entitled pursuant to this Agreement, the prevailing party's reasonable attorneys' fees and litigation costs, in an amount to be determined by the court. The prevailing party shall be determined by the court in accordance with California Code of Civil Procedure Section 1032. Fees and costs recoverable pursuant to this Subsection 13(e) include those incurred during any appeal from an underlying judgment and in the enforcement of any judgment rendered in any such action or proceeding.

f. Owner Default. No building permit shall be issued or building permit application accepted for any structure on the Site after Owner is determined by City to be in default of the terms and conditions of this Agreement until such default thereafter is cured by Owner or is waived by City. If City terminates this Agreement because of Owner's default, then City shall retain any and all benefits, including money or land received by City hereunder.

14. Third Party Litigation

a. General Plan Litigation. City has determined that this Agreement is consistent with its General Plan. Owner has reviewed the General Plan and concurs with City's determination.

City shall have no liability under this Agreement or otherwise for any failure of City to perform under this Agreement, or for the inability of Owner to develop the Site as contemplated by the Agreement, which failure to perform or inability to develop is as the result of a judicial determination that the General Plan, or portions thereof, are invalid or inadequate or not in compliance with law, or that this Agreement or any of City's actions in adopting it were invalid, inadequate, or not in compliance with the law.

b. Hold Harmless Agreement. Owner hereby agrees to, and shall hold City, its elective and appointive boards, commissions, officers, agents, attorneys, contractors, consultants and employees harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for property damage which may arise from Owner or Owner's contractors, subcontractors, agents, or employees' operations under this Agreement, whether such operations be by Owner, or by any of Owner's contractors, subcontractors, agents, or employees operations under this Agreement, whether such operations be by Owner, or by any of Owner's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for Owner or any of Owner's contractors or subcontractors. Owner agrees to and shall defend City and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for

damage caused, or alleged to have been caused, by reason of any of the aforesaid operations.

c. Indemnification. Owner shall defend, indemnify, and hold harmless City and its elective and appointive boards, commissions, officers, agents, attorney's, contractors, consultants and employees against and from any and all liabilities, demands, claims, actions or proceedings and costs and expenses incidental thereto (including costs of defense, settlement and reasonable attorneys' fees) which any or all of them may suffer, incur, be responsible for or pay out as a result of or in connection with any challenge to the legality, validity or adequacy of any of the following: (i) this Agreement and the concurrent and subsequent permits, licenses and entitlements approved for the Project or Site; (ii) the environmental impact report, mitigated negative declaration or negative declaration, as the case may be, prepared in connection with the development of the Site; and (iii) the proceedings undertaken in connection with the adoption or approval of any of the above. In the event of any legal or equitable action or other proceeding instituted by any third party (including a governmental entity or official) challenging the validity of any provision of this Agreement or any portion thereof as set forth herein, the parties shall mutually cooperate with each other in defense of said action or proceeding. Notwithstanding the above, City, at its sole option, may tender the complete defense of any third-party challenge as described herein. In the event City elects to contract with special counsel to provide for such a defense, City shall meet and confer with Owner regarding the selection of counsel, and Owner shall pay all costs related to retention of such counsel.

d. Environmental Contamination. Owner shall indemnify and hold City, its elective and appointive boards, commissions, officers, agents, attorney's, contractors, consultants and employees free and harmless from any liability, based or asserted, upon any act or omission of Owner, its officers, agents, employees, subcontractors, predecessors in interest, successors, assigns and independent contractors, excepting and acts or omissions of City as successor to any portions of the Site dedicated or transferred to City by Owner and further excepting any environmental conditions not within Owner's control nor directly associated with a Permitted Use, for any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under or about the Property, including, but not limited to, soil and groundwater conditions, and Owner shall defend, at its expense, including attorneys' fees, City, its officers, agents and employees in any action based or asserted upon any such alleged act or omission. City may in its discretion participate in the defense of any such claim, action or proceeding.

The provisions of this Section 14(d) do not apply to environmental conditions that predate Owner's ownership or control of the Site or applicable portion; provided, however, that the foregoing limitation shall not operate to bar, limit or modify any of Owner's statutory or equitable obligations as an owner or seller of

the Site.

e. City to Approve Counsel. With respect to Subsections 14(a) through 14(d) only, City reserves the right to approve the attorney(s) which Owner selects, hires or otherwise engages to defend City hereunder, which approval shall not be unreasonably withheld, conditioned, or delayed.

f. Accept Reasonable Good Faith Settlement. City shall not reject any reasonable good faith settlement offer regarding claims contemplated in this Section 14. If City does reject a reasonable, good faith settlement that is acceptable to Owner, Owner may enter into a settlement of the action, as it relates to Owner, and City shall thereafter defend such action (including appeals) at its own cost and be solely responsible for any judgment rendered in connection with such action. This Subsection 14(f) applies exclusively to settlements pertaining to monetary damages or damages which are remedial by the payment of monetary compensation. Owner and City expressly agree that this Subsection 14(f) does not apply to any settlement that requires an exercise of City's police powers, limits City's exercise of its police powers, or affects the conduct of City's municipal operations.

g. Survival. The provisions of Subsections 14(a) through 14(f) inclusive, shall survive the termination or expiration of the Agreement.

15. California Environmental Quality Act

Owner shall reimburse City for any and all reasonable costs incurred by City related to project review under the California Environmental Quality Act (CEQA), Public Resources Code, §§21000-21189.3, and the Guidelines for California Environmental Quality Act, California Code of Regulations, Title 14, §§15000-15387. If reasonably requested by City, Owner shall conduct and pay for any required CEQA reviews and analyses. The City has found that the proposed Project is Categorically Exempt from California Environmental Quality Act (CEQA) requirements under provisions of CEQA Guidelines **Section 15332 – In-Fill Development**. This exemption applies to projects characterized as infill development within urbanized areas meeting the conditions described in **Section 15332**.

16. Rules, Regulations, and Official Policies

Except as otherwise provided in this Agreement, the rules, regulations, and official policies of City governing permitted uses of the land, governing density, and governing the design, improvements, and construction standards and specifications applicable to the development of the Project subject of this Agreement, shall be those rules, regulations, and official policies of City in force as of the Effective Date of this Agreement. This Agreement does not prevent City, in subsequent actions applicable to the Site, from applying new rules, regulations, and policies which do not conflict with those rules, regulations, and

policies applicable to the property as set forth herein, nor does this Agreement prevent City from denying or conditionally approving any subsequent development project application (i.e. not the Project) based on such existing or new rules, regulations, or policies.

17. CUP Conditions of Approval

Owner shall comply with all conditions of approval of the City-issued CUP. If there is any conflict between a term of this Agreement and a condition of approval of the City-issued CUP, then the most restrictive shall apply.

18. Periodic Reviews

This Agreement shall be subject to annual review. The Owner executing this Agreement, or successor in interest thereto, shall demonstrate good faith compliance with the terms of this Agreement. If, as a result of such periodic review, City finds and determines, based on substantial evidence, that Owner executing this Agreement, or successor in interest thereto, has not materially complied in good faith with the terms or conditions of this Agreement, City may terminate or modify this Agreement (except no modification shall increase Owner's liability nor reduce Owner's rights), provided that City shall first provide Owner notice of its intent to terminate, with a detailed explanation as to why, and provide Owner the reasonable right to cure the same.

a. Periodic Review. City Council shall review this Agreement annually, on or before each anniversary of the Effective Date, in order to ascertain Owner's good faith compliance with this Agreement. During the periodic review Owner shall be required to demonstrate good faith compliance with the terms of the Agreement, through submitting an annual monitoring report, records, or equivalent written materials to the Planning Department. The Planning Department will schedule a hearing on the periodic review of the Development Agreement on or following the anniversary of the Effective Date, but Owner has no obligation to compel such hearing, and no implication will be made to Owner's detriment if a hearing is not in fact held. Owner shall document any request for an extension of the term due to delays beyond the control of Owner (see Subsection 22(g), "Force Majeure"). Owner shall submit an annual review and administration fee deposit not to exceed City's estimated internal and third-party costs associated with the review and administration of this Agreement during the succeeding year. City shall provide Owner said estimate a reasonable time in advance of the annual review and administration fee deposit being due.

b. Conditional Use Permit. The operation of the business at all times shall be required to comply with the CUP and this Agreement.

c. Special Review. City Council may order a special review of compliance with this Agreement at any time. The City Manager, Community Development

Director, or his or her designee(s) shall conduct such special review. During a special review, Owner shall be required to demonstrate good faith compliance with the terms of the Agreement. The burden of proof on this issue shall be on Owner.

d. Review Hearing. At the time and place set for the special or periodic review hearing, Owner shall be given an opportunity to be heard. If City Council finds, based upon substantial evidence, that Owner has not complied in good faith with the terms or conditions of this Agreement, City Council may terminate this Agreement notwithstanding any other provision of this Agreement to the contrary, or modify this Agreement and impose such conditions as are reasonably necessary to protect the interests of City. The decision of City Council shall be final, subject only to judicial review pursuant to Code of Civil Procedure Section 1094.5.

e. Certificate of Agreement Compliance. If, after a periodic or special review, Owner is found to be in compliance with this Agreement, and if Owner requests it, City shall issue a Certificate of Agreement Compliance ("Certificate") to Owner stating that after the most recent periodic or special review, and based upon the information known or made known to the Planning Director and City Council, that (i) this Agreement remains in effect and (ii) Owner is not in default. City shall not be bound by a Certificate if a default existed at the time of the periodic or special review, but was concealed from or otherwise not known to the Planning Director and City Council, regardless of whether the Certificate is relied upon by assignees or other transferees or Owner.

f. Failure to Conduct Review. City's failure to conduct a periodic review of this Agreement shall not constitute a breach of this Agreement.

g. Cost of Review. The reasonable costs incurred by City in connection with the periodic reviews shall be borne by Owner.

19. Assignment

Assignment by Owner. Owner shall not transfer, delegate, sublet or assign its interest, rights, duties, and obligations under this Agreement without the prior written consent of City, which consent shall not be unreasonably withheld. Owner shall submit a transfer application to the City Manager or City Manager's designee and pay any applicable transfer fee. The proposed transferee must show proof of lawful transfer of possession of the applicable location as may be acceptable to the City. Owner is aware it may take the City approximately six (6) months to process a transfer application.

Any assignment, delegation, subletting or assignment without the prior written consent of City shall be null and void. Any transfer, delegation, subletting or assignment by Owner as authorized herein shall be effective only if and upon

the party to whom such transfer, delegation, subletting or assignment is made is issued a CUP as required under Montebello Municipal Code Chapters 5.90 and 17.71.

Owner shall also comply with all proposed assignments and changes, including assignment and changes impacting a Development Agreement or a CUP, as required pursuant to state law, and Montebello Municipal Code Chapters 5.90 and 17.71.

20. Operating Commercial Cannabis Facility

Any Party to this Agreement, or successor in interest thereto, shall not operate a commercial cannabis facility authorized under the municipal code unless:

- a. It is the holder of a valid CUP issued by City in accordance with the procedures and requirements of Montebello Municipal Code Chapters 5.90 and 17.71; and,
- b. At such time as the State of California requires commercial cannabis facilities and businesses to hold a valid license or permit issued by the State of California, it also holds such license or permit, unless, however, such permit or license is not required by the State of California for the type of commercial cannabis facility or business operation that is the subject of this Agreement.

21. Notices

Any notice or communication required hereunder between City and Owner must be in writing, and may be given either personally, by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered, as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to City: City of Montebello
1600 W. Beverly Blvd
Montebello, California 90640
Attention: City Manager

With a copy to: City Attorney
13181 Crossroads Parkway North
Suite 400 – West Tower
City of Industry, California 91746

If to Owner: The Jasmine Rose LLC
1701 Aeros Way, Suite B
Montebello, CA 90640

With a copy to: Atlas Public Affairs
2168 S. Atlantic Blvd. Suite 227
Monterey Park, CA 91754

22. Miscellaneous Provisions

Amendment or Cancellation. This Agreement may be amended, or canceled in whole or in part, only by the written mutual consent of the parties to this Agreement or their successors in interest, except that minor amendments that do not affect a substantive provision of this Agreement may be approved by the City Manager on behalf of the City. The decision whether a proposed amendment is "minor" shall be in the reasonable good faith discretion of the City Manager, and consistent with Montebello Municipal Code Chapters 5.90 and 17.71.

- a. Waiver. Waiver by City of any one or more of the terms or conditions of this Agreement shall not be construed as waiver of any other term or condition under this Agreement.
- b. Enforcement/Reserved Powers. Unless amended or canceled pursuant hereto, this Agreement shall be enforceable by any Party hereto, or successor in interest thereto, notwithstanding any subsequent change in any applicable general or specific plan, zoning, subdivision or building regulation, or municipal code amendment adopted by City that conflicts with the terms of this Agreement. However, this Agreement is subject to the City's "Reserved Powers." For purposes of this Agreement, "Reserved Powers" means the rights and authority excepted from this Agreement's restrictions on the City's police powers and which are instead reserved to the City. The Reserved Powers include the powers to enact regulations or take future discretionary actions after the Effective Date of this Agreement that: (1) are necessary to protect the public health and safety, and are generally applicable on a City-wide basis (except in

the event of natural disasters as found by the City Council such as floods, earthquakes and similar acts of God); (2) are amendments to California Marijuana Laws or California Uniform Codes, as adopted by the City of Montebello, and/or the Montebello Municipal Code, as applicable, regarding the construction, engineering and design standards for private and public improvements to be constructed on the Site; (3) are necessary to comply with state or federal laws and regulations; or (4) involve sign and parking ordinances and guidelines, changes to the City's zoning laws, Specific Plan or the City's General Plan, whether adopted previous or subsequent to the Effective Date of this Agreement).

If any City ordinance, rule or regulation or addition to the Montebello Municipal Code is enacted or imposed by a citizen-sponsored initiative or referendum after the Effective Date that would conflict with this Agreement or an associated CUP, business license or other authorizations and City approvals, or reduce development rights or assurances provided to the Owner in this Agreement, then such changes, additions or deletions to the Montebello Municipal Code shall not be applied to the Site or Project. The parties shall cooperate with each other and undertake such reasonable actions as may be appropriate to ensure this Agreement remains in full force and effect and is implemented in accordance with its terms and to the fullest extent permitted by state or federal law.

Notwithstanding anything to the contrary in this Agreement, site improvements contemplated by this Agreement shall be completed pursuant to the development standards and design guidelines to be adopted by the zoning code amendment.

- c. Severability. If any part of this Agreement is found to conflict with applicable state laws or regulations, such part shall be inoperative, null, and void insofar as it conflicts with said laws or regulations, or modified or suspended as may be necessary to comply with such state laws or regulations, but the remainder of this Agreement shall continue to be in full force and effect.
- d. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual, facsimile, or electronic signature.
- e. Jurisdiction. The law governing this Agreement shall be that of the State of California. Any suit brought by any party against any other party arising out of the performance of this Agreement or the breach, termination, enforcement, interpretation or validity thereof, shall be filed and maintained in the County of Los Angeles Superior Court.

- f. Disclaimer. Despite California's commercial cannabis laws and the terms and conditions of this Agreement, or any CUP issued pertaining to Owner or the property specified herein, California commercial cannabis cultivators, manufacturers, retailers, transporters, distributors, or possessors may still be subject to arrest by state or federal officers and prosecuted under state or federal law. The Federal Controlled Substances Act, 21 USC § 801, prohibits the manufacture, distribution, and possession of cannabis without any exemptions for medical use.
- g. Force Majeure. If delays are caused by unforeseen events beyond the control of Owner, such delays will entitle Owner to an extension of time as provided in this Section 22. Such unforeseen events ("Force Majeure") shall mean war, insurrection, acts of God, local, state or national emergencies, strikes and other labor difficulties beyond the party's control, or any default by City hereunder, which Force Majeure event substantially interferes with the development, construction or operation of the Project.
- h. Costs and Fees. Intentionally omitted.
- i. Constructive Notice and Acceptance. Every person who after the Effective Date of this Agreement owns or acquires any right, title, or interest to any portion of the Site, is and shall be conclusively deemed to have consented and agreed to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Site, and all rights and interests of such person in the Site shall be subject to the terms, requirements, and provisions of this Agreement.
- j. Binding Effect of Recitals. The Parties agree that the Recitals above are true and correct and intend to be bound by same.
- k. Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between the City and the Owner is that of a government entity regulating the development of private property and the owner of such property.
- l. Changes to Project. The parties acknowledge that changes to the Project and related approvals may be appropriate and mutually desirable to carry out the intent and purpose of this Agreement. This Agreement shall not

prevent the City from applying, with the consent or at the request of the Owner, *Subsequent Land Use Regulations* or *Subsequent Development Approvals* that do not directly conflict with the Site authorized under this Agreement. The granting of one such change or request shall not obligate the City to grant other similar changes or requests. As used herein, "*Subsequent Development Approvals*" include, without limitation, all excavation, grading, building, construction, demolition, encroachment or street improvement permits, occupancy certificates, utility connection authorizations, or other non-discretionary permits or approvals necessary, convenient or appropriate for the Project. As used herein, "*Subsequent Land Use Regulations*" means ordinances, resolutions and codes adopted or approved by the City after the Effective Date of this Agreement governing the development and use of the land, including general plan amendments, zone changes, variances or conditional use permits affecting the permitted use of the land including density or intensity of use, subdivision requirements, the maximum height and size of proposed buildings, the provisions of reservation or Dedication of land for public purposes, and the design, improvement and construction and initial occupancy standards and specifications applicable to the Development of the Property.

- m. Conflicting Federal or State Rules. In the event that any conflicting federal or state laws or regulations, enacted after the Effective Date, prevent or preclude compliance with one or more provisions of this Agreement or require changes in plans, maps or permits approved by the City, *this Agreement shall remain in full force and effect as to those provisions not affected*; and

- (i) Notice of Conflict. Either party, upon learning of any such matter, will provide the other party with written notice thereof and provide a copy of any such law, regulation or policy together with a statement of how any such matter conflicts with the provisions of this Agreement; and

- (ii) Modification Conferences. The parties shall, within thirty (30) days of the notice referenced to in the preceding subsection, meet and confer in good faith and attempt to modify this Agreement to bring it into compliance with any such federal or state law or regulation.

- (iii) City Council Hearings. In the event the City believes that an amendment to this Agreement is necessary due to the effect of any federal or state law or regulation, the proposed amendment shall be scheduled for hearing before the City Council. The City Council shall determine the exact nature of the amendment necessitated by such federal or state law or regulation. Owner shall have the right to offer oral and written testimony at the hearing. Any modification ordered by the City Council pursuant to such hearing is subject to judicial review in accordance with California law.

(iv) City Cooperation. The City shall cooperate with Owner in securing any City permits, licenses or other authorizations that may be required as a result of any amendment resulting from actions initiated by the City. As required by this Agreement, Owner shall be responsible to pay all applicable fees in connection with securing of such permits, licenses or other authorizations.

- n. Effective Date. "Effective Date" means either the date of this Agreement approved by the City Council or the date of the CUP's approval by the City Planning Commission, whichever comes later.
- o. Authority to Sign. Each Party or responsible officer or governing body therefore, has read this Agreement and understands and knows the contents thereof, and represents and warrants that each of the officers or agents executing this Agreement on behalf of their respective corporations, partnerships, or other organizations is empowered to do so and hereby binds the respective corporation, partnership, or other organization. Additionally, Owner represents and warrants that each of the officers or agents executing this Agreement on behalf of its corporation, partnership, or other organization is an "owner" as defined by California Business and Professions Code Section 26001 and hereby binds the respective corporation, partnership, or other organization.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF MONTEBELLO

THE JASMINE ROSE LLC

Jack Hadjinian
Mayor

Name: Jorge Carrillo
Title: Member

APPROVED AS TO FORM:

City Attorney
City of Montebello

EXHIBITS

- A. LEGAL DESCRIPTION [TO BE INSERTED]
- B. PARCEL MAP [TO BE INSERTED]
- C. SITE AND/OR FLOOR PLANS [TO BE INSERTED]
- D. RECORDED GRANT DEED OR EXECUTED LEASE AGREEMENT [TO BE INSERTED]
- E. PROPERTY OWNER SIGNED AND NOTARIZED CONSENT FORM [TO BE INSERTED]
- F. CONDITIONS OF APPROVAL [TO BE INSERTED]
- G. LABOR PEACE AGREEMENT OR NOTARIZED STATEMENT OF INTENT [TO BE INSERTED]

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT B

MAP

EXHIBIT C

SITE AND/OR FLOOR PLANS

EXHIBIT D

RECORDED GRANT DEED OR EXECUTED LEASE AGREEMENT

EXHIBIT E

PROPERTY OWNER SIGNED AND NOTARIZED CONSENT FORM

EXHIBIT F

CONDITIONS OF APPROVAL

EXHIBIT G

LABOR PEACE AGREEMENT OR NOTARIZED STATEMENT OF INTENT

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Rene Bobadilla, City Manager

BY: Danilo Batson, Director of Public Works

SUBJECT: Public Information and Outreach Services Agreement

DATE: August 28, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Award a Professional Services Agreement to TBWB Strategies in the amount not-to-exceed \$130,000 for public outreach services related to a proposed tax measure, which includes a project contingency of \$24,190 to cover any additional expenditures to be approved by the City Manager;
- 2) Approve a Resolution of Appropriation in the amount of \$130,000 from General Fund Reserves to complete the proposed project/services;
- 3) Authorize the City Manager to execute an agreement on behalf of the City;

BACKGROUND/ANALYSIS

Over the past several years, the City Council has investigated the possibility of increasing revenue through a sales tax initiative. In 2017, during a rushed attempt, the voters rejected an increase in sales tax by a small margin. Recently members of the City Council have again voiced support of the idea of investigating a possible voter initiative for 2020. Extraordinary measures must be taken to mitigate the projected budget shortfalls and to maintain healthy cash reserves in the City's General Fund.

General Fund Budget and Reserves Overview:

The General Fund currently has a \$54 million operating budget. Over the next five years it's estimated the budget will grow to \$59 million, with rising pension costs being a significant driver of the increase. While a slight budget deficit is anticipated in the current year, the trend of growing annual budget deficits are problematic and will eventually eliminate our General Fund reserve.

ITEM #17

The City's budget policy requires a balanced budget, meaning expenditures should not exceed revenues. Deficit spending means the City must tap into reserves to bridge revenue shortfalls or reduce services. In addition to a budget policy, the City gauges its General Fund as a benchmark tool to assess financial performance.

In order to maintain targeted reserve levels in accordance with the adopted policy, revenues will need to be increased or service cuts will need to be considered starting in Fiscal Year 2019/20.

There are three options to address the forecasted budget deficits:

- 1) Use reserves to cover projected deficits
- 2) Make budget cuts by reducing services offered to the community
- 3) Enhance revenues, including consideration of extraordinary measures

For long-term financial sustainability, a Transaction and Use Tax measure should be considered. This measure would have to be approved via a ballot measure. The City's next elections are March 2020 (Statewide Primary Elections) and November 2020 (U.S. Presidential Elections). If approved by voters, the City would begin to generate additional revenues in the 2020/21 budget year. It is recommended to begin the process of engaging the public immediately.

Transaction and Use Sales Tax (TUT) – A transaction and use sales tax is a viable way to increase revenues and ensure additional sales tax dollars generated in the City, stay in the City. The sales tax rate in Montebello is 9.5%, of which the City receives a 1.0% allocation. Legally, a 10.25% sales tax can be assessed with ballot approval. Currently, revenues from sales tax are \$12 million annually. Preliminary estimates provided by HDL, the City's tax consultant, show an additional 0.75% tax could generate \$6 million more annually because the additional 0.75% would be a direct allocation to the City as opposed to being added to the LA County pool.

The caveat to this option is the potential for Los Angeles County to place its own sales tax measure on the March, 2020 ballot, or a regional organization, such as AQMD. Due to the peculiarities of State sales tax law, County sales tax measure of this kind could conflict with Montebello's measure, making the additional 0.75% uncollectible by the California Department of Tax and Fee Administration (CDTFA). For this reason, many cities have held or plan to hold special elections earlier than March 2020 in order to capture these additional sales tax revenues. Below is a summary of recent sales tax override measures with pass and fail rates for information.

CALIFORNIA SALES TAX BALLOT MEASURES RESULTS				
Calendar Year	Total Ballot	Total # Passed	Total # Failed	Annual Passage Rate
2019	1	1	0	100%
2018	82	69	13	84%
2017	21	14	7	67%
2016	100	69	31	69%

ITEM #17

Advantages of a Transaction and Use Sales Tax (i.e. sales tax override) adopted by the City are the tax:

- is regionally paid, not entirely by the City's residents
- has a statutory cap of 10.25%
- is competitive with what other surrounding cities have done or are doing
- revenues stay within local (Montebello) control

Soliciting Community Engagement

The process of engaging the Community early is essential in order to gauge public support and to assess their priorities, before either recommending reductions in services or placing revenue enhancement measures on the ballot. The City should develop an overall strategy as to how it will conduct public outreach, polling, educational workshops, community meetings, informational activities, etc.

The City can either develop these strategies internally using City Staff or hire legislative consultants. Because the proposed ballot measures require specialized legislative processes, Staff would recommend using a consultant with the technical expertise to handle such engagement of the public. As such, Staff recommends the City hire an external consultant to manage the outreach. Staff has reviewed qualifications of three well-known legislative consulting groups including scope of work, passage rates, and experience working with local cities, and has received preliminary cost estimates for services from the groups.

On March 4, 2019, the City issued a Request for Proposals for Public Outreach Services (RFP No. 19-22) inviting proposals from qualified persons or firms to provide comprehensive public engagement and outreach services to the City. Staff contacted 11 potential firms. On April 2, 2019, the City received three (3) proposals, a summary of the proposals is provided in the table below:

Firm	Public Education/ Outreach Dev. Services	Polling/Opinion Survey	Direct Mailing (3 pieces)	Additional Services*	Estimated Fee
William Berry Campaigns, Sacramento	\$55,000	\$18,500	\$32,199 (\$0.70 for 15,333 households)	TBD	\$105,699*
Cerrell Associates, Los Angeles	\$71,931	\$27,850	\$32,580	\$6,000	\$138,361
Elevate Public Affairs, Santa Monica	\$100,000 (8 months (@ \$12,500/month	\$26,000	\$25,000 to \$30,000	\$18,050	\$153,500

*Additional Services include collateral development, online/social media, video series.

On June 12, 2019, the City Council elected not to award a contract to any firm and directed staff to re-issue the RFP.

On July 9, 2019, the City issued a new Request for Proposals for Public Outreach Services (RFP No. 19-44) inviting proposals from qualified persons or firms to provide comprehensive public engagement and outreach services to the City. Staff contacted

ITEM #17

12 potential firms. On July 23, 2019, the City received 5 proposals. While a summary of the proposals is provided in the table below, the firms are listed in order of staff completed review of their proposals (including qualifications, experience with sales tax measures, and best suited to provide the services requested by the City). Copies of the proposals received are available in the City Clerk's Office.

March 2020 Election

Firm	Public Education/ Outreach Dev. Services	Polling/Opinion Survey	Direct Mailing (3 pieces)	Additional Services*	Estimated Fee
TBWB Strategies	\$26,000 (4 months @ \$6,500/month)	\$29,750	\$17,560		\$73,310
William Berry Campaigns, Sacramento	\$87,500	\$23,700	\$29,500	\$17,500	\$158,200
MCG	\$94,800	\$12,000	\$32,580		\$106,800
Elevate Public Affairs, Santa Monica	\$50,000 (4 months (@ \$12,500/month)	\$26,000	\$25,000 to \$33,000	\$18,050	\$119,050 to \$127,050
Agency ETA	\$32,000 (4 months @ \$8,000/month)	No polling	Cost + 17.65% markup	Cost + 17.65% markup	\$32,000 + additional cost and markups

*Additional Services include collateral development, online/social media, video series

November 2020 Election

Firm	Public Education/ Outreach Dev. Services	Polling/Opinion Survey	Direct Mailing (3 pieces)	Additional Services*	Estimated Fee
TBWB Strategies	\$58,500 (10 months @ \$5,580/month)	\$29,750	\$17,560		\$105,810
William Berry Campaigns, Sacramento	\$87,500	\$23,700	\$29,500	\$17,500	\$158,200
MCG	\$94,800	\$12,000	\$32,580		\$106,800
Elevate Public Affairs, Santa Monica	\$125,000 (10 months (@ \$12,500/month)	\$26,000	\$25,000 to \$33,000	\$18,050	\$194,050 to \$202,050
Agency ETA	\$40,000 (10 months @ \$8,000/month)	No polling	Cost + 17.65% markup	Cost + 17.65% markup	\$40,000 + additional cost and markups

*Additional Services include collateral development, online/social media, video series

Based on the qualifications reviewed, Staff is recommending TBWB Strategies. TBWB is located in Northern California but is very familiar with the region as they have provided similar services to nearby municipalities and school districts. Additionally, TBWB would contract with FM3 to conduct outreach surveys. While Agency ETA is less expensive, they did not provide cost for polling survey, direct mailing and additional

services such as digital and social media. Additionally, Agency ETA specialty appears to be water related measures, not sales tax measures.

Timeline

With Council's approval, Staff would like to take the months of September – October to commence public outreach and polling to gauge the Community's priorities. Staff and the consultant will report back to the City Council the results of the public's opinions as to what actions to take in light of the projected budget deficits (e.g. spend down reserves, ballot measures to enhance revenues, and/or reduce services). The deadline to call a local ballot measure is 88 days prior to the election; that means Council has until December 6th to call ballot measures such as a Transaction and Use Tax or for the March 3, 2020 general election. If a ballot measure is placed on the March 3, 2020 Election, the measure will require a 2/3 majority approval by the voters. If a ballot measure is placed on the November 4, 2020 Election, the measure will require a simple majority (50% + 1) approval by the voters.

Montebello Municipal Code 3.21.022 states that, "once the department requesting the professional/special service has determined a firm has an adequate level of competence, the cost of the service may be considered, however, price may not be the sole factor in determining to whom a contract shall be awarded. The city's best interests may be served by awarding the contract to a higher priced contractor based on the scope of services available, unique skills, staffing levels, timing, prior experience, past working relationship, and other factors required by the department or proposed by the contractor". Based on qualifications and experience of the firms, including performance of similar services in the Los Angeles County Area, the best qualified firm that meets the City needs and requested services is TBWB Strategies.

It is recommended that the City Council award a Professional Services Agreement for public engagement and outreach services to TBWB Strategies in the amount not-to-exceed \$130,000, including a project contingency of \$24,190 to be approved by the City Manager, as needed. Immediately upon approval, Staff will direct the consultant to proceed with the polling survey (to be performed by FM3) to determine whether the March 2020 or November 2020 present the best opportunity for the proposed sales tax measure to succeed and return to City Council for consideration.

FISCAL IMPACT

Approval of the recommended actions authorizes a not-to-exceed expenditure of \$130,000 in order to engage Montebello residents and businesses for the purpose of educating the community about the City's projected budget deficits and to assess the community's priorities. The cost of the proposed services requires an appropriation from General Fund Reserves; therefore, a resolution of appropriation has been prepared for consideration and approval by the City Council.

SUMMARY

The City Council will consider selection of a firm to conduct public engagement and outreach services for a proposed City sales tax measure for either the March 2020 Election or November 2020 Election.

ATTACHMENTS

Notice Inviting Proposals
List of Potential Proposers
Resolution of Appropriation
Draft Agreement



CITY OF MONTEBELLO

REQUEST FOR PROPOSALS FOR PUBLIC OUTREACH SERVICES (RFP No. 19-44)

The City of Montebello hereby provides notice that it is requesting proposals from qualified persons or firms to provide comprehensive public engagement and outreach services to the City. Proposals can be submitted via PlanetBids Portal (accessed through the City of Montebello's official website at <http://www.cityofmontebello.com/rfp-bids/bid-opportunities.html>) or to the City Clerk's Office at 1600 West Beverly Boulevard, up to the hour of 4:00 p.m. on Wednesday, July 23, 2019. Proposals received after this time will be considered to be non-responsive.

A copy of this Request for Proposals (RFP No. 19-44) and other supporting documents are available at the City of Montebello City Clerk's Office located at 1600 West Beverly Boulevard, Montebello, California 90640, and on PlanetBids Portal, accessed through the City of Montebello's official website at <http://www.cityofmontebello.com/rfp-bids/bid-opportunities.html>.

The City reserves the right to accept or reject any or all proposals, to waive any irregularity in a proposal and to make an award as may serve the interests of the City.

Any questions about this notice and the request for proposals shall be directed to the "Point of Contact" identified in the Request for Proposals.

LIST OF POTENTIAL PROPOSERS

- 1) Agency ETA
- 2) Andalon & Associates
- 3) Celtis Ventures
- 4) Cerrell Associates
- 5) Englander Knabe & Allen
- 6) Imprinta Communications
- 7) TBWB Strategies
- 8) Torres Consulting
- 9) Tripepi Smith
- 10) William Berry Campaigns
- 11) 2020 Network Group

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO
AUTHORIZING THE APPROPRIATION OF FUNDS FOR PUBLIC ENGAGEMENT
AND OUTREACH SERVICES

THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES RESOLVE AS
FOLLOWS:

SECTION 1. That the Finance Director is hereby authorized to make the
following appropriation:

FROM		TO	
<u>Account Number</u>	<u>Amount</u>	<u>Account Number</u>	<u>Amount</u>
100-99-2900 (General Fund Reserve)	\$130,000	100-10-110-6040.95 (City Clerk)	\$130,000

SECTION 2. That the City Clerk shall certify to the adoption of this Resolution,
which shall become effective immediately upon approval.

ADOPTED AND APPROVED this 28th day of August, 2019

Jack Hadjinian, Mayor

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

CITY OF MONTEBELLO
PROFESSIONAL SERVICES AGREEMENT NO. _____
BY AND BETWEEN
CITY OF MONTEBELLO
AND
TBWB STRATEGIES

This agreement ("Agreement") is made as of August 28, 2019 by and between the City of Montebello, a municipal corporation ("City") and TBWB Strategies ("Consultant"). City and Consultant are sometimes hereinafter individually referred to as a "Party" and collectively referred to as the "Parties."

RECITALS

WHEREAS, the City desires to utilize the services of Consultant as an independent contractor to provide Public Information and Outreach Services to the City as set forth in the attached Exhibit "A"; and

WHEREAS, the Consultant represents that it is fully qualified to perform such consulting services by virtue of its experience and the training, education and expertise of its principals and employees.

NOW THEREFORE, in consideration of performance by the Parties of the covenants and conditions herein contained, the Parties hereto agree as follows:

1. Consultant's Services.

A. Scope of Services. The nature and scope of the specific services to be performed by Consultant are as described in Exhibit "A."

B. Schedule of Performance. Consultant shall complete the specific services according to the schedule of performance which is also set forth in Exhibit "C"

2. Term of Agreement.

This Agreement shall commence on September 1, 2019 (the "Commencement Date") and shall terminate effective December 30, 2020 or unless terminated by either party or parties as set forth pursuant to the provisions of this Agreement and Exhibits.

3. Compensation.

A. City agrees to compensate Consultant for services under this Agreement in compliance with the schedule set forth in Exhibit "A". Payment will be made only after submission of proper monthly invoices in the form and manner specified by City. City shall endeavor to pay invoices bearing correct and authorized charges within thirty (30) days of the date they are received; however, Consultant acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. City shall not be responsible to Consultant for any additional charges, interest or penalties due to a failure to pay within such period.

B. Total payment to Consultant pursuant to this Agreement shall not exceed One hundred thirty thousand dollars (\$130,000). Compensation shall be payable as set forth in the Compensation Schedule in the attached Exhibit "A".

4. General Terms and Conditions.

The General Terms and Conditions set forth in Exhibit "B" are incorporated as part of this Agreement. In the event of any inconsistency between the General Terms and Conditions and any other exhibit to this Agreement, the General Terms and Conditions shall control unless it is clear from the context that both Parties intend the provisions of the other exhibit(s) to control.

5. Addresses.

City: City Administration
City of Montebello
1600 West Beverly Blvd.
Montebello, CA 90640

Consultant: TBWB Strategies
Jared Boigon
400 Montgomery Street
San Jose, CA 94104

6. Exhibits.

All exhibits referred to in this Agreement are listed here and are incorporated and made part of this Agreement by this reference.

Exhibit "A": Scope of Services and Compensation Schedule.

Exhibit "B": General Terms and Conditions.

Exhibit "C": Schedule of Performance

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates written below.

CITY OF MONTEBELLO
("CITY")

("CONSULTANT")

Rene Bobadilla
City Manager

Jared Boigon
Partner

Date: _____

Date: _____

ATTEST:

ATTEST:

Irma Barajas, City Clerk

Name

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman, City Attorney

EXHIBIT "A"

SCOPE OF SERVICES AND COMPENSATION SCHEDULE
(see attached)

EXHIBIT "B"

GENERAL TERMS AND CONDITIONS

1. Status as Independent Contractor.

A. Consultant is, and shall at all times remain as to City, a wholly independent contractor. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of City.

B. Consultant agrees to pay all required taxes on amounts paid to Consultant under this Agreement, and to indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. In the event that City is audited by any Federal or State agency the validity of a wholly independent contractor relationship between City and Consultant, then arising out of such audit and any appeals relating thereto.

C. Consultant shall not be entitled to retirement, medical, dental or other benefits provided to employees of the City.

D. In the event that Consultant, or its employee, agent, or subcontractor 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 the City, Consultant shall indemnify, defend, and hold the City harmless 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 the City.

