

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, APRIL 10, 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

INTERIM CITY MANAGER
Paul L. Talbot

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 III203+)

^{2[2]} Please note that the information contained in this agenda is a summary of the staff report prepared or each item. Complete copies of each staff report are available in the Office of the City Clerk.

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

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)

Name of Case: P. Delaree-Ortega v. City of Montebello, Workers Compensation case no. WCAB No. EAMS Case No: ADJ3187237

5. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Government Code Section 54956.9(d)(1)

Name of Case: V. Romero v. City of Montebello, Workers Compensation case no. WCAB No. ADJ11767828 (VNO)

6. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED/POTENTIAL LITIGATION

Government Code Section 54956.9(d)(2)

One (1) matter

7. CONFERENCE WITH LABOR NEGOTIATORS

Government Code section 54957.6

Agency designated representative: Paul L. Talbot, Interim City Manager

Employee organization: Montebello City Employees Association, Unrepresented

Employees, Montebello Supervisor's Association, Montebello Mid-Management

Association, Montebello Police Officers Association, Montebello Police Management

Association, Montebello Firefighters Association, Montebello Fire Management

Association.

REGULAR SESSION

8. INVOCATION

PLEDGE OF ALLEGIANCE

9. PRESENTATIONS

A. RECOGNITION OF DONATE LIFE MONTH

10. 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.

- 11. PUBLIC ORAL COMMUNICATIONS ON OPEN SESSION ITEMS (30 MINUTES)**
- 12. STAFF COMMUNICATIONS ON ITEMS OF COMMUNITY INTEREST**
- 13. CORRECTIONS TO THE AGENDA – ACTING CITY MANAGER**
- 14. 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 Nos. 15 and 16. Such approval will also waive the reading of any ordinance.

NEW BUSINESS

15. PRESENTATION OF FY18 ANNUAL FINANCIAL AUDIT AND RELATED REPORTS

RECOMMENDATION: It is recommended that the City Council:

- (1) Receive and file the *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2018:
- (2) Take such additional, related, action that may be desirable.

16. REGIONAL ACTIVE TRANSPORTATION PLAN AND GREENWAY NETWORK STUDY AND ADOPTION OF THE CITY'S BICYCLE MASTER PLAN

RECOMMENDATION: It is recommended that the City Council:

- (1) Receive and file a report and presentation on the Regional Active Transportation Plan and Greenway Network Study (Study) conducted by the San Gabriel Valley Council of Government on behalf of the City of Montebello and four other municipalities;
- (2) Approve and adopt a resolution adopting the Bicycle Master Plan (Plan), which is part of the Active Transportation Plan and Greenway Network Study (Chapter 8 of the Draft Plan), and
- (3) Take such additional, related action that may be desirable.

CONSENT MATTERS (17 – 22)

17. 2019/2020 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIP (HOME) PROGRAM ANNUAL ACTION PLAN

RECOMMENDATION: It is recommended that the City Council:

- (1) Receive and file the draft 2019-2020 Annual Action Plan for Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) programs;

- (2) Direct staff to advertise and receive comments for a 30-day public review period, as required by Housing and Urban Development (HUD);
- (3) Set the public hearing for the City Council's consideration and adoption of the Final 2019-2020 Annual Action Plan for May 8, 2019, at 6:30 p.m.; and
- (4) Take such additional, related action that may be desirable.

18. ADOPTION OF RESOLUTIONS APPROVING THE CITY OF MONTEBELLO'S PARTICIPATION IN PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAMS AND MEMBERSHIP IN RELATED JOINT POWER AUTHORITIES

RECOMMENDATION: It is recommended that the City Council:

- (1) Adopt the California Statewide Communities Development Authority (CSCDA) Resolution ("**CSCDA Resolution**") approving the City of Montebello's (the "City") participation in the Open PACE Program adopted by the CSCDA Joint Power Authority (JPA) to which the City is a member;
- (2) Adopt the California Enterprise Development Authority (CEDA) Resolution ("**CEDA Resolution**") approving the City's participation in the Figtree PACE Program adopted by the CEDA JPA to which the City is a member;
- (3) Adopt the California Municipal Finance Authority (CMFA) Resolution ("**CMFA JPA Resolution**") which simultaneously: (i) approves the CMFA JPA Agreement; (ii) authorizes the City's membership into the CMFA JPA; and (iii) authorizes the City to implement the CMFA Open PACE Program;
- (4) Adopt two (2) Resolution for the Golden State Finance Authority ("**GSFA Resolution AB 811**" and "**GSFA Resolution SB 555**") which simultaneously: (i) approves the GSFA JPA Agreement; (ii) authorizes the City's membership into the GSFA JPA; and (iii) authorizes the City to implement the Ygrene Program which establishes two separate PACE districts under SB 555 and AB 811; and
- (5) Take such additional, related, action that may be desirable.

19. RESOLUTION FOR FY 2019-2020 LEVY OF ANNUAL ASSESSMENTS FOR LANDSCAPE MAINTENANCE FOR THE PROPERTIES LOCATED ALONG NATASHA LANE

RECOMMENDATION: it is recommended that the City Council:

- (1) Adopt the resolution establishing the City's intention for the FY 2019-2020 levy of annual assessments for landscape maintenance for the properties located along Natasha lane;
- (2) Order the city engineer to prepare and file a preliminary engineer's report; and
- (3) Take such additional, related action that may be desirable.

20. RESOLUTION FOR FY 2019-2020 LEVY OF ANNUAL ASSESSMENTS TO FUND OPERATION AND MAINTENANCE OF THE SEWER PUMP STATION AND STORM WATER PUMP STATION FOR THE PROPERTIES LOCATED ON NATASHA LANE

RECOMMENDATION: It is recommended that the City Council:

- (1) Adopt the resolution establishing the City's intention for the FY 2019-2020 levy of annual assessments for the operation and maintenance of the sewer and storm drain pump stations servicing the properties located along Natasha Lane;

- (2) Order the City Engineer to prepare and file a Preliminary Engineer's Report; and
- (3) Take such additional, related action that may be desirable.

21. STATE AUDIT QUARTERLY UPDATE AND PROGRESS REPORT

RECOMMENDATION: It is recommended that the City Council:

- (1) Receive and file the quarterly update on the findings identified in the State audit report; and
- (2) Take such additional, related action that may be desirable.

22. AWARD CONTRACT FOR CITYWIDE LANDSCAPE MAINTENANCE, RFP 19-14

RECOMMENDATION: It is recommended that the City Council:

- (1) Award a three year contract to North Star Landscape for an initial year's total amount of \$133,606.74;
- (2) Authorize the Interim City Manager to execute the contract on behalf of the City; and
- (3) Take such additional, related action that may be desirable.

23. CERTIFICATION OF SHORT LISTS AND APPROVAL OF BUDGET APPROPRIATION FOR GRANT WRITING AND ARCHITECTURAL SERVICES

RECOMMENDATION: It is recommended that the City Council:

- (1) Certify a short list of the following qualified grant writing firms: Global Urban Strategies, Evans Brooks Associates and Townsend Public Affairs;
- (2) Certify a short list of the following qualified architectural firms: Nuvis Landscape Architecture, Hirsch & Associates and Richard Fisher Associates;
- (3) Authorize the Interim City Manager to execute contracts as needed with each of the short-listed firms as needed, not to exceed \$50,000 for any one contract;
- (4) Authorize a budget appropriation of \$100,000 from the General Fund Reserve to the Recreation Administration's Outside Contracts Account for Grant Writing and Architectural needs; and
- (5) Take such additional, related action that may be desirable.

24. ADOPT A RESOLUTION FOR THE LOW CARBON TRANSIT OPERATIONS PROGRAM

RECOMMENDATION: It is recommended that the City Council:

- 1) Adopt a resolution certifying the City's agreement to comply with all conditions and requirements of California's Low Carbon Transit Operations Program.
- 2) Approve an appropriation in the Transportation Department's Budget for Fiscal Year 2018-2019 for use of allocated LCTOP funding to Montebello Bus Lines' Route 70 Intracity Feeder Enhancement.
- 3) Take such additional, related action that may be desirable.

25. MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE CITY OF MONTEBELLO AND SMART-TD

RECOMMENDED ACTION: It is recommended that the City Council:

- (1) Approve the resolution approving the Memorandum of Understanding with an effective date of April 10, 2019.
- (2) Take such additional, related action that may be desirable.

26. PAYMENT OF BILLS: RESOLUTION APPROVING THE CITY/SUCCESSOR AGENCY WARRANT REGISTER OF DEMANDS DATED APRIL 10, 2019

RECOMMENDED ACTION: It is recommended that the City Council:

- (1) Adopt the proposed resolution approving the Warrant Register dated March 27, 2019; and
- (2) Take such additional, related action that may be desirable.