2. Standard of Performance

A. Consultant shall perform all work to the highest professional standards and in a manner reasonably satisfactory to the City Administrator or his/her designee. The Director of the City's Transportation Department or his/her designee may from time to time assign additional or different tasks or services to Consultant, provided such tasks are within the scope of services described in Exhibit "A." However, no additional or different tasks or services shall be performed by Consultant other than those specified in Exhibit "A," or those so assigned in writing to Consultant by the Director or his/her designee.

B. The City Administrator shall administer this Agreement and provide for

EXHIBIT "C"
(see attached)

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Rene Bobadilla, City Manager

BY: Danilo Batson, Director of Public Works
Robert Mescher, Director of Finance

SUBJECT: FY 2019/20 Capital Improvement Project (CIP) Budget

DATE: August 28, 2019

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the Fiscal Year 2019/20 Capital Improvement Project Budget and corresponding resolution,

BACKGROUND/ANALYSIS

Annually the City Council approves the Capital Improvement Project Budget, which includes various projects funded by special funds and grants.

The Street Ad Hoc Committee met and reviewed the proposed FY 2019/20 CIP Budget, which included streets citywide (from resident requests, street maintenance staff and/or their Pavement Condition Index or PCI). The Committee also drove the streets to visually assess their conditions. Attached is the final list of recommended streets and services funded in the Capital Improvement Project Budget

On April 22, 2019, the City Council approved a resolution which included a list of streets to be funded by The Road Repair and Accountability Act of 2017, as required by the Senate Bill (SB 1) for FY 2019/20. The proposed FY 2019/20 CIP Budget is consistent with the resolution approved in April 22, 2019. Additionally, the proposed FY 2019/20 CIP Budget also includes other streets, special funding allocation and a recommendation to use Redevelopment Agency Tax Allocation Bonds 2009 Series A (\$2.8M) for building and technology improvements at City Hall, Police Department and Fire Department Headquarters, which are eligible expenditures as these buildings are within the Montebello Hills Redevelopment Project Area (see attached map). Additionally, a portion of the Bonds proceeds (\$1.5M) will be used for the greenspace improvement at the Taylor Ranch site.

The proposed FY 2019/20 CIP Budget also includes additional funding allocations for: 1) Beverly Boulevard Traffic Signal Synchronization Project that LA County Public Works will be implementing within the City of Montebello (\$180,000 in Prop C) and the

ITEM #18

FY 2018/19 Various Street Improvement Project (CP #873), which requires \$145,263 to proceed with construction [\$120,000 in Prop A Exchange (balance from a prior authorization) and \$25,263 in Measure R]. Finally, the proposed FY 2019/20 Budget is seeking to reallocate \$129,601 in Prop C from a prior cancelled project to a new proposed project (Bus Stop Pads Improvement Project – Citywide).

The final list of projects is respectfully recommended for consideration, approval and adoption by the City Council.

FISCAL IMPACTS:

The proposed budget and resolution are necessary to adopt and establish the City's FY 2019/20 Capital Improvement Project. The proposed projects will be funded by special funds. There is no fiscal impact on the General Fund.

SUMMARY:

The City Council will consider approval and adoption of the Fiscal Year 2019/20 Capital Improvement Project Budget and corresponding resolution.

ATTACHMENTS:

- Resolution Approving the Capital Improvement Project Budget
- Redevelopment
- FY 2019/20 Capital Improvement Budget
- Redevelopment Agency Project Areas Map
- Staff Report – Encumbering/Expending Remaining Proceeds of the Montebello Redevelopment Agency Tax Allocation Bonds, 2009 Series A (dated February 28, 2018)

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO,
CALIFORNIA, ADOPTING THE ANNUAL CAPITAL IMPROVEMENT PROJECT
BUDGET FOR THE CITY OF MONTEBELLO FOR THE FISCAL YEAR
COMMENCING JULY 1, 2019 AND ENDING JUNE 30, 2020**

THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES RESOLVE AS FOLLOWS:

SECTION 1. That the Capital Improvement Project (CIP) Budget for the City of Montebello for Fiscal Year commencing July 1, 2019, and ending June 30, 2020, as prepared and submitted by the Acting City Manager and as modified by the City Council, is hereby approved as the CIP Budget of the City of Montebello of said Fiscal Year (hereinafter "Budget").

SECTION 2. That the projects, as they appear in the approved Capital Improvement Project Budget, constitute the List of Funded Projects for the Fiscal Year 2019-2020, ending June 30, 2020.

SECTION 3. That from the effective date of said Budget (July 1, 2019), the amounts stated therein as proposed expenditures shall be and become appropriated to the City's projects as set forth in the Budget, except as otherwise amended by the City Council.

SECTION 4. That the City Manager and Department Heads shall be responsible to ensure that all expenditures and encumbrances do not exceed budgeted appropriations in accordance with the following:

- a) Salaries and fringe benefits are budgeted and controlled at the classification level of Personal Services by Division;
- b) Maintenance and operations are budgeted and controlled at the classification level by Division;
- c) Capital Improvements are budgeted on a project by project basis;
- d) Municipal code section 3.20 governing purchasing must be adhered to; and
- e) That the City Manager or designee shall have the authority to make appropriation transfers from one account to another. Additional appropriations are to be approved by City Council.

SECTION 5. That the Capital Improvement Projects and Outlay provides for the appropriation of monies for Capital Improvement Projects which may span multiple fiscal years. Therefore, appropriation for the balances remaining in Capital Improvement Projects active as of June 30, 2019 shall be brought forward to be used in the Fiscal Year 2019/20 or until the completion of these projects.

SECTION 6. That the City Clerk shall certify to the adoption of this resolution and the same shall be in full force and effect.

APPROVED and ADOPTED this 28th day of August 2019.

JACK HADJINIAN, MAYOR

ATTEST:

IRMA BARAJAS, CITY CLERK

APPROVED AS TO FORM:

ARNOLD M. ALVAREZ-GLASMAN
CITY ATTORNEY

CITY OF MONTEBELLO

FY 2019-2020 CAPITAL IMPROVEMENT PROJECT BUDGET - FACILITIES AND PARKS

6/10/2019

	NEW / CARRY OVER	RDA 2009 BONDS	TRANSIT FUND	TOTAL PROJECTED REVENUES
RDA 2009 BONDS		\$4,285,181	\$225,000	\$225,000

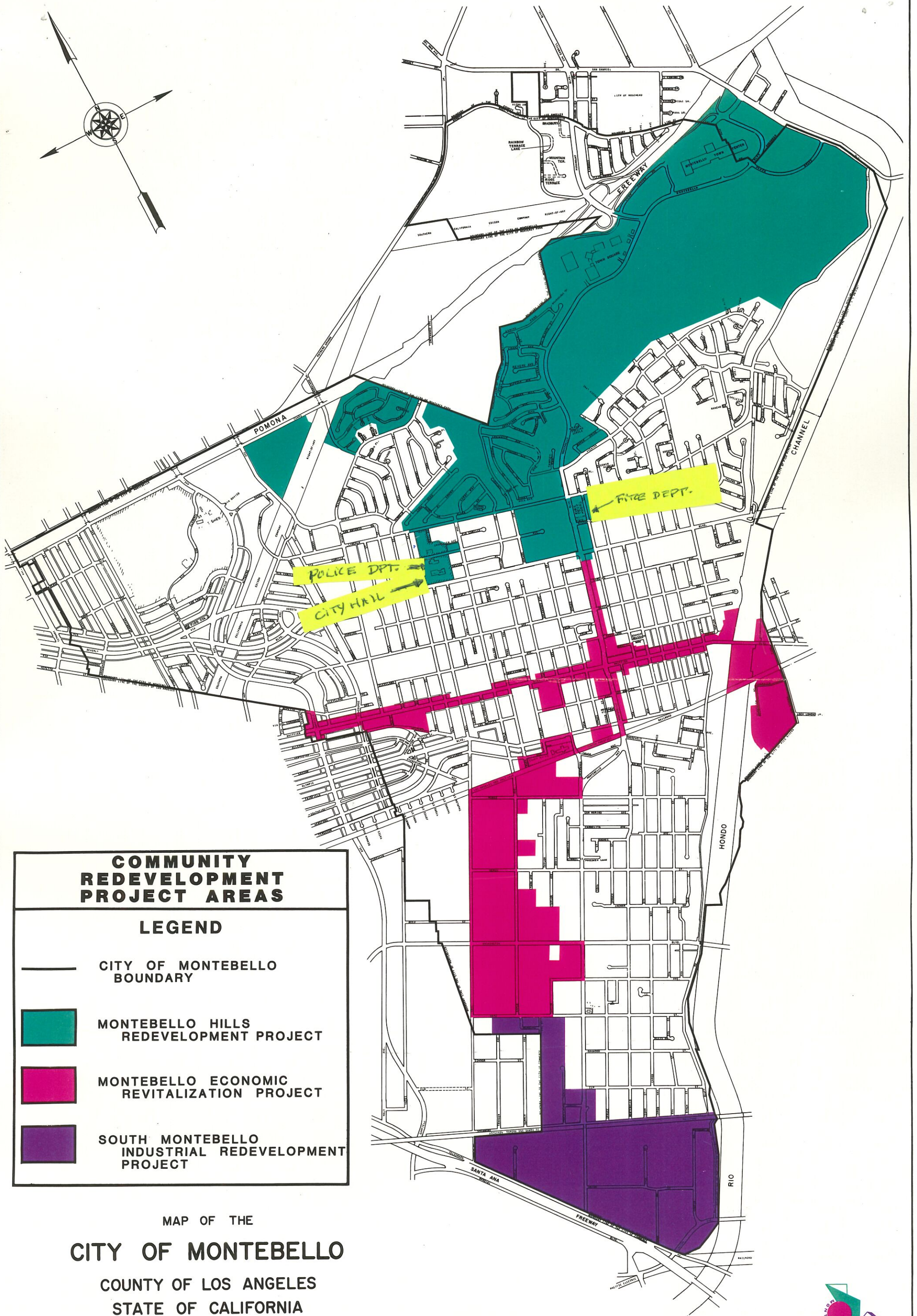
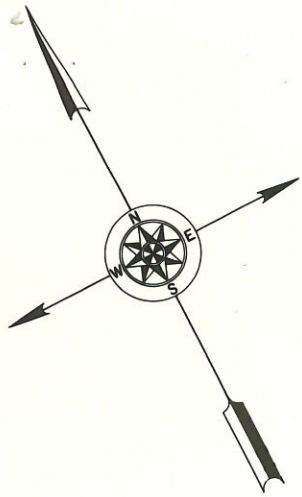
FY 2018-2019 CAPITAL IMPROVEMENT PROJECT BUDGET - FACILITIES & PARKS

<u>PROJECT TITLE/DESCRIPTION</u>	NEW / ADDITIONAL	RDA 2009 BONDS	RDA 2009 BONDS	TOTAL PROJECT COST
GREENSPACE IMPROVEMENTS AT TAYLOR RANCH (DESIGN, PUBLIC OUTREACH		\$381,550	\$225,000	\$606,550

FY 2019-2020 CAPITAL IMPROVEMENT PROJECT BUDGET - FACILITIES & PARKS

<u>PROJECT TITLE/DESCRIPTION</u>	NEW / ADDITIONAL	RDA 2009 BONDS	TRANSIT FUND	TOTAL PROJECT COST
BUILDING & TECHNOLOGY IMPROVEMENTS (roof replacement/repairs at City Hall, Police Dept. Building and Fire Dept. Headquarters and building & technology improvements at City Hall)	NEW	\$2,785,182		\$2,785,182
GREENSPACE IMPROVEMENTS AT TAYLOR RANCH	ADDITIONAL APPROPRIATION	\$1,500,000		\$1,500,000
FY 18-19 FUND REALLOCATION		\$381,550	\$225,000	\$606,550
FY 19-20 PROPOSED		\$4,285,182	\$225,000	\$4,510,182
TOTAL		\$4,666,732	\$225,000	\$4,891,732

CITY OF MONTEBELLO										
FY 2019-2020 CAPITAL IMPROVEMENT PROJECT BUDGET - STREETS										
6/10/2019										
	NEW / CARRY OVER	GAS TAX	PROP C	PROP A	MEASURE R	MEASURE M	RMRA	TDA-3	PROP A EXCHANGE	TOTAL PROJECTED REVENUES
FY 2019-20 PROJECTED RMRA, GAS TAX, PROP C, MEASURE R, MEASURE M, TDA3 AND OTHER REVENUE SOURCES		\$1,304,441	\$1,278,939	\$1,324,709	\$838,051	\$931,937	\$1,069,807	\$46,605	\$120,000	\$6,914,489
FY 2019-2020 CAPITAL IMPROVEMENT PROJECT BUDGET										
LOCATION	NEW / CARRY OVER	GAS TAX	PROP C	PROP A	MEASURE R	MEASURE M	RMRA	TDA-3	PROP A EXCHANGE	TOTAL PROJECT COST
CONCOURSE AVE (MADISON TO BEVERLY BLVD)	NEW	\$100,000				\$351,193	\$169,807			\$621,000
HARDING ST (21ST TO 18TH)	NEW	\$100,000				\$152,880	\$100,000			\$352,880
ALLISON ST (WEST CITY LIMIT TO OLYMPIC)	NEW	\$100,532			\$122,632	\$128,132	\$100,000			\$451,296
MEDFORD ST (ALLISON TO 18TH)	NEW	\$199,808					\$100,000			\$299,808
KENSINGTON WAY (OLYMPIC TO ALLISON)	NEW						\$108,000			\$108,000
MILLS ST (KENSINGTON TO MEDFORD)	NEW				\$36,800		\$100,000			\$136,800
CARMELITA AVE (CARMEITA PL TO GREENWOOD)	NEW						\$78,880			\$78,880
MINSON WAY (SYCAMORE TO CUL-DE-SAC)	NEW	\$322,560					\$100,000			\$422,560
JACMAR AVE (3RD TO MONTEBELLO BLVD)	NEW	\$75,109			\$255,811		\$100,000			\$430,920
CHAPIN RD (MAYNARD TO UNION)	NEW	\$406,432					\$113,120			\$519,552
MONTEBELLO BLVD (PARAMOUNT TO PLAZA DRIVE)	NEW		\$919,338	\$250,000						\$1,169,338
BUS STOP PADS IMPROVEMENT PROJECT (CITYWIDE)	NEW		\$129,601	\$1,074,709						\$1,204,310
BEVERLY BLVD TRAFFIC SYNCHRONIZATION PROJECT (GRANT MATCH)	ADDITIONAL APPROPRIATION		\$180,000							\$180,000
VARIOUS STREET IMPROVEMENT PROJECT (CP 873)	ADDITIONAL APPROPRIATION				\$25,263				\$120,000	\$145,263
STREET MAINTENANCE (POTHOLE REPAIRS)					\$100,000					\$100,000
STRIPING AND SIGNAGE MAINTENANCE					\$67,579					\$67,579
TRAFFIC SIGNAL MAINTENANCE						\$200,000				\$200,000
CONCRETE PROGRAM (SIDEWALK AND ADA RAMPS)						\$99,732		\$46,605		\$146,337
RECREATIONAL FIELD TRIPS					\$25,000					\$25,000
SGV COG PARTICIPATION					\$28,766					\$28,766
GATEWAY COG PARTICIPATION					\$26,200					\$26,200
TRAFFIC ENGINEERING STUDIES					\$85,964					\$85,964
ADMINISTRATIVE OVERHEAD (PROP C & MEASURE R)			\$50,000		\$64,036					\$114,036
FY 18-19 FUND REALLOCATION			\$129,601						\$120,000	\$249,601
FY 19-20 PROPOSED		\$1,304,441	\$1,278,939	\$1,324,709	\$838,051	\$931,937	\$1,069,807	\$46,605	\$120,000	\$6,914,489
TOTAL		\$1,304,441	\$1,408,540	\$1,324,709	\$838,051	\$931,937	\$1,069,807	\$46,605	\$120,000	\$6,914,489



CITY OF MONTEBELLO
CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: Andrew G. Pasmant, Acting City Manager

BY: Christopher G. Cardinale, Assistant City Attorney

SUBJECT: Encumbering / Expending Remaining Proceeds of the Montebello Redevelopment Agency Tax Allocation Bonds, 2009 Series A

DATE: February 28, 2018

RECOMMENDATION

It is recommended that the City Council review this report and provide direction to staff regarding encumbering or expending the remaining proceeds of bonds issued by the former Community Redevelopment Agency of the City of Montebello ("Former RDA").

BACKGROUND

A. Issuance of the Bonds and Pre-Dissolution Use of Proceeds

In 2009, the Former RDA issued its Montebello Redevelopment Agency Tax Allocation Bonds, 2009 Series A, in the principle amount of \$10,495,000 (the "Bonds"). After funding the cost of issuance and the various reserve accounts, the Bonds resulted in \$9,336,183 in usable proceeds (the "Bond Proceeds").

As explained in the Official Statement, the purpose of the Bonds was to finance redevelopment activities of benefit to the Montebello Hills Project Area ("MHPA"), and specifically:

"[T]o fund certain redevelopment activities of the Agency. These activities are expected to include the Taylor Ranch Center construction, street construction, and other public improvements and equipment."

Between 2009, and June 30, 2011, the Former RDA used the Bond Proceeds for various qualifying purposes, as follows:

Project Expenditures	April – June 30, 2009	FY 2009-2010	FY 2010-11	Aggregate Total
Taylor Ranch ¹	\$61,200.00	\$943,322.65	\$103,058.14	\$1,107,580.79
Whittier Blvd Phase II	-	\$27,648.24	\$889,590.62	\$917,238.86
Street Improvement - Hillside	-	\$1,565,499.85	\$210.00	\$1,565,709.85
Portable Radio Project	\$681,892.59	\$60,846.43	-	\$742,739.02
Underwriters Discount	\$157,425.00	-	-	-
Cost of Issuance	\$178,758.30	-	-	-
Total Expenditures: \$ 4,669,451.82				

As of the date of this report, approximately \$4,666,731.18 in Bond Proceeds has yet to be spent (“Remaining Proceeds”).

B. Dissolution of the Former RDA and Freeze on RDA Activities

As of June 28, 2011, the redevelopment “Dissolution Law” (Health & Safety Code § 34170 *et seq.*) immediately froze the Former RDA’s ability to use the Remaining Proceeds for new redevelopment projects. This “freeze” remained in place until the Legislature enacted Assembly Bill 1484 (“AB 1484”) on June 27, 2012. AB 1484 empowered the Successor Agency to spend the Remaining Proceeds for purposes consistent with the Bond covenants, but only after it received a “finding of completion” (“FOC”) from the Department of Finance (“DOF”).

Because of litigation between the City and DOF, which resulted in a reduction of the funds the City was required to remit to the State from \$7.4 to \$1.8 million, the Successor Agency did not receive a FOC until December 15, 2016.

C. The Bond Proceeds Are Transferred to the City

After receiving a FOC, the Successor Agency promptly applied for Oversight Board and DOF approval to transfer the Remaining Proceeds to the City; as permitted by the Dissolution Law. The transfer was effectuated through a “Bond Proceeds Expenditure Agreement” (“Agreement”), by which the Successor Agency agreed to transfer the Remaining Proceeds to the City, and the City agreed to use the funds for qualifying purposes and in accordance with applicable Bond covenants.

¹ The expenditures for Taylor Ranch were approved by the City Council in May and September of 2009, and consisted of earth work and the identification and remediation of abandoned oil wells on the site.

The Agreement was approved by DOF on April 5, 2016, and the Remaining Proceeds were transferred to the City during the first half of Fiscal Year 2016-2017.²

DISCUSSION

Because the Bonds were issued on a “tax exempt” basis, the City’s use of the Remaining Proceeds is governed by regulations issued by the federal Internal Revenue Service (“IRS”). Specifically, as a condition of issuing the “tax exempt” Bonds, the Former Agency must have “reasonably expected” to spend 85% of the Bond Proceeds within three (3) years. Though this determination was made by the Former RDA at the time the Bonds were issued, the IRS retroactively reviews the “reasonableness” of the Former RDA’s finding based on the latter’s subsequent action(s).

Based on guidance provided by the Successor Agency’s Bond Counsel (NortonRoseFulbright), the IRS utilizes a “spend down” schedule to evaluate an agency’s compliance with expenditure requirements. This schedule contemplates the expenditure of tax exempt bond proceeds as follows: 10% in the first year; 30% by the end of the second year; 60% by the end of the third year; and 85% by the end of the fifth year.

Failure to comply with these IRS guidelines risks the incursion of fines, penalties, and the forfeiture of the Bonds’ tax exempt status.

As of the date of this report, the Bonds were issued over eight (8) years ago, yet approximately fifty percent (50%) of the usable proceeds remain unspent. Though California law prohibited the Former RDA or Successor Agency from utilizing the Remaining Proceeds for portions of this time period, the City remains responsible (by way of the Agreement and associated covenants) for encumbering or expending the Remaining Proceeds as soon as possible to ensure compliance with IRS regulations.

Staff recommends that the City Council review this report, and provide direction to staff concerning use and management of the Remaining Proceeds in the coming months.

FISCAL IMPACTS

There is no fiscal impact associated with this action at this time. However, if the bonds revert from a tax exempt status to a taxable status, the cost of serving the debt will increase.

² The Bonds were refunded by the Successor Agency in 2015, but the refunding transaction did not impact the Remaining Proceeds.

SUMMARY

The City Council will review this report, and provide direction to staff on encumbering or expending the remaining bond proceeds of the Former Community Redevelopment Agency (Former RDA) of the City of Montebello.

4811-2547-3118, v. 2

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Rene Bobadilla, City Manager

BY: Danilo Batson, Director of Public Works
Robert Mescher, Director of Finance

SUBJECT: **FY 2019/20 Street Improvement, Pension and Hotel Bonds**

DATE: August 28, 2019

RECOMMENDATION:

It is recommended that the City Council:

1. Receive and file a presentation on the implementation of a Street Improvement Bond that could accelerate road improvement citywide over the next 3-years;
2. Authorize the City Manager to negotiate contract amendments with Infrastructure Engineers and Hilltop Securities, as needed, to ensure that these firms will assist the City with the timely implementation of a Street Improvement Bond, per their respective agreements for engineering/design services and financial advisory services, respectfully;
3. Approve the hiring of Cabrera Capital Markets, LLC to work with the City of Montebello to consider the issuance of bonds (1) to finance street improvements secured by the local share sales tax received by the City of Montebello from the Los Angeles County Metropolitan Transportation Authority (LACMTA), (2) to refund certain outstanding pension fund obligations of the City to the California Public Employees Retirement System (CalPERS), and (3) to refinance the Montebello Public Financing Authority Lease Revenue Bonds, 2004 Series A (Montebello Hotel Project). If approved, the City Council would be applying Montebello Municipal Code Section 3.21.025(c) and would require a 4/5ths vote for approval. The beneficial situation and circumstances of the bond market circumstances would justify making a finding by the council that it would be uneconomical in such instance to follow the newly adopted bidding procedures, and that the welfare of the public would be promoted by dispensing with the same.

BACKGROUND

The current market's historically low interest rates would allow the City to maximize the upfront proceeds to help fund street improvements in the form of bonds solely secured by the local share sales tax that the City currently receives from the Los Angeles County

Metropolitan Transportation Authority.

Recently, the City received two unsolicited proposals for bonding options. One from Wolf & Company and Independent Cities Financing Authority (ICFA) for Street Improvement Bond, and a second from Cabrera Capital Markets, LLC., for various bonding options (including Street Improvement, Pension and Hotel Project Refunding). After reviewing both proposals it is staff option the Cabrera Capital Markets is offering the City the best alternative and beneficial terms.

STREET IMPROVEMENT BOND

In the past two fiscal years, the City has received \$1.83M and \$1.77M annually, respectively from LACMTA for Measure R and Measure M combined. These funds can be bonded in order to accelerate street improvements by a municipality. The municipality must prepare a plan and submit this plan to LACMTA for review and approval. Once approval is received, the municipality can proceed to bond multiple future years estimated funding for road improvements today.

The City Council and Staff have discussed implementing such in order to accelerate much-needed repairs throughout the City.

The latest City Pavement Management System states that in order to raise the City's overall Street PCI to 75, the City needs to spend approximately \$90M as follows:

- \$16M for arterial streets
- \$36M for collector streets
- \$38M for residential streets
- \$90M for street improvements

Implementing a Street Improvement Bond of between \$18M to \$25M, depending on how many years of Measure M and Measure R future allocations the City decides to commit, final bond interest rate, etc. Such an investment in street improvements, combined with the City's continued Capital Improvement Program will help the City improve its roadway system and help maintained it at a higher level or PCI than current.

The Issuance of a Street Improvement Bond will commit the City to designing and completely projects in a 3-year window. Therefore, the City must have a team of professional experts in their fields to successfully implement such a large infrastructure investment.

Currently, the City has Agreement No. 3066 with Infrastructure Engineers to provide day-to-day engineering services, as well as, as needed preliminary engineering or design services associated with the preparation of plans and specifications. The company is ready to assist the City in its efforts to implement the acceleration of street improvements required by a Street Improvement Bond, as they were selected in 2015 after a Request for Proposals was issued and they were selected as the best firm to provide services to the City.

Additionally, the City has Agreement No. 3577 with Hilltop Securities, Inc., for financial advising services. The company is ready to assist the City in reviewing bonding options and instruments so that the City secures the best financing terms available. Hilltop Securities were selected in April 2019 after a Request for Proposals was issued and the

ITEM #19

Interim City Manager executed an agreement with this firm under his signing authority of \$50,000.

The availability of the above two firms with the addition of Cabrera Capitals Markets will ensure that the City can finance and implement a successful Street Improvement Bond and accelerate much needed street repairs.

Furthermore, interest rates in the bond markets are at all-time lows, which provides the City the opportunity to create savings with the refinancing of outstanding bonds and, potentially, the City's Unfunded Actuarial Liability owed to the California Public Employees Retirement System.

EMPLOYEE PENSION

Over the last several years, the City of Montebello's (the "City") unfunded accrued liability (UAL) for its CalPERS Miscellaneous and Safety Plans has grown to exceed \$130 million. Annual payments to CalPERS for the City's UAL have grown rapidly: from \$6.7 million in FY 2018 to \$10.2 million in FY 2020. These annual costs do not include the City's "Normal Cost" payments which are the payments to cover benefits for current employees. The UAL payments amortize the shortfall/gap between what is needed to pay retiree benefits vs. how much in current assets the City actually has in its accounts with CalPERS. The \$130 million UAL is not repaid all at once but is amortized over a longer period (different components are amortized over different time periods, with most between 15 and 30 years) at an interest rate of 7.0%. Pension cost increases are the largest financial challenge facing most cities throughout the state and are primarily due to factors outside of the cities control, namely assumption changes made by CalPERS and below average investment returns.

City Strengths and Tools: As one of approximately 20 cities in the State of California with a Pension Tax Override ("PTO"), the City may have an enhanced opportunity to access the capital markets through the issuance of a pension obligation bond (POB). A POB is a bond issued by the City, with the proceeds used to pay off all or some of its UAL with CalPERS, replacing that portion of its UAL payments with new bond payments. It is likely that investors will purchase these POBs at relatively low interest rates (< 5%) given the additional security they receive from any legally available PTO revenue being pledged to the bonds.

Cabrera Capital Markets and City staff will be exploring a multitude of structuring options to assess the various options available to the City and to evaluate the extent to which the following objectives might be met:

Objectives of Montebello's Potential POB Financing

- (1) Create cash flow savings to the City;
- (2) Reduce the net impact to the City's General Fund;
- (3) Re-shape payments to create a long-term foundation for enhanced fiscal sustainability; and
- (4) Reduce the need to increase the PTO levy on taxpayers; perhaps reducing it if feasible

Several cities have recently issued POBs, including Baldwin Park, Monrovia, La Verne, Inglewood, Riverside, Brawley and Chowchilla, and there are several other cities that

are currently in the process of structuring and/or evaluating POB financings.

HOTEL PROJECT REFUNDING

The Montebello Public Financing Authority Lease Revenue Bonds, 2004 Series A bonds possess an average interest rate of 4.70% and can be called from investors currently. Based upon current market interest rates the City can obtain an interest rate well less than 3.0% on refunding bonds, which can save the City a considerable amount of annual debt service.

FISCAL IMPACTS:

At this time, there is no impact on the General Fund.

CONCLUSIONS:

Staff recommends the City Council approve the hiring of Cabrera Capital Markets, with a 4/5ths vote of the City Council pursuant to Montebello Municipal Code Section 3.21.025(c), with the finding by the City Council that it would be uneconomical in this instance to follow bidding procedures and that the welfare of the public would be promoted by dispensing with the same. Taking this action would allow staff to consider the feasibility of the issuance of bonds (1) to finance street improvements secured by the local share sales tax received by the City of Montebello from the Los Angeles County Metropolitan Transportation Authority, (2) to refund certain outstanding pension fund obligations of the City to the California Public Employees Retirement System, and (3) to refinance the Montebello Public Financing Authority Lease Revenue Bonds, 2004 Series A (Montebello Hotel Project).

SUMMARY:

The City Council will receive and file a presentation on the implementation of a Street Improvement Bond, Pension Bond and Hotel Project Refunding Bond, and direct staff as appropriately.

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: Rene Bobadilla, City Manager

BY: Danilo Batson, Director of Public Works

SUBJECT: Award a Construction Contract for C.P. # 872 – Various Street and Intersection Pavement Rehabilitation (FY 2018/2019), RFP #19-29 to Sequel Contractors, Inc.

DATE: August 28, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Award a Construction Contract for C.P. 872 - Various Street and Intersection Pavement Rehabilitation (FY 2018/2019), RFP #19-29 in the amount of \$473,346.50 to Sequel Contractors, Inc.,
- 2) Authorize the Director of Public Works to review and approve change orders within a 10% contingency of the contract amount,
- 3) Authorize the City Manager to execute the Contract Agreement on behalf of the City.

BACKGROUND

As part of the FY 2018-2019 Capital Improvement Budget, a total of 667,084 (Measure M - \$240,672, Measure R - \$284,370, and Prop C - \$139,042) has been allocated for this street and intersection pavement rehabilitation project including engineering, inspection, construction and construction management services for the following streets: 1) Weimer Way (Avenida De La Merced to Los Amigos Avenue), 2) Holger Drive (Victoria Avenue to Forbes Avenue), 3) Madison Avenue (Taylor Avenue to 12th Street), and 4) Repaving the intersection of Via Campo and Vail Avenue.

The Project includes removal and reconstruction of existing concrete sidewalks, curb and gutters, driveway approaches, curb ramps, cold milling and repaving existing AC pavement streets, adjustment of utility covers, installation of pavement markings, curb painting, and installation of traffic loops and tree planting.

On July 10, 2019 the City Council found the project categorically exempt pursuant to the State Guidelines for Implementation of the California Environmental Quality Act (CEQA) and approved the Project Plans and Specifications as prepared by Infrastructure Engineers and authorizing the Public Works Department to advertise the project for public bidding.

On August 12, 2019 at 11:10 AM, six (6) bids which had been received were opened with following results:

\$473,346.50 - Sequel Contractors, Inc.
 \$557,287.68 - Excel Paving Company
 \$596,000.00 - ONYX Paving Company
 \$670,000.00 - Hardy & Harper, Inc.
 \$620,934.00 - All American Asphalt Company
 \$720,761.68 - CT&T Concrete Paving

Sequel Contractors, Inc. submitted the lowest responsive bid in the amount of \$473,346.50. Staff checked the listed references and concludes that Sequel Contractors, Inc. is a responsive bidder and reputable contractor, with a good history of work experience in these types of projects in Montebello and in the general locale. Therefore, Sequel Contractors, Inc. is the apparent lowest responsive and responsible bidder.

ANALYSIS

The total amount allocated to this project for construction and administrative costs is \$667,084.00. A summary of projected costs is as follows:

\$ 34,428.00	Design Phase (Plans, Specifications, & Estimate)
\$ 5,738.00	Project Management
\$ 6,526.00	Geotechnical Investigation
\$ 37,867.72	Construction Management & Inspection (ESTIMATED)
\$ 473,346.50	Construction Contract Cost
<u>\$ 47,334.60</u>	<u>10% Contingency</u>
\$ 605,240.82	Total

FISCAL IMPACTS

As part of FY 2018-2019 Capital Improvement Budget, the following funding breakdown was appropriated for this project:

Measure M.....	\$240,672
Measure R.....	\$284,370
Prop C.....	<u>\$139,042</u>
Total	\$664,084

The Project Budget includes engineering, inspection, construction management and construction for the following Streets:

Weimer Way – from Avenida De La Merced to Los Amigos Avenue (Measure M)
 Holger Drive – from Victoria Avenue to Forbes Avenue (Measure M and Measure R)
 Madison Avenue – from Taylor Avenue to 12th Street (Measure M)
 Via Campo and Vail Avenue Intersection (Prop C)

There is no impact on the City's General Fund. (NOTE: At this time, staff is projecting a savings of approximately \$58,843.18 in Measure M that can be used to fully fund the Construction Contract for CP # 873 – Various Street Improvements in order to move forward with that project).

SUMMARY

The City Council is asked to approve the award of a Construction Contract for C.P. 872, Various Street and Intersection Pavement Rehabilitation (FY 2018/2019), RFP #19-29 in the amount of \$473,346.50 to Sequel Contractors, Inc., and authorize the Director of Public Works to review and approve change orders within a 10% contingency of the contract amount and authorize the City Manager to execute the Contract Agreement on behalf of the City.