27. PUBLIC ORALS – IF NEEDED

COUNCIL ORALS

28. COUNCILMEMBER COBOS-CAWTHORNE

- a. Taylor Ranch update and status of committees
- b. Next Neighborhood Watch meeting is Tuesday, April 16 at 6:30pm

29. COUNCILMEMBER JIMENEZ

- a. Knock n Talk event with Assemblywoman Cristina Garcia
- b. Code of Conduct
- c. Census

30. COUNCILMEMBER TORRES

- a. Montebello Centennial Adhoc Committee
- b. City Council Meeting decorum

31. MAYOR PRO TEM MELENDEZ

- a. Public Records Request

32. MAYOR HADJINIAN

None.

ADJOURNMENT

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Paul Talbot, Interim City Manager

BY: Robert Mescher, Finance Director

SUBJECT: **Presentation of FY18 Annual Financial Audit and Comprehensive Annual Financial Report**

DATE: April 10, 2019

RECOMMENDATION

It is recommended that the City Council:

- (1) Receive and file the *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2018:
- (2) Take such additional, related, action that may be desirable.

BACKGROUND

The City is required to conduct an annual audit of its financial records. Vasquez & Company LLP (Vasquez) has been conducting the City's annual audits since fiscal year 2012. In September 2017, the City Manager, with the authorization of City Council, engaged Vasquez to conduct the annual financial audits for the three fiscal years of 2016, 2017, and 2018. Vasquez has completed their audit and will present the findings and the *Comprehensive Annual Financial Report* (CAFR).

ANALYSIS

The City's external auditors, Vasquez & Company, have completed their audit and in their opinion, the financial statements represent fairly, in all material respects, the respective financial position of City as of June 30, 2018 (see page 2 "Opinions").

The City's total revenues from all sources were \$112 million while total expenses were \$117 million (see page 9).

The City's General Fund revenue and other financing sources exceeded expenditures by 3 million in the fiscal year 2018 (see page 26). The General Fund unassigned fund balance was \$11 million at the end of the fiscal year (see page 24), which was

equivalent to almost three months of total General Fund expenditures (\$49 million) in FY18.

The City implemented Government Accounting Standards Board Statement 75 for Postemployment Benefits Other than Pensions (GASB 75), in FY 2018 which required the City to report its Unfunded OPEB Liability of \$28 million as of June 30, 2018.

The General Fund actual financial results performed \$7 million better than budgeted due to deferred capital outlay and unfilled staffing vacancies in Public Safety (see pages 89-90).

No material internal control weaknesses were identified.

At the April 10, 2019 City Council Meeting, Vasquez & Company will present the CAFR and recommend a few changes to strengthen internal controls.

FISCAL IMPACT

There is no fiscal impact associated with this item.

SUMMARY

The audit of FY18 is complete and the financial performance exceeded the budget overall. Vasquez & Company will present the CAFR and recommend a few changes to strengthen internal controls.

ATTACHMENTS

1. *Comprehensive Annual Financial Report*



CITY OF MONTEBELLO

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018



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CITY OF MONTEBELLO
CALIFORNIA

www.cityofmontebello.com

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

PREPARED BY
FINANCE DEPARTMENT

DRAFT

Comprehensive Annual Financial Report
City of Montebello, California
Year ended June 30, 2018
with Report of Independent Auditors

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INTRODUCTORY SECTION

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CITY OF MONTEBELLO

March 11, 2019

Honorable Mayor, Members of the City Council, City of Montebello

The Comprehensive Annual Financial Report (CAFR) of the City of Montebello for the fiscal year ended June 30, 2018 is submitted as prepared by the City's Finance Department. The report is published to provide the public, the City Council, and the community, detailed information about the financial position and operating results of the City as measured by the financial activity of its various funds.

The CAFR is presented in three (3) sections: the **Introductory Section**, the **Financial Section**, and the **Statistical Section**. The *Introductory Section* contains a table of contents, this letter of transmittal, a list of elected officials, and an organization chart. The *Financial Section* contains our independent auditors', Vasquez & Company LLP, opinion letter, the general purpose financial statements, and the relevant supplemental financial statements and schedules for Fiscal Year 2017-18. The *Statistical Section* presents historical, financial, analytical, economic and demographic information, which may be useful for further analysis and comparisons.

Responsibility for both the accuracy of the financial report and the completeness and fairness of the presentation rests with the City. To the best of our knowledge, the information presented is accurate in all material aspects and includes all disclosures necessary to enable the reader to gain an understanding of the City's financial activities.

The City prepared the CAFR using the financial reporting requirements outlined in the Governmental Accounting Standards Board (GASB) Statement No. 34. This statement requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

GENERAL INFORMATION AND ECONOMIC OUTLOOK

The City of Montebello was incorporated on October 16, 1920, and conducts its operations as a general law, Council/Manager City. The City is governed by a Council of five members elected at large and serves for staggered four year terms. The City Clerk and City Treasurer are also elected to four year terms. The City Mayor, Mayor Pro tem, City Manager and City Attorney are appointed by the Council.

Montebello is located nine miles east of the Los Angeles Civic Center and has access to three freeways – the Santa Ana 5 Freeway to the south, the Pomona 60 Freeway to the north, and the San Gabriel River 605 Freeway to the east. The City has a population of approximately 63,917 living in an area of 8.2 square miles. The City is a balanced community with light industry, residential areas, and commercial centers.

The FY 2017-2018 assessed valuation of \$5.7 billion represents an increase of 3.3 percent over last year. Increases during the past five years have averaged 3.0 percent. The Consumer Price Index for the Los Angeles-Riverside-Orange County area increased 4.0 percent over 2016-2017. Sales tax revenue of \$13.1 million for FY 2017-18 reflects a decrease of 1.0 percent when compared to FY 2016-17. This is primarily due to the Board of Equalization's delayed sales tax payment of the fourth quarter of the fiscal year to the City.

Sales tax is a major revenue source for the General Fund of the City and is broad based with a major shopping mall anchored by major stores such as Forever 21 and JC Penney, and other shopping centers, as well as a large petroleum company, major paper products/distributors and two auto dealerships: Chevrolet of Montebello, and Ford of Montebello.

THE FINANCIAL REPORTING ENTITY

This report includes all funds of the City.

The City provides a full range of municipal services including police and fire protection, street maintenance, planning and development, parks and recreation services, and general administration. Montebello also operates several enterprise funds which include a municipal golf course, a transportation system, a detention facility, water services in certain areas of the City, and two hotels. Enterprise funds are financed from fees, user fees and subsidies from other governmental agencies, as applicable.

ACCOUNTING SYSTEM

The modified accrual basis of accounting is followed for governmental fund types and the accrual basis of accounting is followed for proprietary and fiduciary fund types.

In reviewing and developing the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding:

- The safeguarding of assets against losses from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets.
- The concept of reasonable assurance recognizes that the cost control procedures should not exceed the benefits likely to be derived and that the evaluation of costs and benefits require estimates and judgment by management.
- All internal control evaluations occur within the above framework.

BUDGETARY CONTROL

In addition to internal accounting controls, the City also maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the City's budget policy approved by the City Council. Appropriations of the general fund, special revenue funds, debt service funds, and capital project funds are included in the annual approved budget.

Budgetary control is maintained at a functional level by division within the department through the use of object level accounting as actual expenditures are compared to the appropriations. As purchase orders are approved, appropriations are encumbered. Encumbrances and expenditures, which would cause an overrun of appropriations, require an approved budget transfer, which is reviewed and approved by the Director of Finance, pursuant to the City's administrative policy, the Annual Budget Resolution and the Municipal Code of the City. An annual capital plan is included in the City's published budget with each improvement monitored on a project-by project basis.

PENSION PLAN

The City of Montebello is covered under the Public Employees Retirement System (PERS), which is administered by the State. A portion of the City's share of contributions to the pension plans for employees are covered by a voter approved levy; the remainder is supported by the General Fund and enterprise funds.

DEBT ADMINISTRATION

At June 30, 2018, the City had general long-term debt amounting to \$276.7 million, an increase of \$33.5 million from prior year mainly due to: recognition of Other Postemployment Benefit Obligation (OPEB) related to GASB 75 implementation, increase in claims and net pension liability per actuarial reports. This is detailed in the Note 8 to the Financial Statements. The general long-term debt amount includes \$87.2 million of revenue bonds, \$135.8 million of net pension liability, \$28 million of net OPEB liability and \$25.6 million for other long-term obligations and the noncurrent portion of accumulated vacation and sick leave. The City has no general obligation debt.

CASH AND INVESTMENT MANAGEMENT

The City has an investment policy and has an Investment Committee with members appointed by the City Council. The City Treasurer and the Director of Finance also participate in the Investment Committee. The Investment Committee oversees the City's Investment objectives in order of safety, liquidity, and yield pursuant to the investment policy, in conjunction with the City Treasurer and Director of Finance.

The City invests its pooled funds and Successor Agency funds, except for bond funds debt service reserves and deferred employee compensation, which are maintained by appointed fiscal agents. The fiscal agents direct its bond fund and debt service fund investments. It is the City's policy to maintain a diversified investment portfolio.

RISK MANAGEMENT

The City of Montebello has a Self-Insurance Fund for the payment of workers' compensation and liability claims. The City annually contracts with an independent actuary to review the self-insurance program on an annual basis.

OTHER INFORMATION

The City requires that its financial statements be audited by a Certified Public Accountant selected by the City Council. This requirement has been satisfied, and the auditor's opinion is included in the financial section of this report.

In addition, the City is required to undergo an annual single audit in conformity with the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This requirement has also been satisfied.

During the fiscal year ended June 30, 2018, the City implemented the Governmental Accounting Standards Board Statement No. 75 (GASB 75), **Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**. As a result of this implementation, the City's total long-term liabilities increased by approximately \$17 million from FY 2016-17. This is further discussed under Note 1 of the financial statements.

Subsequent to the end of the fiscal year, the California State Auditor's office completed an audit of the City and concluded that Montebello is a high-risk city due to significant financial and organizational risks. Those risks include the enterprise funds of the golf course, water utility, and two hotels; best practices on contracting and procurements; and unresolved staffing shortages. The City responded with an action plan to be completed by the end of the 2019 which will mitigate those risks.

Acknowledgments: The preparation of the City's comprehensive annual financial report could not have been accomplished without the dedicated services of the entire Finance Department staff. We also acknowledge the assistance and contribution of Vazquez & Company LLP, in completing the CAFR.

We thank the City Council, the Executive Management Team and staff for their interest and support of the financial operations of the City, in a responsible and progressive manner, for the best interest of the citizens of Montebello.

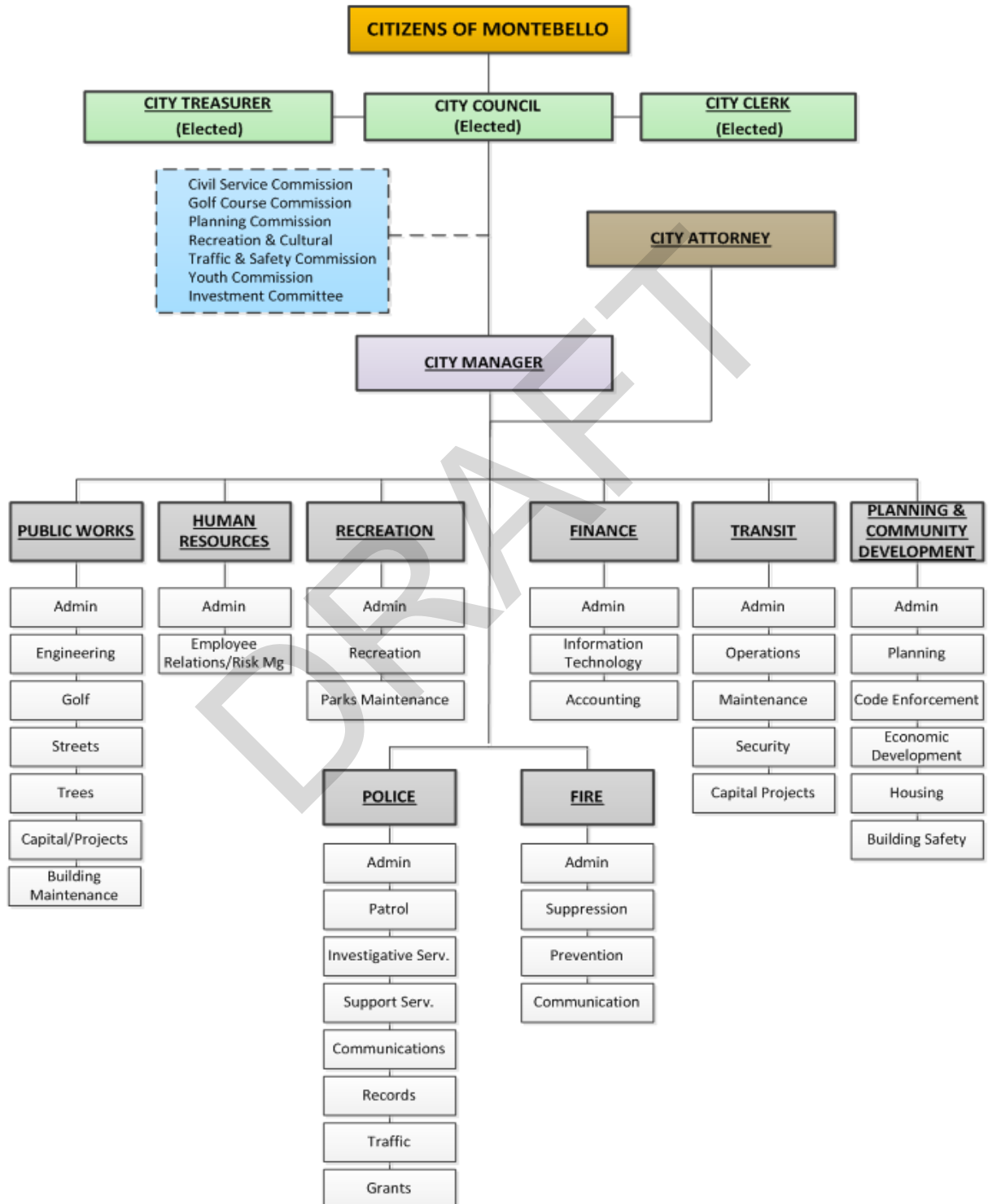
Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Paul Talbot', is written over a large, faint, diagonal watermark that spans the page.

Paul Talbot
Acting City Manager



City of Montebello - Organization Chart



Directory of City Officials

June 30, 2018

City Council

Vanessa Delgado – Mayor
Jack Hadjinian – Mayor Pro Tem
Art Barajas – Councilmember
Vivian Romero- Councilmember
William M. Molinari - Councilmember

Elected Officials

City Treasurer
City Clerk

Ashod Mooradian
Irma Barajas

Principal Administrative Officers

Acting City Manager
Assistant City Manager
Police Chief
Fire Chief
Director of Transportation
Finance Administrator

Andrew G. Pasmant
Danilo Batson
Brad Keller
Fernando Pelaez
Tom Barrio
Craig Koehler

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITORS

**The Honorable Mayor and the Members of the City Council
City of Montebello, California**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montebello, California (the City), as of and for the year ended June 30, 2018, and the related notes to financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montebello, California, as of June 30, 2018, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 21 and Required Supplementary Information on pages 84 through 94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Montebello's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Implementation of New Accounting Standards

As discussed in Note 1, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* effective for the fiscal year ended June 30, 2018. As a result of this implementation, the City's beginning net position was restated to retroactively report the City's net OPEB liability as of June 30, 2017. Our opinion is not modified with respect to this matter.

State Auditor Report

In December 2018, the State Auditor issued its report on the audit of the City of Montebello which was conducted as part of the State's high-risk local government agency program. The report concluded that the City is a high-risk city because of its financial and organizational risks. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2019, on our consideration of the City of Montebello's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Montebello's internal control over financial reporting and compliance.

Vasquez + Company LLP

Glendale, California
March 11, 2019

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The following section represents Management's Discussion and Analysis (MD&A). It is intended to provide narrative overview and analysis on the City's financial performance for the fiscal year ended June 30, 2018. Readers are encouraged to consider the information presented here in conjunction with the accompanying letter of transmittal, and financial statements.

Overview of the Financial Statements

The City's basic financial statements consist of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. The Statistical section at the end of this report provides other supplementary information in addition to the basic financial statements. Government-wide Financial Statements are prepared using accrual accounting method to demonstrate the City's operational accountability, while the Fund Financial Statements are based on modified-accrual accounting method to demonstrate its budgetary accountability. Reconciliations of the Fund Financial Statements to the Government-wide Financial Statements are provided to explain to readers the differences created by this integrated approach.

Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's finances, in a manner similar to a private-sector business. The statements present information about the functions of the City that is principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City include general government, public safety, public works, parks, recreation and culture, and housing and community development. Business-type activities of the City include water, golf course, transportation, hotel and detention operations. These statements include all assets of the City as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables, and receivables.

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

The Fund Financial Statements include statements for three categories of activities – Governmental Funds, Proprietary Funds and Fiduciary Funds. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as Governmental Activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains various individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet, and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, for the General Fund, the Retirement Special Revenue Fund, the Public Financing Authority Debt Service Fund, and the Housing Successor Special Revenue Fund, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining statements elsewhere in this report. As a result of Assembly Bills 1X26 and 1484, Redevelopment Agency assets and liabilities are no longer a part of the governmental funds of the City and are now reported in the Fiduciary Fund section of the financial statements.

The City adopts an annual appropriated budget for its major funds. The basic financial statements include a budgetary comparison statement for the General Fund. The budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

Proprietary Funds. Proprietary funds are generally used to account for services for which the City charges external customers, or other units of the City. Proprietary funds provide the same type of information as shown in the government-wide statements, only in more detail. The City maintains the following two types of proprietary funds.

- **Enterprise** funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of water, golf course, transit system, Montebello Hilton, Home2suites Hotel and detention facility.

- **Internal service** funds are used to report activities that provide internal services for the City. The City uses internal service funds to account for workers' compensation, equipment and vehicle maintenance and replacement. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The basic fiduciary fund financial statements can be found immediately following the basic proprietary fund financial statements and include the assets and liabilities of the Successor Agency Fiduciary Fund.