ATTACHMENTS

Bid Summary
Contract Agreement

BID SUMMARY																
Street and Intersection Pavement Rehabilitation																
FY 2018-2019																
CP 872, RFP#19-29																
August 12, 2019																
				Bidder No. 1		Bidder No. 2		Bidder No. 3		Bidder No. 4		Bidder No. 5		Bidder No. 6		
				Sequel Contractors, Inc.		Excel Paving Company		ONYX Paving Co. Inc.		Hardy & Harper, Inc.		All American Asphalt		CT&T Concrete Paving		
ITEM	BID ITEM	QTY.	UNITS	BID	TOTAL	BID	TOTAL	BID	TOTAL	BID	TOTAL	BID	TOTAL	BID	TOTAL	
No.				PRICE	AMT.	PRICE	AMT.	PRICE	AMT.	PRICE	AMT.	PRICE	AMT.	PRICE	AMT.	
1	Mobilization/Demobilization (max 3% of total of all other prime contract bid items)	1	LS	\$ 10,000.00	\$ 10,000.00	\$ 12,000.00	\$ 12,000.00	\$ 13,000.00	\$ 13,000.00	\$ 10,000.00	\$ 10,000.00	\$ 14,522.35	\$ 14,522.35	\$ 18,000.00	\$ 18,000.00	
2	Traffic Control Plan	1	LS	\$ 26,400.00	\$ 26,400.00	\$ 94,000.00	\$ 94,000.00	\$ 95,000.00	\$ 95,000.00	\$ 31,932.50	\$ 31,932.50	\$ 43,900.00	\$ 43,900.00	\$ 25,000.00	\$ 25,000.00	
3	Sawcut and Remove Existing Concrete Sidewalk	587	SF	\$ 2.00	\$ 1,174.00	\$ 3.00	\$ 1,761.00	\$ 4.50	\$ 2,641.50	\$ 3.50	\$ 2,054.50	\$ 4.00	\$ 2,348.00	\$ 5.00	\$ 2,935.00	
4	Sawcut and Remove Existing Concrete Curb and Gutter	315	LF	\$ 19.00	\$ 5,985.00	\$ 20.00	\$ 6,300.00	\$ 27.00	\$ 8,505.00	\$ 29.00	\$ 9,135.00	\$ 42.00	\$ 13,230.00	\$ 12.00	\$ 3,780.00	
5	Sawcut and Remove Existing Concrete Curb and 5 ft Gutter	76	LF	\$ 25.00	\$ 1,900.00	\$ 46.00	\$ 3,496.00	\$ 42.00	\$ 3,192.00	\$ 68.00	\$ 5,168.00	\$ 74.00	\$ 5,624.00	\$ 12.00	\$ 912.00	
6	Sawcut and Remove Existing Concrete Cross Gutter	1,173	SF	\$ 7.00	\$ 8,211.00	\$ 8.00	\$ 9,384.00	\$ 7.00	\$ 8,211.00	\$ 10.50	\$ 12,316.50	\$ 13.00	\$ 15,249.00	\$ 12.00	\$ 14,076.00	
7	Sawcut and Remove Existing Concrete Driveway Approach	504	SF	\$ 3.00	\$ 1,512.00	\$ 7.00	\$ 3,528.00	\$ 5.50	\$ 2,772.00	\$ 9.50	\$ 4,788.00	\$ 5.00	\$ 2,520.00	\$ 7.00	\$ 3,528.00	
8	Sawcut and Remove Existing Concree Curb Ramp	2	EA	\$ 500.00	\$ 1,000.00	\$ 700.00	\$ 1,400.00	\$ 2,000.00	\$ 4,000.00	\$ 1,800.00	\$ 3,600.00	\$ 1,476.00	\$ 2,952.00	\$ 1,500.00	\$ 3,000.00	
9	Sawcut and Remove Existing AC Pavement, Base Materials and Subgrade	1,254	CY	\$ 88.00	\$ 110,352.00	\$ 66.00	\$ 82,764.00	\$ 55.00	\$ 68,970.00	\$ 85.00	\$106,590.00	\$ 75.00	\$ 94,050.00	\$ 95.00	\$119,130.00	
10	Cold Mill Existing AC Pavement 2.5" Deep	9,150	SF	\$ 0.50	\$ 4,575.00	\$ 0.52	\$ 4,758.00	\$ 0.69	\$ 6,313.50	\$ 0.50	\$ 4,575.00	\$ 1.25	\$ 11,437.50	\$ 0.52	\$ 4,758.00	
11	Cold Mill Existing AC Pavement 3" Deep	27,859	SF	\$ 0.50	\$ 13,929.50	\$ 0.52	\$ 14,486.68	\$ 0.76	\$ 21,172.84	\$ 0.50	\$ 13,929.50	\$ 1.25	\$ 34,823.75	\$ 0.52	\$ 14,486.68	
12	Prune Tree Roots and Install Root Barriers	2	EA	\$ 500.00	\$ 1,000.00	\$ 800.00	\$ 1,600.00	\$ 2,500.00	\$ 5,000.00	\$ 1,350.00	\$ 2,700.00	\$ 2,600.00	\$ 5,200.00	\$ 2,000.00	\$ 4,000.00	
13	Construct Concrete Sidewalk	587	SF	\$ 8.00	\$ 4,696.00	\$ 13.00	\$ 7,631.00	\$ 8.50	\$ 4,989.50	\$ 6.50	\$ 3,815.50	\$ 10.20	\$ 5,987.40	\$ 7.00	\$ 4,109.00	
14	Construct Concrete Curb & Gutter	315	LF	\$ 35.00	\$ 11,025.00	\$ 57.00	\$ 17,955.00	\$ 37.00	\$ 11,655.00	\$ 41.00	\$ 12,915.00	\$ 66.60	\$ 20,979.00	\$ 45.00	\$ 14,175.00	
15	Construct Concrete Curb & 5 ft Gutter	76	LF	\$ 55.00	\$ 4,180.00	\$ 86.00	\$ 6,536.00	\$ 66.00	\$ 5,016.00	\$ 85.00	\$ 6,460.00	\$ 95.00	\$ 7,220.00	\$ 45.00	\$ 3,420.00	
16	Construct Concrete Cross Gutter	1,173	SF	\$ 16.00	\$ 18,768.00	\$ 17.00	\$ 19,941.00	\$ 16.00	\$ 18,768.00	\$ 16.50	\$ 19,354.50	\$ 20.00	\$ 23,460.00	\$ 12.00	\$ 14,076.00	
17	Construct Concrete Driveway Approach	504	SF	\$ 9.00	\$ 4,536.00	\$ 13.00	\$ 6,552.00	\$ 10.00	\$ 5,040.00	\$ 13.50	\$ 6,804.00	\$ 21.00	\$ 10,584.00	\$ 9.00	\$ 4,536.00	
18	Construct Concrete Curb Ramp	2	EA	\$ 5,000.00	\$ 10,000.00	\$ 5,000.00	\$ 10,000.00	\$ 4,500.00	\$ 9,000.00	\$ 3,700.00	\$ 7,400.00	\$ 5,860.00	\$ 11,720.00	\$ 3,900.00	\$ 7,800.00	
19	Replace / Reconnect Curb Drain	1	EA	\$ 600.00	\$ 600.00	\$ 900.00	\$ 900.00	\$ 3,000.00	\$ 3,000.00	\$ 2,500.00	\$ 2,500.00	\$ 3,650.00	\$ 3,650.00	\$ 700.00	\$ 700.00	
20	Construct Crushed Miscellaneous Base (CMB)	1,398	TON	\$ 25.00	\$ 34,950.00	\$ 37.00	\$ 51,726.00	\$ 27.00	\$ 37,746.00	\$ 33.00	\$ 46,134.00	\$ 34.00	\$ 47,532.00	\$ 130.00	\$181,740.00	
21	Construct Asphaltic Concrete Pavement Base Course (1.5" Thick)	372	TON	\$ 90.00	\$ 33,480.00	\$ 77.00	\$ 28,644.00	\$ 111.00	\$ 41,292.00	\$ 106.00	\$ 39,432.00	\$ 98.00	\$ 36,456.00	\$ 120.00	\$ 44,640.00	
22	Construct ARHM Overlay (2.5" Thick)	758	TON	\$ 93.00	\$ 70,494.00	\$ 98.00	\$ 74,284.00	\$ 123.00	\$ 93,234.00	\$ 106.00	\$ 80,348.00	\$ 120.00	\$ 90,960.00	\$ 150.00	\$113,700.00	
23	Construct ARHM Overlay (3" Thick)	353	TON	\$ 93.00	\$ 32,829.00	\$ 97.00	\$ 34,241.00	\$ 123.00	\$ 43,419.00	\$ 91.00	\$ 32,123.00	\$ 120.00	\$ 42,360.00	\$ 140.00	\$ 49,420.00	
24	Construct AC Overlay (3" Thick)	185	TON	\$ 90.00	\$ 16,650.00	\$ 110.00	\$ 20,350.00	\$ 111.00	\$ 20,535.00	\$ 95.00	\$175,750.00	\$ 98.00	\$ 18,130.00	\$ 140.00	\$ 25,900.00	
25	Adjust Existing Storm Drain/Sewer/Utility Manhole Frames and Covers to Finished Grade	8	EA	\$ 1,300.00	\$ 10,400.00	\$ 900.00	\$ 7,200.00	\$ 1,500.00	\$ 12,000.00	\$ 550.00	\$ 4,400.00	\$ 1,040.00	\$ 8,320.00	\$ 1,400.00	\$ 11,200.00	
26	Adjust Water Valve Cans and Covers to Finished Grade	4	EA	\$ 300.00	\$ 1,200.00	\$ 500.00	\$ 2,000.00	\$ 500.00	\$ 2,000.00	\$ 275.00	\$ 1,100.00	\$ 1,017.00	\$ 4,068.00	\$ 700.00	\$ 2,800.00	
27	Install Traffic Signal Loop Detectors, Type E and Connect to DLC	13	EA	\$ 300.00	\$ 3,900.00	\$ 250.00	\$ 3,250.00	\$ 300.00	\$ 3,900.00	\$ 275.00	\$ 3,575.00	\$ 307.00	\$ 3,991.00	\$ 300.00	\$ 3,900.00	
28	Traffic Signing, Striping, Marking, Curb Painting	1	LS	\$ 15,000.00	\$ 15,000.00	\$ 17,000.00	\$ 17,000.00	\$ 27,627.66	\$ 27,627.66	\$ 6,500.00	\$ 6,500.00	\$ 19,260.00	\$ 19,260.00	\$ 7,440.00	\$ 7,440.00	
29	Install Public Improvement Project Signs	4	EA	\$ 400.00	\$ 1,600.00	\$ 400.00	\$ 1,600.00	\$ 1,500.00	\$ 6,000.00	\$ 1,000.00	\$ 4,000.00	\$ 1,650.00	\$ 6,600.00	\$ 1,500.00	\$ 6,000.00	
30	Provide Construction Survey	1	LS	\$ 8,000.00	\$ 8,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 6,000.00	\$ 6,000.00	\$ 8,800.00	\$ 8,800.00	\$ 6,600.00	\$ 6,600.00	
31	Provide Soil and Pavement Testing Services as Directed by as Needed - Allowance	1	LS	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	
				TOTAL BASE BID		\$ 473,346.50		\$ 557,287.68		\$ 596,000.00	\$670,400.00		\$620,934.00		\$720,761.68	

CONTRACT AGREEMENT

FOR

STREET AND INTERSECTION PAVEMENT REHABILITATION

**FY 2018/2019
PROJECT No. 1929
C.P. No. 872
RFP # 19-29**

IN THE CITY OF MONTEBELLO

This Contract Agreement is made and entered into for the above stated project this _____ day of _____, 20____. BY AND BETWEEN the City of Montebello, as AGENCY, and _____ as CONTRACTOR. WITNESSETH that AGENCY and CONTRACTOR have mutually agreed as follows:

ARTICLE I

The contract documents for the aforesaid project shall consist of the Notice Inviting Sealed Bids, Instructions to Bidders, Proposal, General Specifications, Standard Specifications, Special Provisions, Plans, and all referenced specifications, details, standard drawings, and appendices, together with this Contract Agreement and all required bonds, insurance certificates, permits, notices, and affidavits; and also including any and all addenda or supplemental agreements clarifying, or extending the work contemplated as may be required to insure its completion in acceptable manner. All of the provisions of said contract documents are made a part hereof as though fully set forth herein.

ARTICLE II

For and in consideration of the payments and agreements to be made and performed by AGENCY, CONTRACTOR agrees to furnish all materials and perform all work required for the above stated project, and to fulfill all other obligations as set forth in the aforesaid contract documents.

ARTICLE III

CONTRACTOR agrees to receive and accept the unit or lump sum prices set forth in the Proposal as full compensation for furnishing all materials, performing all work, and fulfilling all obligations hereunder. Said compensation shall cover all expenses, losses, damages, and consequences arising out of the nature of the work during its progress or prior to its acceptance including those for well and faithfully completing the work and the whole thereof in the manner and time specified in the aforesaid contract documents; and also including those arising from actions of the elements, unforeseen difficulties or obstructions encountered in the prosecution of the work, suspension or discontinuance of the work, and all other unknowns or risks of any description connected with the work.

ARTICLE IV

AGENCY hereby promises and agrees to employ, and does hereby employ, CONTRACTOR to provide the materials, do the work and fulfill the obligations according to the terms and conditions herein contained and referred to, for the prices aforesaid, and hereby contracts to pay the same at the time, in the manner, and upon the conditions set forth in the contract documents.

ARTICLE V

CONTRACTOR acknowledges the provisions of the State Labor Code requiring every employer to be insured against liability for worker's compensation, or to undertake self-insurance in accordance with the provisions of that code, and certifies compliance with such provisions.

ARTICLE VI

CONTRACTOR agrees to indemnify, defend and hold harmless AGENCY and all of its officers and agents from any claims, demand, or causes of action, including related expenses, attorney's fees, and costs, based on, arising out of, or in any way related to the work undertaken by CONTRACTOR hereunder

ARTICLE VII

CONTRACTOR affirms that the signatures, titles, and seals set forth hereinafter in execution of this Contract Agreement represent all individuals, firm members, partners, joint venturers, and/or corporate officers having principal interest herein.

ARTICLE VIII

CONTRACTOR shall take and assume all responsibility for the work. CONTRACTOR shall bear all losses and damages directly or indirectly resulting to him, to the City, or to others on account of the performance under this contract, or the character of the work, accidents or any other causes whatsoever.

CONTRACTOR shall assume the defense and indemnify and save harmless the City, its officers, employees and Engineer from all claims, loss, damage, injury and liability of every kind, nature and description, directly or indirectly arising from performance of this contract or work, regardless of responsibility for negligence; from any and all claims, loss, damage, injury, and liability, howsoever the same may be caused, resulting directly or indirectly from the nature of the work covered by this contract, or CONTRACTOR's performance thereunder, regardless of responsibility for negligence.

ARTICLE IX

STATE LABOR CODE. Contractor agrees to abide by the provisions of the State Labor Code, and to comply with the prevailing rates of wages and apprenticeship employment standards established by the State Director of Industrial Relations and /or the requirements of the federal government and applicable federal wage rates.

The total contract price of this agreement is \$ _____ based on estimated quantities given on the Bid Sheet.

ARTICLE X

The total contract construction period for this project is **thirty-five (35) working days** from the effective date of Notice-to-Proceed to be issued by the AGENCY.

ARTICLE XI (PREVAILING WAGES)

(a) Contractor agrees to comply with the provisions of California Labor Code Section 1773.8, which requires the payment of travel and subsistence payments to each worker needed to execute the work to the extent required by law.

(b) Contractor agrees to comply with the provisions of California Labor Code Sections 1774 and 1775 concerning the payment of prevailing rates of wages to workers and the penalties for failure to pay prevailing wages. The Contractor shall, as a penalty to the Agency, forfeit no more than fifty dollars (\$50) for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of Industrial Relations for the work or craft in which the worker is employed for any public work done under the contract by Contractor or by a subcontractor.

(c) Contractor agrees to comply with the provisions of California Labor Code Section 1776 which requires Contractor and each subcontractor to (i) keep accurate payroll records, (ii) certify and make such payroll records available for inspection as provided by Section 1776, and (iii) inform the Agency of the location of the records. The Contractor is responsible for compliance with Section 1776 by itself and all of its subcontractors.

(d) Contractor agrees to comply with the provisions of California Labor Code Section 1777.5 concerning the employment of apprentices on public works projects, and further agrees that the Contractor is responsible for compliance with Section 1777.5 by itself and all of its subcontractors.

(e) Contractor agrees to comply with the provisions of California Labor Code Section 1813 concerning penalties for workers who work excess hours without approval of the City. The Contractor shall, as a penalty to the Agency, forfeit twenty-five dollar (\$25) for each worker employed in the execution of the contract by the Contractor or by any subcontractor for each calendar day or portion thereof during which such worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of Division, 2, Part 7, Chapter 1, Article 3 of the California Labor Code. The Contractor may, with the approval of the City Engineer, use his employees to carry out work on the project beyond the normal eight (8) hour workday and on Saturdays, Sundays and Holidays provided the employees are paid at the following hourly rates:

For Daytime Work

- Week days (Monday through Fridays) after eight (8) hours daily and not to exceed twelve (12) hours daily total per day and not exceeding forty-eight (48) hours work in a seven (7) day period week at one and one-half (1.5) times the prevailing hourly wage for the initial eight (8) hours of regular work time for the time worked after the initial eight (8) hours regular time.

- Saturdays, Sundays and Holidays for time worked after forty (40) hours of regular work time in a seven (7) day period week at the rate of two (2.0) times the prevailing hourly wage for the initial eight (8) hours of regular weekday work time and not to exceed a total of forty-eight (48) hours of work within the seven (7) day work week period.

(f) California Labor Code Sections 1860 and 3700 provide that every contractor will be required to secure the payment of compensation to its employees. In accordance with the provisions of California Labor Code Section 1861, Contractor hereby certifies as follows:

“I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for worker’s compensation or under self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the work of this contract.”

ARTICLE XII (PROMPT PAYMENT)

Prompt Progress Payment to Subcontractors

Attention is directed to Section 7108.5 of the California Business and Professions Code, which requires a prime contractor or subcontractor to pay any subcontractor not later than 10 days of receipt of each progress payment, unless otherwise agreed to in writing. In addition, Federal Regulation (49 CFR 26.29) requires a prime contractor or subcontractor to pay a subcontractor no later than 30 days of receipt of each payment, unless any delay or postponement of payment among the parties takes place only for good cause and with the prior written approval of the agency. Section 7108.5 of the California Business and Professions Code also contains enforcement actions and penalties.

IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Contract Agreement to be executed in triplicate by setting hereunto their names, titles, hands, and seals this _____ day of _____, 20____.

CONTRACTOR: _____

(Title)

Contractor’s License No. _____

AGENCY Business License No. _____

Federal Tax Identification No.: _____

Subscribed and sworn to this _____ day of _____, 20_____.

NOTARY PUBLIC _____

AGENCY: _____

Paul Talbot,

Acting City Manager

ATTESTED: _____
Irma-Bernal Barajas, City Clerk, City Clerk of the City of Montebello
Date _____

FAITHFUL PERFORMANCE BOND

FOR

STREET AND INTERSECTION PAVEMENT REHABILITATION

**FY 2018/2019
PROJECT No. 1929
C.P. No. 872
RFP # 19-29**

IN THE CITY OF MONTEBELLO

KNOW ALL MEN BY THESE PRESENTS that _____
_____ as CONTRACTOR and
_____, as SURETY, are held and
firmly bound unto the City of Montebello, as AGENCY, in the penal sum of
_____ dollars
(\$_____), which is one-hundred percent (100%) of the total contract amount for the above
stated project, for the payment of which sum, CONTRACTOR and SURETY agree to be bound,
jointly and severally, firmly by these presents.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH that, whereas CONTRACTOR has been
awarded and is about to enter into the annexed Contract Agreement with AGENCY for the above
stated project, if CONTRACTOR faithfully performs and fulfills all obligations under the contract
documents in the manner and time specified therein, then this obligation shall be null and void,
otherwise it shall remain in full force and effect in favor of AGENCY; provided that any alterations
in the obligations or time for completion made pursuant to the terms of the contract documents shall
not in any way release either CONTRACTOR or SURETY, and notice of such alterations is hereby
waived by SURETY.

IN WITNESS WHEREOF the parties hereto have set their names, titles, hands, and seals this _____
day of _____, 20_____.

CONTRACTOR* _____

SURETY* _____

Subscribed and sworn to this _____ day of _____, 20_____.

NOTARY PUBLIC _____

* Provide CONTRACTOR/SURETY name, address and telephone number and the name, title, address and telephone number of authorized representative.

MATERIAL AND LABOR BOND
FOR
STREET AND INTERSECTION PAVEMENT REHABILITATION

FY 2018/2019
PROJECT No. 1929
C.P. No. 872
RFP # 19-29

IN THE CITY OF MONTEBELLO

KNOW ALL MEN BY THESE PRESENTS that _____,
_____, as CONTRACTOR,
and _____, as SURETY, are
held and firmly bound unto the City of Montebello, as AGENCY, in the penal sum of
_____ dollars
(\$ _____), which is fifty percent (50%) of the total contract amount for the above
stated project, for payment of which sum, CONTRACTOR and SURETY agree to be bound,
jointly and severally, firmly by these presents.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH that, whereas CONTRACTOR has
been awarded and is about to enter into the annexed Contract Agreement with AGENCY for the
above stated project, if CONTRACTOR or any subcontractor fails to pay for any labor or
material of any kind used in the performance of the work to be done under said contract, or fails
to submit amounts due under the State Unemployment Insurance Act with respect to said labor,
SURETY will pay for the same in an amount not exceeding the sum set forth above, which
amount shall inure to the benefit of all persons entitled to file claims under the State Code of
Civil Procedures; provided that any alteration made pursuant to the terms of the contract
documents shall not in any way release either CONTRACTOR or SURETY, and notice of said
alterations is hereby waived by SURETY.

IN WITNESS WHEREOF the parties have set their names, titles, hands, and seals this _____
day of _____, 20_____.

CONTRACTOR* _____

SURETY* _____

Subscribed and sworn to this _____ day of _____, 20_____.

NOTARY PUBLIC _____

* Provide CONTRACTOR/SURETY name, address and telephone number and the name, title, address and telephone number of authorized representative

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: Rene Bobadilla, City Manager

BY: Danilo Batson, Director of Public Works

SUBJECT: Award a Construction Contract for C.P. # 873 – Various Street Improvements (FY 2018/2019), RFP #19-31 to Sequel Contractors, Inc.

DATE: August 28, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Award a Construction Contract for C.P. 873 - Various Street Improvements (FY 2018/2019), RFP #19-31 in the amount of \$774,895.80 to Sequel Contractors, Inc.,
- 2) Authorize the Director of Public Works to review and approve change orders within a 5% contingency of the contract amount,
- 3) Direct staff to transfer an additional \$58,843 from Measure M Funds to increasing the Project Budget,
- 4) Authorize the City Manager to execute the Contract Agreement on behalf of the City.

BACKGROUND

As part of FY 2018-2019 Capital Improvement Budget, a total of \$718,294.00 (Measure M - 496,518, Measure R - \$183,561.00 and TDA-3 - \$38,215) have been allocated for the Various Street Improvements (FY 2018/2019) including engineering, inspection, construction management and construction for following the streets: Beverly Terrace (Maple Avenue to Park Avenue), Hay Street (Garfield Avenue to S'LY City Limit, Los Amigos Avenue (Weimer Way to Las Flores Avenue), and Oakwood Street (Montebello Boulevard to Spruce Street).

The Project will consist of removal and reconstruction of existing concrete sidewalks and AC pavement, curb and gutter reconstruction, new driveway approaches and curb ramps, cold milling and paving streets, adjusting utility covers to grade, installation of pavement markings, curb painting and tree planting.

On July 10, 2019, the City Council found the project categorically exempt pursuant to the State Guidelines for Implementation of the California Environmental Quality Act (CEQA) and approved the Project Plans and Specifications as prepared by Infrastructure Engineers and authorized the Public Works Department to advertise the project for public bidding.

On August 12, 2019 at 11:10 AM, seven (7) bids were received and opened as follows:

ITEM #21

\$774,895.80 - Sequel Contractors, Inc.
\$777,000.00 - Hardy & Harper, Inc.
\$847,664.00 - Excel Paving Company
\$848,000.00 - ONYX Paving Company
\$849,691.78 – Western Construction Company
\$949,261.00 - All American Asphalt Company
\$997,105.10 - CT&T Concrete Paving

Sequel Contractors, Inc. submitted the lowest responsive bid in the amount of \$774,895.80. Staff checked the listed references and concludes that Sequel Contractors, Inc. is a responsive bidder and reputable contractor, with a good history of work experience in these types of projects in Montebello and in the general locale. Therefore, Sequel Contractors, Inc., is the apparent lowest responsive and responsible bidder.

ANALYSIS

The total budget allocated to this project for construction and administrative costs is \$718,294.00. A summary of the project cost is as follows:

\$ 37,146.00	Design Phase (Plans, Specifications, & Estimate)
\$ 6,191.00	Project Management
\$ 6,430.00	Geotechnical Investigation
\$ 61,991.66	Construction Management & Inspection
\$ 774,895.80	Construction Contract Cost
<u>\$ 38,744.79</u>	<u>10% Contingency</u>
\$ 925,399.25	Total

FISCAL IMPACTS

As part of FY 2018-2019 Capital Improvement Budget, the following funding breakdown was appropriated for this project:

Measure M.....	\$496,518.00
Measure R.....	\$183,561.00
TDA-3.....	<u>\$ 38,215.00</u>
Total	\$718,294.00

The Project Budget includes engineering, inspection, and construction management and construction for the following Streets:

Beverly Terrace – from Maple Avenue to Park Avenue
Hay Street – from Garfield Avenue to Southerly City Limit
Los Amigos Avenue – from Weimer Way to Los Flores Avenue, and
Oakwood Avenue – from Montebello Boulevard to Spruce Street

The engineer's estimate for the project was \$709,988. The lowest bid received was \$774,895.80 which is approximately 8.4% higher than the engineer's estimate.

Without additional funding appropriation in the amount of \$207,105.25, Staff would not be able to proceed with the proposed improvements. In order to fully fund the project and proceed with

ITEM #21

construction, Staff is proposing that the City Council appropriate an additional 207,106.00 in the following manner:

Description of Action	Proposed Amount
Reallocate or transfer (in Measure M) from CP # 872, based on estimated savings in that project	\$58,843.00
Allocate (in Measure R) as part of the FY 2019/20 CIP Budget Approval	\$28,263.00
Allocate (in Prop A Exchange) as part of the FY 2019/20 CIP Budget Approval	\$120,000.00
TOTAL	\$207,106.00

Staff is seeking City Council approval to transfer \$58,843 from the estimated savings from CP # 872 to this Project (CP # 873). The additional appropriations listed above will be approved by City Council as part of the approval of FY 2019/20 Capital Improvement Project Budget, if that item is approved by the City Council.

SUMMARY

The City Council is being asked to approve the award of a Construction Contract for C.P. #873, Various Street Improvements (FY 2018/2019), RFP #19-31 in the amount of \$774,895.80 to Sequel Contractors, Inc., and authorize the Director of Public Works to review and approve change orders within a 5% contingency of the contract amount, authorize the City Manager to execute the Contract Agreement on behalf of the City, and direct staff to transfer an additional \$58,843 in Measure M Funds to the Project Budget.

ATTACHMENTS

Bid Summary
Contract Agreement

CONTRACT AGREEMENT

FOR

VARIOUS STREET IMPROVEMENT PROJECT (FY 18-19)

**FY 2018/2019
PROJECT No. 1931
C.P. No. 873
RFP # 19-31**

IN THE CITY OF MONTEBELLO

This Contract Agreement is made and entered into for the above stated project this _____ day of _____, 20____. BY AND BETWEEN the City of Montebello, as AGENCY, and _____ as CONTRACTOR. WITNESSETH that AGENCY and CONTRACTOR have mutually agreed as follows:

ARTICLE I

The contract documents for the aforesaid project shall consist of the Notice Inviting Sealed Bids, Instructions to Bidders, Proposal, General Specifications, Standard Specifications, Special Provisions, Plans, and all referenced specifications, details, standard drawings, and appendices, together with this Contract Agreement and all required bonds, insurance certificates, permits, notices, and affidavits; and also including any and all addenda or supplemental agreements clarifying, or extending the work contemplated as may be required to insure its completion in acceptable manner. All of the provisions of said contract documents are made a part hereof as though fully set forth herein.

ARTICLE II

For and in consideration of the payments and agreements to be made and performed by AGENCY, CONTRACTOR agrees to furnish all materials and perform all work required for the above stated project, and to fulfill all other obligations as set forth in the aforesaid contract documents.

ARTICLE III

CONTRACTOR agrees to receive and accept the unit or lump sum prices set forth in the Proposal as full compensation for furnishing all materials, performing all work, and fulfilling all obligations hereunder. Said compensation shall cover all expenses, losses, damages, and consequences arising out of the nature of the work during its progress or prior to its acceptance including those for well and faithfully completing the work and the whole thereof in the manner and time specified in the aforesaid contract documents; and also including those arising from actions of the elements, unforeseen difficulties or obstructions encountered in the prosecution of the work, suspension or discontinuance of the work, and all other unknowns or risks of any description connected with the work.

ARTICLE IV

AGENCY hereby promises and agrees to employ, and does hereby employ, CONTRACTOR to provide the materials, do the work and fulfill the obligations according to the terms and conditions herein contained and referred to, for the prices aforesaid, and hereby contracts to pay the same at the time, in the manner, and upon the conditions set forth in the contract documents.

ARTICLE V

CONTRACTOR acknowledges the provisions of the State Labor Code requiring every employer to be insured against liability for worker's compensation, or to undertake self-insurance in accordance with the provisions of that code, and certifies compliance with such provisions.

ARTICLE VI

CONTRACTOR agrees to indemnify, defend and hold harmless AGENCY and all of its officers and agents from any claims, demand, or causes of action, including related expenses, attorney's fees, and costs, based on, arising out of, or in any way related to the work undertaken by CONTRACTOR hereunder

ARTICLE VII

CONTRACTOR affirms that the signatures, titles, and seals set forth hereinafter in execution of this Contract Agreement represent all individuals, firm members, partners, joint venturers, and/or corporate officers having principal interest herein.

ARTICLE VIII

CONTRACTOR shall take and assume all responsibility for the work. CONTRACTOR shall bear all losses and damages directly or indirectly resulting to him, to the City, or to others on account of the performance under this contract, or the character of the work, accidents or any other causes whatsoever.

CONTRACTOR shall assume the defense and indemnify and save harmless the City, its officers, employees and Engineer from all claims, loss, damage, injury and liability of every kind, nature and description, directly or indirectly arising from performance of this contract or work, regardless of responsibility for negligence; from any and all claims, loss, damage, injury, and liability, howsoever the same may be caused, resulting directly or indirectly from the nature of the work covered by this contract, or CONTRACTOR's performance thereunder, regardless of responsibility for negligence.

ARTICLE IX

STATE LABOR CODE. Contractor agrees to abide by the provisions of the State Labor Code, and to comply with the prevailing rates of wages and apprenticeship employment standards established by the State Director of Industrial Relations and /or the requirements of the federal government and applicable federal wage rates.

The total contract price of this agreement is \$ _____ based on estimated quantities given on the Bid Sheet.

ARTICLE X

The total contract construction period for this project is **twenty-five (25) working days** from the effective date of Notice-to-Proceed to be issued by the AGENCY.

ARTICLE XI (PREVAILING WAGES)

(a) Contractor agrees to comply with the provisions of California Labor Code Section 1773.8, which requires the payment of travel and subsistence payments to each worker needed to execute the work to the extent required by law.

(b) Contractor agrees to comply with the provisions of California Labor Code Sections 1774 and 1775 concerning the payment of prevailing rates of wages to workers and the penalties for failure to pay prevailing wages. The Contractor shall, as a penalty to the Agency, forfeit no more than fifty dollars (\$50) for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of Industrial Relations for the work or craft in which the worker is employed for any public work done under the contract by Contractor or by a subcontractor.

(c) Contractor agrees to comply with the provisions of California Labor Code Section 1776 which requires Contractor and each subcontractor to (i) keep accurate payroll records, (ii) certify and make such payroll records available for inspection as provided by Section 1776, and (iii) inform the Agency of the location of the records. The Contractor is responsible for compliance with Section 1776 by itself and all of its subcontractors.

(d) Contractor agrees to comply with the provisions of California Labor Code Section 1777.5 concerning the employment of apprentices on public works projects, and further agrees that the Contractor is responsible for compliance with Section 1777.5 by itself and all of its subcontractors.

(e) Contractor agrees to comply with the provisions of California Labor Code Section 1813 concerning penalties for workers who work excess hours without approval of the City. The Contractor shall, as a penalty to the Agency, forfeit twenty-five dollar (\$25) for each worker employed in the execution of the contract by the Contractor or by any subcontractor for each calendar day or portion thereof during which such worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of Division, 2, Part 7, Chapter 1, Article 3 of the California Labor Code. The Contractor may, with the approval of the City Engineer, use his employees to carry out work on the project beyond the normal eight (8) hour workday and on Saturdays, Sundays and Holidays provided the employees are paid at the following hourly rates:

For Daytime Work

- Week days (Monday through Fridays) after eight (8) hours daily and not to exceed twelve (12) hours daily total per day and not exceeding forty-eight (48) hours work in a seven (7) day period week at one and one-half (1.5) times the prevailing hourly wage for the initial eight (8) hours of regular work time for the time worked after the initial eight (8) hours regular time.
- Saturdays, Sundays and Holidays for time worked after forty (40) hours of regular work time in a seven (7) day period week at the rate of two (2.0) times the prevailing hourly wage for the initial eight (8) hours of regular weekday work time and not to exceed a total of forty-eight (48) hours of work within the seven (7) day work week period.

(f) California Labor Code Sections 1860 and 3700 provide that every contractor will be required to secure the payment of compensation to its employees. In accordance with the provisions of California Labor Code Section 1861, Contractor hereby certifies as follows:

“I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for worker’s compensation or under self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the work of this contract.”

Liquidated Damages: The liquidated damages value is hereby amended to be \$250.00 per day.

ARTICLE XII (PROMPT PAYMENT)

Prompt Progress Payment to Subcontractors

Attention is directed to Section 7108.5 of the California Business and Professions Code, which requires a prime contractor or subcontractor to pay any subcontractor not later than 10 days of receipt of each progress payment, unless otherwise agreed to in writing. In addition, Federal Regulation (49 CFR 26.29) requires a prime contractor or subcontractor to pay a subcontractor no later than 30 days of receipt of each payment, unless any delay or postponement of payment among the parties takes place only for good cause and with the prior written approval of the agency. Section 7108.5 of the California Business and Professions Code also contains enforcement actions and penalties.

IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Contract Agreement to be executed in triplicate by setting hereunto their names, titles, hands, and seals this _____ day of _____, 20____.

CONTRACTOR: _____

(Title)

Contractor’s License No. _____

AGENCY Business License No. _____

Federal Tax Identification No.: _____

Subscribed and sworn to this _____ day of _____, 20_____.

NOTARY PUBLIC _____

AGENCY: _____

Paul Talbot, Acting City Manager

ATTESTED: _____

Irma Barajas, City Clerk,

City Clerk of the City of Montebello

Date _____

FAITHFUL PERFORMANCE BOND

FOR

VARIOUS STREET IMPROVEMENT PROJECT (FY 18-19)

**FY 2018/2019
PROJECT No. 1931
C.P. No. 873
RFP # 19-31**

IN THE CITY OF MONTEBELLO

KNOW ALL MEN BY THESE PRESENTS that _____
_____ as CONTRACTOR and
_____, as SURETY, are held and
firmly bound unto the City of Montebello, as AGENCY, in the penal sum of
_____ dollars
(\$_____), which is one-hundred percent (100%) of the total contract amount for the above
stated project, for the payment of which sum, CONTRACTOR and SURETY agree to be bound,
jointly and severally, firmly by these presents.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH that, whereas CONTRACTOR has been
awarded and is about to enter into the annexed Contract Agreement with AGENCY for the above
stated project, if CONTRACTOR faithfully performs and fulfills all obligations under the contract
documents in the manner and time specified therein, then this obligation shall be null and void,
otherwise it shall remain in full force and effect in favor of AGENCY; provided that any alterations
in the obligations or time for completion made pursuant to the terms of the contract documents shall
not in any way release either CONTRACTOR or SURETY, and notice of such alterations is hereby
waived by SURETY.

IN WITNESS WHEREOF the parties hereto have set their names, titles, hands, and seals this _____
day of _____, 20_____.

CONTRACTOR* _____

SURETY* _____

Subscribed and sworn to this _____ day of _____, 20_____.

NOTARY PUBLIC _____

* Provide CONTRACTOR/SURETY name, address and telephone number and the name, title,
address and telephone number of authorized representative.

MATERIAL AND LABOR BOND
FOR
VARIOUS STREET IMPROVEMENT PROJECT (FY 18-19)

FY 2018/2019
PROJECT No. 1931
C.P. No. 873
RFP # 19-31

IN THE CITY OF MONTEBELLO

KNOW ALL MEN BY THESE PRESENTS that _____,
_____, as CONTRACTOR,
and _____, as SURETY, are
held and firmly bound unto the City of Montebello, as AGENCY, in the penal sum of
_____ dollars
(\$ _____), which is fifty percent (50%) of the total contract amount for the above
stated project, for payment of which sum, CONTRACTOR and SURETY agree to be bound,
jointly and severally, firmly by these presents.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH that, whereas CONTRACTOR has
been awarded and is about to enter into the annexed Contract Agreement with AGENCY for the
above stated project, if CONTRACTOR or any subcontractor fails to pay for any labor or
material of any kind used in the performance of the work to be done under said contract, or fails
to submit amounts due under the State Unemployment Insurance Act with respect to said labor,
SURETY will pay for the same in an amount not exceeding the sum set forth above, which
amount shall inure to the benefit of all persons entitled to file claims under the State Code of
Civil Procedures; provided that any alteration made pursuant to the terms of the contract
documents shall not in any way release either CONTRACTOR or SURETY, and notice of said
alterations is hereby waived by SURETY.

IN WITNESS WHEREOF the parties have set their names, titles, hands, and seals this _____
day of _____, 20_____.

CONTRACTOR* _____

SURETY* _____

Subscribed and sworn to this _____ day of _____, 20_____.

NOTARY PUBLIC _____

* Provide CONTRACTOR/SURETY name, address and telephone number and the name, title,
address and telephone number of authorized representative.

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: Rene Bobadilla, City Manager

BY: Danilo Batson, Director of Public Works

SUBJECT: Award a Construction Contract for Sewer Repairs (RFP No. 19-34 – Sewer Pipe Bursting and Sewer Liner Installation) to Quality Jet Rooter

DATE: August 28, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Waive the formal bid process for the attached Public Works Contract pursuant to Montebello Municipal Code (“MMC”) Section 3.20.050(c)
- 2) Authorize the expenditure of City funds by a four-fifths (4/5) vote as required by MMC Section 3.20.050(c)
- 3) Award a Construction Contract for urgent sewer repairs, as described in Request for Proposals No. 19-34 – Sewer Pipe Bursting and Sewer Liner Installation, in the amount of \$154,462 to Quality Jet Rooter,
- 4) Authorize the Director of Public Works to review and approve change orders within a 10% contingency of the contract amount,
- 5) Authorize the City Manager to execute the Contract Agreement on behalf of the City,
- 6) Take such additional, related, action that may be desirable.

BACKGROUND

The existing sewer mainline in and near the Whittier Boulevard Downtown area is probably some of the oldest in the City. The 8-inch concrete sewer pipes under 5th and 6th Streets between Cleveland Avenue and Whittier Boulevard have developed several cracks and/or near collapse conditions. The existing deteriorated sewer lines have resulted in two sinkholes, one on each street, which are currently being cover by steel plates provided at no cost to the City by The Olson Company who is constructing a nearby housing project.

In order to remedy the situation, staff is proposing the following work be completed by a contractor:

- 1) Pipe burst approximately 495 feet of 8" VCP sewer main and install 8" HDPE or ABS pipe (as approved by the City) with connections to existing sewer laterals and manholes on 5th street between Cleveland Avenue and the Alley just north of Whittier Blvd., (4) manholes and (13) laterals.
- 2) Install 3 feet of 8" UV light cured fiberglass sectional liner to cover over broken sewer lateral on 6th Street.

ITEM #22

The aforementioned proposed work was developed based on video inspection of both sewer lines by the City's Sewer and Plumbing Maintenance Contractor.

As a result of the above conditions, staff contacted five (5) sewer maintenance contractors and requested bids for the proposed work, as described in RFP No. 19-34 – Sewer Pipe Bursting and Sewer Liner Installation. In addition to the RFP, the contractors were given access to view and examine the videos taken of the sewer pipes in order to prepare their bid proposals.

On July 25, 2019 at approximately 11:10am, the City received and opened three (3) bid proposal submitted as follows:

Quality Jet Rooter, Inc.	\$154,462.00
MKP Construction, Inc.	\$245,075.00
Sebastian Waterworks (dba Mr. Rooter Plumbing...	\$250,000.00

Quality Jet Rooter submitted the lowest responsive bid in the amount of \$150,000. Staff checked the listed references and concludes that Quality Jet Rooter is a responsive bidder and reputable contractor, with a good history of work experience in these types of projects, in Montebello and in the general locale. Therefore, Quality Jet Rooter is the apparent lowest responsive and responsible bidder.