Notes to financial statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found immediately following the Required Supplementary Information.

Other information

The combining statements referred to earlier in connection with other governmental funds and internal service funds are presented for all other Special Revenue Funds, all other Debt Service Funds, all other Capital Projects Funds, and all Internal Service Funds. These combining fund statements and schedules of revenues, expenditures and changes in fund balance - budget and actual for individual funds can be found immediately following the notes to financial statements.

Note: The numbers shown on the MD&A are either expressed in multiples of one thousand or million dollars while percentages are rounded to the nearest tenth or whole number. Hence, there may be slight differences between numbers on the MD&A and the numbers on the Basic Financial Statements.

Financial Highlights

- At June 30, 2018, the City's total net position was approximately negative \$6.6 million dollars which includes a decrease in net position of approximately \$22.1 million over FY 2017 balance, mainly due to the ongoing effect of the recognition of net pension liability in accordance with GASB 68 and the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Please refer to notes 9 and 10 respectively for additional information. The City's unrestricted net position, although at a negative \$175.2 million, increased by \$5.0 million dollars over FY 2017.

- At the close of FY 2018, the City's governmental activities reported combined ending deficit in net position of \$14.0 million, an increase of approximately \$43.1 million (75%) over FY 2017, primarily due to the prior period adjustments related to an accounting change for two revenue bonds: Hotel2Suites and Hilton Hotel 2004 which were previously recorded under Governmental activities and are now reported under Business activities. Please see Note 16 for additional information.
- Total revenues from all sources were \$111.7 million while total expenses were \$116.5 million. Of the total revenues, program revenues totaled \$69.0 million while general revenues totaled \$42.7 million, net of transfers.
- The City's General Fund revenue and other financing sources exceeded expenditures by 3.3 million in the fiscal year 2018. The General Fund unassigned fund balance was \$11.3 million at the end of the fiscal year, which was equivalent to approximately 3 months of the total General Fund expenditures for FY 2018.
- During the fiscal year, the City's General Fund actual inflows (revenues and other financing sources) were greater than the final budget by \$1.0 million, while actual outflows (expenditures and other financing uses) were \$6.1 million less than the final budget, mostly due to deferred capital outlay and unfilled staffing vacancies in Public Safety. This resulted in a total positive budget and actual variance of \$7.1 million in the General Fund.
- The City's Hilton Hotel Fund ended the fiscal year with \$2 million in net income. Hotel2Suite's net position decreased by \$2.3 million during fiscal year 2017-2018, mainly due to the prior period adjustments.

These Financial Highlights, as well as other points, are discussed in greater detail in the body of this discussion and analysis, and the Notes to the Financial Statements.

Government-wide Financial Analysis

The government-wide financial statements provide both long-term and short-term information about the City's overall financial position. This analysis addresses the financial statements of the City as a whole. The statement of net position includes all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The City's net position is a useful measurement of its financial health. Net position can be tracked over time to assess whether the City's financial health is improving or deteriorating. However, readers will need to consider other nonfinancial factors, such as changes in the City's property tax base, the condition of the City's infrastructure, and the level of public safety services to assess the overall health of the City.

City of Montebello
Management's Discussion and Analysis
Year ended June 30, 2018

City of Montebello
Statement of Net Position
June 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 60,882	\$ 66,366	\$ 34,085	\$ 44,215	\$ 94,967	\$ 110,581
Capital assets	76,439	76,786	93,188	66,457	169,627	143,243
Total assets	137,321	143,152	127,273	110,672	264,594	253,824
Deferred outflows of resources	21,917	24,542	9,013	9,953	30,930	34,495
Liabilities:						
Long-term liabilities	160,605	207,795	116,116	35,437	276,720	243,232
Other liabilities	9,926	6,763	11,124	7,747	21,050	14,510
Total liabilities	170,531	214,558	127,239	43,184	297,771	257,742
Deferred inflows of resources	2,701	10,234	1,696	4,936	4,397	15,170
Net Position:						
Net investment in capital assets	60,132	58,373	50,936	62,240	111,068	120,613
Restricted	30,871	37,978	26,656	37,064	57,527	75,042
Unrestricted	(104,997)	(153,449)	(70,242)	(26,799)	(175,238)	(180,248)
Total net position	\$ (13,994)	\$ (57,098)	\$ 7,351	\$ 72,505	\$ (6,643)	\$ 15,407

As mentioned in the financial highlights, the City's total net position was negative \$6.6 million as of June 30, 2018. The implementation of GASB No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017, along with the ongoing recognition of the net pension liability, which significantly increased over the last year due to CALPERS changing its discount rate, are the main contributing factors to the negative net position at June 30, 2018, as well as the \$22 million (143.1%) decrease in the City's total net position compared to the fiscal year 2016-17. Included in the City's net position is \$111.1 million net investment in capital assets (e.g. land, building, machinery and equipment, infrastructure, improvements other than buildings, and construction in progress); less any related debt used to acquire those assets that remain outstanding. Capital assets, net of accumulated depreciation, increased by \$26.4 million, primarily due to construction of the new Home2Suites Hotel.

The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Any remaining amount is restricted to spending agreements originated by law, contract, or other agreements with external parties. Capital assets are discussed in greater details under Capital Assets section of MD&A, and under Note 3 of the Financial Statements.

City of Montebello
Management's Discussion and Analysis
Year ended June 30, 2018

City of Montebello Summary of Changes in Net Position (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 13,075	\$ 13,008	\$ 17,191	\$ 16,422	\$ 30,267	\$ 29,430
Operating grants and contributions	9,759	7,383	23,015	20,594	32,774	27,977
Capital grants and contributions	-	-	5,995	5,540	5,995	5,540
General revenues:						
Sales taxes	13,119	13,267	-	-	13,119	13,267
Property taxes	16,961	16,507	-	-	16,961	16,507
Other taxes	8,878	7,996	-	-	8,878	7,996
Proceeds from sale of property	-	-	-	-	-	-
Other revenues	2,626	7,063	-	136	2,626	7,199
Investment earnings	666	173	449	-	1,115	173
Total revenues	65,084	65,397	46,650	42,692	111,734	108,089
Expenses						
General government	10,590	5,800	-	-	10,590	5,800
Public safety	39,720	38,180	-	-	39,720	38,180
Public works	9,825	6,892	-	-	9,825	6,892
Parks, culture, and recreation	3,948	3,589	-	-	3,948	3,589
Housing and community development	2,923	4,626	-	-	2,923	4,626
Transit	-	-	34,587	28,540	34,587	28,540
Golf course	-	-	3,169	2,745	3,169	2,745
Montebello Hilton	-	-	4,591	4,868	4,591	4,868
Water utility	-	-	2,251	2,296	2,251	2,296
Detention facility	-	-	446	435	446	435
Hotel2Suite	-	-	30	-	30	-
Interest on long-term debt	357	3,882	3,409	-	3,766	3,882
Unallocated infrastructure depreciation	705	705	-	-	705	705
Total expenses	68,068	63,674	48,484	38,884	116,552	102,558
Change in net position before transfers	(2,984)	1,723	(1,834)	3,808	(4,818)	5,531
Transfers	(1,634)	(47,977)	1,634	47,977	-	-
Change in net position after transfers	(4,618)	(46,254)	(200)	51,785	(4,818)	5,531
Net position - beginning of year, as restated	(9,376)	(10,844)	7,551	20,720	(1,825)	9,876
Net position - end of year	\$ (13,994)	\$ (57,098)	\$ 7,351	\$ 72,505	\$ (6,643)	\$ 15,407

See Note 16 Prior Period Adjustments affecting the restatement of Net Position.

The key elements impacting the City's net position for the fiscal year ended June 30, 2018 are as follows:

- Total revenues from the City's governmental and business-type activities were \$111.7 million, an increase of approximately \$3.6 million (3.4%) compared to the preceding fiscal year. Total citywide expenses before transfer increased by \$14.0 million (13.6%) from \$102.6 million in 2017 to \$116.6 million in 2018.

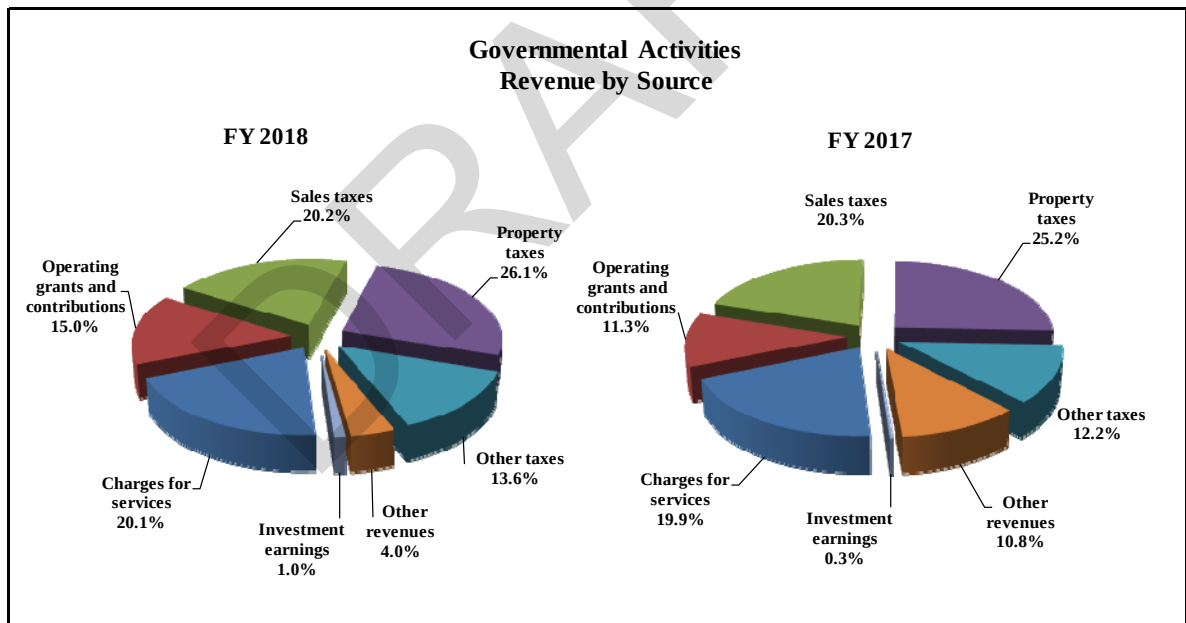
- Revenues are classified into program and general revenues. Program revenues of approximately \$69 million, which are used to offset program expenses under each functional activity, made up 61.8% of total citywide revenues for the current fiscal year. General revenues of approximately \$42.7 million, which are used to offset the additional expenses net of program revenues, made up the remaining 38.2% of total revenues. The overall increase of 3.4% in total revenues for the City was mainly due to the increase in operating grants revenues in the amount of \$2.4 million for Governmental activities and \$2.4 million for Business-type activities (Transit).
- The Governmental Activities change in net position before transfers decreased by \$4.7 million compared to FY 2016-17, Business-type activities changes in net position before transfers decreased by \$5.6 million compared to prior year, primarily due to additional interests on Home2Suites and Hilton Hotel bonds that were transferred from governmental fund to business-type fund.
- The largest City-wide revenues came from 4 sources: charges for services (e.g. business license fees, building permits, hotel charges and bus fares) at \$30.3 million (27.1%), operating grants and contributions (e.g. various grants from the Transportation Development Act (TDA), allocations of funds derived from Proposition A, C, Measure R, and the new Measure M as well as funds contributed from the Justice Department and US Treasury at \$32.8 million (29.3%), property taxes at \$17 million (15.2%), and sales taxes at \$13.1 million (11.7%). Property taxes include the property taxes derived from the 1946 voter approved initiative to provide for the retirement benefit costs of City employees.
- Revenue from charges for services increased by \$837 thousand (2.8%), Property tax increased by \$454 thousand (2.8%) and sales taxes decreased by \$148 thousand (1.1%). Sales tax revenue decreased due to delayed payments from the State, received in the subsequent year. Operating grants and contributions increased by \$4.8 million (17.2%).
- The cost of serving citizenry for the year includes: \$39.7 million for Public Safety, \$34.6 million for Transit, \$10.6 million for General Government, \$9.8 million for Public Works, and \$17.4 million for other services such as Recreation and Community Development, the Golf Course, Water Utility Fund, and two hotels.
- The total citywide expenses increased by \$14 million, generally a result of increase in General government, Public Work and Transit expenses.

Governmental Activities

- As reflected in the Summary of Changes in Net Position schedule above, Governmental activities decreased the City's net position by \$4.7 million. Key factors of this change in governmental activities include the following based on the government-wide statement of activities.

Revenues:

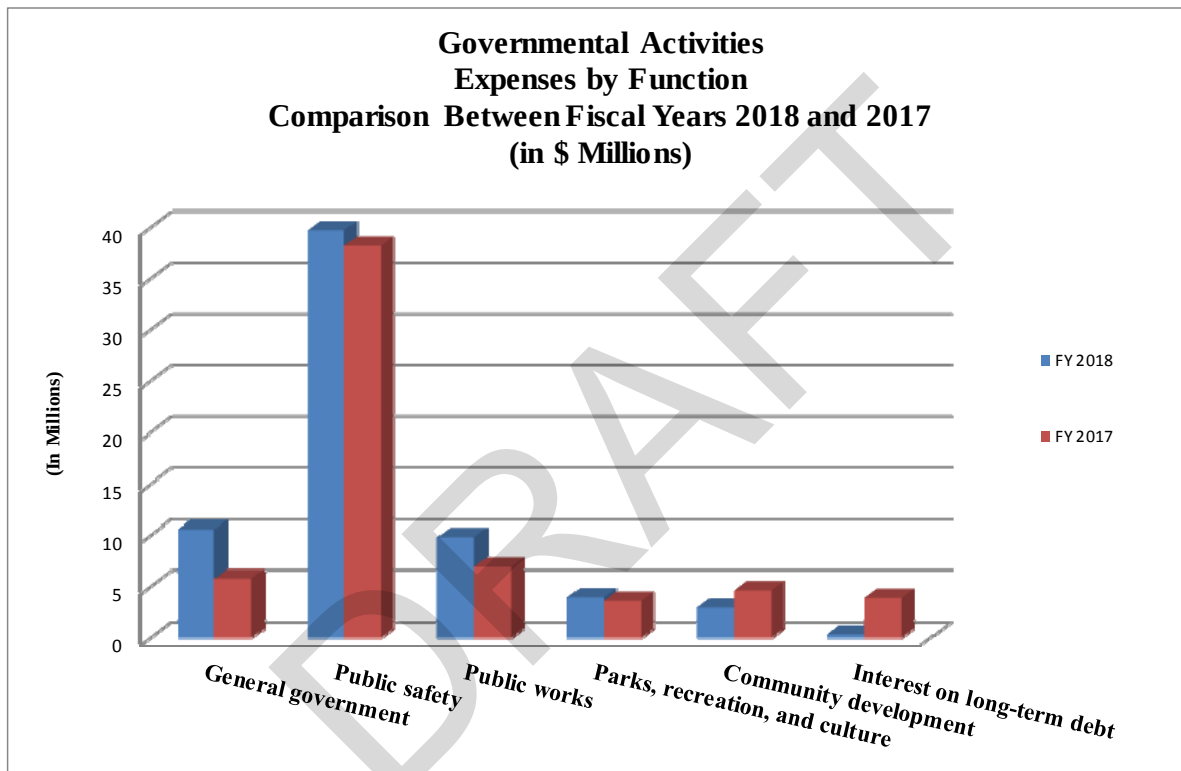
- Total governmental activities revenues decreased by \$313 thousand (0.5%). The main reason for this substantial decrease compared to prior year is that \$7.1 million other revenue in 2017 included the \$4.7 million bond proceeds.
- Property tax revenues were the largest portion of total governmental activities revenues (26.1%). This includes the 1946 voter-approved retirement portion of property tax revenue. Property tax revenues increased by \$454 thousand (2.8%) from 2017, primarily due to the increase in annual assessed valuations.
- Sales taxes were the second largest source of revenue for governmental activities (20.2%). Sales taxes decreased by \$148 thousand (1.1%) compared to 2017 due to delayed payments from the State, received in the subsequent year.
- Charges for services were the third largest revenue source (20.1%) for governmental activities. Charges for services in governmental funds include: licenses and permits, fines and forfeitures, waste collection, etc. Compared to prior fiscal year, this program revenue increased by \$67 thousand (0.5%) primarily a result of increase in development-related fees.



Expenses:

The cost of providing all governmental activities in 2018 was \$68.1 million before applying program revenues of \$22.8 million, an increase of approximately \$4.4 million (7.0%) from 2017. The overall increase in expenses was mainly a result of increase in General governmental and Public Work expenses.

The remaining \$45.3 million of governmental activities expenses is considered “public benefit” portion which was funded by general revenues primarily derived from taxes.