ANALYSIS

The Montebello Municipal Code states that the City Council may dispense with the formal bid process per MMC Section 3.20.050(c) which requires a four-fifths vote and upon a finding by the City Council that it would be impractical, useless, or uneconomical in such instance to follow the procedures, and that the welfare of the public would be promoted by dispensing with the same. Due to the urgent nature of the existing condition on 5th and 6th Streets due to deteriorated sewer lines, especially on 6th Street, immediate repairs are needed, soliciting and evaluating formal bids to complete the work is impracticable and would prolong completing the needed repairs. Instead of a formal bid process that would take another 30 to 60 days to completed due to noticing/advertising in the local newspaper, Staff used an informal process and contacted five (5) potential bidders, provided them with a scope of work (RFP No. 19-34) and access to the sewer video inspections the City had in its possession, and received three (3) bids in the short time allotted. This was done due to the urgent nature of the repairs and to facilitate repairs as quickly as possible.

In order to proceed with the proposed work staff is recommending that the City Council waive the formal bid process as allowed under MMC Section 3.20.050(c), award a contract to the lowest responsive and responsible bidder and approve a resolution of appropriation of \$169,908.20 from General Fund Reserves to complete the project. A summary of projected costs is as follows:

\$154,462.00	Construction Contract Cost
\$ 15,446.20	<u>10% Contingency</u>
\$169,908.20	Total

FISCAL IMPACTS

The proposed project will impact the General Fund Reserves by \$169,908.20 as current budget appropriations for the Public Works Department do not include funds for such work.

SUMMARY

The City Council will consider awarding an contract to Quality Jet Rooter for sewer repairs on 5th and 6th Streets between Cleveland Avenue and Whittier Boulevard under MMC Section 3.20.050(c) in the amount of \$154,462.00, which requires a four-fifths (4/5) vote of the City Council to proceed with the proposed repairs.

ATTACHMENTS

Bid Summary
Contract Agreement
Resolution of Appropriation

BID SUMMARY													
Sewer Pipe Bursting and Sewer Liner Installation													
FY 2019-2020													
RFP #19-34													
July 11, 2019													
				Bidder No. 1		Bidder No. 2		Bidder No. 3		Bidder No. 4		Bidder No. 5	
				Quality Jet Rooter		MKP Construction		Sebasting Waterworks (Mr. Rooter Plumbing)					
ITEM	BID ITEM	QTY.	UNITS	BID	TOTAL	BID	TOTAL	BID	TOTAL	BID	TOTAL	BID	TOTAL
No.				PRICE	AMT.	PRICE	AMT.	PRICE	AMT.	PRICE	AMT.	PRICE	AMT.
1	Lump Sum Price	1	LS	\$ 148,791.00	\$ 148,791.00	\$ 239,325.00	\$ 239,325.00	\$ 242,500.00	\$ 242,500.00				
2	Bid, Payment & Performance Bonds	1	LS	\$ 5,671.00	\$ 5,671.00	\$ 5,750.00	\$ 5,750.00	\$ 7,500.00	\$ 7,500.00				
		TOTAL BASE BID		\$ 154,462.00			\$ 245,075.00		\$ 250,000.00		\$ -		\$ -

CONTRACT AGREEMENT

FOR

SEWER PIPE BURSTING AND SEWER LINER INSTALLATION PROJECT

FY 2019/2020

RFP # 19-34

IN THE CITY OF MONTEBELLO

This Contract Agreement is made and entered into for the above stated project this _____ day of _____, 20____. BY AND BETWEEN the City of Montebello, as AGENCY, and Quality Jet Rooter, Inc., as CONTRACTOR. WITNESSETH that AGENCY and CONTRACTOR have mutually agreed as follows:

ARTICLE I

The contract documents for the aforesaid project shall consist of the Notice Inviting Sealed Bids, Instructions to Bidders, Proposal, General Specifications, Standard Specifications, Special Provisions, Plans, and all referenced specifications, details, standard drawings, and appendices, together with this Contract Agreement and all required bonds, insurance certificates, permits, notices, and affidavits; and also including any and all addenda or supplemental agreements clarifying, or extending the work contemplated as may be required to insure its completion in acceptable manner. All of the provisions of said contract documents are made a part hereof as though fully set forth herein.

ARTICLE II

For and in consideration of the payments and agreements to be made and performed by AGENCY, CONTRACTOR agrees to furnish all materials and perform all work required for the above stated project, and to fulfill all other obligations as set forth in the aforesaid contract documents.

ARTICLE III

CONTRACTOR agrees to receive and accept the unit or lump sum prices set forth in the Proposal as full compensation for furnishing all materials, performing all work, and fulfilling all obligations hereunder. Said compensation shall cover all expenses, losses, damages, and consequences arising out of the nature of the work during its progress or prior to its acceptance including those for well and faithfully completing the work and the whole thereof in the manner and time specified in the aforesaid contract documents; and also including those arising from actions of the elements, unforeseen difficulties or obstructions encountered in the prosecution of the work, suspension or discontinuance of the work, and all other unknowns or risks of any description connected with the work.

ARTICLE IV

AGENCY hereby promises and agrees to employ, and does hereby employ, CONTRACTOR to provide the materials, do the work and fulfill the obligations according to the terms and conditions herein contained and referred to, for the prices aforesaid, and hereby contracts to pay the same at the time, in the manner, and upon the conditions set forth in the contract documents.

ARTICLE V

CONTRACTOR acknowledges the provisions of the State Labor Code requiring every employer to be insured against liability for worker's compensation, or to undertake self-insurance in accordance with the provisions of that code, and certifies compliance with such provisions.

ARTICLE VI

CONTRACTOR agrees to indemnify, defend and hold harmless AGENCY and all of its officers and agents from any claims, demand, or causes of action, including related expenses, attorney's fees, and costs, based on, arising out of, or in any way related to the work undertaken by CONTRACTOR hereunder

ARTICLE VII

CONTRACTOR affirms that the signatures, titles, and seals set forth hereinafter in execution of this Contract Agreement represent all individuals, firm members, partners, joint venturers, and/or corporate officers having principal interest herein.

ARTICLE VIII

CONTRACTOR shall take and assume all responsibility for the work. CONTRACTOR shall bear all losses and damages directly or indirectly resulting to him, to the City, or to others on account of the performance under this contract, or the character of the work, accidents or any other causes whatsoever.

CONTRACTOR shall assume the defense and indemnify and save harmless the City, its officers, employees and Engineer from all claims, loss, damage, injury and liability of every kind, nature and description, directly or indirectly arising from performance of this contract or work, regardless of responsibility for negligence; from any and all claims, loss, damage, injury, and liability, howsoever the same may be caused, resulting directly or indirectly from the nature of the work covered by this contract, or CONTRACTOR's performance thereunder, regardless of responsibility for negligence.

ARTICLE IX

STATE LABOR CODE. Contractor agrees to abide by the provisions of the State Labor Code, and to comply with the prevailing rates of wages and apprenticeship employment standards established by the State Director of Industrial Relations and /or the requirements of the federal government and applicable federal wage rates.

The total contract price of this agreement is \$ \$154,462.00 based on lump sum given on the Bid Sheet.

ARTICLE X

The total contract construction period for this project is **thirty-five (35) working days** from the effective date of Notice-to-Proceed to be issued by the AGENCY.

ARTICLE XI (PREVAILING WAGES)

(a) Contractor agrees to comply with the provisions of California Labor Code Section 1773.8, which requires the payment of travel and subsistence payments to each worker needed to execute the work to the extent required by law.

(b) Contractor agrees to comply with the provisions of California Labor Code Sections 1774 and 1775 concerning the payment of prevailing rates of wages to workers and the penalties for failure to pay prevailing wages. The Contractor shall, as a penalty to the Agency, forfeit no more than fifty dollars (\$50) for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of Industrial Relations for the work or craft in which the worker is employed for any public work done under the contract by Contractor or by a subcontractor.

(c) Contractor agrees to comply with the provisions of California Labor Code Section 1776 which requires Contractor and each subcontractor to (i) keep accurate payroll records, (ii) certify and make such payroll records available for inspection as provided by Section 1776, and (iii) inform the Agency of the location of the records. The Contractor is responsible for compliance with Section 1776 by itself and all of its subcontractors.

(d) Contractor agrees to comply with the provisions of California Labor Code Section 1777.5 concerning the employment of apprentices on public works projects, and further agrees that the Contractor is responsible for compliance with Section 1777.5 by itself and all of its subcontractors.

(e) Contractor agrees to comply with the provisions of California Labor Code Section 1813 concerning penalties for workers who work excess hours without approval of the City. The Contractor shall, as a penalty to the Agency, forfeit twenty-five dollar (\$25) for each worker employed in the execution of the contract by the Contractor or by any subcontractor for each calendar day or portion thereof during which such worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of Division, 2, Part 7, Chapter 1, Article 3 of the California Labor Code. The Contractor may, with the approval of the City Engineer, use his employees to carry out work on the project beyond the normal eight (8) hour workday and on Saturdays, Sundays and Holidays provided the employees are paid at the following hourly rates:

For Daytime Work

- Week days (Monday through Fridays) after eight (8) hours daily and not to exceed twelve (12) hours daily total per day and not exceeding forty-eight (48) hours work in a seven (7) day period week at one and one-half (1.5) times the prevailing hourly wage for the initial eight (8) hours of regular work time for the time worked after the initial eight (8) hours regular time.
- Saturdays, Sundays and Holidays for time worked after forty (40) hours of regular work time in a seven (7) day period week at the rate of two (2.0) times the prevailing hourly wage for the initial eight (8) hours of regular weekday work time and not to exceed a total of forty-eight (48) hours of work within the seven (7) day work week period.

(f) California Labor Code Sections 1860 and 3700 provide that every contractor will be required to secure the payment of compensation to its employees. In accordance with the provisions of California Labor Code Section 1861, Contractor hereby certifies as follows:

“I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for worker’s compensation or under self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the work of this contract.”

ARTICLE XII (PROMPT PAYMENT)

Prompt Progress Payment to Subcontractors

Attention is directed to Section 7108.5 of the California Business and Professions Code, which requires a prime contractor or subcontractor to pay any subcontractor not later than 10 days of receipt of each progress payment, unless otherwise agreed to in writing. In addition, Federal Regulation (49 CFR 26.29) requires a prime contractor or subcontractor to pay a subcontractor no later than 30 days of receipt of each payment, unless any delay or postponement of payment among the parties takes place only for good cause and with the prior written approval of the agency. Section 7108.5 of the California Business and Professions Code also contains enforcement actions and penalties.

IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Contract Agreement to be executed in triplicate by setting hereunto their names, titles, hands, and seals this _____ day of _____, 20_____.

CONTRACTOR: _____

(Title)

Contractor’s License No. _____

AGENCY Business License No. _____

Federal Tax Identification No.: _____

Subscribed and sworn to this _____ day of _____, 20_____.

NOTARY PUBLIC _____

AGENCY: _____

Rene Bobadilla,

City Manager

ATTESTED: _____

Irma-Bernal Barajas

City Clerk of the City of Montebello

ATTESTED: _____

Arnold Alvarez-Glasman

City Attorney of the City of Montebello

Date _____

FAITHFUL PERFORMANCE BOND
FOR
SEWER PIPE BURSTING AND SEWER LINER INSTALLATION PROJECT

**FY 2019/2020
RFP # 19-34**

IN THE CITY OF MONTEBELLO

KNOW ALL MEN BY THESE PRESENTS that _____
_____ as CONTRACTOR and
_____, as SURETY, are held and
firmly bound unto the City of Montebello, as AGENCY, in the penal sum of
_____ dollars
(\$_____), which is one-hundred percent (100%) of the total contract amount for the above
stated project, for the payment of which sum, CONTRACTOR and SURETY agree to be bound,
jointly and severally, firmly by these presents.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH that, whereas CONTRACTOR has been
awarded and is about to enter into the annexed Contract Agreement with AGENCY for the above
stated project, if CONTRACTOR faithfully performs and fulfills all obligations under the contract
documents in the manner and time specified therein, then this obligation shall be null and void,
otherwise it shall remain in full force and effect in favor of AGENCY; provided that any alterations
in the obligations or time for completion made pursuant to the terms of the contract documents shall
not in any way release either CONTRACTOR or SURETY, and notice of such alterations is hereby
waived by SURETY.

IN WITNESS WHEREOF the parties hereto have set their names, titles, hands, and seals this _____
day of _____, 20_____.

CONTRACTOR* _____

SURETY* _____

Subscribed and sworn to this _____ day of _____, 20_____.

NOTARY PUBLIC _____

* Provide CONTRACTOR/SURETY name, address and telephone number and the name, title,
address and telephone number of authorized representative.

MATERIAL AND LABOR BOND
FOR
SEWER PIPE BURSTING AND SEWER LINER INSTALLATION PROJECT

**FY 2019/2020
RFP # 19-34**

IN THE CITY OF MONTEBELLO

KNOW ALL MEN BY THESE PRESENTS that _____,
_____, as CONTRACTOR,
and _____, as SURETY, are
held and firmly bound unto the City of Montebello, as AGENCY , in the penal sum of
_____ dollars
(\$ _____), which is fifty percent (50%) of the total contract amount for the above
stated project, for payment of which sum, CONTRACTOR and SURETY agree to be bound,
jointly and severally, firmly by these presents.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH that, whereas CONTRACTOR has
been awarded and is about to enter into the annexed Contract Agreement with AGENCY for the
above stated project, if CONTRACTOR or any subcontractor fails to pay for any labor or
material of any kind used in the performance of the work to be done under said contract, or fails
to submit amounts due under the State Unemployment Insurance Act with respect to said labor,
SURETY will pay for the same in an amount not exceeding the sum set forth above, which
amount shall inure to the benefit of all persons entitled to file claims under the State Code of
Civil Procedures; provided that any alteration made pursuant to the terms of the contract
documents shall not in any way release either CONTRACTOR or SURETY, and notice of said
alterations is hereby waived by SURETY.

IN WITNESS WHEREOF the parties have set their names, titles, hands, and seals this _____
day of _____, 20_____.

CONTRACTOR* _____

SURETY* _____

Subscribed and sworn to this _____ day of _____, 20_____.

NOTARY PUBLIC _____

* Provide CONTRACTOR/SURETY name, address and telephone number and the name, title,
address and telephone number of authorized representative

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: Rene Bobadilla, City Manager

BY: Tom Barrio, Director of Transportation

SUBJECT: **Adoption of a Resolution Authorizing the City Manager or Designee to Execute Any Actions Necessary for the Purpose of Obtaining Financial Assistance Provided by the State of California Department of Transportation State of Good Repair Program**

Date: August 28, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Adopt a resolution authorizing the City Manager or Designee to execute any actions necessary for the purpose of obtaining financial assistance provided by the State of California Department of Transportation State of Good Repair Program.
- 2) Take such additional, related action that may be desirable.

BACKGROUND

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statutes of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the State of Good Repair program. This program provides funding of approximately \$110 million annually to the State Transit Assistance (STA) Account. These funds are to be made available for eligible transit maintenance, rehabilitation and capital projects.

SB1 named the State Department of Transportation as the administrative agency for these funds, and emphasizes the importance of accountability and transparency in the delivery of California's transportation programs. Therefore, in order to be eligible for State of Good Repair funding, local

agencies must comply with various regulations and reporting requirements.

The Los Angeles County Metropolitan Transportation Authority (Metro) is the local planning agency designated to administer the distribution of these funds to transit agencies in the Los Angeles County region. The City of Montebello is an eligible project sponsor and will receive State Transit Assistance funding from the State of Good Repair Account (SGR) for transit projects, and agrees to comply with all conditions and requirements set forth in the Certification and Assurances document and applicable statutes, regulations and guidelines. In order to obtain the City's allocated funds, staff is also required to identify the specific associated SGR project, as follows:

- Upgrades to the Transportation Center including but not limited to HVAC systems, painting, paving, and other long-term maintenance projects.
- Upgrades to the Taylor Ranch Park and Ride lot including but not limited to replacement fencing, lighting, parking lot resurfacing and other maintenance projects.

Adoption of a Resolution by the agency's governing body is also a requirement for the State of Good Repair Program funds which will authorize the City Manager or Designee to execute all required documents and any Amendments with the California Department of Transportation.

ANALYSIS

The Transportation Center and Taylor Ranch Park and Ride Lot were constructed in over twenty-five years ago and the proposed maintenance projects will insure the facilities are maintained in State of Good Repair.

FISCIAL IMPACTS

The California State Controller's Office has identified estimated available amounts of funding based on PUC 99314 formulas. The County of Los Angeles is currently allocated \$18,693,488 in STA State of Good Repair Funds for the current fiscal year 2019-20. Of this value, Montebello's allocation share equals \$377,267 based on the Los Angeles County Metropolitan Transportation Authority (Metro) Formula Allocation Plan (FAP). Upon acceptance of the SGR application package by the State Department of Transportation, funds will be

ITEM #23

received through Metro and utilized toward expenses for upgrades to the Transportation Center and Taylor Rancho Park and Ride Lot in FY19-20.

SUMMARY

The City Council will consider adoption of a Resolution authorizing the City Manager or Designee to execute any actions necessary for the purpose of obtaining financial assistance provided by the State of California Department of Transportation State of Good Repair Program.

ATTACHMENTS

Proposed Resolution.

DATE:
PRESENTED TO MONTEBELLO CITY COUNCIL
☐ APPROVED
☐ DENIED
☐ PULLED
☐ RECEIVED AND FILED
☐ CONTINUED
☐ REFERRED TO
DEPUTY CITY CLERK

RESOLUTION #_____

**AUTHORIZATION FOR THE EXECUTION OF THE
CERTIFICATIONS AND ASSURANCES
FOR THE CALIFORNIA STATE OF GOOD REPAIR PROGRAM**

WHEREAS, the City of Montebello is an eligible project sponsor and may receive State Transit Assistance funding from the State of Good Repair Account (SGR) now or sometime in the future for transit projects; and

WHEREAS, the statutes related to state-funded transit projects require a local or regional implementing agency to abide by various regulations; and

WHEREAS, Senate Bill 1 (2017) named the Department of Transportation (Department) as the administrative agency for the SGR; and

WHEREAS, the Department has developed guidelines for the purpose of administering and distributing SGR funds to eligible project sponsors (local agencies); and

WHEREAS, the Montebello City Council has reviewed and approved a list of projects for funding under this program which include repairs to the Transportation Center and the Taylor Ranch Park and Ride Lot; and

WHEREAS, the City of Montebello wishes to delegate authorization to execute these documents and any amendments thereto to the City Manager or his designee.

NOW, THEREFORE, BE IT RESOLVED by the Montebello City Council that the fund recipient agrees to comply with all conditions and requirements set forth in the Certification and Assurances document and applicable statutes, regulations and guidelines for all SGR funded transit projects.

NOW THEREFORE, BE IT FURTHER RESOLVED that the City Manager or his designee is hereby authorized to execute all required documents of the SGR program and any Amendments thereto with the California Department of Transportation.

Passed and approved this 28th Day of August, 2019.

Jack Hadjinian, Mayor

ATTEST:

Irma Barajas, City Clerk

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Rene Bobadilla, City Manager

BY: Bob Franco, Director of Human Resources
Fernando Pelaez, Fire Chief

SUBJECT: Amendments to Job Specification: Fire Engineer

DATE: August 28, 2019

RECOMMENDATION

It is recommended that the City Council approved the amendment of the Fire Engineer job specification the City's classification plan.

BACKGROUND / ANALYSIS

The Montebello Fire Department has seen abnormally high attrition at the Firefighter rank. This rate has changed the landscape of experience in the organization. Currently, the average experience level of a Firefighter assigned to Suppression is 2.3 years full-time experience with the City. There is currently only one firefighter who meets all of the requirements of the position as it is currently written. There are four other individuals who meet the overall standard for the position but have not completed the arduous and time consuming task book required to meet the "Acting Engineer" requisite.

There is currently one-third of the firefighter rank with less than one year on the job, with an expected ten to twelve new firefighters being hired this year.

By testing to the outside, the Department would be able to capture the experience and knowledge gained by time on the job and performing the duties of an Engineer as well as any previous experience gained while they held the rank of Firefighter.

Additionally, these amendments were reviewed by the Civil Service Commission, at the special meeting, of Tuesday, August 19, 2019. The Commission recommends that the City Council approve the amended job specification.

FACTS

1. The current classification for Fire Engineer was adopted in October of 2014.

2. Fire Administration is requesting a change to the required education and training for the position of Fire Engineer. The proposed amendments would alter:

Amendments to the Special Requirements:

Removal of "Possession of a First Responder Certification at time of application"

The proposed change would eliminate redundancy as the position requires a "current Emergency Medical Technician certification" which is of higher standing than a First Responder certification.

3. Amendments to the Employment Standards:

Remove the following line from the subsection "Knowledge of:" and replace it in the subsection "Ability to:"

Learn local geography, including the location of mains, hydrants, and the major fire hazards of the City.

The proposed changes would allow an outside candidate the ability to learn the nuances of the City once they have obtained the position, instead of requiring them to know specific/local knowledge without having worked in the City prior to the appointment.

4. Amendments to the Training and Experience:

Change the wording to read: Any combination of training and experience which would likely provide the required knowledge and abilities, beyond the required education and work background below, is qualifying

The proposed changes would require the candidate to meet the minimum required work experience and education in order to apply for the position. The previous language allow for any combination of experience with the below being only a suggestion.

5. Amendments to Education:

State Fire Marshal Apparatus Operator 1A & 1B Certification and State Fire Marshall Firefighter1 Certification

Remove "and Montebello Fire Department Acting Engineer certification (or equivalent)"

The proposed changes are intended to allow candidates from outside agencies to participate in the exam without completion of the Acting Engineer certification. Successful demonstration of the required skills and knowledge obtained by the Acting certification would be expected of the employee once they have begun the job and have adequate time to learn the equipment and expectations.

6. Amendment to Work Background:

Change the current three year work experience to two years of responsible work experience comparable to that of a Firefighter with the City of Montebello.

Additionally add the following: OR a current/non-probationary Fire Engineer in good standing with a California Fire Agency.

The proposed changes will allow the greatest number of internal applicants to apply for the position while still remaining within industry standards for the work experience required for the position. The addition of the second line will allow for the ability to draw experience from candidates that currently hold the position of Engineer at other municipal or government fire departments.

FISCAL IMPACT

Approval of this resolution will have no budgetary impact.

SUMMARY

The Human Resources department and the Fire Department are requesting that the City Council consider the approval of the attached resolution amending the classification plan for Classified Management positions.

ATTACHMENTS

- A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO AMENDING THE CLASSIFICATION PLAN FOR CLASSIFIED MANAGEMENT POSITIONS.

CITY OF MONTEBELLO RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO
AMENDING THE CLASSIFICATION PLAN FOR CLASSIFIED MANAGEMENT
POSITIONS**

**THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES HEREBY RESOLVE
AS FOLLOWS:**

SECTION 1: That the Classification Plan is hereby amended to include the revised job description for the following position:

Fire Engineer (Exhibit A)

SECTION 2: That the City Clerk shall certify to the adoption of this resolution and distribute to the Director of Human Resources and the Director of Finance and that the same shall be in full force and effect.

APPROVED AND ADOPTED THIS 28th DAY OF AUGUST 2019.

Jack Hadjinian, Mayor

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold Alvarez-Glasman, City Attorney

EXHIBIT A

CITY OF MONTEBELLO 603

FIRE ENGINEER

DEFINITION

Under direction, to have primary responsibility for driving and operating firefighting and emergency response equipment; to perform skilled firefighting and emergency service duties; to perform fire inspections and prevention work; to perform station and equipment maintenance; to assist with training of fire personnel and less experienced fire personnel staff; and to perform related work as required.

DISTINGUISHING CHARACTERISTICS

This is the advanced, specialized skill working level for City firefighting and emergency service assignments. Incumbents are expected to be fully trained and able to perform technical equipment operation assignments, as well as normal firefighting duties.

EXAMPLES OF DUTIES

Responds to fire and emergency alarms; drives equipment, selecting the most direct route to fire and emergency scenes; performs technical equipment operation assignments at fire and emergency scenes; performs normal firefighting, emergency medical service, and other emergency functions as needed; may assist with laying hose lines and raising ladders; performs regular station and equipment maintenance work; cleans living quarters, maintaining them in a clean and orderly condition; tests fire hoses and hydrants; relays and receives radio messages at fire scenes; assists with cleanup and salvage work after fires are extinguished; reviews Fire Department rules and regulations, fire hazards, firefighting techniques, and emergency service procedures; participates in training exercises; performs fire inspection and prevention work; may assist with training less experienced staff; may meet the public, making presentations to further Department public relations; may assume the duties of a Fire Captain in a Captain's absence.

SPECIAL REQUIREMENTS

- Possession of appropriate valid California Class C Driver license with firefighter endorsements at time of application and maintenance of said license in good standing throughout employment in this position.
- Possession of a current Emergency Medical Technician certification at time of application and maintenance of said license in good standing throughout employment in this position.

EMPLOYMENT STANDARDS

Knowledge of:

- Methods and principles of fire suppression, fire investigation, fire prevention, emergency medical response, and hazardous material control.
- Operation, maintenance, and capabilities of firefighting and emergency rescue equipment.
- Practical hydraulics and pump operations.
- Fire codes, laws, rules, and regulations.

and

Ability to:

- Understand and act in accordance with Department policy, rules, and regulations.
- Drive fire and emergency response equipment safely and skillfully in accordance with traffic rules and regulations.
- Demonstrate proper use and maintenance of fire and emergency response equipment.
- Apply firefighting and emergency service techniques and methods in a variety of situations.
- Compute engine and nozzle pressures and operate pumping equipment.
- Interpret, explain, and apply fire codes and regulations.
- Assist with fire inspections and prevention activities.
- Meet established standards of physical endurance and agility.
- Effectively represent the fire service functions of the Department with the public.
- Establish and maintain cooperative working relationships.
- Communicate effectively orally and in writing.
- Learn local geography, including the location of mains, hydrants, and the major fire hazards of the City.

and

Training and Experience:

Education: State Fire Marshal Apparatus Operator 1A & 1B Certification; State Fire Marshal Firefighter I Certification.

Work Background: Two years of responsible work experience comparable to that of a Firefighter with the City of Montebello OR a current/non-probationary Fire Engineer in good standing with a California Fire agency.

August 1992

April 1998 (Res. # 98-34)

October 2014 (Res. #14-89)

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: Rene Bobadilla, City Manager

BY: Bob Franco, Director of Human Resources

SUBJECT: **Approve Amending the Table of Organization, and the Classification and Compensation Plans for a New Position in the Planning and Community Development Department.**

DATE: August 28, 2019

RECOMMENDATION

It is recommended that the City Council approve the amendment to the City's organization table to establish a new classification (Deputy Director), along with a compensation plan for the new position with the Planning and Community Development Department.

BACKGROUND

The City Manager and Director of Planning and Community Development have evaluated the needs of the organization, the numerous projects, and issues facing the City and the desire of the City of Montebello to move forward in a progressive direction. Accordingly, it has become necessary to augment existing staffing in the Planning and Community Development Department to be able to accomplish the many goals and objectives of the City Council and to strengthen the operations of the organization. Particularly, the revenue generating Montebello Hills Project.

The proposed position will be funded through the Montebello Hills Project. As part of the agreement, the applicant was required to provide the City of Montebello with a deposit of \$5 million dollars to help process/review the development of the 1,200 residential units. In order to assist in processing the approvals, the City is allowed to use the deposit to hire a person to help expedite the entitlement/permit process. The proposed position would devote (70%) of the time to process, review plans, and oversee environmental issues; the remaining (30%) will be allocated for everyday planning issues. The deposit from the Montebello Hill will fund (70%) of the proposed position and the remaining (30%) will come from the General Fund.

The need for a Deputy Director of Planning and Community Development, whose primary objective will be to assist the City in achieving success in the many projects and goals of the City, relating to the Montebello Hills Project, as well as, the daily functions of a currently understaffed Planning and Community Development Department.

Creation of the Deputy Director Classification

The creation and establishment of a Deputy Director classification within the Planning and Community Development will also serve as a model for possible Deputy Director positions with other City Departments, namely the Finance, Public Works, Parks and Recreation, and Transportation Departments. The possibility of Deputy Director level positions in other departments will be evaluated based on the organizational needs of the City and the availability of current or future funding to staff positions at that level.

FISCAL IMPACT

The estimated cost of payroll, taxes, benefits, and related expenses of the new Deputy Director of Planning and Community Development for the remaining fiscal year would be \$125,000; approximately \$88,000 expensed to the Montebello Hills Project and \$37,000 expensed to General Fund. There are sufficient funds available in the FY19-20 Budget for General Fund General Community Development Planning 100-50-520 labor costs due to cost savings from other vacant budgeted positions.

SUMMARY

The City Council will consider the approval and authorizing of the organization table to establish a new classification along with a compensation plan for the new position in the City's Planning and Community Development Department for FY 2019/2020.

ATTACHMENTS

- A. Resolution to Amend the City's Table of Organization and Class/Comp Plans.
- B. Deputy Director of Planning & Community Development – Class Specification – August 2019.

CITY OF MONTEBELLO RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MONTEBELLO AMENDING THE TABLE OF ORGANIZATION, THE CITY OF
MONTEBELLO COMPENSATION PLAN AND THE CITY OF MONTEBELLO
CLASSIFICATION PLAN**

**THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES HEREBY RESOLVE
AS FOLLOWS:**

SECTION 1. That the Table of Organization is hereby amended to add the following classification:

POSITION	DEPARTMENT	NUMBER OF POSITIONS	EFFECTIVE DATE
Deputy Director of Planning and Community Development	Community Development	1	8/29/19

SECTION 2. That the Classification Plan is hereby amended to add the following job description (Exhibit A):

DEPUTY DIRECTOR OF COMMUNITY DEVELOPMENT

SECTION 3. That Section 1 of Resolution No. 19-99, which established a compensation plan for unclassified management positions in the City's service, is hereby amended to add the salary range for the following position in the non-represented employee group:

POSITION	MONTHLY SALARY RANGE	EFFECTIVE DATE
Deputy Director of Planning and Community Development	\$8,589 - \$10,440 <i>Recommend Salary Range for FY 2019/20</i>	8/29/19

SECTION 4. That the City Clerk shall certify to the adoption of this Resolution, shall distribute copies to the Director of Human Resources and the Director of Finance, and the Resolution shall become effective immediately upon its adoption.

APPROVED AND ADOPTED THIS 28th DAY OF AUGUST 2019.

Jack Hadjinian, Mayor

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold Alvarez-Glasman, City Attorney

DEPUTY DIRECTOR OF PLANNING & COMMUNITY DEVELOPMENT**DRAFT****DEFINITION**

Under administrative direction of the Director of Planning and Community Development, to direct, manage, supervise, and coordinate the programs and activities of the Economic Development Division within the Community Development Department; responsible for the management and supervision of the professional, technical, and clerical staff of the Economic Development Division; manage and coordinate a variety of economic development, community development, and redevelopment programs such as business attraction and retention, expansion, public real estate acquisition and development; administer and supervise the housing programs of the City; ensure quality customer service to the general public; and perform related work as required. Excellent public relations skills are essential for the Deputy Director. This position reports directly to the Director of Planning and Community Development.

SUPERVISION RECEIVED AND EXERCISED

This is a supervisory position overseeing the daily operation of the City's Economic Development Division responsible for managing, supervising, and coordinating the programs, activities, and staffing of the division. All work for the Economic Development Division is directed and coordinated by this position.

CLASS CHARACTERISTICS

The Deputy Director is a journey-level classification that performs difficult analytical assignments, conducts complex studies, and is assigned professional level projects to research, analyze, and make appropriate recommendations to decision-making authorities such as the City Manager, Director of Community Development, and the City Council.

EXAMPLES OF TYPICAL JOB FUNCTIONS (Illustrative Only)

Management reserves the right to add, modify, change, or rescind the work assignments of different positions and to make reasonable accommodations so that qualified employees can perform the essential functions of the job.

- Provides leadership, direction, and guidance in Development Services programs and issues; coordinates the Division's plans with state, Federal and regional agencies; assures effective communication of issues and strategies; anticipates problems and pursues solutions.
- Directs daily operations of the Division, oversees the activities of the Planning, Building and Code Enforcement groups; manages, allocates, and coordinates numerous internal and external resources; evaluates and analyzes issues, and recommends and implements solutions to accomplish goals and improve operations.
- Oversees and/or reviews CEQA and NEPA documents to ensure the matters of importance to the City are addressed.
- Supervises and coordinates planning projects; provides professional planning services to achieve structured and organized growth and development in the City in compliance with all regulatory requirements; assures project plans, policies and procedures are in conformance to City General Plan, and in compliance with local, state and Federal codes and regulations.

- Develops, evaluates and implements Development Services goals, objectives, policies and procedures; assures Division's plans and activities are in compliance with all laws, policies, regulations, timelines and goals; reviews project work papers, and approves project plans and procedures.
- Oversees and/or reviews the evaluation of development proposals, applications, planning and zoning changes, variance requests, technical documents and special permits for compliance with City standards and regulatory requirements; reviews development plans with residents, developers and builders; develops recommendations, and summarizes all issues for presentation to the City Council and Planning Commission.
- Assures the integrity of the Division's work products, processes and procedures; monitors technical documents for accuracy, completeness, and compliance with Federal, state, and City policies and practices; reviews and prepares status reports, and recommends appropriate actions.
- Participates in meetings with government officials and community groups; provides information to the Planning Commission, City Manager, City Council and other City departments as needed; coordinates with various regional government organizations, community groups, and state and Federal agencies; attends public meetings and presents information on regional planning and zoning issues.
- Collaborates and works cooperatively with the Public Works Department to plan and delivery of service within the allocated resources.
- Supervises the daily activities of assigned staff; plans, prioritizes and assigns tasks and projects; trains and coaches staff; monitors work, develops staff skills, and evaluates performance; assures the quality of services provided.
- Assures a productive, efficient and technically competent work environment; assures effective communications with other City departments and outside agencies; sets program and project priorities and assures project deadlines and performance standards are met.
- Reviews and approves technical documents, contracts, agreements, plans and reports of Division's activities; manages the collection, analysis and reporting of administrative and operational data; prepares and administers budgets, and monitors and authorizes expenditures.
- Directs the activities of the Division managers and staff; plans, prioritizes and assigns tasks and projects; monitors work, develops staff skills, and evaluates performance; meets regularly with staff to discuss and resolve workload and technical issues; develops goals and priorities.
- Coordinates meetings with regional agencies, and business and community groups. Maintains the absolute confidentiality of all records and information.
- May assume responsibility for administration of Department in absence of the Director.
- Provides supervision, direction, coordination, and training for the professional, technical, and clerical staff assigned to the City's Economic Development Division.
- Assigns work related to community development, economic development, and housing staff based on their abilities.
- Manages and tracks the work load for the division; prepares complex economic, community, and housing feasibility analysis and reports.
- Prepares market demand trends pertaining to the development and redevelopment of project areas and sites; administers City's program for commercial and industrial growth.
- Prepares economic and business conditions studies; prepares and evaluates requests for proposals, and requests for qualifications.
- Assists with the preparation, and control of the economic and community development budgets; provides development policy analysis; assists in the development and implementation of a comprehensive downtown and community development revitalization programs.

- Monitors consultants to ensure project completion within estimated costs and time schedules; monitors federal and state legislation and develops advocacy positions related to economic and community development issues; makes recommendations on the City's long-range economic and community development plans.
- Represents assigned functions with City staff and other governmental agencies as delegated; works closely with the Director of Planning and Community Development.
- Performs other duties as assigned.

QUALIFICATIONS

Education and Experience:

Any combination of education, professional training and extensive experience that would provide the required knowledge, skills, and abilities is qualifying for this position. A typical way to obtain the required qualifications would be the equivalent of a Bachelor's degree from accredited four (4) year college or university in real estate, urban planning, business or public administration, political science, or a closely related field is suitable for this position. At least five (5) years of increasingly responsible experience in land-use urban planning or redevelopment for a municipal agency in California. Varied, well-rounded, and extensive experience in economic development, community development, redevelopment, and housing is preferable. Also, a familiarity or experience with mixed-use, work-live, urban/downtown housing, and transit-oriented development is desirable. This position requires two (2) years of experience in a supervisory, managerial, or administrative position working for a municipal agency.

Licenses and Certifications:

- Possession of, or ability to obtain, a valid California Driver's License by time of appointment.

Knowledge of:

- Modern principles, practices, and techniques of private and public property development including finance, appraisal, market analysis, and property acquisition.
- Community Development process with respect to housing, capital improvements, redevelopment or other areas.
- Principles of personnel management and public administration.
- Principles of supervision and training.
- Applicable City, County, State and Federal laws, rules, and regulations affecting the City's housing, and its community and economic development programs.
- Public sector finance techniques and private sector lending requirements.
- Principles of local government organization and financing.
- Budget development, preparation, and administration.
- Research methods and procedures.
- Applicable Federal, State, and local laws, rules, regulations, ordinances, and organizational policies and procedures relevant to assigned area of responsibility.