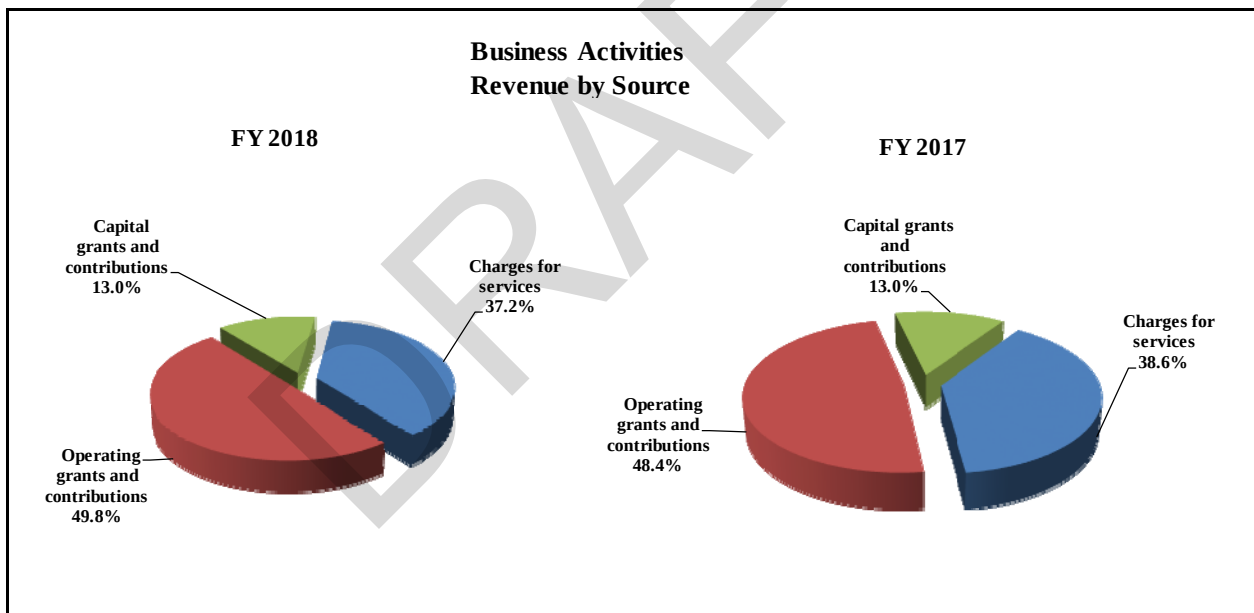


Business-type Activities

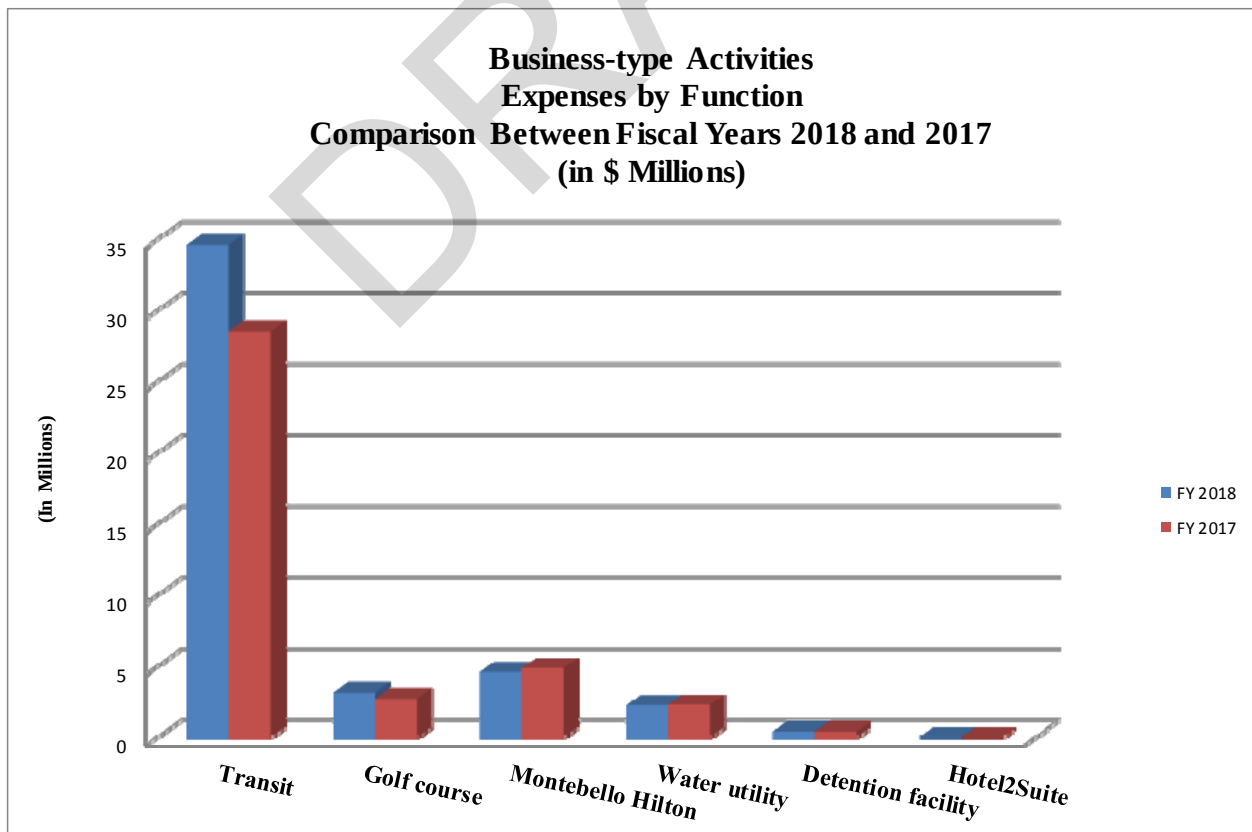
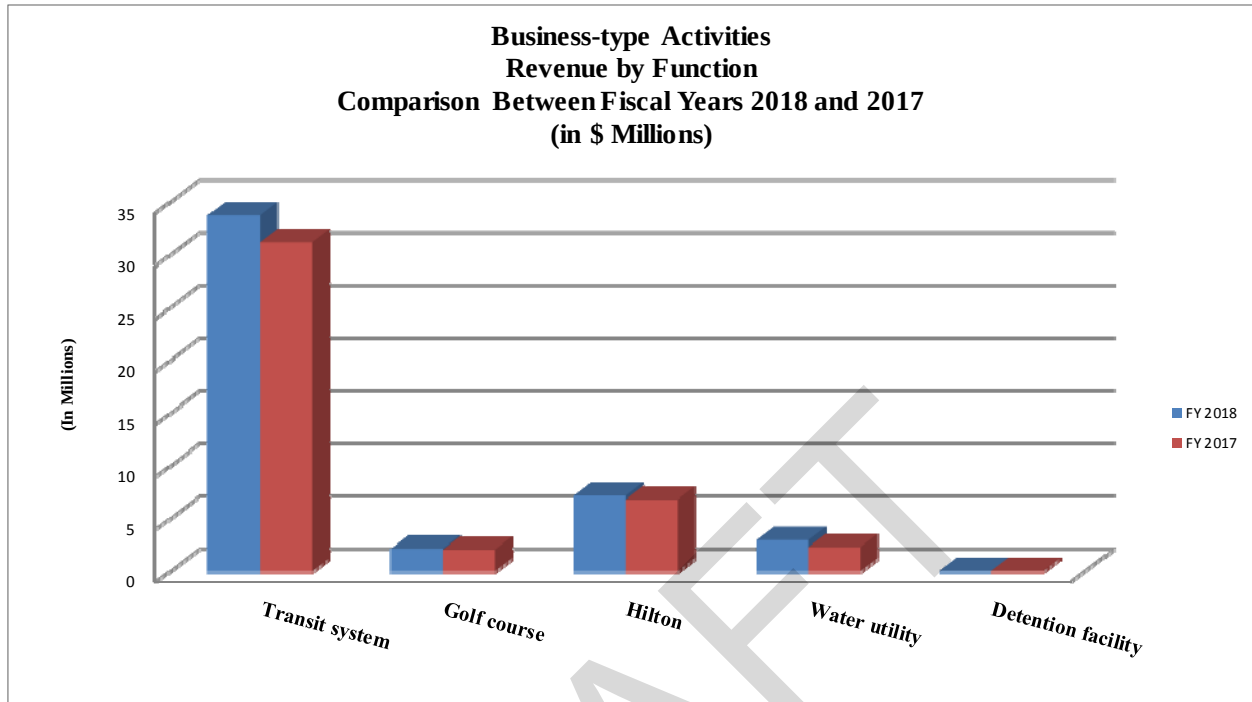
The City operates the following business-type activities: Transit System, Golf Course, Montebello Hilton Hotel, Home2suites Hotel, Water Utility, and Detention Facility. The City's Transit System is the largest business-type operation, followed by the Montebello Hilton Hotel and the Golf Course.

Business-type activities decreased the City's net position before transfers by \$1.8 million. As mentioned above, two hotel bonds were transferred from the governmental fund to the business-type fund in the year of 2017 causing a substantial decrease in net position for business activities. Besides, the following key elements also impacted business-type activities for the current fiscal year. Activities under separate business operations are discussed in further detail under fund financial analysis.

Total revenues for business-type activities were \$46.7 million, compared to \$42.7 million in the previous fiscal year, constituting a 9.3% increase. The overall increase is primarily a result of the increase in Federal Transit –Formula grants provided to the Transit Fund.



Approximately 36.9% of revenue came from Charges for Services, which was generated from bus fares, special contracts, revenue from hotel fees and golf course green fee charges, while the remaining 63.1% comes from State and Federal subsidies. Revenue generated from services was \$769 thousand (4.7%) higher than fiscal year 2017, while the State and Federal subsidies increased by \$2.9 million (11.0%) for fiscal year 2018.



- The Transit System reported operating revenues of \$4.7 million, \$358 thousand (7.0%) lower than in 2017 due to lower ridership. Non-operating revenues and capital grants received in 2018 were \$29 million compared to \$26.1 million in 2017. Operating expenses in 2018 were \$34.6 million; approximately \$6 million higher than in 2017. Net position decreased by \$ 840.2 thousand in 2018 compared to an increase in net position of \$2.7 million in 2017.
- The City's Golf Course generated \$103.6 thousand more in revenues for the fiscal year ended June 30, 2018 compared to the prior year. Operating expenses increased by \$ 579 thousand for the year primarily due to increase in pension expense. Overall, Golf Course net position, net of transfers increased by \$ 109.4 thousand for the year primarily due to transfers in (subsidy) from the General Fund.
- The Montebello Hilton reflected net income before net transfers for debt service and equipment reserve obligations of \$ 2.0 million for fiscal year 2018, a 1% increase compared to last year. Operating revenues increased by \$362.7 thousand, while operating expenses decreased by \$194.3 thousand over the same period last year. The 5.3% increase in operating revenue is mainly due to higher occupancy rates.

Governmental Funds Financial Analysis (Reporting the City's most Significant Funds)

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information may be useful in assessing the City's financing requirements, in particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported total combined ending fund balances of \$43.4 million, a decrease of \$8.3 million (16.1%) as compared with the prior fiscal year. All governmental fund balances are either non-spendable, restricted, committed, assigned, or unassigned pursuant to GASB 54. Non-spendable indicates they are fund balances tied to inventories, prepaid expenses and property held for sale. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. These restrictions of fund balance are to indicate that portions of fund balance are not available for new spending, because they have already been committed to: 1) finance Special Revenue Fund expenditures, 2) pay debt service, or 3) finance ongoing capital projects. Amounts in the committed fund balance are constrained for specific purposes that are internally imposed by the government through formal written action of the City Council. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The City has no committed and assigned fund balances. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

City of Montebello
Management's Discussion and Analysis
Year ended June 30, 2018

City of Montebello
General Fund
As of June 30
(in thousands)

	2018	2017	Change	
			Amount	%
Operating revenues	\$ 41,516	\$ 40,356	\$ 1,160	3%
Operating expenditures	49,096	49,150	(54)	0%
Excess of revenues over (under) expenditures	(7,580)	(8,794)	1,214	-14%
Net operating transfers	10,875	8,722	2,153	25%
Unspent bond proceeds from Successor Agency	-	4,667	(4,667)	100%
Surplus	3,295	4,595	(1,300)	-28%
Beginning fund balance, as restated	14,043	9,448	4,595	49%
Ending fund balance	\$ 17,338	\$ 14,043	\$ 3,295	23%

General Fund is the City's main operating fund. It is used to account for revenues and expenditures necessary to perform basic government functions that are not accounted for through other special revenue and grant funds.

In fiscal year 2018, the General Fund ended the year with a surplus of \$3.3 million compared to a surplus of \$4.6 million in fiscal year 2017.

	City of Montebello General Fund As of June 30 (in thousands)			Variance with Final Budget Positive (Negative)		Variance with Prior Year
	Budgeted Amounts		2018		2017	
	Original	Final	Actual		Actual	
Revenues						
Sales taxes	\$ 13,526	\$ 13,526	\$ 13,119	\$ (407)	\$ 13,267	\$ (148)
Property taxes	5,079	5,079	5,209	130	5,094	115
Other taxes	506	506	586	80	554	32
Franchise taxes	1,420	1,420	2,141	721	1,494	647
Licenses and permits	4,964	4,964	4,452	(512)	4,375	77
Fines and forfeitures	1,781	1,781	2,185	404	2,251	(66)
Investment income	50	50	75	25	30	45
Intergovernmental	6,090	6,090	6,157	67	5,950	207
Charges for services	6,473	6,473	6,438	(35)	6,382	56
Other revenue	950	774	1,153	379	959	194
Total revenues	\$ 40,840	\$ 40,664	\$ 41,516	\$ 852	\$ 40,356	\$ 1,160

The key factors affecting General Fund's fund balance for the fiscal year 2018 is as follows:

- General Fund revenues increased by \$1.2 million (2.9%) which is primarily due to the increase in franchise tax.

- General Fund expenditures, excluding interfund charges, increased by \$225.6 thousand (0.5%). This is mainly caused by increase in retirement cost. Of the total general fund expenses, Public Safety accounted for 64.2%, Public Works was 13.8% and General Government was 10.1%.

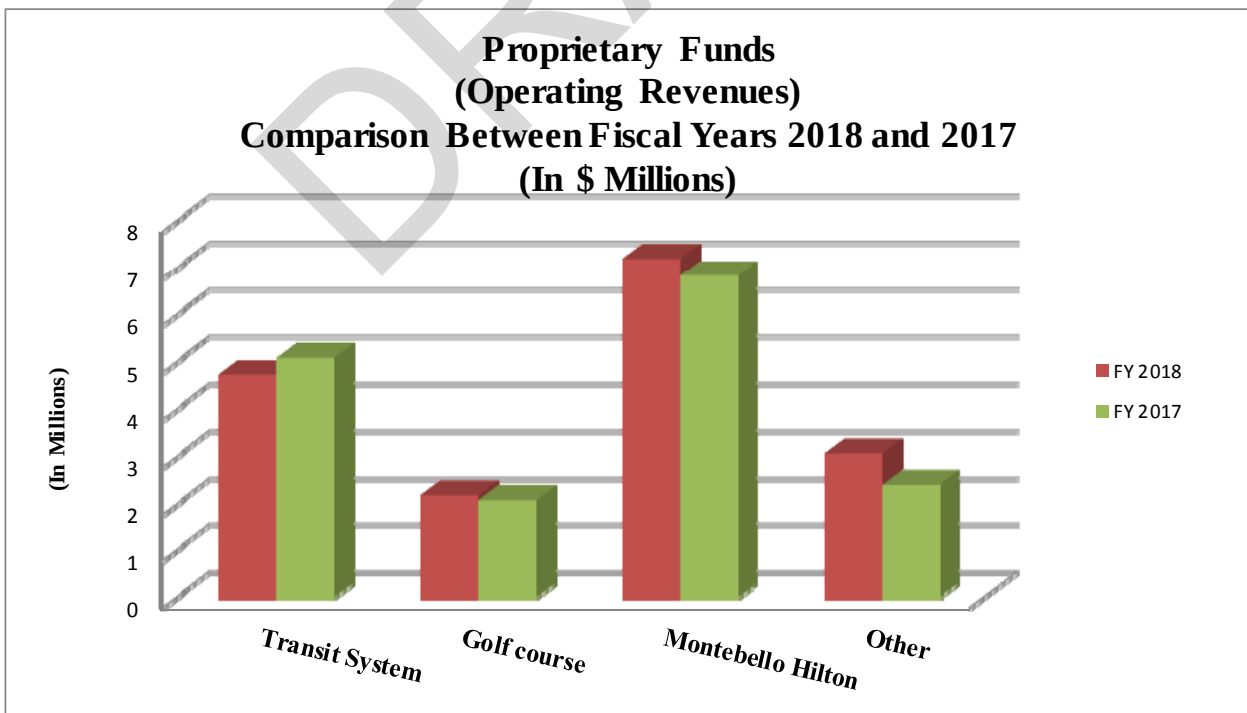
Retirement Fund is reserved for the payment of retirement expenses for the employees of the City. The Retirement Fund is financed by the retirement portion of the property tax revenue pursuant to a 1946 voter approved initiative to provide for the retirement benefit costs of City employees. The City's Retirement Fund increased its net position by \$2.2 million in fiscal year 2018. This fund will continue to support a portion of the ongoing pension expenses.

Public Financing Authority Debt Service Fund is used to account for the accumulation of resources required for the payment of interest and principal on all revenue bonds issued by the Public Financing Authority. During the year ended June 30, 2018, the net position decreased by approximately \$1.1 million.

Self Insurance Fund is the City's Internal Service Fund which is used to set aside funding to cover workers' compensation, liability claims, and potential future claims. The Self Insurance fund ended the year with deficit net position of \$10.8 million compared to a deficit net position of \$ 7.5 million in the prior fiscal year. The increase in deficit of \$3.2 million is primarily result of an increase in claims.

Proprietary Funds

The City's proprietary funds account for the City's business-type activities.



Transit:

The Transit System incurred an operating loss of \$29.9 million compared to \$23.4 million in the prior fiscal year, an increase loss of approximately \$6.4 million (27.3%). This is primarily due increased labor and benefit costs.

Operating revenues include bus fares and special contracts which totaled \$4.7 million, which was \$358.2 thousand lower than the prior year total of \$5.1 million. Operating expenses for Transit amounted to \$ 34.6 million in 2018, an increase of \$ 6.0 million. Operating expenses included \$4.8 million in depreciation expense reported as required by accounting standards.

This operating loss was offset by non-operating revenues and capital contributions of \$29 million, which was \$2.9 million higher than the prior fiscal year. Overall, net position in this fiscal year decreased by \$840.2 thousand.