Ability to:

- Recommend and implement goals, objectives, and practices for providing effective and efficient services.
- Plan, organize, coordinate and direct the City's Economic and Community Development programs and activities.
- Manage, supervise, train, and evaluate the professional, technical, and clerical staff of the Economic Development Division.
- Assist with formulating, implementing and evaluating the City's economic development/revitalization and community development projects.
- Organize, prioritize, and coordinate the workload of the division, assign work according to staff's work abilities.
- Mentor and provide clear guidance to the division staff.
- Write clear and concise staff reports, correspondence, and other related writing assignments.
- Communicate effectively orally and in writing.
- Determine the availability and magnitude of public financing.
- Demonstrate financing needs of potential and proposed development projects that provide a basis for the agency to negotiate development agreements.
- Direct the preparation of complex financial statements and reports.
- Function as a project manager on major development projects.
- Research, collect, and analyze information related to the Community and Economic Development functions of the City.
- Interpret, explain, apply, and enforce a variety of laws, regulations, and guidelines.
- Effectively represent the Economic Development functions of the City to the general public, organizations, and other city, county, state, and federal government agencies.
- Effectively maintain a working relationship with other City's divisions and departments.
- Evaluate staff performance and provide positive and corrective guidance when necessary.
- Handle personnel issues in a professional and timely manner.
- Assist with the preparation and administration of division's budget.

PHYSICAL DEMANDS

Must possess mobility to work in a standard office setting and use standard office equipment, including a computer; to operate a motor vehicle and to visit various City and meeting sites; vision to read printed materials and a computer screen; and hearing and speech to communicate in person, before groups, and over the telephone. This is primarily a sedentary office classification although standing and walking between work areas may be required. Finger dexterity is needed to access, enter, and retrieve data using a computer keyboard or calculator and to operate standard office equipment. Positions in this classification occasionally bend, stoop, kneel, reach, push, and pull drawers open and closed to retrieve and file information. Employees must possess the ability to lift, carry, push, and pull materials and objects up to 25 pounds.

ENVIRONMENTAL ELEMENTS

Employees work in an office environment with moderate noise levels, controlled temperature conditions, and no direct exposure to hazardous physical substances. Employees may interact with upset staff and/or public and private representatives in interpreting and enforcing departmental policies and procedures.

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: Rene Bobadilla, City Manager

BY: Robert Mescher, Director of Finance

SUBJECT: **Renew Financial and Human Resource Annual Software Agreement with Tyler Technologies**

DATE: August 28, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Authorize the City Manager to execute the Third Amendment to the Tyler Technologies annual software maintenance agreement for ongoing management and maintenance of the City's financial and human resources software systems

BACKGROUND

In June 2012, the City Council approved a software licensing agreement and associated maintenance agreement with New World Systems ("New World"). In 2015, New World was acquired by and merged with Tyler Technologies ("Tyler"). This software is a fully integrated system with the City's financial management, payroll, and human resources. Procuring the software license was a one-time expense. However, on-going maintenance and monitoring services are required to ensure the system remains fully functional.

These maintenance services were provided by Tyler under a maintenance agreement, which provided for an initial term of five years that expired in October 2017. City Council approved the first amendment to the agreement on October 11, 2017. The maintenance agreement covers the licenses, software, and system support of the financial system. The cost for these services last year was \$65,984.64.

In December 2018, the City Council approved procuring additional software modules for contract management and cashing, along with unlimited user licenses. The cost to renew the agreement is \$74,242.91 which includes a 5% increase over the prior year and the new modules and licenses.

ANALYSIS

The Tyler Technologies software is vital as it is utilized daily for financial management, payroll, timekeeping, and human resources purposes. With the expiration of the original maintenance agreement, it is necessary for the City to approve an extension of those services with Tyler.

Because of the proprietary nature of the software, Tyler is the only company that has the capacity to provide ongoing maintenance of the system. As a result, Tyler is the “sole source” from which the City may acquire these services, meaning putting the services out to bid is impractical. The Montebello Municipal Code provides an exception to competitive bidding requirements in this situation. (MMC 3.20.050(B).)

Tyler proposes a one (1) year contract that automatically renews for subsequent one (1) year terms unless and until terminated by the parties. For the upcoming year, the cost of ongoing maintenance services is \$74,242.91. Staff recommends that the City Council approve this expenditure and the attached agreement with Tyler.

FISCAL IMPACT

The cost of the agreement with Tyler for the current year is \$74,242.91. This amount is included within the FY19-20 Adopted Budget.

SUMMARY

The City Council will consider approving an extension of a software maintenance agreement with Tyler Technologies for ongoing maintenance of the City’s financial and personnel management systems.

ATTACHMENTS

Third Amendment to the Agreement with Tyler Technologies

**THIRD AMENDMENT
SOFTWARE MAINTENANCE AND
SUPPORT SERVICES AGREEMENT
BY AND BETWEEN THE CITY OF
MONTEBELLO AND TYLER
TECHNOLOGIES**

This Second Amendment ("Second Amendment") to the Agreement (as defined below) is made and entered into as of August 31, 2019 (the "Effective Date"), by and between Tyler Technologies, Inc. with offices at 840 West Long Lake Road, Troy, MI 48098 ("Tyler") and the City of Montebello ("Client").

WHEREAS, Client and Tyler are currently parties to a binding agreement, originally between Client and New World Systems, under which Client licensed the New World software itemized and described therein ("Agreement"); and

WHEREAS, Tyler and Client have previously agreed to and memorialized two amendments to the Agreement ("Prior Amendments");

WHEREAS, Tyler and Client now desire to further update the applicable maintenance and support services described in the Agreement and Prior Amendments, and to extend the term thereof, by entering into this Third Amendment to the Agreement;

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

1. The New World software Client licensed under the Agreement, and on which Client has paid maintenance and support fees through the Effective Date, shall mean the "Tyler Software" for purposes of this Third Amendment.
2. Tyler shall provide maintenance and support services on the Tyler Software according to the terms stated and agreed to in the Prior Amendments added to the Agreement.
3. For the term specified in the applicable invoice attached hereto as Exhibit 1 and incorporated fully herein, Client shall remit to Tyler maintenance fees in the amount set forth therein. Payment is due within forty-five (45) days of the invoice date.
4. This Third Amendment shall be governed by and construed in accordance with the terms and conditions of the Agreement and the Prior Amendments of the Agreement, which are expressly incorporated herein except to the extent of an actual conflict with the terms of this Third Amendment, which shall govern and control in the event of said conflict.
5. All other terms and conditions of the Agreement and Prior Amendments of the Agreement shall remain in full force and effect.

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

Tyler Technologies, Inc.

City of Montebello

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Date:_____

Date:_____

Exhibit 1

Invoice for Maintenance Fees

CITY OF MONTEBELLO
CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members
FROM: Rene Bobadilla, City Manager
BY: Robert Mescher, Director of Finance
SUBJECT: **Unaudited Financial Results for the Year Ended June 30, 2019**
DATE: August 28, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Review and file the Year-End Financial Report for FY18-19;
- 2) Approve repayment from the Water Fund to the General Fund for \$805,200 effective June 30, 2019; and

BACKGROUND

On June 13, 2018, the City Council adopted the FY18-19 Budget.

The Finance Department presents reports comparing the actual year-to-date financial results with the budget. The third quarter report, presented on May 15, 2019 indicated the City was on target with the amended FY18-19 Budget.

Although the Water System operations achieved a surplus in FY18-19, it was necessary for the City to subsidize the Water Fund in prior years due to a lack of positive cash flow, totaling \$805,200.

ANALYSIS

The Finance Department has prepared a year-end report comparing the actual financial results with the FY18-19 Amended Budget. The report is informal; using a cash-basis for some expenditures, such as depreciation and debt service.

Overall, the City's General Fund ended the fiscal year with a surplus of \$3.2 million, which was \$5.2 better than the amended budget's \$2.0 million deficit. The improvement was primarily due to increased revenues from Cannabis applications, sales tax, and property tax, while lowering labor costs by not filling vacant positions. Staff recommends the \$3.2 million be retained in the General Fund cash reserves until later this year when Staff will present cash flow projections and propose reserve goals for various purposes. With the \$3.2 million surplus, the projected General Fund reserve balance increased to \$14.5 million.

General Fund

The General Fund is the primary operating fund of the City. The General Fund total revenues for the FY18-19 were 6% higher than budget. This is due to overall increase in sales and property tax revenues and the unbudgeted \$1.4 million Commercial Cannabis application revenue.

The General Fund expenditures were 96% of budget due to unfilled vacant positions, lower outside contract costs, and capital outlay allocated to other funds.

Overall, the General Fund ended FY18-19 with a surplus of \$3.2 million.

Retirement Fund

The Retirement Fund is used to account for the property tax revenue and investment income, and the payments to the pension plan. The annual revenues currently exceed the expenditures by \$3.0 million. However, the rising annual pension costs are expected to surpass revenues in the near future. The unfunded pension liability as of FY17-18 was \$101 million.

Self-Insurance Fund

The Self-Insurance Fund is an internal services fund used to allocate claims and administrative costs to other funds. The revenues of the Self-Insurance Fund are recorded as an insurance expense in the other funds. To offset a portion of the prior year's deficits, the FY18-19 revenues of the Self-Insurance Fund are \$1.5 million greater than expenditures.

Water Fund

The Water Fund accounts for the revenues and expenditures of the City's water utility. The revenues were higher than budgeted primarily due to the budget assumption that the reclaimed water system at the Golf course would have reduced the revenues to the Water fund, but the switch to reclaimed water did not occur until late April 2019. The Water Fund ended the fiscal year with \$0.7 million operating income, mainly due to increased water usage, as well as higher water rates.

ITEM #27

Between FY13-14 and FY16-17, the General Fund subsidized the Water Fund with \$805,200 to cover cash deficits. Below is a summary by fiscal year:

FY 13-14	FY 14-15	FY 15-16	FY 16-17	TOTAL
300,000	140,000	171,000	194,200	805,200

Since the Water Fund has a cash balance of approximately \$1.2 million, Staff recommends the City Council approve the repayment of \$805,200 to the General Fund.

Golf Course and Quiet Cannon

The Golf Revenues are lower due to inclement weather and hotel construction. Expenditures were also lower, resulting in a \$1.2 million deficit as budgeted. Quiet Cannon income exceeded the budget by 19% primarily due new revenue from Home2Suites. The additional net income of \$121,152 lowered the subsidy needed from the General Fund.

Transit

The Transit revenues were slightly under budget. Bus fare revenue was down due to lower ridership, while operating grants were slightly higher than budget. Expenditures were 93% of budget, mainly due to budget savings from unfilled vacant positions. Overall, the Transit Fund ended FY18-19 with income of \$3.5 million.

Hilton Garden Inn

The City historically has not included the hotel operations in its budget, but will include them beginning in FY19-20. Hilton Garden Inn revenues for FY18-19 decreased by 10% from the prior year, primarily due to the opening of Home2Suites taking some of the market share. Expenses decreased by 2%, resulting in \$0.9 net income.

Home2suites

Home2Suites began operations September 20, 2018. In nine months of operations, the hotel generated approximately \$7.7 million in revenues and \$6.9 million in expenditures. Overall, Home2Suites ended FY18-19 with net income of \$0.8 million.

FISCAL IMPACT

There is no fiscal impact associated with this report.

Staff recommends the Water Fund repay the General Fund \$805,200 effective June 30, 2019. If approved by City Council, the Water Fund cash balance will decrease by \$805,200 and the General Fund cash balance will increase by that same amount.

SUMMARY

This year-end financial report indicates the City's financial performance exceeded the amended budget in all funds.

ATTACHMENTS

- A. General Fund Financial Summary
- B. Year-End Financial Report for Fiscal Year 2018-19



City of Montebello FY18-19 Year-End Financial Results



General Fund Summary

(\$ millions)

	FY17-18	FY18-19	FY18-19
		AMENDED	
	ACTUALS	BUDGET	ACTUALS
General Fund Revenues	\$ 53.8	\$ 48.9	\$ 51.8
General Fund Expenditures	<u>50.5</u>	<u>50.9</u>	<u>48.6</u>
Surplus/(Deficit)	<u>\$ 3.3</u>	<u>\$ (2.0)</u>	<u>\$ 3.2</u>

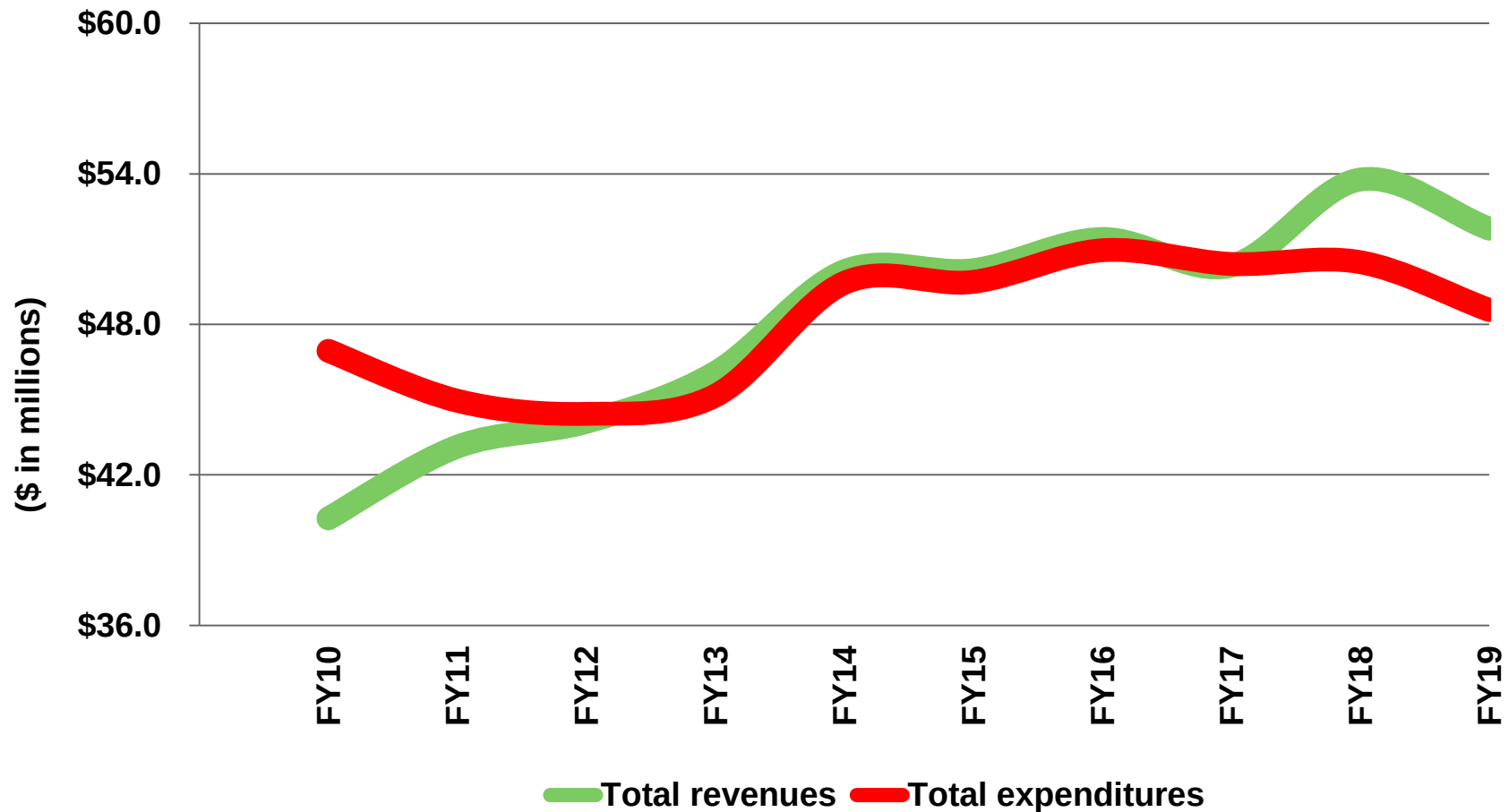


Improved Results

(\$ millions)

FY18-19 Amended Budget General Fund Deficit	\$ (2.0)
Commercial Cannabis Application revenues	1.4
Sales tax revenue increase	1.2
Labor cost savings	1.1
Franchise fee revenue increase	0.7
Costs of capital outlay allocated to other funds	0.7
Property tax revenue increase	0.6
Other revenue increase	0.6
Sale of property	0.5
Outside contract expense decrease	0.5
Reduced transfers from other funds	(0.8)
Prop A not exchanged	(1.3)
FY18-19 Actual General Fund Surplus	<u>\$ 3.2</u>

General Fund Revenue & Expenditures 10-year Actual Results





Fund Summary Results

(\$ millions)

	FY17-18	FY18-19	FY18-19
	ACTUALS	AMENDED BUDGET	ACTUALS
<u>Retirement Fund</u>			
Revenues	\$ 11.8	\$ 11.6	\$ 12.9
Expenditures	<u>9.6</u>	<u>10.5</u>	<u>9.9</u>
Surplus/(Deficit)	<u>\$ 2.2</u>	<u>\$ 1.1</u>	<u>\$ 3.0</u>
<u>Self-Insurance Fund</u>			
Revenues	\$ 6.0	\$ 6.8	\$ 7.4
Expenditures	<u>10.1</u>	<u>6.8</u>	<u>5.9</u>
Surplus/(Deficit)	<u>\$ (4.1)</u>	<u>\$ -</u>	<u>\$ 1.5</u>



Fund Summary Results

(\$ millions)

	FY17-18	FY18-19	FY18-19
	ACTUALS	AMENDED BUDGET	ACTUALS
<u>Water Fund</u>			
Revenues	\$ 3.0	\$ 2.8	\$ 2.9
Expenditures	<u>2.2</u>	<u>2.6</u>	<u>2.2</u>
Surplus/(Deficit)	<u>\$ 0.8</u>	<u>\$ 0.2</u>	<u>\$ 0.7</u>
<u>Golf Fund - Golf</u>			
Revenues	\$ 1.8	\$ 1.8	\$ 1.6
Expenditures	<u>3.1</u>	<u>3.1</u>	<u>2.8</u>
Surplus/(Deficit)	<u>\$ (1.3)</u>	<u>\$ (1.3)</u>	<u>\$ (1.2)</u>
<u>Golf Fund - Quiet Cannon</u>			
Revenues	\$ 0.7	\$ 0.6	\$ 0.7
Expenditures	<u>0.3</u>	<u>0.2</u>	<u>0.2</u>
Surplus/(Deficit)	<u>\$ 0.4</u>	<u>\$ 0.4</u>	<u>\$ 0.5</u>



Fund Summary Results

(\$ millions)

	FY17-18	FY18-19	FY18-19
	ACTUALS	AMENDED BUDGET	ACTUALS
<u>Transit Fund</u>			
Revenues	\$ 27.6	\$ 31.9	\$ 31.4
Expenditures	<u>29.2</u>	<u>29.9</u>	<u>27.9</u>
Surplus/(Deficit)	<u>\$ (1.6)</u>	<u>\$ 2.0</u>	<u>\$ 3.5</u>
<u>Hilton Garden Inn</u>			
Revenues	\$ 7.2	\$ -	\$ 6.4
Expenditures	<u>5.7</u>	<u>-</u>	<u>5.5</u>
Surplus/(Deficit)	<u>\$ 1.5</u>	<u>\$ -</u>	<u>\$ 0.9</u>
<u>Home2Suites</u>			
Revenues	\$ 0.4	\$ -	\$ 7.7
Expenditures	<u>2.7</u>	<u>-</u>	<u>6.9</u>
Surplus/(Deficit)	<u>\$ (2.3)</u>	<u>\$ -</u>	<u>\$ 0.8</u>



Recommendations

It is recommended that the City Council:

- 1) Review and file the Year-End Financial Report for FY18-19;**
- 2) Approve repayment from the Water Fund to the General Fund for \$805,200 effective June 30, 2019; and**
- 3) Take such additional, related, action that may be desirable.**



City of Montebello

General Fund Financial Summary

For the Fiscal Year 2018-19

(unaudited)

Attachment A

Description	17-18 ACTUALS	FY18-19 ADOPTED BUDGET	FY18-19 AMENDED BUDGET	18-19 ACTUALS
General Fund Revenues	40,765,893	40,343,949	40,343,949	45,353,351
Prop A Exchange	750,000	1,275,000	1,275,000	-
SUBTOTAL	41,515,893	41,618,949	41,618,949	45,353,351
Transfer in from Gas Tax fund	2,500,000	1,600,000	1,600,000	1,439,000
Transfer in from Retirement fund	8,660,942	10,166,061	4,265,140	3,619,437
Transfer in from other funds	1,096,387	1,400,000	1,400,000	1,400,000
TOTAL GENERAL FUND REVENUES	53,773,222	54,785,010	48,884,089	51,811,787
General Fund Personnel	(29,854,003)	(37,961,296)	(31,996,814)	(30,253,266)
General Fund M&O	(13,324,631)	(14,244,928)	(15,721,815)	(15,307,193)
Election Expense	(153,096)	(170,000)	(291,492)	(291,492)
Liability Insurance	(502,166)	(1,152,070)	(1,152,070)	(1,152,070)
Other Post Employment Benefits	(264,914)	(137,570)	(219,066)	(864,591)
Unfunded Pension Liability	(4,954,161)			
SUBTOTAL	(49,052,972)	(53,665,864)	(49,381,257)	(47,868,612)
Debt and Lease Payments	(1,558,897)	(1,836,299)	(1,730,968)	(1,588,023)
Interfund Charges	1,698,523	2,106,117	2,106,117	1,866,442
Capital Outlay	(183,045)	-	(1,068,988)	(380,065)
Transfer out to Detention	(418,595)	-	-	-
Transfer out to Equipment Reserve fund	-	-	-	-
Transfer out to Golf	(963,320)	(800,000)	(800,000)	(600,000)
TOTAL GENERAL FUND EXPENDITURES	(50,478,306)	(54,196,046)	(50,875,096)	(48,570,257)
TOTAL GENERAL FUND SURPLUS/(DEFICIT) NET OF ONE-TIME TRANSACTIONS	3,294,916	588,964	(1,991,007)	3,241,530
EXCLUDE ONE-TIME TRANSACTIONS:				
One-time transfers in (Gas Tax, Debt Service, Corporate Shop)	(1,996,387)	(1,400,000)	(1,400,000)	(1,400,000)
Sale of Property	-	-	-	(525,000)
Cannabis Application Fees	-	-	-	(1,367,200)
Prop A fund exchange	(750,000)	(1,275,000)	(1,275,000)	-
Settlements & payouts	182,010		390,000	390,000
General Fund Capital Outlay	183,045		1,068,988	380,065
Transfers out	1,381,915	800,000	800,000	600,000
TOTAL ONE-TIME EXPENSES/CAPITAL OUTLAY	(999,417)	(1,875,000)	(416,012)	(1,922,135)
NET SURPLUS/(DEFICIT) BEFORE ONE-TIME REVENUES & EXPENSES	2,295,499	(1,286,036)	(2,407,019)	1,319,394
GENERAL FUND RESERVE BEGINNING BALANCE				11,287,858
GENERAL FUND RESERVE ESTIMATED ENDING BALANCE				14,529,388



CITY OF MONTEBELLO
YEAR-END FINANCIAL REPORT
FISCAL YEAR 2018-19
(unaudited)

Attachment B

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2018-19 Actual	% of Budget
Revenues were budgeted conservatively.				
GENERAL FUND				
REVENUES				
Sales and Use Taxes	\$ 13,118,981	\$ 12,921,000	\$ 14,085,682	109.0% (1)
Property Taxes	\$ 4,348,893	\$ 4,212,182	\$ 4,563,260	108.3% (1)
Property Tax Residual	\$ 860,082	\$ 912,822	\$ 1,128,899	123.7% (1)
Franchise Taxes	\$ 2,141,450	\$ 1,550,379	\$ 2,219,161	143.1% (1)
Other Taxes	\$ 585,960	\$ 615,413	\$ 614,543	99.9%
Licenses and Permits	\$ 4,593,999	\$ 4,613,087	\$ 6,308,189	136.7% (2)
Charges for Services	\$ 6,451,686	\$ 6,855,127	\$ 6,579,588	96.0%
Fines & Forfeitures	\$ 2,185,021	\$ 2,131,890	\$ 2,163,711	101.5%
Investment Income	\$ 138,432	\$ 30,720	\$ 133,292	433.9% (3)
Other Revenues	\$ 934,358	\$ 1,375,000	\$ 1,030,457	74.9% (4)
Intergovernmental Revenues	\$ 6,157,030	\$ 6,401,329	\$ 6,526,570	102.0%
SUBTOTAL REVENUES	\$ 41,515,893	\$ 41,618,949	\$ 45,353,351	109.0%
Transfer in				
Transfer In from Retirement Fund	\$ 8,660,942	\$ 4,265,140	\$ 3,619,437	84.9% (5)
Transfer In from Gas Tax Fund	\$ 2,500,000	\$ 1,600,000	\$ 1,439,000	89.9%
Transfer In from other funds	\$ 1,096,387	\$ 1,400,000	\$ 1,400,000	100.0% (6)
TOTAL GENERAL FUND REVENUES	\$ 53,773,222	\$ 48,884,089	\$ 51,811,788	106.0%
EXPENDITURES				
Department 10 - Electoral				
Salaries and Wages	\$ 97,310	\$ 96,503	\$ 90,685	94.0%
Payroll Benefits	\$ 72,712	\$ 75,216	\$ 70,365	93.6%
Retirement	\$ 10,883	\$ 18,820	\$ 8,036	42.7%
Maintenance and Operations	\$ 242,580	\$ 315,842	\$ 328,388	104.0%
Other Post Employment Benefits	\$ -	\$ -	\$ 196	(7)
Unfunded Pension Liability	\$ 17,438	\$ -	\$ -	(5)
Department 10 - Electoral Totals	\$ 440,923	\$ 506,381	\$ 497,671	98.3%
Department 15 - City Attorney				
Maintenance and Operations	\$ 505,634	\$ 450,000	\$ 837,046	186.0%
Department 15 - City Attorney Totals	\$ 505,634	\$ 450,000	\$ 837,046	186.0%
Department 20 - Administration				
Salaries and Wages	\$ 352,531	\$ 836,675	\$ 826,174	98.7%
Payroll Benefits	\$ 68,021	\$ 94,572	\$ 72,691	76.9%
Retirement	\$ 62,297	\$ 72,726	\$ 48,770	67.1%
Maintenance and Operations	\$ 187,177	\$ 348,647	\$ 312,159	89.5%
Other Post Employment Benefits	\$ 6,257	\$ 12,752	\$ 17,847	140.0% (7)
Unfunded Pension Liability	\$ 73,751	\$ -	\$ -	(5)
Department 20 - Administration Totals	\$ 750,034	\$ 1,365,372	\$ 1,277,641	93.6%
Department 25 - Human Resources				
Salaries and Wages	\$ 95,459	\$ 209,901	\$ 150,610	71.8%
Payroll Benefits	\$ 17,943	\$ 43,430	\$ 39,386	90.7%
Retirement	\$ 12,901	\$ 32,518	\$ 20,397	62.7%
Maintenance and Operations	\$ 94,025	\$ 114,605	\$ 132,893	116.0%
Other Post Employment Benefits	\$ 18,393	\$ 20,110	\$ 18,136	90.2% (7)
Unfunded Pension Liability	\$ 16,806	\$ -	\$ -	(5)
Department 25 - Human Resources Totals	\$ 255,527	\$ 420,564	\$ 361,423	85.9%
Department 30 - Public Works				
Salaries and Wages	\$ 755,866	\$ 819,637	\$ 773,247	94.3%
Payroll Benefits	\$ 253,234	\$ 299,686	\$ 273,982	91.4%
Retirement	\$ 70,830	\$ 143,212	\$ 118,379	82.7%
Maintenance and Operations	\$ 6,948,307	\$ 7,332,009	\$ 6,882,468	93.9%
Liability Insurance	\$ 290,599	\$ 222,909	\$ 222,909	100.0%
Other Post Employment Benefits	\$ 22,705	\$ 42,149	\$ 55,373	131.4% (7)
Capital Outlay	\$ -	\$ 548,557	\$ -	0.0%
Unfunded Pension Liability	\$ 148,708	\$ -	\$ -	(5)
Debt and Lease Payments Totals	\$ 28,334	\$ 77,233	\$ 20,524	26.6%
Department 30 - Public Works Totals	\$ 8,518,583	\$ 9,485,392	\$ 8,346,882	88.0%



CITY OF MONTEBELLO
YEAR-END FINANCIAL REPORT
FISCAL YEAR 2018-19

Attachment B

(unaudited)

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2018-19 Actual	% of Budget
Revenues were budgeted conservatively.				
Department 40 - Finance				
Salaries and Wages	\$ 917,290	\$ 1,112,632	\$ 951,352	85.5%
Payroll Benefits	\$ 262,040	\$ 335,682	\$ 270,335	80.5%
Retirement	\$ 131,682	\$ 144,305	\$ 131,287	91.0%
Maintenance and Operations	\$ 1,138,990	\$ 1,303,554	\$ 1,132,567	86.9%
Liability Insurance	\$ 59,796	\$ -	\$ -	
Other Post Employment Benefits	\$ 10,518	\$ 16,669	\$ 14,894	89.4% (7)
Unfunded Pension Liability	\$ 154,411	\$ -	\$ -	(5)
Department 40 - Finance Totals	\$ 2,674,726	\$ 2,912,842	\$ 2,500,436	85.8%
Department 50 - Community Development				
Salaries and Wages	\$ 408,993	\$ 626,203	\$ 400,731	64.0%
Payroll Benefits	\$ 128,015	\$ 220,906	\$ 112,170	50.8%
Retirement	\$ 93,538	\$ 96,201	\$ 47,198	49.1%
Maintenance and Operations	\$ 553,988	\$ 823,104	\$ 792,557	96.3%
Liability Insurance	\$ -	\$ 158,159	\$ 158,159	100.0%
Other Post Employment Benefits	\$ 7,603	\$ 26,969	\$ 24,864	92.2% (7)
Unfunded Pension Liability	\$ 87,206	\$ -	\$ -	(5)
Department 50 - Community Development Totals	\$ 1,279,343	\$ 1,951,542	\$ 1,535,679	78.7%
Department 70 - Parks & Recreation				
Salaries and Wages	\$ 1,172,723	\$ 1,304,456	\$ 1,278,940	98.0%
Payroll Benefits	\$ 378,632	\$ 409,011	\$ 389,025	95.1%
Retirement	\$ 161,359	\$ 143,903	\$ 156,816	109.0%
Maintenance and Operations	\$ 1,195,281	\$ 1,322,114	\$ 1,225,277	92.7%
Liability Insurance	\$ 102,873	\$ 170,568	\$ 170,568	100.0%
Other Post Employment Benefits	\$ 9,011	\$ 21,502	\$ 21,339	99.2% (7)
Unfunded Pension Liability	\$ 185,381	\$ -	\$ -	(5)
Debt and Lease Payments Totals	\$ 7,409	\$ 18,405	\$ 5,899	32.1%
Department 70 - Parks & Recreation Totals	\$ 3,212,669	\$ 3,389,959	\$ 3,247,863	95.8%
Department 80 - Police				
Salaries and Wages	\$ 9,843,286	\$ 9,744,522	\$ 9,323,358	95.7%
Payroll Benefits	\$ 2,794,319	\$ 3,074,512	\$ 2,831,262	92.1%
Retirement	\$ 2,073,378	\$ 2,054,816	\$ 1,974,203	96.1%
Maintenance and Operations	\$ 1,521,769	\$ 2,201,222	\$ 2,167,784	98.5%
Liability Insurance	\$ -	\$ 291,356	\$ 291,356	100.0%
Other Post Employment Benefits	\$ 120,049	\$ 53,820	\$ 445,860	828.4% (7)
Capital Outlay	\$ 183,045	\$ 520,431	\$ 380,065	73.0%
Unfunded Pension Liability	\$ 2,682,074	\$ -	\$ -	(5)
Department 80 - Police Totals	\$ 19,217,921	\$ 17,940,679	\$ 17,413,888	97.1%
Department 85 - Fire				
Salaries and Wages	\$ 6,783,683	\$ 6,527,563	\$ 7,019,837	107.5%
Payroll Benefits	\$ 1,738,899	\$ 1,895,687	\$ 1,753,621	92.5%
Retirement	\$ 1,096,179	\$ 1,563,519	\$ 1,120,410	71.7%
Maintenance and Operations	\$ 1,089,976	\$ 1,802,210	\$ 1,787,545	99.2%
Liability Insurance	\$ 48,898	\$ 309,078	\$ 309,078	100.0%
Other Post Employment Benefits	\$ 70,379	\$ 25,095	\$ 266,082	1060.3% (7)
Unfunded Pension Liability	\$ 1,588,387	\$ -	\$ -	(5)
Debt and Lease Payments Totals	\$ 56,271	\$ 120,000	\$ 56,271	46.9% (8)
Department 85 - Fire Totals	\$ 12,472,673	\$ 12,243,152	\$ 12,312,844	100.6%
TOTAL OPERATING EXPENDITURES	\$ 49,328,032	\$ 50,665,883	\$ 48,331,371	95.4%
Other Miscellaneous expenses	\$ 188,590	\$ -	\$ 19,960	
Interfund Charges	\$ (1,887,113)	\$ (2,106,117)	\$ (1,886,402)	(9)
Debt Service & Transfer out				
Debt Service (Bonds)	\$ 1,466,882	\$ 1,515,330	\$ 1,505,329	99.3%
Transfers Out to Golf Fund	\$ 963,320	\$ 800,000	\$ 600,000	75.0%
Transfers Out to Detention Fund	\$ 418,595			
TOTAL GENERAL FUND EXPENDITURES	\$ 50,478,306	\$ 50,875,096	\$ 48,570,257	95.5%
GF NET TOTAL	\$ 3,294,916	\$ (1,991,007)	\$ 3,241,531	



CITY OF MONTEBELLO
YEAR-END FINANCIAL REPORT
FISCAL YEAR 2018-19
(unaudited)

Attachment B

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2018-19 Actual	% of Budget
Revenues were budgeted conservatively.				
<u>RETIREMENT FUND</u>				
REVENUES				
Property Taxes	\$ 11,752,063	\$ 11,551,734	\$ 12,722,889	110.1%
Investment Income	\$ 75,299	\$ 35,886	\$ 221,929	618.4%
TOTAL REVENUES	\$ 11,827,362	\$ 11,587,620	\$ 12,944,819	111.7%
EXPENDITURES				
Other Post Employment Benefits	\$ 604,086	\$ -	\$ -	(7)
Transfer out				
For Retirement Expense Payment	\$ 3,946,621	\$ 4,340,984	\$ 3,840,628	88.5%
For Unfunded Liability Payment	\$ 5,087,574	\$ 6,108,877	\$ 6,108,877	100.0% (5)
TOTAL OPERATING EXPENDITURES	\$ 9,638,281	\$ 10,449,861	\$ 9,949,505	95.2%
RETIREMENT NET TOTAL	\$ 2,189,080	\$ 1,137,759	\$ 2,995,314	
<u>SELF-INSURANCE FUND</u>				
REVENUES				
Non Transit	\$ 4,188,247	\$ 4,221,437	\$ 4,314,156	102.2%
Transit	\$ 1,800,000	\$ 2,568,211	\$ 3,083,221	120.1%
TOTAL REVENUES	\$ 5,988,247	\$ 6,789,648	\$ 7,397,377	109.0%
EXPENDITURES				
Non Transit	\$ 8,385,945	\$ 5,114,442	\$ 4,057,415	79.3%
Transit	\$ 1,692,270	\$ 1,675,206	\$ 1,888,788	112.7%
TOTAL OPERATING EXPENDITURES	\$ 10,078,215	\$ 6,789,648	\$ 5,946,203	87.6%
SELF INSURANCE FUND NET TOTAL	\$ (4,089,968)	\$ -	\$ 1,451,174	(10)
<u>WATER FUND</u>				
REVENUES				
Charges for Services	\$ 2,997,613	\$ 2,845,613	\$ 2,910,577	102.3%
Investment Income	\$ 6,264	\$ -	\$ 11,598	
TOTAL REVENUES	\$ 3,003,877	\$ 2,845,613	\$ 2,922,175	102.7%
EXPENSES				
Salaries and Wages	\$ 6,128	\$ 6,466	\$ 6,434	99.5%
Payroll Benefits	\$ 1,664	\$ 1,850	\$ 1,758	95.0%
Retirement	\$ 5,183	\$ -	\$ -	
Maintenance and Operations	\$ 2,237,831	\$ 2,343,250	\$ 2,257,220	96.3%
Capital Outlay	\$ -	\$ 252,561	\$ -	0.0%
Debt and Lease Payments	\$ 1,567	\$ -	\$ 241	
TOTAL EXPENSES	\$ 2,252,373	\$ 2,604,127	\$ 2,265,654	87.0%
WATER FUND NET TOTAL	\$ 751,504	\$ 241,486	\$ 656,521	



CITY OF MONTEBELLO
YEAR-END FINANCIAL REPORT
FISCAL YEAR 2018-19
(unaudited)

Attachment B

Revenues were budgeted conservatively.

GOLF FUND

GOLF COURSE OPERATIONS

REVENUES

Charges for Services	\$ 1,542,424	\$ 1,628,231	\$ 1,500,103	92.1%
Other Revenues	\$ -	\$ -	\$ 11,095	

SUBTOTAL REVENUES

\$ 1,542,424	\$ 1,628,231	\$ 1,511,198	92.8%	(11)
---------------------	---------------------	---------------------	--------------	------

Transfer in

Transfer In from Retirement Fund	\$ 250,539	\$ 138,461	\$ 112,323	81.1%
----------------------------------	------------	------------	------------	-------

TOTAL GOLF REVENUES

\$ 1,792,963	\$ 1,766,692	\$ 1,623,521	91.9%	
---------------------	---------------------	---------------------	--------------	--

EXPENSES

Salaries and Wages	\$ 712,152	\$ 707,203	\$ 685,389	96.9%
Payroll Benefits	\$ 287,115	\$ 313,239	\$ 267,942	85.5%
Retirement	\$ 196,996	\$ 161,760	\$ 113,738	70.3%
Maintenance and Operations	\$ 1,406,268	\$ 1,197,307	\$ 1,132,280	94.6%
Liability Insurance	\$ 52,041	\$ 52,044	\$ 52,044	100.0%
Other Post Employment Benefits	\$ 6,010	\$ 5,176	\$ 6,669	128.8% (7)
Unfunded Pension Liability	\$ 127,034	\$ -	\$ -	(5)
Debt and Lease Payments	\$ 295,073	\$ 589,605	\$ 525,839	89.2% (8)

TOTAL EXPENSES

\$ 3,082,688	\$ 3,026,334	\$ 2,783,902	92.0%	
---------------------	---------------------	---------------------	--------------	--

GOLF OPERATIONS NET TOTAL

\$ (1,289,725)	\$ (1,259,642)	\$ (1,160,381)		
-----------------------	-----------------------	-----------------------	--	--

QUIET CANNON OPERATIONS

REVENUES

Rents	\$ 652,552	\$ 594,570	\$ 708,593	119.2%
-------	------------	------------	------------	--------

TOTAL REVENUES

\$ 652,552	\$ 594,570	\$ 708,593	119.2%	(1)
-------------------	-------------------	-------------------	---------------	-----

EXPENSES

Maintenance and Operations	\$ 75,966	\$ 95,638	\$ 88,982	93.0%
Debt and Lease Payments	\$ 224,087	\$ 108,489	\$ 108,016	99.6% (8)

TOTAL EXPENSES

\$ 300,054	\$ 204,127	\$ 196,998	96.5%	
-------------------	-------------------	-------------------	--------------	--

QUIET CANNON NET TOTAL

\$ 352,498	\$ 390,443	\$ 511,595		
-------------------	-------------------	-------------------	--	--

GOLF NET TOTAL BEFORE TRANSFER FROM GF

\$ (937,226)	\$ (869,199)	\$ (648,785)		
---------------------	---------------------	---------------------	--	--

TRANSIT FUND

REVENUES

Charges for Services	\$ 4,303,781	\$ 4,668,550	\$ 3,955,376	84.7% (12)
Operating Grants	\$ 23,014,664	\$ 27,006,715	\$ 27,122,265	100.4% (13)
Investment Income	\$ -	\$ -	\$ 92,803	
Other Revenues	\$ 336,816	\$ 205,600	\$ 264,745	128.8% (14)

TOTAL REVENUES

\$ 27,655,261	\$ 31,880,865	\$ 31,435,190	98.6%	
----------------------	----------------------	----------------------	--------------	--

EXPENSES

Salaries and Wages	\$ 11,050,938	\$ 12,361,068	\$ 11,292,852	91.4%
Payroll Benefits	\$ 3,460,974	\$ 3,898,760	\$ 3,534,007	90.6%
Retirement	\$ 4,634,218	\$ 1,826,605	\$ 1,659,635	90.9%
Maintenance and Operations	\$ 6,300,389	\$ 7,063,368	\$ 6,676,154	94.5%
Liability Insurance	\$ 1,800,000	\$ 2,206,524	\$ 2,206,524	100.0%
Other Post Employment Benefits	\$ 167,816	\$ 120,566	\$ 107,525	89.2%
Capital Outlay	\$ 0.00	\$ 50,700.00	\$ 44,952.49	88.7%
Unfunded Pension Liability	\$ 1,810,888	\$ 2,208,521	\$ 2,208,521	100.0%
Debt and Lease Payments	\$ 9,061	\$ 165,000	\$ 163,746	99.2% (8)

TOTAL EXPENSES

\$ 29,234,284	\$ 29,901,112	\$ 27,893,917	93.3%	
----------------------	----------------------	----------------------	--------------	--

TRANSIT FUND NET TOTAL

\$ (1,579,023)	\$ 1,979,753	\$ 3,541,274		
-----------------------	---------------------	---------------------	--	--



CITY OF MONTEBELLO
YEAR-END FINANCIAL REPORT
FISCAL YEAR 2018-19
(unaudited)

Attachment B

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2018-19 Actual	% of Budget
Revenues were budgeted conservatively.				
<u>HILTON GARDEN INN</u>				
REVENUES				
Charges for Services	\$ 7,074,628	\$ -	\$ 6,358,976	
Investment Income	\$ 8,302	\$ -	\$ 21,264	
Other Revenues	\$ 114,557	\$ -	\$ 77,454	
TOTAL REVENUES	\$ 7,197,487	\$ -	\$ 6,457,694	
EXPENSES				
Salaries and Wages	\$ 1,313,029	\$ -	\$ 1,345,123	
Payroll Benefits	\$ 295,255	\$ -	\$ 293,192	
Maintenance and Operations	\$ 2,903,675	\$ -	\$ 3,080,632	
Debt and Lease Payments	\$ 1,154,498	\$ -	\$ 809,667	(8)
TOTAL EXPENSES	\$ 5,666,459	\$ -	\$ 5,528,614	
HILTON GARDEN INN NET TOTAL	\$ 1,531,028	\$ -	\$ 929,080	
<u>HOME2SUITES</u>				
REVENUES				
Charges for Services	\$ -	\$ -	\$ 7,570,979	(15)
Investment Income	\$ 433,552	\$ -	\$ 73,701	
Other Revenues	\$ -	\$ -	\$ 57,152	
TOTAL REVENUES	\$ 433,552	\$ -	\$ 7,701,831	
EXPENSES				
Salaries and Wages	\$ 26,221	\$ -	\$ 1,186,272	
Payroll Benefits	\$ -	\$ -	\$ 239,560	
Maintenance and Operations	\$ 3,985	\$ -	\$ 2,845,501	
Debt and Lease Payments	\$ 2,655,548	\$ -	\$ 2,642,200	(8)
TOTAL EXPENSES	\$ 2,685,753	\$ -	\$ 6,913,533	
HOME2SUITES NET TOTAL	\$ (2,252,201)	\$ -	\$ 788,298	



CITY OF MONTEBELLO
YEAR-END FINANCIAL REPORT
FISCAL YEAR 2018-19
(unaudited)

Attachment B

Footnotes:

(1)	Revenues were budgeted conservatively.
(2)	Licenses and Permits includes approximately \$1.4 million of Commercial Cannabis Application fees that were excluded from the budget.
(3)	Investment Income includes: interests from LAIF and CDs. Revenues were budgeted conservatively.
(4)	Other Revenues include: Administrative cost allocation, Prop A exchange, \$525,000 sale of property and other miscellaneous revenues. The anticipated \$1.3 million Prop A was not exchanged in FY18-19.
(5)	Transfers-In from the Pension Fund and Unfunded Pension Liability Expense is under budget due to unfilled employee positions. When compared to prior year, the amount of transfer in from retirement fund is much less primarily due to an accounting change of the unfunded liability payment which was previously charged to each department budget, but is now charged directly to the Retirement Fund, hence reducing the amount of transfer needed.
(6)	Transfer-In from other funds represent one-time transfers into the General Fund. For FY17-18, the transfer was from Debt Service fund due to an accounting change of the two hotel revenue bonds which were previously recorded under the Debt Service Fund and are now recorded under each Hotel Fund. The FY18-19 budget includes a transfer from Corporate Shop Fund.
(7)	The City provides postemployment healthcare benefits to eligible employees at retirement through a single-employer defined benefit other postemployment benefits (OPEB) plan administered by the City. The City provides the minimum required employer contributions under the CalPERS Health Plan for eligible retirees and surviving spouses in receipt of a pension benefit from PERS. The City also provides a monthly allowance that is payable to the eligible retiree and will be reduced by any amounts paid by the City towards health insurance for the retiree. Previously, the monthly allowances were recorded in the Retirement Fund. Starting FY18-19, they were recorded in each departmental budget.
(8)	Debt and Lease payment include principal and interest payments related to bonds, notes and capital leases.
(9)	Interfund charges are administrative cost allocations from the General Fund to other funds.
(10)	The City allocates the self insurance costs to other funds. The revenues exceed the expenditures in FY18-19 to recover prior year's deficits.
(11)	Golf fund revenues declined in FY18-19 due to weather and hotel construction.
(12)	Fare revenues declined due to decreasing ridership.
(13)	Transit Fund revenue includes a one-time federal grant of approximately \$1.6 million to offset preventive maintenance labor costs.
(14)	Other Transit revenues include mainly bus advertising revenues, federal excise tax credit and other miscellaneous revenues.
(15)	Home2Suites began operation in September 2018.

CITY OF MONTEBELLO
CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members
FROM: Rene Bobadilla, City Manager
BY: Robert Mescher, Director of Finance
SUBJECT: Updated Investment Policy
DATE: August 28, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Adopt a resolution updating the City's investment policies by replacing them with a Statement of Investment Policy.
- 2) Take such additional, related, action that may be desirable.

BACKGROUND

On July 13, 2011, the City Council adopted the investment policies for the City with Resolution 11-59 (Attachment A).

Section 53646 of the State Government Code requires the investment policy to be annually reviewed and approved by City Council.

On August 12, 2019, the Investment Committee reviewed the existing investment policies and a proposed updated policy.

ANALYSIS

The Director of Finance, City Treasurer, Investment Committee, and City Manager have reviewed the existing investment policies and determined it is appropriate to replace them with the proposed Investment Policy (Attachment B).

The significant changes with the proposed policy allow:

- Investment with maturity dates up to five years
- Investment in Los Angeles County Investment Pool
- Investment in municipal bonds
- Unlimited investment in United States Treasury Bills, Notes, and Bonds
- Unlimited investment in Federal Government Obligations

Commercial paper and medium term notes investments are excluded; and certificates of deposits are limited to 30% of the portfolio.

The proposed policy is prudent and complies with California Government Code.

SUMMARY

The current investment policy has not been updated since 2011. The Director of Finance, City Treasurer, Investment Committee, and City Manager have reviewed the existing investment policies and determined it is appropriate to replace them with the proposed Investment Policy. It will be annually reviewed and presented to the City Council for adoption per Government Code Section 53646.

ATTACHMENTS

- A. Resolution 11-59 Investment Policies
- B. Statement of Investment Policy
- C. Resolution Adopting the Statement of Investment Policy

RESOLUTION NO 11-59

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF MONTEBELLO ADOPTING INVESTMENT POLICIES
FOR THE CITY'S INVESTMENT PORTFOLIO

THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES HEREBY RESOLVE AS
FOLLOWS.

WHEREAS, the Investment Committee and Finance Director met and based upon this
meeting, made recommendations for changes to the Investment Policy

NOW, THEREFORE, BE IT RESOLVED THAT

SECTION 1 Investments of City funds shall be made in accordance with the Investment
Policy attached hereto as Exhibit A and made a part hereof.

SECTION 2. An Outline of the Segregation of Responsibilities of the City investment function
is provided as Exhibit B and made a part hereof

SECTION 3. The policies adopted by this resolution are in addition to and supplements of any
other legal requirements.

SECTION 4. The City Clerk shall deliver a copy of the resolution to any securities firm, which
handles investments for the City

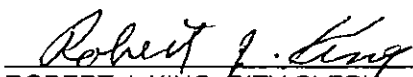
SECTION 5. This resolution shall supersede and revoke Resolution No. 11-31

SECTION 6. The City Clerk shall certify to the adoption of this resolution and the same shall
be in full force and effect.

ADOPTED AND APPROVED THIS 13th day of July, 2011



ATTEST


ROBERT J. KING, CITY CLERK

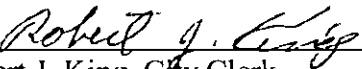

ART BARAJAS, MAYOR

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)ss.
CITY OF MONTEBELLO)

I, ROBERT J KING, City Clerk of the City of Montebello, do hereby certify that the foregoing Resolution No.11-59 as duly and regularly approved and adopted by the Montebello City Council at special meeting held on the 13th day of July 2011, as approved by law by the following vote:

AYES.	Members: Molinari, Cortez, Gomez, Barajas
NOES.	Members: None
ABSTAIN	Members: None
ABSENT	Members: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City on the 13th of July, 2011



Robert J King, City Clerk



**STATEMENT OF INVESTMENT POLICY
CITY OF MONTEBELLO**

PURPOSE

The purpose of this statement is to provide guidelines for investing the City's surplus cash. Surplus cash is defined as funds not required for immediate cash flow. The Policy does not include debt proceeds, which proceeds may be invested in accordance with the applicable documentation and laws controlling the funds resulting from that debt issue, or if the documentation and laws do not control such investment, then in accordance with this policy

CRITERIA

Criteria for selecting investments in order of priority are:

SAFETY - Safeguarding and maximizing security of investments and assets shall be the first priority. Safety refers to two types of risk, loss of potential interest and actual loss of principal. The City will maintain an investment portfolio, which is designed to minimize both types of risk.

LIQUIDITY - This is the ability to "cash in" at any moment in time with a minimal chance of losing some portion of principal and/or interest. The City will maintain cash flow projections to enable the ongoing monitoring of its liquidity

YIELD - This is sometimes referred to as Rate of Return or the potential dollar earnings an investment can provide.

The City of Montebello will follow the Prudent Investor Standard (Government Code Section 53600.3) when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency

INVESTMENT COMMITTEE

The City Council will appoint an Investment Committee composed of five citizens. Each City Councilmember will appoint one person to this committee. This committee will meet at a minimum quarterly to review, monitor, and make recommendations with respect to the City's investment program. A registered investment advisor may be appointed by the City Council to serve as advisor to the Committee and to the City Council.

The Chair and Co-Chair will be elected in July of each year by the Investment Committee to serve a term of one year (Fiscal Year July to June).

All officials, employees and agents of the City responsible for preparing assessments, reports or recommendations regarding the City's investments or otherwise making or directing investments on behalf of the City shall avoid all conflicts of interest as set forth in the Political Reform Act of 1974 (Government Code Section 87000 et seq.), the Contractual Conflict of Interest Rules (Government Code Section 1090 et seq) and other provisions of California law relating to conflicts of interest.

POLICY

City deposits and investments may be allowed to the extent allowed under the State of California statutes (Government Code Section 53632, et seq, and 53601, et seq) and will be further limited to the following types of deposits and investments:

- o Interest-Bearing Active Deposits:

These deposits may be withdrawn on demand subject to agreements entered into with the City's depository. These deposits must be secured by collateral of the depository as provided in Section 53652 of the Government Code, with such collateral exceeding 100% of the value of the City's deposits, except for such portion of the deposits as are fully protected by federal deposit insurance (i.e., \$100,000), including commercial banks and credit unions.

- o United States Treasury Bills, Notes, or Certificates of Indebtedness or those for which the full faith and credit of the United States are pledged for payment of principal and interest. No more than 80% of City's portfolio may be invested in these issues.

Federal Agency investments shall be limited to short-term obligations issued by FNMA, FHLMC or FHLB with maturities not to exceed 365 days. Investments in Federal Agency obligations shall not exceed in aggregate 50% of the City's portfolio.

- o State and Local Agency Obligations:

State and Local Agency Obligations include bonds, notes, warrants, or other evidence of indebtedness of any local agency within the State of California and/or the State of California. Investment in State and Local Agency Obligations are limited to taxable issues rated "AAA" by one of the three nationally recognized rating agencies and further limit investments to 30% of the City's surplus funds.

- o Medium Term Notes:

Medium Term Notes of maximum of three years issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any State and operating within the United States. Notes eligible for investment shall be rated in a rating category of "AA" or its equivalent or better by at least two nationally recognized rating agencies (Standard & Poor's and Moody's). Furthermore, the Medium Term Note may not be rated below "AA" by any rating agency. Investments may not exceed 30% of the City's surplus funds.

- o Commercial Paper:

Paper of "prime" quality of the highest rating as provided by Moody's Investors Service, Inc., or Standard and Poor's Corporation (A-1, P-1). Purchases of eligible commercial paper may not exceed 90 days maturity nor represent more than 10% of the outstanding paper of an issuing corporation, nor 15% of the City's surplus money which may be invested. An additional 10%, or a total of 25% of the City's surplus money may be invested in commercial paper if the dollar-weighted average maturity of the entire amount does not exceed 31 days. Eligible paper is further limited to issuing corporation that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000). The issuing corporation must have an "A" or higher rating for the issuer's debt, other than commercial paper, if any, as provided by Moody's Investors Services Inc. or Standard and Poor's Corporation.

- o Repurchase Agreements (Repos):

The City may invest in repurchase agreements with banks with which the City has entered into a master repurchase agreement which specifies terms and conditions of repurchase agreements.

Transactions shall be limited to banks which have assets in excess of \$5 billion and have the highest short-term rating issued by not less than two of the three largest nationally recognized rating services. The maturity of repurchase agreements shall be limited to an overnight business banking day. The market value of securities used as collateral for repurchase agreements shall be 110% of the value of the repurchase agreement. The only securities acceptable as collateral shall be United States Treasury securities.

No more than 40% of the City's surplus funds may be invested in repurchase agreements and a "perfected security interest" shall always be maintained in the securities subject to a repurchase agreement.

- o Money Market Mutual Funds: To be eligible, the Money Market Mutual Fund can only invest in United States Treasuries ***with the exception of the City's custodial bank.*** The Money Market Mutual Fund must (1) attain the highest ranking or highest letter and numerical ranking provided by not less than two of the three largest nationally recognized rating services. The purchase price of shares of the Money Market Mutual Fund shall be purchased at the net asset value and shall not include any commission and shall not exceed 25% of the City's surplus money
- o Local Agency Investment Fund (LAIF-California) created by law, which the State Treasurer invests through the Pooled Money Investment Account.

Money invested in LAIF is available overnight liquidity; however, it is also subject to a limited number of transactions per month. Investment of funds in the LAIF is limited to \$30,000,000 of the City's portfolio.

- o The City is not allowed to directly invest in derivative products.

SAFEKEEPING

Securities or evidence of securities purchased shall be held in third party safekeeping by the Trust Department of the City's service bank or other designated Trustee.

QUOTES

All investments whether rollover or new must have at least three quotes.

MAXIMUM MATURITIES

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than one (1) year from the date of purchase.

INTERNAL CONTROL

The City investment function is organized so that specific responsibility for performance of duties are assigned with clear lines of authority and reporting. The functions of authorizing, executing and recording transactions, custody of investments and performing reconciliations are handled by separate persons to reduce the risk that a person is in a position to conceal errors or fraud in the normal course of duty

While no internal control system however elaborate can guarantee absolute assurance that the City's assets are safeguarded, it is the intent of the City's internal control system to provide reasonable assurance that management of the investment function meets the City's objectives. Outlines of the Segregation of Responsibilities of the City's investment function will be reviewed by City Council on an annual basis.

MONTHLY REPORTS

A schedule of investments prepared by the Finance Department will be provided to the City Council, City Administrator, and the City's Investment Committee showing the type of investment, institution, cost, face amount, interest rate, date of maturity, market value for all investments, and composition of the portfolio by percent.

BORROWING OF FUNDS

Borrowing of funds for the sole purpose of reinvesting for a profit is prohibited.

**OUTLINE OF
SEGREGATION OF RESPONSIBILITIES
OF INVESTMENT FUNCTION
CITY OF MONTEBELLO**

<u>Function</u>	<u>Responsibility</u>
Development and approval of investment policy:	
o Formal Investment Policy is adopted by Council	
- prepared by	Investment Committee
- reviewed for adoption	City Council
Authorization and placement of investment transactions:	
o Obtaining of Investment Quotes	Deputy Treasurer/Finance Supervisor
o Investment Transactions as required by the City Council's Investment Policy shall be approved by	Director of Finance
o Execution of investment Transactions as required by the City Council's Investment Policy shall be approved by	City Treasurer or Director of Finance
Verification of investment, i. e., confirmation to City Investment record	Director of Finance/Finance Supervisor
Timely recording of investment transactions:	
o Recording of investment transactions in the City records	Deputy Treasurer/Finance Supervisor/Accountant
o Recording of investment transactions in the accounting records	Accountant
Safeguarding of Assets and Records	
o Monthly Reconciliation of Investment records to the Accounting records	Accountant
o Monthly Reconciliation of Investment records to bank statements and	

safekeeping records

Accountant

- o Review of (a) financial institution's financial condition, (b) safety, liquidity, and potential yields of investment instruments

Director of Finance

- o Safekeeping

Investment securities will be held in safekeeping in the Trust Department of the City's depository bank, or other designated Trustee.

- o Periodic reviews of collateral should be performed

Director of Finance

Management's periodic review of the investment portfolio as prepared by the Director of Finance; key areas which should be reviewed are investment types, purchase price, market values, maturity dates and investment yields as well as conformance to stated investment policy

Investment Committee

**CITY OF MONTEBELLO AND
SUCCESSOR AGENCY TO THE
MONTEBELLO REDEVELOPMENT AGENCY**

**STATEMENT OF
INVESTMENT POLICY**

TABLE OF CONTENTS

I. POLICY	2
II. SCOPE	2
III. PRUDENCE	3
IV. OBJECTIVES	3
V. DELEGATION OF AUTHORITY	4
VI. INVESTMENT COMMITTEE	5
VII. ETHICS AND CONFLICTS OF INTEREST	5
VIII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS	5
IX. AUTHORIZED AND SUITABLE INVESTMENTS	6
X. COLLATERALIZATION	7
XI. CONFIRMATION	7
XII. SAFEKEEPING OF SECURITIES	8
XIII. DIVERSIFICATION	8
XIV. MAXIMUM MATURITIES	8
XV. INTERNAL CONTROL	8
XVI. PERFORMANCE STANDARDS	8
XVII. REPORTING	9
XVIII. INVESTMENT POLICY AND ADOPTION	9
EXHIBIT A - GLOSSARY	10

**CITY OF MONTEBELLO and SUCCESSOR AGENCY TO THE
MONTEBELLO REDEVELOPMENT AGENCY
STATEMENT OF INVESTMENT POLICY**

I. POLICY

It is the policy of the City of Montebello and Successor Agency to the Montebello Redevelopment Agency (hereinafter collectively referred to as "City") to invest public funds in a prudent manner which will provide in the following order; 1) the highest level of safety of funds, along with 2) liquidity of funds in order that daily cash flow demands are met and, finally, that 3) yield or investment return be maximized while conforming to all laws of the State of California regarding the investment of public funds.

In accordance with Section 53646 of the government Code, the Director of Finance and City Treasurer will annually render to the City Council a Statement of Investment Policy. The Director of Finance, City Treasurer, Investment Committee, and City Manager shall review the policy on an annual basis for submission and approval by the City Council.

II. SCOPE

The City Treasurer (hereinafter referred to as "Treasurer") is authorized to invest the City's funds in accordance with the California Government Code Sections 53601.1, 53602, and 53635. This investment policy applies to all financial assets of the City. These funds are accounted for in the City's Comprehensive Annual Financial Report, which includes the following fund types:

- General Fund
- Special Revenue
- Debt Service
- Capital Projects
- Enterprise
- Internal Service
- Trust and Agency
- Any new fund created by the legislative body, unless specifically exempted

All monies entrusted to the Treasurer will be pooled in an actively managed portfolio except for the employee's retirement funds, which are administered separately and the proceeds of certain debt issues, which are managed and invested by trustees appointed under indenture agreements.

III. PRUDENCE

The actions of the Treasurer in the performance of duties as managers of public funds shall be evaluated using the following prudent person standard applied in the context of managing the overall portfolio:

- Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.
- Investment officers acting in accordance with written procedures and the investment policy exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. OBJECTIVES

The primary objectives, in priority order, of the City investment activities shall be:

A. Safety

Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The City shall seek to safeguard principal by a careful examination of credit risk and market risk of individual investments.

1. Credit Risk - The chance that an issuer will be unable to make scheduled payments of interest and principal on an outstanding obligation. Another concern for investors is that the market's perceptions of a corporation's credit will cause the market value of a security to fall, even if default is not expected.
2. Market Risk - The chance that the value of a security will decline as interest rates rise. In general, as interest rates fall, prices of fixed income securities rise. Similarly, as interest rates rise, prices fall. Market risk also is referred to as systematic risk or risk that affects all securities within an asset class similarly.

B. Liquidity

The City investment portfolio will remain sufficiently liquid to enable the City to meet all operating expenditure requirements, which might be reasonably anticipated. In order to maintain liquidity, no more than 50 percent of the portfolio will have maturity in excess of one (1) year.

C. Return on Investment

The City investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City investment risk constraints and the cash flow characteristics of the portfolio. Whenever possible, consistent with risk limitations and prudent investment principles, the City shall make an effort to achieve returns at the market average rate of return. The market average rate of return is defined as the average return on six month US Treasury Bills.

V. DELEGATION OF AUTHORITY

The Treasurer has been authorized to undertake investment transactions on behalf of the City. Although the Treasurer has been authorized to undertake investment transactions, management responsibility for the City's investment program has been delegated to the Director of Finance. The only officials authorized to undertake investment transactions on behalf of the City are the Treasurer, Director of Finance, and City Manager. The actual disbursement of funds for the placement of individual investments undertaken by these three officials shall be subject to a second party approval by officers authorized to sign City checks and wire transfers: Mayor, City Manager, and Certain Department Heads.

The Treasurer is responsible for ensuring compliance with the City's investment policies and for ensuring that strong internal controls are in place through the oversight of the Director of Finance.

VI. INVESTMENT COMMITTEE

The City Council will appoint an Investment Committee composed of five citizens. Each City Councilmember will appoint one person to this committee. This committee will meet at a minimum quarterly to review, monitor, and make recommendations with respect to the City's investment program. A registered investment advisor may be appointed by the City Council to serve as advisor to the Committee and to the Council.

The Chair and Co-Chair will be elected in July of each year by the Investment Committee to serve a term of one year, July to June.

VII. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. The Treasurer, Director of Finance, and all investment employees are required to file annual disclosure statements as required by the Fair Political Practices Commission (FPPC), thus shall disclose to the City Clerk any material financial interests in financial institutions that conduct business within the jurisdiction, and they shall further disclose any large personal financial investment positions that could be related to the performance of the City investment portfolio.

During the course of the year, if there is an event subject to disclosure that could impair the ability of the Treasurer, Director of Finance, or any investment employee to make impartial decisions, the City Manager shall be notified in writing within 10 days. All City Council members, Mayor, City Treasurer, Director of Finance, and any investment employees are limited on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the City Treasury conducts business. The permitted approved maximum value of these items is \$50.00.

VIII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The City shall transact business only with issuers, banks, savings and loans, and registered investment securities dealers. The purchase of any investment, other than those purchased directly from the issuer, shall be purchased either from an institution licensed by the State of California as a broker/dealer, as defined in Section 25004 of the Corporations Code, who is a member of the National Association of Securities Dealers (NASD), or a member of a Federally regulated securities exchange, a National or State-Chartered Bank, a Federal or State Association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank. The Treasurer's staff shall investigate all institutions that wish to do business with the City, in order to determine if they are adequately capitalized, make markets in securities appropriate to the City's needs and

agree to abide by the conditions set forth in the City's Investment Policy and provide a current audited financial statement.

The Treasurer will maintain a list of financial institutions authorized to provide investment services to the City.

IX. AUTHORIZED AND SUITABLE INVESTMENTS

The State of California Government Code Sections 16429.1, 53601, et seq. limits the investment vehicles available to local agencies. The City's Investment Policy further restricts the permitted investments to those listed below.

- State Treasurer's Local Agency Investment Fund (LAIF) - Government Code Section 16429.1 authorizes each local government agency to invest with no maximum limit as of January 1, 2019 in this investment program administered by the California State Treasurer. Money invested with LAIF is pooled with State money in order to earn the maximum rate of return possible in a manner consistent with sound investment practices. Furthermore, LAIF provides daily liquidity, therefore, there is no final stated maturity for this investment category. *Investments in LAIF shall not exceed \$60 million total (\$30 million each for the City and the Successor Agency to the Montebello Redevelopment Agency).*
- Los Angeles County Investment Pool (LACIP) - Government Code Section 27133: Money invested with the Los Angeles County Investment Pool is pooled with County money in order to earn the maximum rate of return possible in a manner consistent with sound investment practices.
- United States Treasury Bills, Notes, and Bonds or those for which the full faith and credit of the United States are pledged for payment of principal and interest. In accordance with Government Code Section 53601, purchase of this category shall not exceed five years to maturity. There is no percentage limit in this category.
- Federal Government Obligations - Government Code Section 53601: The City may invest in Federally sponsored agency securities including obligations issued by the Government National Mortgage Association (GNMA), the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), the Student Loan Mortgage Administration (SLMA), and the Federal National Mortgage Association (FNMA)). The "prudent investor" rule shall apply for a single agency name, as U.S. Government backing is implied rather than guaranteed. There is no percentage limitation of the funds that can be invested in this category. Although a five-year maturity limitation is applicable.
- Negotiable Certificates of Deposit (CDs) - As authorized in Government Code Section 53601(i), no more than 30 percent of the agency's money may be invested in negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the

Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. All purchases must be fully insured by the FDIC or fully collateralized. A five-year maturity limitation is applicable.

- Municipal Bonds issued by the State of California and other States in accordance with Code Section 53601, to the extent that the principal amount invested in all funds of this type does not exceed Five Hundred Thousand Dollars (\$500,000). A five-year maturity limitation is applicable.
- Money Market Mutual Funds (with \$1 net asset value) - Investments in money market mutual funds, according to 53601(l) and 53601.6(b) shall, 1) be restricted to those funds that have attained the highest ranking or highest letter and numerical rating provided by not less than two National Recognized Statistical Rating Organizations (NRSROs), 2) retain an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing their specific category of fund and have assets under management in excess of \$500,000,000. A further restriction is that the purchase price of shares of the mutual funds shall not exceed twenty percent (20%) of the local agency's surplus funds.

X. COLLATERALIZATION

Collateralization will be required on all Demand Accounts and Uninsured Time Deposits. Demand Accounts and Uninsured Time Deposits with banks and savings and loans shall be collateralized in the manner prescribed by law for depositories accepting municipal investment funds.

XI. CONFIRMATION

Receipts for confirmation of purchase of authorized securities should include the following information: trade date, par value, rate, price, yield, settlement date, description of securities purchased, agency's name, net amount due, and third party custodial information. These are minimum information requirements.

XII. SAFEKEEPING OF SECURITIES

In accordance with Government Code Section 53601, all securities owned by the City shall be held in safekeeping by the City's custodial bank or a third party bank trust department, acting for the City under the terms of a custody agreement. All securities will be received and delivered using standard Delivery-Versus Payment procedures, which ensures that securities are deposited with the third party custodian prior to release of funds. A third party custodian as evidenced by safekeeping receipts will hold securities. Investments in LAIF or money market mutual funds are undeliverable and are not subject to delivery or third party safekeeping.

XIII. DIVERSIFICATION

The City will diversify its investments by security type and institution. With the exception of US Treasury securities and authorized pools (LAIF and LACIP), no more than 50% of the entity's total investment portfolio will be invested in a single security type or with a single financial institution.

XIV. MAXIMUM MATURITIES

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities matured more than five (5) years from the date of purchase.

XV. INTERNAL CONTROL

The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide assurances on internal controls through compliance with policies and procedures.

XVI. PERFORMANCE STANDARDS

The investment portfolio will be designed to obtain the highest rate, with the greatest security and liquidity consistent with the cash flow requirements of the City, but at no less rate on the date of investment than the rate being paid by the Local Agency Investment Fund (LAIF).

XVII. REPORTING

Under the provision of Section 53646 of the California Government code, the Treasurer shall render a report to the City Council and the City Manager containing detailed information on all securities, investments, and moneys of the City. The report will be submitted on at least a quarterly basis and provided to the City Council within 30 days following the end of the quarter or reporting period.

The report will contain the following information on the Portfolio that is subject to this investment policy:

1. The type of investment, name of the issuer, date of maturity, return on investments, activity, par and cost in each investment;
2. The weighted average maturity of the investments;
3. Description of any investments, including loans and security lending programs that are under the management of contracted parties;
4. The market value and source of the valuation;
5. A description of the compliance with the statement of investment policy; and
6. A statement denoting the City's ability to meet its anticipated expenditure requirements for the next six (6) months.

XVIII. INVESTMENT POLICY AND ADOPTION

The above investment policy is adopted by resolution of the City of Montebello and the Successor Agency to the Montebello Redevelopment Agency. According to Section 53646, the Treasurer and the Investment Committee shall review the policy on an annual basis and the City Council and the Successor Agency to the Montebello Redevelopment Agency members shall consider at a public meeting and approve any modifications made thereto.

EXHIBIT A

GLOSSARY

Bankers' Acceptance - A draft or bill of exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

Bonds - A debt obligation of a firm or public entity. A bond represents the agreement to repay the debt in principal and, typically, in interest on the principal.

Broker - A person or firm that acts as an intermediary by purchasing and selling securities for others rather than for his or its own account.

Cash Flow - A comparison of cash receipts (revenues) to required payments (debt service, operating expenses, etc.).

Certificate of Deposit - A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period. Certificates of Deposit (CDs) differ in terms of collateralization and marketability. Those appropriate to the public agency investing include Negotiable Certificates of Deposit and Non-Negotiable Certificates of Deposit.

Collateralization - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

Coupon - The annual rate of interest that a bond's issuer promises to pay the bond holder on the bond's face value; a certificate attached to a bond evidencing interest due on a payment date.

Dealer - Someone who acts as a principal in all transactions, including underwriting, buying, and selling securities, including from his/her own account.

Discount - The difference between the par value of a security and the cost of the security, when the cost is below par. Investors purchase securities at a discount when return to the investor (yield) is higher than the stated coupon (interest rate) on the investment.

Diversification - Dividing investment funds among a variety of securities offering independent return.

Federal Credit Agencies - Agencies of the Federal Government set up to supply credit to various classes of institutions and individuals (e.g. savings and loans, small business firms, students, farmers, farm cooperative, and exporters).

Federal deposit Insurance Corporation (FDIC) - A Federal agency that insures bank deposits, currently up to \$250,000 per institution.

Fiduciary - An individual who holds something in trust for another and bears liability for its safekeeping.

Liquidity - The measure of the ability to convert an instrument to cash on a given date at full face or par value.

Local Agency Investment Fund - A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

Local Government Investment Pool - Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

Market Value - The price at which a security is trading and presumably could be purchased or sold at a particular point in time.

Maturity - The date on which the principal or stated value of an investment becomes due and payable.

Money Market Mutual Funds - Mutual funds that invest exclusively in short-term money market instruments. MMF's seek the preservation of capital as a primary goal while maintaining a high degree of liquidity and providing income representative of the market for short term investments.

Municipal Notes, Bonds, and Other Obligations - Obligations issued by state and local governments to finance capital and operating expenses.

Mutual Funds - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

Portfolio - Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

Prudent Person Standard - A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in such a situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

Rate of Return - For fixed-rate securities, it is the coupon or contractual dividend rate divided by the purchase price, which is also the current yield.

Safekeeping - A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Securities and Exchange Commission (SEC) - The Federal Agency responsible for supervising and regulating the securities industry.

US Treasury Obligations - Debt obligations of the US Government sold by the Treasury Department in the forms of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less and are sold at a discount. Notes are obligations that mature between one year and ten years. Bonds are long-term obligations that generally mature in ten years or more.

Weighted Average Maturity (WAM) - The average maturity of all the securities that comprise a portfolio, typically expressed in days or years.

Yield - The current rate of return on an investment security generally expressed as a percentage of the securities current price.

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO ADOPTING
THE STATEMENT OF INVESTMENT POLICY**

THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES HEREBY
RESOLVE AS FOLLOWS:

WHEREAS, the City updated investment policies have not been updated since
July 11, 2011;

WHEREAS, the Investment Committee, City Treasurer, and Director of Finance
met on August 12, 2019 and based upon that meeting, made recommendations to
update the City's investment policies by replacing them with a Statement of Investment
Policy;

NOW, THEREFORE, BE IT RESOLVED THAT:

Section 1. Investments of City funds shall be made in accordance with the
Statement of Investment Policy attached hereto as Exhibit A and made part hereof.

Section 2. The policies adopted by this resolution are in addition to and
supplements of any other legal requirements.

Section 3. The Director of Finance shall deliver a copy of the Statement of
Investment Policy to any financial institution which holds City funds and investments.

Section 4. This resolution shall supersede and revoke Resolution No. 11-59.

Section 5. The City Clerk shall certify to the adoption of this resolution and the
same shall be in full force and effect.

CERTIFICATION The undersigned duly qualified City Clerk, acting on behalf of the City
of Montebello, certifies that the foregoing is a true and correct copy of a resolution
adopted at a legally convened meeting of the City Council of Montebello held on August
28, 2019.

JACK HADJINIAN, MAYOR PRO TEM

ATTEST:

IRMA BARAJAS-CITY CLERK

CITY OF MONTEBELLO

August 28, 2019

TO: Honorable Mayor and City Council 

FROM: Robert Mescher, Director of Finance

SUBJECT: Monthly Investment Reports-July 2019

Attached are the Monthly Investment Reports listing investments for the City and the Successor Agency as of July 31, 2019. This report is in compliance with the City's Investment policy. Government Code Section 53646b(3) requires that the City Treasurer or Chief Fiscal Officer of the City report to its legislative body the City's ability to meet its expenditure requirements for the next six months. We estimate that the City will have sufficient liquidity and revenue to meet its expenditure requirements during the next six months.

wbq
Att:

CITY OF MONTEBELLO
MONTHLY CASH REPORT (ALL ACCOUNTS)
BALANCE AS OF JULY 31, 2019

BANK OF THE WEST

	Account Number	Account Name	7/31/19	Type	Purpose
1	XXXX-XX770	Housing Successor Agency of the City of Montebello	\$1,674,992.82	S	Checking Account
2	XXXX-XX093	Successor Agency of the City of Montebello	\$950,795.42	S	Checking Account
3	XXXX-71041	City of Montebello	\$526,948.70	G	Checking Account (Recreation On-line payments)
4	XXXX-00184	City of Montebello - FSA	\$14,508.52	T	Checking Account (Flexible Spending Account)
5	XXXX-XX079	Liability Account	\$39,425.54	G	Disbursement of Liability Checks
6	XXXX-XX331	General	\$10,731,257.16	G	Disbursement of City issued checks (AP/Payroll)
7	XXXX-XX554	Workers' Compensation	\$96,395.38	G	Disbursement of Workers Compensation Checks
8	XXXX-XX287	Trust & Agency	\$1,374,282.15	T	Holding Account
9	XXXX-XX803	Police Retiree Health Account	\$781,739.62	T	Interest Checking;T&A Holding Acct 1% per MOU
10	XXXX-XX267	Payroll	\$0.00	G	Checking Account;Process checks for Payroll
11	XXXX-XX362	Fire Retiree Health Account	\$318,485.23	T	Interest Checking;T&A Holding Acct 1% per MOU
			<u>\$16,508,830.54</u>		

STATE OF CALIFORNIA

	Account Number	Account Name	7/31/19	Type	Purpose
1	XX-XX-551	General	\$29,704,576.77	G	Invest Idle Cash
2	XX-XX-068	Successor Agency City of Mtb for Mtb RDA	\$14,337,368.53	S	Invest Idle Cash
			<u>\$44,041,945.30</u>		

EAST WEST BANK

	Account Number	Account Name	7/31/19	Type	Purpose
1	CD	Certificate of Deposit (5/17/19 - 5/16/20)	\$250,000.00	G	Investment
			<u>\$250,000.00</u>		

F&A FEDERAL CREDIT UNION

	Account Number	Account Name	7/31/19	Type	Purpose
1	XXXX30	Savings Account	\$5.38	G	Interest Savings Account
2	CD	Certificate of Deposit (4/27/19 - 4/26/20)	\$269,567.23	G	Investment
			<u>\$269,572.61</u>		

FOREST AREA FEDERAL CREDIT UNION

	Account Number	Account Name	7/31/19	Type	Purpose
1	CD	Certificate of Deposit (6/20/19-6/19/20)	\$250,000.00	G	Investment
			<u>\$250,000.00</u>		

JEEP COUNTRY FEDERAL CREDIT UNION

	Account Number	Account Name	7/31/19	Type	Purpose
1	CD	Certificate of Deposit (5/23/19-5/22/20)	\$249,000.00	G	Investment
			<u>\$249,000.00</u>		

ST. VINCENT'S MEDICAL FEDERAL CREDIT UNION

	Account Number	Account Name	7/31/19	Type	Purpose
1	CD	Certificate of Deposit (4/2/19 - 4/2/20)	\$249,000.00	G	Investment
			<u>\$249,000.00</u>		

UNITED FEDERAL CREDIT UNION

	Account Number	Account Name	7/31/19	Type	Purpose
1	CD	Certificate of Deposit (7/25/19 - 7/24/20)	\$250,000.00	G	Investment
			<u>\$250,000.00</u>		

PACIFIC PREMIER BANK/PLAZA BANK

	Account Number	Account Name	7/31/19	Type	Purpose
1	XXXXXX181	Money Market Fund	\$4,666,731.48	G	Investment
			<u>\$4,666,731.48</u>		

FIRST MERCANTILE TRUST

	Account Number	Account Name	7/31/19	Type	Purpose
	XXX-XX-X746	CORPORATE ACCOUNT	\$13.24	M	401 a(h) employee benefit
	XXX-XX-X999	TRUST ACCOUNT	\$13,492.86	M	401 a(h) employee benefit
			<u>\$13,506.10</u>		

Total General Cash/Investments	\$47,282,907.64	G	General
Total SA Cash/Investments	\$16,963,156.77	S	Successor Agencies
Total T&A Cash/Investments	\$2,489,015.52	T	Trust & Agency
Total Trustee Cash	\$13,506.10	M	401 a(h) Trust Accounts
Total Cash/Investments	<u>\$66,748,586.03</u>		

CITY OF MONTEBELLO
Portfolio Management
Portfolio Summary
July 31, 2019

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Certificates of Deposit - Bank	250,000.00	250,000.00	250,000.00	0.70	365	289	2.318	2.350
Certificates of Deposit - CU	1,267,567.23	1,267,567.23	1,267,567.23	3.53	365	298	2.325	2.357
Local Agency Investment Funds	29,704,576.77	29,704,576.77	29,704,576.77	82.77	1	1	2.338	2.370
Savings Accounts	4,666,736.86	4,666,736.86	4,666,736.86	13.00	1	1	2.491	2.526
Investments	35,888,880.86	35,888,880.86	35,888,880.86	100.00%	16	13	2.357	2.390

Total Earnings	July 31 Month Ending	Fiscal Year To Date
Current Year	73,286.22	73,286.22
Average Daily Balance	35,803,697.88	35,803,697.88
Effective Rate of Return	2.41%	2.41%

Reporting period 07/01/2019-07/31/2019

Run Date: 08/20/2019 - 06:56

Portfolio GEN
CP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

CITY OF MONTEBELLO
Portfolio Management
Portfolio Details - Investments
July 31, 2019

Page 1

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Certificates of Deposit - Bank												
26	26	EAST WEST BANK		05/17/2019	250,000.00	250,000.00	250,000.00	2.350		2.350	289	05/16/2020
		Subtotal and Average	250,000.00		250,000.00	250,000.00	250,000.00			2.350	289	
Certificates of Deposit - CU												
25	25	F&A FEDERAL CREDIT UNION		04/27/2019	269,567.23	269,567.23	269,567.23	2.200		2.200	269	04/26/2020
28	28	FOREST AREA CREDIT UNION		06/20/2019	250,000.00	250,000.00	250,000.00	2.350		2.350	323	06/19/2020
27	27	JEEP COUNTRY FCU		05/23/2019	249,000.00	249,000.00	249,000.00	2.400		2.400	295	05/22/2020
29	29	UNITED FEDERAL CREDIT UNION		07/25/2019	250,000.00	250,000.00	250,000.00	2.300		2.300	358	07/24/2020
24	24	ST. VINCENT'S MEDICAL FCU		04/02/2019	249,000.00	249,000.00	249,000.00	2.550		2.550	245	04/02/2020
		Subtotal and Average	1,267,567.23		1,267,567.23	1,267,567.23	1,267,567.23			2.357	298	
Local Agency Investment Funds												
SYS200	200	STATE OF CALIFORNIA			29,704,576.77	29,704,576.77	29,704,576.77	2.370		2.370	1	
		Subtotal and Average	29,619,393.79		29,704,576.77	29,704,576.77	29,704,576.77			2.370	1	
Savings Accounts												
697530	500	F&A FEDERAL CREDIT UNION			5.38	5.38	5.38	0.500		0.500	1	
950516181	600	PACIFIC PREMIER/PLAZA BANK			4,666,731.48	4,666,731.48	4,666,731.48	2.526		2.526	1	
		Subtotal and Average	4,666,736.86		4,666,736.86	4,666,736.86	4,666,736.86			2.526	1	
		Total and Average	35,803,697.88		35,888,880.86	35,888,880.86	35,888,880.86			2.390	13	

Portfolio GEN
CP
PM (PRF_PM2) 7.3.0

Run Date: 08/20/2019 - 06:56

Report Ver. 7.3.6.1

CITY OF MONTEBELLO
Portfolio Management
Activity Summary
July 2018 through July 2019

Page 1

Month End	Year	Number of Securities	Total Invested	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
July	2018	8	30,804,377.01	1.932	1.959	1.960	1	1	13	10
August	2018	7	26,904,377.01	1.997	2.025	2.020	0	0	15	11
September	2018	7	24,404,377.01	2.051	2.079	2.090	0	0	16	10
October	2018	7	20,332,634.39	2.137	2.166	2.170	0	0	19	11
November	2018	7	18,932,634.39	2.213	2.243	2.260	0	0	20	10
December	2018	7	27,932,634.39	2.277	2.308	2.320	0	0	14	6
January	2019	7	35,021,771.57	2.347	2.379	2.390	0	0	12	4
February	2019	7	35,021,771.57	2.357	2.389	2.390	0	0	12	3
March	2019	7	35,021,771.57	2.404	2.437	2.440	0	0	12	2
April	2019	9	35,201,261.41	2.421	2.455	2.450	2	2	12	7
May	2019	9	35,450,261.41	2.423	2.457	2.450	2	1	14	11
June	2019	9	35,700,261.41	2.393	2.426	2.410	1	0	16	12
July	2019	10	35,888,880.86	2.357	2.390	2.370	1	1	16	13
Average		8	30,509,001.08	2.254%	2.286%	2.286	1	0	15	8

CITY OF MONTEBELLO
Portfolio Management
Distribution of Investments By Type
July 2018 through July 2019

Page 1

Security Type	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018	January 2019	February 2019	March 2019	April 2019	May 2019	June 2019	July 2019	Average by Period
Certificates of Deposit - Bank	0.8	0.9	1.0	1.2	1.3	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.9%
Certificates of Deposit - CU	2.5	2.8	3.1	3.8	4.0	2.7	2.2	2.2	2.2	2.2	2.9	3.6	3.5	2.9%
Local Agency Investment Funds	81.6	78.9	76.7	72.1	70.0	79.7	83.8	83.8	83.8	83.9	83.3	82.7	82.8	80.2%
Money Market Funds														
Commercial Paper Disc. -At Cost														
Federal Agency Issues Disc.-At Cost														
Treasury Discounts -At Cost														
Miscellaneous Discounts -At Cost														
Savings Accounts	15.2	17.4	19.1	23.0	24.7	16.7	13.3	13.3	13.3	13.3	13.2	13.1	13.0	16.0%

CITY OF MONTEBELLO
Portfolio Management
Interest Earnings Summary
July 31, 2019

Page 1

	July 31 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	4,251.42	4,251.42
Plus Accrued Interest at End of Period	638.77	638.77
Less Accrued Interest at Beginning of Period	(1,828.72)	(1,828.72)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	3,061.47	3,061.47
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	3,061.47	3,061.47
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	198,373.29	198,373.29
Plus Accrued Interest at End of Period	70,000.42	70,000.42
Less Accrued Interest at Beginning of Period	(198,148.96)	(198,148.96)
Interest Earned during Period	70,224.75	70,224.75
Total Interest Earned during Period	73,286.22	73,286.22
Total Capital Gains or Losses	0.00	0.00
Total Earnings during Period	73,286.22	73,286.22

SUCCESSOR AGENCIES MTB
Portfolio Management
Portfolio Summary
July 31, 2019

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Local Agency Investment Funds	14,337,368.53	14,337,368.53	14,337,368.53	100.00	1	1	2.338	2.370
Investments	14,337,368.53	14,337,368.53	14,337,368.53	100.00%	1	1	2.338	2.370

Total Earnings	July 31 Month Ending	Fiscal Year To Date
Current Year	17,916.72	17,916.72
Average Daily Balance	8,841,060.07	8,841,060.07
Effective Rate of Return	2.39%	2.39%

Reporting period 07/01/2019-07/31/2019

Run Date: 08/19/2019 - 09:45

Portfolio SA
CP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

SUCCESSOR AGENCIES MTB
Portfolio Management
Portfolio Details - Investments
July 31, 2019

Page 1

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Local Agency Investment Funds												
SYS100	100	STATE OF CALIFORNIA			14,337,368.53	14,337,368.53	14,337,368.53	2.370		2.370	1	
		Subtotal and Average	8,841,060.07		14,337,368.53	14,337,368.53	14,337,368.53			2.370	1	
		Total and Average	8,841,060.07		14,337,368.53	14,337,368.53	14,337,368.53			2.370	1	

SUCCESSOR AGENCIES MTB
Portfolio Management
Activity Summary
July 2018 through July 2019

Page 1

Month End	Year	Number of Securities	Total Invested	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
July	2018	1	8,423,624.95	1.933	1.960	1.960	0	0	1	1
August	2018	1	4,223,624.95	1.992	2.020	2.020	0	0	1	1
September	2018	1	4,223,624.95	2.061	2.090	2.090	0	0	1	1
October	2018	1	4,257,246.18	2.140	2.170	2.170	0	0	1	1
November	2018	1	4,257,246.18	2.229	2.260	2.260	0	0	1	1
December	2018	1	4,257,246.18	2.288	2.320	2.320	0	0	1	1
January	2019	1	4,282,962.08	2.357	2.390	2.390	0	0	1	1
February	2019	1	4,282,962.08	2.357	2.390	2.390	0	0	1	1
March	2019	1	4,282,962.08	2.407	2.440	2.440	0	0	1	1
April	2019	1	4,309,828.36	2.416	2.450	2.450	0	0	1	1
May	2019	1	4,309,828.36	2.416	2.450	2.450	0	0	1	1
June	2019	1	4,309,828.36	2.377	2.410	2.410	0	0	1	1
July	2019	1	14,337,368.53	2.338	2.370	2.370	0	0	1	1
Average		1	5,366,027.17	2.255%	2.286%	2.286	0	0	1	1

SUCCESSOR AGENCIES MTB
Portfolio Management
Distribution of Investments By Type
July 2018 through July 2019

Page 1

Security Type	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018	January 2019	February 2019	March 2019	April 2019	May 2019	June 2019	July 2019	Average by Period
Certificates of Deposit - Bank														
Certificates of Deposit - CU														
Local Agency Investment Funds	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0%
Money Market Funds														
Federal Agency Issues Disc.-At Cost														
Treasury Discounts -At Cost														
Savings Accounts														

SUCCESSOR AGENCIES MTB
Portfolio Management
Interest Earnings Summary
July 31, 2019

Page 1

	July 31 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	27,540.17	27,540.17
Plus Accrued Interest at End of Period	17,963.13	17,963.13
Less Accrued Interest at Beginning of Period	(27,586.58)	(27,586.58)
Interest Earned during Period	17,916.72	17,916.72
Total Interest Earned during Period	17,916.72	17,916.72
Total Capital Gains or Losses	0.00	0.00
Total Earnings during Period	17,916.72	17,916.72

CITY OF MONTEBELLO

CITY COUNCIL AND SUCCESSOR AGENCY AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members
Honorable Chair and Members of the Successor Agency

FROM: Rene Bobadilla, City Manager / Executive Director

BY: Robert Mescher, Director of Finance

SUBJECT: **Signatures for City's Local Agency Investment Fund (LAIF) Accounts**

DATE: August 28, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Approve and adopt the attached resolutions to update the authorized officers for the Successor Agency and City LAIF accounts.

BACKGROUND

The Successor Agency and City each maintain accounts with the Local Agency Investment Fund (LAIF), managed by the State Treasurer's Office. The City has recently hired a City Manager and an new Assistant City Manager and recommends that the signatories for these accounts be updated to reflect these individuals and titles.

The two (2) attached resolutions, one for the Successor Agency and one for the City Council, accomplish this purpose.

FISCAL IMPACTS

There is no impact to the Successor Agency or City's General Funds associated with these actions.

SUMMARY

The City Council will consider updating the authorize signatories for the Successor Agency and City LAIF accounts.

ATTACHMENTS

Attachment "A" – Resolution (General)

Attachment "B" – Resolution (Successor Agency)

DATE:	
PRESENTED TO MONTEBELLO CITY COUNCIL	
☐	APPROVED
☐	DENIED
☐	PULLED
☐	RECEIVED AND FILED
☐	CONTINUED
☐	REFERRED TO
DEPUTY CITY CLERK	

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MONTEBELLO, CALIFORNIA, AUTHORIZING
INVESTMENT OF MONIES IN THE LOCAL AGENCY
INVESTMENT FUND**

**THE CITY COUNCIL OF THE CITY MONTEBELLO DOES HEREBY RESOLVE AS
FOLLOWS:**

WHEREAS, pursuant to Chapter 730 of the statutes of 1976, Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the City Council does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein is in the best interests of the City of Montebello.

NOW, THEREFORE, BE IT RESOLVED, that the City Council hereby authorizes the deposit and withdrawal of City of Montebello monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following City of Montebello officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

Rafael Gutierrez
NAME

Rene Bobadilla
NAME

City Treasurer
TITLE

City Manager
TITLE

SIGNATURE

SIGNATURE

Arlene Salazar
NAME

Robert Mescher
NAME

Assistant City Manager
TITLE

Director of Finance
TITLE

SIGNATURE

SIGNATURE

APPROVED AND ADOPTED THIS 28 DAY OF AUGUST, 2019.

Jack Hadjinian, Mayor Pro Tem

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

RESOLUTION NO. _____

**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE
FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE
CITY OF MONTEBELLO AUTHORIZING INVESTMENT OF
MONIES IN THE LOCAL AGENCY INVESTMENT FUND**

**THE SUCCESSOR AGENCY OF THE FORMER COMMUNITY DEVELOPMENT
AGENCY OF THE CITY MONTEBELLO DOES HEREBY RESOLVE AS FOLLOWS:**

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976, Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Successor Agency does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein is in the best interests of the Successor Agency, and consistent with the purposes and requirements of the Redevelopment Dissolution Law (Health & Safety Code § 34170 *et seq*).

NOW, THEREFORE, BE IT RESOLVED, that the Successor Agency hereby authorizes the deposit and withdrawal of the Successor Agency's monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following Successor Agency of the Former Community Redevelopment Agency of the City of Montebello officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

Rafael Gutierrez
NAME

Rene Bobadilla
NAME

City Treasurer
TITLE

Executive Director
TITLE

SIGNATURE

SIGNATURE

Arlene Salazar
NAME

Robert Mescher
NAME

Assistant City Manager
TITLE

Director of Finance
TITLE

SIGNATURE

SIGNATURE

APPROVED AND ADOPTED THIS 28 DAY OF AUGUST, 2019.

Jack Hadjinian, Chair

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez-Glasman, Agency Counsel

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MONTEBELLO APPROVING AND ALLOWING CERTAIN CLAIMS AND
DEMANDS**

**THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES
HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1. That the reference is hereby made to that certain
Register of Audited Demand Nos. 1476, consisting of 12 pages, and
including**

**Warrant No. 584705 through 584986;
Warrant No. 1445**

**on file in the office of the City Clerk, the same having been audited and
approved by the Controller as required by law.**

**SECTION 2. That the said City Council having examined each such
demand does hereby approve and direct the payment of same, as set forth
in said Register, except the following Warrant No.**

**SECTION 3. That the City Clerk shall certify to the adoption of this
resolution and thence forth and thereafter the same shall be in full force
and effect.**

APPROVED AND ADOPTED THIS 28th DAY OF AUGUST, 2019.

JACK HADJINIAN, Mayor

ATTEST:

IRMA BARAJAS, City Clerk



City of Montebello

Register of Demands No. 1476

From Payment Date: 8/8/19 - To Payment Date: 8/21/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
4331 - General Account					
584705	08/08/2019	\$37,806.33	JAIL SERVICES	76070	GEO CORRECTIONS & DETENTION INC.
584706	08/13/2019	\$4,925.22	UTILITY SERVICES	47580	CALIFORNIA WATER SERVICE COMPANY
584707	08/13/2019	\$16,351.87	UTILITY SERVICES	4760	MONTEBELLO LAND & WATER CO.
584708	08/13/2019	\$8,761.48	METROLINK SECURITY SERVICES	37	U.S. SECURITY ASSOCIATES, INC.
584709	08/13/2019	\$4,925.22	UTILITY SERVICES	47580	CALIFORNIA WATER SERVICE COMPANY
584710	08/13/2019	\$4,533.83	ADVERTISING/PRINTING SERVICES	1354	DAILY JOURNAL CORPORATION
584711	08/13/2019	\$60.00	CONTRACT SERVICES	23660	DAIOHS USA
584712	08/13/2019	\$3,229.00	TRAINING	7020	GOVERNMENT FINANCE OFFICERS ASSOCIATION
584713	08/13/2019	\$1,061.54	UTILITY SERVICES	4760	MONTEBELLO LAND & WATER CO.
584714	08/13/2019	\$675.00	CONTRACT SERVICES	26370	NAVARRO'S TOWING SERVICE
584715	08/13/2019	\$33,528.66	FUEL INVENTORY	1059	AMBER RESOURCES LLC/SAWYER PETROLEUM
584716	08/13/2019	\$588.19	REIMBURSEMENT - SUPPLIES	33960	DAVID SOSNOWSKI
584717	08/13/2019	\$136.40	PERMITS AND FEES	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
584718	08/13/2019	\$5,128.72	PERMITS AND FEES	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
584719	08/13/2019	\$136.40	PERMITS AND FEES	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
584720	08/13/2019	\$421.02	PERMITS AND FEES	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
584721	08/13/2019	\$143,992.97	UTILITY SERVICES	45630	SOUTHERN CALIFORNIA EDISON
584722	08/13/2019	\$238.36	CONTRACT SERVICES	57140	UNDERGROUND SERVICE ALERT OF SOUTHERN CA
584723	08/13/2019	\$1,800.00	CONTRACT SERVICES	38010	ADVANCED AVANT-GARDE CORPORATION
584724	08/13/2019	\$299,104.18	MONTEBELLO BLVD BIKE LANE	20770	SEQUEL CONTRACTORS. INC.
584725	08/13/2019	\$380.50	CONTRACT SERVICES	183	WECK LABORATORIES ENVIRONMENTAL SERVICES, INC.
584726	08/13/2019	\$66.00	SUPPLIES	67210	AIR SOURCE INDUSTRIES
584727	08/13/2019	\$411.31	TRAINING	2534	LETICIA ANTUNA
584728	08/13/2019	\$1,317.06	SUPPLIES	2455	COMMERCIAL AQUATIC SERVICES



City of Montebello

Register of Demands No. 1476

From Payment Date: 8/8/19 - To Payment Date: 8/21/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
584729	08/13/2019	\$2,359.51	VEHICLE MAINTENANCE/EXPENSES	29160	FORD OF MONTEBELLO
584730	08/13/2019	\$411.31	TRAINING	2533	LAURENCE GONG
584731	08/13/2019	\$1,026.62	TRAINING	271	CANDICE HUOT
584732	08/13/2019	\$411.31	TRAINING	2435	SHYAMALIE JAGODAGE
584733	08/13/2019	\$783.72	CONTRACT SERVICES	2152	JOHNSON CONTROLS, INC.
584734	08/13/2019	\$5,851.21	SUPPLIES	26670	LIFE-ASSIST, INC.
584735	08/13/2019	\$408.86	VEHICLE MAINTENANCE/EXPENSES	46490	SMOG PUMPS UNLIMITED INC.
584736	08/13/2019	\$1,782.74	CONTRACT SERVICES	1188	TYLER TECHNOLOGIES, INC.
584737	08/13/2019	\$3,350.71	VEHICLE MAINTENANCE/EXPENSES	25860	WAYNE HARMEIER INC./WAYNE ELECTRIC
584738	08/13/2019	\$1,500.00	CONTRACT SERVICES	1399	JOSEPH MAYTORENA
584739	08/14/2019	\$83,016.90	LEGAL SERVICES	16120	ALVAREZ-GLASMAN & COLVIN
584740	08/14/2019	\$129.10	*PLEASE SEE ATTACHED	13240	BANKCARD CENTER
584741	08/14/2019	\$10,024.00	UNEMPLOYMENT INSURANCE	37550	STATE OF CALIFORNIA
584742	08/14/2019	\$17,190.00	POLICE RELATED FEES	692	LOS ANGELES COUNTY SUPERIOR COURT
584743	08/14/2019	\$3,592.00	CONTRACT SERVICES	2144	MARIPOSA LANDSCAPES, INC.
584744	08/14/2019	\$11,270.79	*PLEASE SEE ATTACHED	13240	BANKCARD CENTER
584745	08/14/2019	\$200.00	TRAINING	56630	LOS ANGELES COUNTY POLICE CHIEFS' ASSOCIATION
584746	08/14/2019	\$278.40	TRAVEL & MEETINGS	35650	MARC MARTY
584747	08/14/2019	\$748.13	INSURANCE PREMIUM	1990	STANDARD INSURANCE COMPANY
584748	08/14/2019	\$86.89	UTILITY SERVICES	23610	VERIZON WIRELESS
584749	08/14/2019	\$113.03	UTILITY SERVICES	23610	VERIZON WIRELESS
584750	08/15/2019	\$250.00	REFUND	2526	JULIA ALTAMIRANO
584751	08/15/2019	\$80.00	REFUND	2527	XIOMARA DOMINGUEZ
584752	08/15/2019	\$70.00	REFUND	2528	LESLIE LOPEZ
584753	08/15/2019	\$30,000.00	TRANSIT ADVERTISING SERVICES	14890	MONTEBELLO TOWN CENTER INVESTORS, LLC



City of Montebello
Register of Demands No. 1476

From Payment Date: 8/8/19 - To Payment Date: 8/21/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
584754	08/15/2019	\$887.71	TRAINING	47640	RIVERSIDE COUNTY SHERIFF'S DEPARTMENT
584755	08/15/2019	\$62,210.66	MONTEBELLO BLVD BIKE LANE	20770	SEQUEL CONTRACTORS. INC.
584756	08/15/2019	\$2,048.85	SUPPLIES	1670	ADAMSON POLICE PRODUCTS
584757	08/15/2019	\$985.50	SUPPLIES	35980	SAEED RADMEHR/ARTE PRINTING
584758	08/15/2019	\$2,150.00	CONTRACT SERVICES	2510	CERTIFIED FIRE EXTINGUISHER SERVICES, INC.
584759	08/15/2019	\$20.50	SUPPLIES	10000	CLEAN SWEEP SUPPLY CO. INC
584760	08/15/2019	\$500.00	CONTRACT SERVICES	72	COGRAN SYSTEMS LLC
584761	08/15/2019	\$1,307.42	VEHICLE MAINTENANCE/EXPENSES	29460	COMPLETE COACH WORKS
584762	08/15/2019	\$286.00	CONTRACT SERVICES	2525	EMSL ANALYTICAL, INC.
584763	08/15/2019	\$57.98	VEHICLE MAINTENANCE/EXPENSES	27480	R & M HANSEN ENT. INC.
584764	08/15/2019	\$480.00	CONTRACT SERVICES	6690	IRRI-CARE PLUMBING AND BACKFLOW TESTING
584765	08/15/2019	\$19,950.00	TRANSIT TECHNICAL WRITER SERVICES	1891	MARRS SERVICES, INC.
584766	08/15/2019	\$443.15	SUPPLIES	1938	P & R PAPER SUPPLY COMPANY INC.
584767	08/15/2019	\$31.45	UTILITY SERVICES	100	PICO WATER DISTRICT
584768	08/15/2019	\$275.00	CONTRACT SERVICES	42750	PSYCHOLOGICAL CONSULTING ASSOCIATES, INC.
584769	08/15/2019	\$22,578.00	TREE TRIMMING SERVICES	40860	WEST COAST ARBORISTS, INC.
584770	08/15/2019	\$2,813.43	UTILITY SERVICES	51430	SOUTH MONTEBELLO IRRIGATION DISTRICT
584771	08/15/2019	\$1,518.36	METROLINK SECURITY SERVICES	37	U.S. SECURITY ASSOCIATES, INC.
584772	08/15/2019	\$3,994.47	UTILITY SERVICES	51430	SOUTH MONTEBELLO IRRIGATION DISTRICT
584773	08/15/2019	\$1,518.36	CONTRACT SERVICES	37	U.S. SECURITY ASSOCIATES, INC.
584774	08/15/2019	\$646.09	UTILITY SERVICES	1732	AT&T CORP.
584775	08/15/2019	\$9,027.72	INSURANCE PREMIUMS	55860	AFLAC
584776	08/15/2019	\$2,878.00	PERMITS AND FEES	56850	LOS ANGELES COUNTY FIRE DEPARTMENT
584777	08/15/2019	\$345.08	CONTRACT SERVICES	74640	MISSION LINEN SUPPLY
584778	08/15/2019	\$92,327.56	UTILITY SERVICES	14730	SAN GABRIEL VALLEY WATER CO.



City of Montebello

Register of Demands No. 1476

From Payment Date: 8/8/19 - To Payment Date: 8/21/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
584779	08/15/2019	\$50,730.57	FUEL INVENTORY	1059	AMBER RESOURCES LLC/SAWYER PETROLEUM
584780	08/15/2019	\$128.45	CONTRACT SERVICES	36350	SHRED-IT USA
584781	08/15/2019	\$13,397.49	INSURANCE PREMIUM	25850	STANDARD INSURANCE COMPANY
584782	08/15/2019	\$2,834.16	METROLINK SECURITY SERVICES	37	U.S. SECURITY ASSOCIATES, INC.
584783	08/15/2019	\$53.80	UTILITY SERVICES	23610	VERIZON WIRELESS
584784	08/15/2019	\$1,283.47	UTILITY SERVICES	23610	VERIZON WIRELESS
584785	08/15/2019	\$2,011.07	UTILITY SERVICES	23610	VERIZON WIRELESS
584786	08/15/2019	\$1,112.66	UTILITY SERVICES	23610	VERIZON WIRELESS
584787	08/15/2019	\$2,100.00	ADVERTISING/PRINTING SERVICES	1293	923 MEDIA GROUP INC.
584788	08/15/2019	\$168.30	SUPPLIES	24540	AAHS SIGNS
584789	08/15/2019	\$12,599.00	LEGAL SERVICES	17680	ALVARADOSMITH
584790	08/15/2019	\$198.00	CONTRACT SERVICES	1287	ALTA LANGUAGE SERVICES, INC.
584791	08/15/2019	\$528.00	CONTRACT SERVICES	1749	AMERICAN EAGLE PROTECTIVE SERVICES, INC.
584792	08/15/2019	\$444.57	SUPPLIES	35980	SAEED RADMEHR/ARTE PRINTING
584793	08/15/2019	\$547.10	SUPPLIES	31270	STARBOARD TACK SUPPLY INC./ASTRO PLUMBING
584794	08/15/2019	\$863.81	SUPPLIES	74990	AUTOZONE, INC
584795	08/15/2019	\$1,476.48	CONTRACT SERVICES	1237	AZTECA LANDSCAPE
584796	08/15/2019	\$285.00	DUES & SUBSCRIPTIONS	22830	CALIFORNIA MUNICIPAL TREASURERS ASSOCIATION
584797	08/15/2019	\$500.00	CONTRACT SERVICES	1416	CITY OF WHITTIER
584798	08/15/2019	\$739.78	SUPPLIES	10000	CLEAN SWEEP SUPPLY CO. INC
584799	08/15/2019	\$480.00	INCURRED CLAIMS	1643	COMPANY NURSE
584800	08/15/2019	\$46,173.32	TRANSIT BUS RENOVATION	29460	COMPLETE COACH WORKS
584801	08/15/2019	\$3,509.64	VEHICLE MAINTENANCE/EXPENSES	950	CUMMINS PACIFIC, LLC
584802	08/15/2019	\$50.00	CONTRACT SERVICES	1569	DISCOVERY BENEFITS
584803	08/15/2019	\$3,011.12	VEHICLE MAINTENANCE/EXPENSES	29160	FORD OF MONTEBELLO



City of Montebello

Register of Demands No. 1476

From Payment Date: 8/8/19 - To Payment Date: 8/21/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
584804	08/15/2019	\$529.80	VEHICLE MAINTENANCE/EXPENSES	33720	ARKAY ACQUISITION LLC/GILLIG
584805	08/15/2019	\$8,250.00	RECREATION GRANT WRITING SERVICES	2337	GLOBAL URBAN STRATEGIES, INC.
584806	08/15/2019	\$869.87	VEHICLE MAINTENANCE/EXPENSES	270	HARBOR DIESEL AND EQUIPMENT, INC.
584807	08/15/2019	\$745.00	CONTRACT SERVICES	46870	HDL COREN & CONE
584808	08/15/2019	\$109.08	SUPPLIES	15440	HOSE-MAN, INC.
584809	08/15/2019	\$971.24	VEHICLE MAINTENANCE/EXPENSES	29680	INLAND KENWORTH, INC.
584810	08/15/2019	\$16,065.60	FACT FINDING SERVICES	2539	JL GROUP, LLC
584811	08/15/2019	\$2,450.38	CONTRACT SERVICES	2152	JOHNSON CONTROLS, INC.
584812	08/15/2019	\$16,210.17	LEGAL SERVICES	2001	LAW OFFICES OF DAVID J. WEISS
584813	08/15/2019	\$21,255.02	JANITORIAL SERVICES	1886	LINCOLN TRAINING CENTER AND REHABILITAION WORKSHOP
584814	08/15/2019	\$243.75	VEHICLE MAINTENANCE/EXPENSES	1385	MUNCIE RECLAMATION AND SUPPLY COMPANY
584815	08/15/2019	\$1,208.55	SUPPLIES	2480	SOCAL AUTO & TRUCK PARTS, INC.
584816	08/15/2019	\$9,952.87	VEHICLE MAINTENANCE/EXPENSES	60710	THE AFTERMARKET PARTS COMPANY, LLC
584817	08/15/2019	\$455.85	SUPPLIES	15620	OFFICE DEPOT
584818	08/15/2019	\$55.00	REFUND	2529	TANIA RAMIREZ
584819	08/15/2019	\$546.29	TRAINING	47640	RIVERSIDE COUNTY SHERIFF'S DEPARTMENT
584820	08/15/2019	\$70.00	REFUND	2532	ESMERALDA RODRIGUEZ
584821	08/15/2019	\$957.58	CONTRACT SERVICES	51850	SECURITY SIGNAL DEVICES INC.
584822	08/15/2019	\$131,333.32	MONTEBELLO BLVD BIKE LANE	20770	SEQUEL CONTRACTORS. INC.
584823	08/15/2019	\$668.25	SUPPLIES	4160	SOUTHERN CALIFORNIA MUNICIPAL ATHLETIC FED.
584824	08/15/2019	\$4,800.00	POLICE SOFTWARE RENEWAL	65	SPECIAL SERVICES GROUP, LLC
584825	08/15/2019	\$150.00	REFUND	2531	GAMALIEL TORRES
584826	08/15/2019	\$250.00	REFUND	2541	IBERICA TORRES
584827	08/15/2019	\$2,834.16	METROLINK SECURITY	37	U.S. SECURITY ASSOCIATES, INC.
584828	08/15/2019	\$284.61	VEHICLE MAINTENANCE/EXPENSES	25860	WAYNE HARMEIER INC./WAYNE ELECTRIC



City of Montebello

Register of Demands No. 1476

From Payment Date: 8/8/19 - To Payment Date: 8/21/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
584829	08/15/2019	\$3,540.00	CONTRACT SERVICES	69930	WEBIPLEX INCORPORATED
584830	08/15/2019	\$26,290.50	CONTRACT SERVICES	1631	YORK RISK SERVICES GROUP, INC.
584831	08/15/2019	\$139,285.52	FIRE RADIO EQUIPMENT	23460	MOTOROLA SOLUTIONS, INC.
584832	08/15/2019	\$12,982.20	CONTRACT SERVICES	26880	SEBASTIAN WATERWORKS, INC./MR. ROOTER
584833	08/15/2019	\$11,040.00	REFUND - CCA FEES	2538	STEPAN ALTOUNIAN
584834	08/15/2019	\$2,188.91	POLICE COMPUTERS	2135	B&H FOTO & ELECTRONICS CORP.
584835	08/15/2019	\$18,603.22	WATER PURCHASE	19120	CENTRAL BASIN MUNICIPAL WATER DISTRICT
584836	08/15/2019	\$10,235.17	POLICE HVAC MAINTENANCE	2443	FM THOMAS AIR CONDITIONING, INC.
584837	08/15/2019	\$1,245.00	POLICE TOWING SERVICES	2545	JAN'S TOWING, INC.
584838	08/15/2019	\$719.66	CONTRACT SERVICES	2152	JOHNSON CONTROLS, INC.
584839	08/15/2019	\$3,850.00	ADVERTISING/PRINTING SERVICES	2543	MEDIA PORTFOLIO
584840	08/15/2019	\$15,000.00	REFUND - CCA FEES	2537	ANGAD PESRICHA
584841	08/15/2019	\$15,000.00	REFUND - CCA FEES	2536	RD MONTEBELLO INC.
584842	08/15/2019	\$560.00	DUES & SUBSCRIPTIONS	41430	THOMSON REUTERS - WEST
584843	08/15/2019	\$36,252.20	POLICE SOFTWARE MAINTENANCE	1188	TYLER TECHNOLOGIES, INC.
584844	08/15/2019	\$2,200.00	CONTRACT SERVICES	2000	VITAL MEDICAL SERVICES LLC.
584845	08/15/2019	\$250.00	TRAINING	562	CHRISTOPHER A CERVANTES
584846	08/15/2019	\$200.00	TRAINING	562	CHRISTOPHER A CERVANTES
584847	08/15/2019	\$200.00	TRAINING	562	CHRISTOPHER A CERVANTES
584848	08/15/2019	\$9,716.62	SOFTWARE RENEWAL - LASERFICHE	56540	STEVE HINES NO. 1,LLC/COMPLETE PAPERLESS SOLUTIONS
584849	08/15/2019	\$100.00	TRAINING	35540	BRAD KELLER
584850	08/15/2019	\$4,539.00	POLICE SOFTWARE MAINTENANCE	18730	QUETEL CORPORATION
584851	08/15/2019	\$108,756.59	POLICE SOFTWARE MAINTENANCE	1188	TYLER TECHNOLOGIES, INC.
584852	08/15/2019	\$551.49	CONTRACT SERVICES	27170	BEVERLY HOSPITAL
584853	08/15/2019	\$1,500.00	DUES & SUBSCRIPTIONS	24490	COPWARE, INC.



City of Montebello
Register of Demands No. 1476

From Payment Date: 8/8/19 - To Payment Date: 8/21/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
584854	08/15/2019	\$20,470.34	POLICE HVAC MAINTENANCE	2443	FM THOMAS AIR CONDITIONING, INC.
584855	08/15/2019	\$3,150.00	ADVERTISING/PRINTING SERVICES	51550	MONTEBELLO CHAMBER OF COMMERCE
584856	08/15/2019	\$20,000.00	REDLIGHT CAMERA SERVICES	61050	REDFLEX TRAFFIC SYSTEMS
584857	08/15/2019	\$2,833.90	WATER PURCHASE	19120	CENTRAL BASIN MUNICIPAL WATER DISTRICT
584858	08/21/2019	\$1,677.08	UTILITY SERVICES	39550	AT&T
584859	08/21/2019	\$3,731.29	UTILITY SERVICES	39550	AT&T
584860	08/21/2019	\$78.60	UTILITY SERVICES	39550	AT&T
584861	08/21/2019	\$279.15	VEHICLE MAINTENANCE/EXPENSES	74990	AUTOZONE, INC
584862	08/21/2019	\$84.90	UTILITY SERVICES	47580	CALIFORNIA WATER SERVICE COMPANY
584863	08/21/2019	\$599.00	UTILITY SERVICES	55830	CHARTER COMMUNICATIONS
584864	08/21/2019	\$1,279.43	UTILITY SERVICES	55830	CHARTER COMMUNICATIONS
584865	08/21/2019	\$1,293.15	UTILITY SERVICES	55830	CHARTER COMMUNICATIONS
584866	08/21/2019	\$60.00	CONTRACT SERVICES	23660	DAIOHS USA
584867	08/21/2019	\$400.00	DUES & SUBSCRIPTIONS	11420	GOLF COURSE SUPERINTENDENTS ASSOCIATION
584868	08/21/2019	\$850.00	CONTRACT SERVICES	2524	GROUND PENETRATING RADAR SYSTEMS, LLC
584869	08/21/2019	\$608.00	CONTRACT SERVICES	2156	LEED ELECTRIC INC.
584870	08/21/2019	\$331.00	PERMITS AND FEES	56850	LOS ANGELES COUNTY FIRE DEPARTMENT
584871	08/21/2019	\$1,633.00	PERMITS AND FEES	56850	LOS ANGELES COUNTY FIRE DEPARTMENT
584872	08/21/2019	\$1,239.00	PERMITS AND FEES	56850	LOS ANGELES COUNTY FIRE DEPARTMENT
584873	08/21/2019	\$1,239.00	PERMITS AND FEES	56850	LOS ANGELES COUNTY FIRE DEPARTMENT
584874	08/21/2019	\$105.08	SUPPLIES	2480	SOCAL AUTO & TRUCK PARTS, INC.
584875	08/21/2019	\$945.00	CONTRACT SERVICES	26370	NAVARRO'S TOWING SERVICE
584876	08/21/2019	\$32.75	UTILITY SERVICES	100	PICO WATER DISTRICT
584877	08/21/2019	\$404.85	CONTRACT SERVICES	56260	PRUDENTIAL OVERALL SUPPLY
584878	08/21/2019	\$687.50	CONTRACT SERVICES	42750	PSYCHOLOGICAL CONSULTING ASSOCIATES, INC.



City of Montebello

Register of Demands No. 1476

From Payment Date: 8/8/19 - To Payment Date: 8/21/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
584879	08/21/2019	\$66,153.75	UTILITY SERVICES	45630	SOUTHERN CALIFORNIA EDISON
584880	08/21/2019	\$2,083.58	UTILITY SERVICES	40520	SOUTHERN CALIFORNIA GAS CO.
584881	08/21/2019	\$114.97	VEHICLE MAINTENANCE/EXPENSES	1963	SUEZ WTS SERVICES USA, INC.
584882	08/21/2019	\$2,520.00	CONTRACT SERVICES	40860	WEST COAST ARBORISTS, INC.
584883	08/21/2019	\$511.35	SUPPLIES	67210	AIR SOURCE INDUSTRIES
584884	08/21/2019	\$140.00	REFUND	2548	DENISE ARREOLA
584885	08/21/2019	\$860.03	SUPPLIES	74990	AUTOZONE, INC
584886	08/21/2019	\$250.00	REFUND	2542	SUEANNIE BALTAZAR
584887	08/21/2019	\$70.00	REFUND	2561	JANET BARRERA
584888	08/21/2019	\$70.00	REFUND	2553	MAYRA BRIONES
584889	08/21/2019	\$70.00	REFUND	2549	CINTHYA CARDENAS
584890	08/21/2019	\$836.64	CONTRACT SERVICES	2057	CIGNA BEHAVIORAL HEALTH
584891	08/21/2019	\$24.19	PREVENTIVE MAINTENANCE	438	CODE RED FIRE, INC.
584892	08/21/2019	\$150.00	ADVERTISING/PRINTING SERVICES	2123	ENDEAVOR BUSINESS MEDIA LLC.
584893	08/21/2019	\$28.97	SUPPLIES	1252	EVIDENT, INC.
584894	08/21/2019	\$70.00	REFUND	2565	LUCIA FRAYDE-ORTEGA
584895	08/21/2019	\$70.00	REFUND	2550	CAROLINA GOMEZ
584896	08/21/2019	\$70.00	REFUND	2556	GABRIELA GONZALEZ
584897	08/21/2019	\$3,962.50	PROPERTY TAX SERVICES	46870	HDL COREN & CONE
584898	08/21/2019	\$348.15	VEHICLE MAINTENANCE/EXPENSES	69140	HUNTINGTON BEACH MOTORSPORTS, INC.
584899	08/21/2019	\$70.00	REFUND	2560	YANCEY JAUREZ
584900	08/21/2019	\$600.00	CONTRACT SERVICES	2410	LOS ANGELES COUNTY
584901	08/21/2019	\$70.00	REFUND	2554	DENISE MARTINEZ
584902	08/21/2019	\$70.00	REFUND	2558	ELLA MARTINEZ
584903	08/21/2019	\$70.00	REFUND	2564	MARLENE MARTINEZ



City of Montebello

Register of Demands No. 1476

From Payment Date: 8/8/19 - To Payment Date: 8/21/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
584904	08/21/2019	\$70.00	REFUND	2555	ROSARIO MARTINEZ
584905	08/21/2019	\$70.00	REFUND	2559	MONICA MENDOZA
584906	08/21/2019	\$357.00	DUES & SUBSCRIPTIONS	2355	MONTEBELLO ROTARY
584907	08/21/2019	\$70.00	REFUND	2546	YORLING MONTOYA
584908	08/21/2019	\$57,261.34	STREET SWEEPING SERVICES	35250	NATIONWIDE ENVIRONMENTAL SERVICES
584909	08/21/2019	\$467.54	SUPPLIES	15620	OFFICE DEPOT
584910	08/21/2019	\$5,857.90	VEHICLE MAINTENANCE/EXPENSES	2191	PERFORMANCE TRUCK REPAIR INC.
584911	08/21/2019	\$70.00	REFUND	2547	CHRIS PUERTAS
584912	08/21/2019	\$10,886.00	SUMMER FOOD PROGRAM	73870	REVOLUTION FOODS, INC.
584913	08/21/2019	\$70.00	REFUND	2557	MELANIE RIVERA
584914	08/21/2019	\$70.00	REFUND	2563	SAMANTHA RUIZ
584915	08/21/2019	\$7,875.00	DUES & SUBSCRIPTIONS	1415	SAN GABRIEL VALLEY COMMERCE & CITIES CONSORTIUM
584916	08/21/2019	\$128.45	CONTRACT SERVICES	36350	SHRED-IT USA
584917	08/21/2019	\$1,611.00	CONTRACT SERVICES	8460	SOUTHLAND ALARM, INC.
584918	08/21/2019	\$115.00	ADVERTISING/PRINTING SERVICES	6460	TRANSIT TALENT.COM
584919	08/21/2019	\$2,400.00	TRAINING	2069	WILLIAM RACOWSCHI/TTP TRAINING AND CONSULTING
584920	08/21/2019	\$70.00	REFUND	2551	ERICA VALENCIA
584921	08/21/2019	\$70.00	REFUND	2552	LORENA VANEGAS
584922	08/21/2019	\$819.63	CONTRACT SERVICES	47600	VORTEX INDUSTRIES
584923	08/21/2019	\$70.00	REFUND	2562	CARLY WHITTAKER
584924	08/21/2019	\$2,306.07	SUPPLIES	67320	WINZER CORPORATION
584925	08/21/2019	\$40.00	CARPOOL INCENTIVE	567	ARTHUR P ANCHONDO
584926	08/21/2019	\$40.00	CARPOOL INCENTIVE	289	ANDREA ANDRADE
584927	08/21/2019	\$40.00	CARPOOL INCENTIVE	61470	ERIKA L. ANDRADE
584928	08/21/2019	\$80.00	CARPOOL INCENTIVE	2139	DANIEL ANTUNEZ



City of Montebello
Register of Demands No. 1476

From Payment Date: 8/8/19 - To Payment Date: 8/21/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
584929	08/21/2019	\$1,220.00	SUPPLIES	614	ARROW INTERNATIONAL, INC.
584930	08/21/2019	\$80.00	CARPOOL INCENTIVE	291	ROSA AVALOS
584931	08/21/2019	\$40.00	CARPOOL INCENTIVE	3780	JACOB CASTILLO
584932	08/21/2019	\$40.00	CARPOOL INCENTIVE	68640	LAURA CASTRO
584933	08/21/2019	\$40.00	CARPOOL INCENTIVE	17880	ANI CHUKHURYAN
584934	08/21/2019	\$40.00	CARPOOL INCENTIVE	2322	GIOVANNA CISNEROS
584935	08/21/2019	\$161.62	SUPPLIES	10000	CLEAN SWEEP SUPPLY CO. INC
584936	08/21/2019	\$40.00	CARPOOL INCENTIVE	29020	RAPHAEL DE LA TORRE
584937	08/21/2019	\$1,275.00	CONTRACT SERVICES	2019	DEWEY SERVICES INCORPORATED
584938	08/21/2019	\$1,288.26	SUPPLIES	2519	THE FIBAR GROUP, LLC
584939	08/21/2019	\$40.00	CARPOOL INCENTIVE	2572	MARLENE GIL
584940	08/21/2019	\$220,947.00	SAFETY DISPATCH SERVICES	13750	CITY OF GLENDALE
584941	08/21/2019	\$40.00	CARPOOL INCENTIVE	8260	BEATRICE GOMEZ
584942	08/21/2019	\$351.02	SUPPLIES	9470	GRAINGER, INC.
584943	08/21/2019	\$40.00	CARPOOL INCENTIVE	38440	ANDREW GUZMAN
584944	08/21/2019	\$40.00	CARPOOL INCENTIVE	568	JUAN M HERNANDEZ
584945	08/21/2019	\$40.00	CARPOOL INCENTIVE	4280	NADINE HERNANDEZ
584946	08/21/2019	\$6,285.26	SUPPLIES	43860	MYERS & SONS HI-WAY SAFETY INC.
584947	08/21/2019	\$40.00	CARPOOL INCENTIVE	73180	MONICA HUERTA
584948	08/21/2019	\$40.00	CARPOOL INCENTIVE	48610	CRYSTAL JAIMEZ
584949	08/21/2019	\$40.00	CARPOOL INCENTIVE	2277	CHRISTOPHER JIMENEZ
584950	08/21/2019	\$6,161.83	BUILDING MAINTENANCE SERVICES	2152	JOHNSON CONTROLS, INC.
584951	08/21/2019	\$1,595.39	SUPPLIES	26670	LIFE-ASSIST, INC.
584952	08/21/2019	\$40.00	CARPOOL INCENTIVE	11280	MICHAEL LOPEZ
584953	08/21/2019	\$2,400.00	CONTRACT SERVICES	1585	DR. ANGELICA LOZA-GOMEZ, M.D., PC



City of Montebello
Register of Demands No. 1476

From Payment Date: 8/8/19 - To Payment Date: 8/21/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
584954	08/21/2019	\$40.00	CARPOOL INCENTIVE	50330	ANDREW MARTINEZ
584955	08/21/2019	\$40.00	CARPOOL INCENTIVE	1778	ILENE MARTINEZ
584956	08/21/2019	\$120,472.94	GRAFFITI REMOVAL/CATCH BASIN	35250	NATIONWIDE ENVIRONMENTAL SERVICES
584957	08/21/2019	\$40.00	CARPOOL INCENTIVE	2203	SAMANTHA NEVAREZ
584958	08/21/2019	\$1,326.35	VEHICLE MAINTENANCE/EXPENSES	60710	THE AFTERMARKET PARTS COMPANY, LLC
584959	08/21/2019	\$239.54	SUPPLIES	15620	OFFICE DEPOT
584960	08/21/2019	\$80.00	CARPOOL INCENTIVE	1620	VERONICA PALAFOX
584961	08/21/2019	\$80.00	CARPOOL INCENTIVE	59960	JO ANN PANOSIAN
584962	08/21/2019	\$55.00	CARPOOL INCENTIVE	1668	MEL PASTION
584963	08/21/2019	\$205.86	MACHINERY & EQUIPMENTS	538	PCMG, INC.
584964	08/21/2019	\$4,953.78	FIREFIGHTING FOAM	2503	PERIMETER SOLUTIONS LP
584965	08/21/2019	\$40.00	CARPOOL INCENTIVE	2138	ELVA PHAM
584966	08/21/2019	\$40.00	CARPOOL INCENTIVE	34240	ROBERT PORTILLO
584967	08/21/2019	\$66.97	CONTRACT SERVICES	56260	PRUDENTIAL OVERALL SUPPLY
584968	08/21/2019	\$40.00	CARPOOL INCENTIVE	56830	ESTHER ROBLES
584969	08/21/2019	\$40.00	CARPOOL INCENTIVE	2260	GERARDO RODRIGUEZ
584970	08/21/2019	\$40.00	CARPOOL INCENTIVE	69960	NICOLE I. SAUCEDO
584971	08/21/2019	\$40.00	CARPOOL INCENTIVE	61140	MICHAEL SAVEDRA
584972	08/21/2019	\$40.00	CARPOOL INCENTIVE	24280	MARTIN SOLANO
584973	08/21/2019	\$40.00	CARPOOL INCENTIVE	33960	DAVID SOSNOWSKI
584974	08/21/2019	\$316.46	VEHICLE MAINTENANCE/EXPENSES	1963	SUEZ WTS SERVICES USA, INC.
584975	08/21/2019	\$80.00	CARPOOL INCENTIVE	1091	JANELLE TORRES
584976	08/21/2019	\$306.01	CONTRACT SERVICES	57140	UNDERGROUND SERVICE ALERT OF SOUTHERN CA
584977	08/21/2019	\$1,040.00	CONTRACT SERVICES	74850	UNIQUE GENERAL SERVICES
584978	08/21/2019	\$40.00	CARPOOL INCENTIVE	595	MATTHEW A VALENZUELA



City of Montebello
Register of Demands No. 1476

From Payment Date: 8/8/19 - To Payment Date: 8/21/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
584979	08/21/2019	\$40.00	CARPOOL INCENTIVE	395	MARIA TERESA VASQUEZ
584980	08/21/2019	\$40.00	CARPOOL INCENTIVE	1701	MATTHEW VEGA
584981	08/21/2019	\$172.53	VEHICLE MAINTENANCE/EXPENSES	25860	WAYNE HARMEIER INC./WAYNE ELECTRIC
584982	08/21/2019	\$810.00	CONTRACT SERVICES	328	ANNE L. DONOFRIO/WRITERANNE
584983	08/21/2019	\$40.00	CARPOOL INCENTIVE	2332	HUMBERTO ZARAGOZA
584984	08/21/2019	\$40.00	CARPOOL INCENTIVE	2331	FRANCISCO ZEPEDA
584985	08/21/2019	\$426.79	SUPPLIES	54030	BEACON SALES ACQUISITIONS, INC.
584986	08/21/2019	\$908.02	UTILITY SERVICES	14730	SAN GABRIEL VALLEY WATER CO.
Subtotal		\$2,373,810.75			
6093 - Successor Agency					
1445	08/14/2019	\$495.00	LEGAL SERVICES	16120	ALVAREZ-GLASMAN & COLVIN
Subtotal		\$495.00			
Total		<u>\$2,374,305.75</u>			

CITY OF MONTEBELLO
BANK OF THE WEST CREDIT CARD CHARGES
CHECK #584740 & 584744 - AUGUST 14, 2019

DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR NAME	DEPARTMENT
7/13/19	\$ 661.46	INDEPENDENT CITIES CONFERENCE	PARK HYATT AVIARA RESORT	ADMINISTRATION
7/13/19	\$ 631.46	INDEPENDENT CITIES CONFERENCE	PARK HYATT AVIARA RESORT	ADMINISTRATION
7/14/19	\$ 692.19	INDEPENDENT CITIES CONFERENCE	PARK HYATT AVIARA RESORT	ADMINISTRATION
7/14/19	\$ 365.73	INDEPENDENT CITIES CONFERENCE	PARK HYATT AVIARA RESORT	ADMINISTRATION
7/4/19	\$ 9.99	I-PAD SOFTWARE	APPLE I-TUNES	FINANCE
7/11/19	\$ 99.00	WEBPAGE WEB TOOLS	FS-JOOMLATOOLS	FINANCE
7/16/19	\$ 105.78	ORAL BOARD PANEL MEETING	BJS RESTAURANTS	FINANCE
6/30/19	\$ 50.37	FLASHLIGHT BATTERIES	BATTERYJUNCTION.COM	FIRE
6/30/19	\$ 33.22	SPOT LIGHTS	LIGHTBULDS.COM	FIRE
6/30/19	\$ 45.51	LIGHT BULBS	QUARTERMASTER	FIRE
7/11/19	\$ 411.90	CONFERENCE	CAL CHIEFS ASSOCIATION	FIRE
7/16/19	\$ 165.00	COMPUTER HARDWARE	AMAZON	FIRE
7/19/19	\$ 63.19	LUNCH MEETING	FRUMENTO'S	FIRE
7/21/19	\$ 48.10	BATTERIES	HOME DEPOT	FIRE
7/24/19	\$ 39.86	WATER	WALGREENS	FIRE
7/9/19	\$ 575.00	TRAINING	GOVERNOR'S HIGHWAY SAFETY	POLICE
7/9/19	\$ 575.00	TRAINING	GOVERNOR'S HIGHWAY SAFETY	POLICE
7/12/19	\$ 575.48	DRY GAS TANK	INTOXIMETERS INC.	POLICE
7/16/19	\$ 70.26	BUILDING MAINTENANCE	ASTRO PLUMBING SUPPLY	POLICE
7/18/19	\$ 254.00	TRAINING	GOLDEN WEST COLLEGE	POLICE
7/19/19	\$ 75.00	TRAINING	SERRATO TRAINING	POLICE
7/22/19	\$ 65.54	BUILDING MAINTENANCE	HOME DEPOT	POLICE
7/19/19	\$ 181.39	FOLDING TABLE	AMAZON	POLICE
7/19/19	\$ 544.17	FOLDING TABLES	AMAZON	POLICE
6/28/19	\$ 22.75	CONFERENCE-AIRFARE	TRAVEL INSURANCE POLICY	TRANSIT
6/28/19	\$ 22.75	CONFERENCE-AIRFARE	TRAVEL INSURANCE POLICY	TRANSIT
6/27/19	\$ 54.30	CONFERENCE-AIRFARE	AMERICAN AIRLINES	TRANSIT
6/27/19	\$ 51.13	CONFERENCE-AIRFARE	AMERICAN AIRLINES	TRANSIT
7/17/19	\$ 194.22	TRAINING	EB NZ19	TRANSIT
7/23/19	\$ 108.12	ORAL BOARD PANEL MEETING	BJS RESTAURANTS	TRANSIT
7/23/19	\$ 750.00	CTA MEETING	CALIFORNIA TRANSIT ASSOCIATION	TRANSIT
7/24/19	\$ 996.35	CTA CONFERENCE-HOTEL	HOTELS.COM	TRANSIT
7/24/19	\$ 106.42	ORAL BOARD PANEL MEETING	BJS RESTAURANTS	TRANSIT
7/3/19	\$ 601.92	TEMPORARY FENCE	NATIONAL CONSTRUCTION RENTALS	RECREATION
7/4/19	\$ 28.99	METAL RECEPTION BLINDS	HOME DEPOT	RECREATION

**CITY OF MONTEBELLO
BANK OF THE WEST CREDIT CARD CHARGES
CHECK #584740 & 584744 - AUGUST 14, 2019**

DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR NAME	DEPARTMENT
7/9/19	\$ 156.59	RESTROOM PARTS	ASTRO PLUMBING SUPPLY	RECREATION
7/11/19	\$ 693.00	PLAYGROUND BORDERS	AMAZON	RECREATION
7/12/19	\$ 107.16	STEEL HOOKS	AMAZON	RECREATION
7/12/19	\$ 6.53	FLAGS	HOME DEPOT	RECREATION
7/13/19	\$ 180.61	WHEELBARROW	HOME DEPOT	RECREATION
7/15/19	\$ 202.86	BANNERS	PAYPAL	RECREATION
7/18/19	\$ 38.95	SWIM MEET SUPPLIES	AMAZON	RECREATION
7/23/19	\$ 497.70	GARDEN SUPPLIES	HOME DEPOT	RECREATION
7/2/19	\$ 38.00	POSTAGE	USPS	HUMAN RESOURCES
7/22/19	\$ 25.50	POSTAGE	USPS	HUMAN RESOURCES
7/15/19	\$ 63.80	ORAL BOARD PANEL MEETING	LUCILLE'S BBQ	HUMAN RESOURCES
7/22/19	\$ 32.93	OFFICE SUPPLIES	OFFICE DEPOT	HUMAN RESOURCES
7/24/19	\$ 41.95	EMPLOYMENT VERIFICATION	EQUIFAX	HUMAN RESOURCES
7/24/19	\$ 38.76	PARKING SIGN	MY PARKING SIGN	PUBLIC WORKS
TOTAL	\$ 11,399.89			

MINUTES

THE CITY OF MONTEBELLO CITY COUNCIL MET AT THE ABOVE TIME AND PLACE IN A SPECIAL SESSION.

OPENING CEREMONIES

1. **CALL MEETING TO ORDER:** Mayor Hadjinian called the meeting to order at the hour of 5:37 p.m.
2. **ROLL CALL:** City Clerk I. Barajas
MEMBERS PRESENT: Cobos-Cawthorne, Jimenez, Torres, Melendez, Hadjinian
3. **STATEMENT OF PUBLIC ORAL COMMUNICATIONS FOR CLOSED SESSION ITEMS:**

City Attorney Alvarez-Glasman

ORAL COMMUNICATIONS ON CLOSED SESSION ITEMS

None.

Mayor Hadjinian recessed the meeting into Closed Session at the hour of 5:38 p.m. At the hour of 6:30 p.m. Mayor Hadjinian reconvened the meeting.

CLOSED SESSION - 5:30 P.M.

The City Attorney provided a briefing on the item listed for Closed Session as follows:

4. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Government Code Section 54956.9(d)(2)
One matter

All five Councilmembers were present for discussion. Received briefing from the City Attorney's Office, no final action and direction was provided to City Attorney's office.

5. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**
Government Code Section 54956.9(d)(1)
City of Montebello v. All Persons Interested, L.A.S.C. Case No. BC713533

All five Councilmembers were present for discussion. Received briefing, no final action, nothing to report.

- 5a. **PUBLIC EMPLOYMENT**
Government Code Section 54957
Title: Assistant City Manager

This was an add-on item to the agenda. All five Councilmembers were present for discussion. Councilmembers gave authority to City Manager to entertain negotiations with an individual for possible hiring and if able to reach those terms, City Manager has authority to execute an employment agreement with the individual. No final action at this time.

REGULAR SESSION – 6:30 P.M.

6. **INVOCATION** Director David Sosnowski

7. PRESENTATIONS

A. INTRODUCTION OF ASHIYA, JAPAN STUDENT AMBASSADORS

B. OATH OF OFFICE – NEW GOLF COMMISSIONER, WILLIAM “BILL” WALTERS

C. RECOGNITION OF INTERIM CITY MANAGER PAUL TALBOT FOR CITY SERVICE

8. STAFF COMMUNICATIONS ON ITEMS OF COMMUNITY INTEREST

Director Danilo Batson gave an update on the Montebello Blvd. Bicycle and Sidewalk Improvement Project.

Director David Sosnowski invited all to attend the August 8, 2019 concert at 7:00 p.m. The Schurr High School Band will play at 6:00 p.m.

Director David Sosnowski invited everyone to attend a showing of Captain Marvel at the City Park Bandshell at 7:00 p.m. on Friday, August 9, 2019.

Chief Brad Keller invited all to attend National Night Out on Tuesday, August 6, 2019, at 6:00 p.m.

Mayor Hadjinian introduced the new City Manager, Rene Bobadilla.

9. CORRECTIONS TO THE AGENDA: City Manager Bobadilla

10. STATEMENT OF PUBLIC ORAL COMMUNICATIONS: City Attorney Alvarez-Glasman

11. PUBLIC ORAL COMMUNICATIONS ON OPEN SESSION ITEMS (30 MINUTES)

Yvonne Watson spoke about the Montebello Hills Project and stated that living next to oil wells is unhealthy and spoke about setbacks from oil wells.

Linda Nicklas, Co-founder of Match 90640, spoke about cancelling council meetings and about audit findings by the State Auditor.

Gabriel Ramirez, El Monte resident, congratulated City Manager Bobadilla.

Cosme, El Monte resident, congratulated City Manager Bobadilla.

Rosie Vasquez congratulated City Manager Bobadilla as he begins his position with the City as City Manager, and spoke about the Taylor Ranch Cultural Center.

Mayor Hadjinian spoke about the cancellation.

12. APPROVAL OF AGENDA: Mayor Pro Tem Melendez moved, seconded by Councilmember Jimenez that all items be approved in a single. Such approval will also waive the reading of any ordinance. Motion carried unanimously.

CONSENT MATTERS (13-17)

13. APPROVE THE CONTINUANCE OF AGREEMENT 2848 FOR ONE YEAR AND SUBSEQUENT AMENDMENT WITH TYLER TECHNOLOGIES, INC. FOR POLICE DEPARTMENT CAD/RMS STANDARD SOFTWARE MAINTENANCE

Mayor Pro Tem Melendez moved, seconded by Councilmember Jimenez that the City Council:

- 1) Approve a one year continuance of Agreement 2848 with Tyler Technologies, Inc. for CAD/RMS standard software maintenance retroactive to April 1, 2019 through March 31, 2020, Resolution No. 19-96; and
- 2) Give authority to the City Manager to execute up to three one year extensions at the rate described in the amendment not to exceed 3% CPI per year.
- 3) Take such additional, related, action that may be desirable.

14. SECOND AMENDMENT TO AGREEMENT NO. 2854 BETWEEN THE CITY OF MONTEBELLO AND PARKING COMPANY OF AMERICA METROLINK RAIL FEEDER SHUTTLE SERVICE (RFP 13-04)

Mayor Pro Tem Melendez moved, seconded by Councilmember Jimenez that the City Council:

- 1) Approve the Second Amendment to Agreement No. 2854 between the City of Montebello (the “City”) and Parking Company of America (“Contractor”) for Metrolink Rail Feeder Shuttle Service RFP 13-04 (the “Agreement”) exercising the City’s option to extend the Agreement with the Contractor for an additional two months for a sum not to exceed seventy-three thousand seven hundred twenty-nine dollars and thirty-four cents (\$73,729.34); and
- 2) Take such additional, related action that may be desirable.

Motion carried unanimously.

15. CANCELLATION OF AUGUST 14, 2019 CITY COUNCIL MEETING

This item was not discussed.

16. COMMERCIAL CANNABIS DEVELOPMENT AGREEMENTS

Brian Ambriz spoke in opposition to the approval of the Cannabis Development Agreements.

Oscar Ruiz, Teamsters 1030, spoke in support of the approval of the Cannabis Development Agreements.

Mayor Hadjinian requested a timeline for the process of the agreements.

Councilmember Jimenez moved, seconded by Mayor Pro Tem Melendez that the City Council:

- 1) Approve, in substantially the form as presented, eight (8) cannabis business development agreements for the operation of commercial cannabis activities in the City of Montebello, for Cannabis Development Agreement Nos. 11-19, 12-19, 13-19, 14-19, 15-19, 16-19, 17-19, and 18-19, and authorize the City Attorney’s Office to make minor revisions to fix clerical or formatting errors, if any, prior to execution; and
- 2) Condition the approval of each of the eight cannabis business development agreements on the respective operator providing all exhibits to the development agreement and missing information to the City of Montebello in a form acceptable to the City Attorney’s Office no later than August 1, 2019, as reflected with highlights in the attachments hereto; and
- 3) Adopt findings contained herein exempting the development agreements from further CEQA review under CEQA Sections 15301 and 15332, as applicable, and

- 4) direct staff to prepare and file the appropriate Notice of Exemption for each project recommended for approval; and
- 5) Take such additional, related action that may be desirable.

Motion carried unanimously.

17. PAYMENT OF BILLS: RESOLUTION APPROVING THE CITY/SUCCESSOR AGENCY WARRANT REGISTER OF DEMANDS DATED AUGUST 5, 2019

Mayor Pro Tem Melendez moved, seconded by Councilmember Jimenez that the City Council:

- 1) Adopt Resolution No. 19-97 approving the Warrant Register dated August 5, 2019; and
- 2) Take such additional, related action that may be desirable.

Motion carried unanimously.

18. PUBLIC ORALS – IF NEEDED

COUNCIL ORALS

19. COUNCILMEMBER COBOS-CAWTHORNE

Councilmember Cobos-Cawthorne thanked the Recreation Department for their participation in the build of the the new playground at City Park.

Councilmember Cobos-Cawthorne also wished Chief Keller a belated Happy Birthday.

20. COUNCILMEMBER JIMENEZ

None.

21. COUNCILMEMBER TORRES

a. Opposition to changing regular meeting dates due to personal calendars. Councilmember Torres spoke about moving Council meeting dates and stated that it would be helpful that Mayor Hadjinian show leadership and educate the Council as to Council meeting times and days.

Maribel Briseno spoke in opposition to cancelling meetings.

Yvonne Watson spoke about a meeting at the Los Angeles Board of Supervisors regarding the approval of a Memorandum of Understanding with the City of Montebello regarding the East Los Angeles Sustainable Median Stormwater Capture Project.

b. Establishing mutually acceptable reasons to changing regular meeting dates.

22. MAYOR PRO TEM MELENDEZ

None

23. MAYOR HADJINIAN

a. Installation of City Seal inside council chambers.

Mayor Hadjinian asked that staff look into the placement of the City Seal on the wall behind the dais.

b. The idea of a Monument placed at our courtyard related to our city history.

All stated support of a monument by the water feature outside of City Hall that reflects the City's history.

ADJOURNMENT

Upon motion carried unanimously, Mayor Hadjinian adjourned the meeting at the hour of 7:44 p.m. in memory of all of the victims the El Paso, Texas and Dayton, Ohio mass shootings.

APPROVAL OF MINUTES: Upon motion carried unanimously, the minutes of August 5, 2019 were approved as written on August 28, 2019.

IRMA BARAJAS, City Clerk

THE CITY OF MONTEBELLO CITY COUNCIL MET AT THE ABOVE TIME AND PLACE IN A REGULAR SESSION.

OPENING CEREMONIES

1. **CALL MEETING TO ORDER:** Mayor Hadjinian called the meeting to order at the hour of 5:37 p.m.
2. **ROLL CALL:** City Clerk I. Barajas
MEMBERS PRESENT: Jimenez, Torres, Melendez, Cobos-Cawthorne, Hadjinian
STAFF PRESENT: City Manager Bobadilla, City Attorney Alvarez-Glasman
3. **STATEMENT OF PUBLIC ORAL COMMUNICATIONS FOR CLOSED SESSION ITEMS:** City Attorney Alvarez-Glasman

ORAL COMMUNICATIONS ON CLOSED SESSION ITEMS

None.

Mayor Hadjinian recessed the meeting into Closed Session at the hour of 5:40 p.m.
Mayor Hadjinian reconvened the meeting at the hour of 6:30 p.m.

CLOSED SESSION - 5:30 P.M.

The City Attorney provided a briefing on the item listed for Closed Session as follows:

4. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Government Code Section 54956.9(d)(2)
Two matters

A briefing was provided to Councilmembers, no final action, nothing further to report.

5. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**
Government Code Section 54956.9(d)(1)
City of Montebello v. All Persons Interested, L.A.S.C. Case No. BC713533

A briefing was provided, no final action, nothing to report.

- 5a. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
Government Code Section 54957
Property: 901 Via San Clemente
Agency Negotiator: City Manager Bobadilla
Party Negotiator: TransSports LLC

REGULAR SESSION – 6:30 P.M.

6. **INVOCATION** City Treasurer Gutierrez
PLEDGE OF ALLEGIANCE Gil Espino
7. **STAFF COMMUNICATIONS ON ITEMS OF COMMUNITY INTEREST**

None.

8. CORRECTIONS TO THE AGENDA – CITY MANAGER

None.

9. STATEMENT OF PUBLIC ORAL COMMUNICATIONS: City Attorney Alvarez-Glasman

10. PUBLIC ORAL COMMUNICATIONS ON OPEN SESSION ITEMS (30 MINUTES)

Linda Nicklas, Co-Founder of Match 90640, spoke about the San Gabriel Valley's Best insert in the San Gabriel Valley News and stated that Montebello was not included in the newspaper.

Maribel Briseno spoke about an upcoming Neighborhood Watch Meeting on August 22, 2019 at 6:30 p.m. at the Senior Center at 115 S. Taylor Avenue.

Tila Gregorian apologized for her conduct at previous meetings, however, her main concern is the Montebello Hills and stated support for project to go to the vote of the people.

11. APPROVAL OF AGENDA: Councilmember Cobos-Cawthorne moved, seconded by Councilmember Jimenez that all items be approved in a single motion. Such approval will also waive the reading of any ordinance.

CONSENT MATTERS (12-15)

12. APPROVAL OF EMPLOYMENT AGREEMENT WITH ARLENE SALAZAR BARRAGAN CONFIRMING THE AUTHORITY GRANTED TO THE CITY MANAGER AT THE AUGUST 5, 2019 CITY COUNCIL MEETING.

Mayor Pro Tem Melendez moved, seconded by Councilmember Jimenez that the City Council:

- 1) Approve Employment Agreement No. 3659 with Arlene Salazar Barragan to the position of Assistant City Manager. The approval will confirm the authority provided to the City Manager at the August 5, 2019 City Council meeting. By approving this Agreement, the City Council also authorizes the City Manager to execute the Employment Agreement and bind the City to the terms contained therein. Motion carried unanimously on a 5-0 roll call vote.

13. APPROVE AMENDING THE TABLE OF ORGANIZATION, AND THE CLASSIFICATION AND COMPENSATION PLANS FOR A NEWLY BUDGETED POSITION IN THE ADMINISTRATION DEPARTMENT

Councilmember Cobos-Cawthorne moved, seconded by Councilmember Jimenez that the City Council:

- 1) Approve amending the City's table of organization, classification and compensation plans for a newly budgeted position in the City's Administration Department, Resolution No. 19-99. Motion carried unanimously.

14. PAYMENT OF BILLS: RESOLUTION APPROVING THE CITY/SUCCESSOR AGENCY WARRANT REGISTER OF DEMANDS DATED AUGUST 14, 2019

Councilmember Cobos-Cawthorne moved, seconded by Councilmember Jimenez that the City Council:

- 1) Adopt the Resolution No. 19-100 approving the Warrant Register dated August 14, 2019. Motion carried unanimously.

15. APPROVAL OF MINUTES: JULY 24, 2019

Councilmember Cobos-Cawthorne moved, seconded by Councilmember Jimenez that the City Council:

- 1) Approve minutes as written. Motion carried unanimously.

16. PUBLIC ORALS – IF NEEDED

COUNCIL ORALS

17. COUNCILMEMBER JIMENEZ

None.

18. COUNCILMEMBER TORRES

None.

19. MAYOR PRO TEM MELENDEZ

None

20. COUNCILMEMBER COBOS-CAWTHORNE

- a. Formation of Adhoc committee

Councilmember Cobos-Cawthorne asked for Council consensus to form a Public Safety Adhoc Committee adding that the two Council representatives serving on the Committee would be Councilmember Cobos-Cawthorne and Councilmember Torres. Mayor Hadjinian asked that the item come back so the Council could hear from the Fire Chief and Police Chief regarding the committee.

21. MAYOR HADJINIAN

None.

ADJOURNMENT

Upon motion carried unanimously, Mayor Hadjinian adjourned the meeting at the hour of 6:50 p.m. in memory of his uncle, Aram Arakelian, who recently passed away.

APPROVAL OF MINUTES: Upon motion carried unanimously, the minutes of August 5, 2019 were approved as written on August 14, 2019.

IRMA BARAJAS, City Clerk