Golf:

The Municipal Golf Course incurred an operating loss of \$1.0 million, which was \$0.5 million more than prior year. Its operating revenues for the fiscal year 2018 were \$2.2 million and operating expenses were \$3.2 million. Operating revenues were higher by \$0.1 million (5%) than in the prior year, while operating expenses increased by \$0.6 million (22.3%). Operating expenses also include depreciation expense of \$0.3 million.

Hilton:

The Montebello Hilton reflected operating revenues of \$7.2 million, \$0.4 million (5.3%) higher than the prior fiscal year. This is primarily due to increased occupancy during the fiscal year. Operating expenses decreased by \$0.2 million (4.1%) due to lower administrative expenses.

Capital Asset and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2018 amounted to \$169.6 million, net of accumulated depreciation. Capital assets include land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The City's capital assets net of accumulated depreciation increased by 18.4% over the prior year primarily due to the construction of the new Home2Suites.

City of Montebello
Management's Discussion and Analysis
Year ended June 30, 2018

City of Montebello
Summary of Capital Assets, Net of Depreciation
As of June 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,054	\$ 2,054	\$ 6,307	\$ 6,307	\$ 8,360	\$ 8,361
Rights of way	14,392	14,392	-	-	14,392	14,392
Construction in progress	2,352	2,025	43,940	12,500	46,292	14,525
Buildings and improvements	37,965	37,066	22,272	24,039	60,237	61,105
Machinery and equipment	4,906	5,773	20,669	23,611	25,575	29,384
Infrastructure	14,771	15,476	-	-	14,771	15,476
	<u>\$ 76,439</u>	<u>\$ 76,786</u>	<u>\$ 93,188</u>	<u>\$ 66,457</u>	<u>\$ 169,627</u>	<u>\$ 143,243</u>

The capital asset classes include:

- Sewer system, including sewer pipes, pumping stations, manholes, and laterals;
- Storm drain system, including storm drain pipes, flood control channels, and catch basins;
- Streets, including pavement, curb and gutter, sidewalks, medians, greenways, block walls and traffic signals;
- Buildings, including building remodels, building lighting systems, building equipment, and building roofs; and
- Parks, including associated structures and infrastructure assets.

Major capital asset transactions during the current fiscal year included the following:

- Building and Improvements are the biggest capital assets of the City, making up 35.5% of the total capital assets. Building and Improvements net of accumulated depreciation decreased approximately \$0.9 million. Major projects included: Maple Avenue Street Improvements (Mines Ave to Washington Blvd.), Ellingbrook Avenue Street Improvements (Firvale to Easterly City Limits), Citywide Bus stop Improvement Project, and Home2suites.
- Machinery, Equipment, and Automotive Equipment additions totaled approximately \$613.3 thousand.

Additional information on the City's capital assets can be found in Note 3 to the basic financial statements section of this report.

Long-term Debt

At the end of fiscal year 2018, the City had total debt outstanding of \$276.7 million. The outstanding debt includes \$87.3 million of revenue bonds and \$135.8 million of net pension liability. The remaining \$53.6 million relates to the postemployment benefit obligation, notes payable, loans payable and compensated absences. Pension liability increased \$16.1 million primarily due to CalPERS decreasing the anticipated rate of return on investments from 7.5% to 7.375%. The assumed rate is scheduled to decrease to 7.000% over the next two years. Total long-term claims payable as of June 30, 2018 was \$16.6 million. Outstanding debt is summarized below.

City of Montebello Summary of Long-term Debt As of June 30 (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue bonds, net	\$ 11,333	\$ 86,123	\$ 75,919	\$ 3,395	\$ 87,252	\$ 89,518
Claims payable	16,649	13,473	-	-	16,649	13,473
Notes payable	4,043	4,387	484	686	4,527	5,073
Capital lease obligation	902	972	414	457	1,317	1,429
Compensated absences	2,021	1,992	1,109	1,058	3,130	3,050
Net pension liability	100,703	89,885	35,132	29,841	135,834	119,726
Other postemployment benefit obligation	24,955	10,963	3,058	-	28,012	10,963
Sub total	160,605	207,795	116,116	35,437	276,720	243,232
Less current portion	7,677	9,405	2,043	1,462	9,719	10,867
Noncurrent portion \$	<u>152,928</u>	<u>198,390</u>	<u>114,073</u>	<u>33,975</u>	<u>267,001</u>	<u>232,365</u>

Economic Factors and Next Year's Budgets and Rates

The City's financial position and its ability to pay for essential services and capital projects rely heavily on the economic conditions, legislative actions on both Federal and State level, and laws governing local finances:

Credit rating: As of the date of this CAFR, the City S&P underlying credit rating is "A".

Employment trends: The City's 12-month average unemployment rate continued to fall from 4.5% to 4.4% during the fiscal year 2018, a 0.1% decrease from prior year. This decrease is likely to continue, but at a slower pace, as noted in the Legislative Analyst's Office (LAO) Economic assumptions which predict that the overall State unemployment rate will continue to fall through 2019.

Economic growth: According to a near term projection by the Legislative Analyst's Office (LAO) based on consensus of economists about the likely trend of the U.S. economy through 2019, which was published in the recent State 2019-20 California's Fiscal Outlook, California's economy will LAO projects that personal income in California will grow by 5.7% in 2019 and then decrease to 4.2% in 2020.

Costco closed its Montebello facility in 2018. However, according to a sales tax sharing agreement, the City will continue to receive a portion of the sales tax revenues.

Real Estate Market: According to California Budget 2018-19 published in November 2017, California assessed values are expected to increase by 5.9% all through 2019. This trend is consistent with the trend the City is seeing. Taxable assessed values for properties within the City have increased steadily since 2011-12. According to the preliminary property tax report prepared by HDL Companies for the fiscal year 2017-18, the total assessed valuation for the City is estimated to increase by 3.7 percent from FY 2016-17. These increases will continue to boost the City's property tax revenues over the next several years.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 1600 W. Beverly Blvd., Montebello, CA 90640.

City of Montebello
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 37,557,208	\$ 1,794,038	\$ 39,351,246
Restricted cash and investments	4,666,731	26,656,264	31,322,995
Receivables:			
Interest	132,392	-	132,392
Accounts	2,369,500	7,271,470	9,640,970
Property tax	2,825,025	-	2,825,025
Notes	817,599	-	817,599
Property held for resale	3,249,644	-	3,249,644
Inventory	4,547	1,219,751	1,224,298
Prepaid items and deposits	224,503	27,636	252,139
Advances to Successor Agency Trust Fund	6,150,883	-	6,150,883
Internal balances	2,883,846	(2,883,846)	-
Capital assets, not being depreciated	18,797,012	50,246,297	69,043,309
Capital assets, being depreciated	57,641,810	42,941,674	100,583,484
Total assets	<u>137,320,700</u>	<u>127,273,284</u>	<u>264,593,984</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	20,897,753	8,852,988	29,750,741
Deferred outflows of resources related to OPEB	781,041	95,696	876,737
Unamortized loss on defeasance of debt	238,419	64,370	302,789
	<u>21,917,213</u>	<u>9,013,054</u>	<u>30,930,267</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,684,799	9,597,565	13,282,364
Interest payable	78,954	288,695	367,649
Deposits payable	5,000	38,130	43,130
Unearned revenue	6,157,690	1,199,432	7,357,122
Noncurrent liabilities:			
Due within one year	7,676,654	2,042,733	9,719,387
Due in more than one year	152,927,984	114,072,891	267,000,875
Total liabilities	<u>170,531,081</u>	<u>127,239,446</u>	<u>297,770,527</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	1,196,313	1,511,648	2,707,961
Deferred inflows of resources related to OPEB	1,504,490	184,336	1,688,826
	<u>2,700,803</u>	<u>1,695,984</u>	<u>4,396,787</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	60,131,857	50,936,245	111,068,102
Restricted for:			
Community development	24,580,702	-	24,580,702
Public safety	1,134,719	-	1,134,719
Capital projects	4,788,937	25,254,809	30,043,746
Debt service	366,492	1,401,455	1,767,947
Unrestricted deficit	(104,996,678)	(70,241,601)	(175,238,279)
Total net deficit \$	<u>(13,993,971)</u>	<u>7,350,908</u>	<u>\$ (6,643,063)</u>

See notes to financial statements.

City of Montebello
Statement of Activities
Year ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
General government	\$ 10,590,425	\$ 3,921,684	\$ 3,040,654	\$ -	\$ (3,628,087)	\$ -	\$ (3,628,087)
Public safety	39,719,749	3,227,705	104,368	-	(36,387,676)	-	(36,387,676)
Public works	9,824,917	4,421,025	3,588,814	-	(1,815,078)	-	(1,815,078)
Parks, recreation, and culture	3,948,193	486,274	-	-	(3,461,919)	-	(3,461,919)
Housing and community development	2,923,175	1,018,644	3,025,232	-	1,120,701	-	1,120,701
Unallocated infrastructure depreciation	704,807	-	-	-	(704,807)	-	(704,807)
Interest on long-term debt	356,579	-	-	-	(356,579)	-	(356,579)
Total governmental activities	68,067,845	13,075,332	9,759,068	-	(45,233,444)	-	(45,233,444)
Business-type activities							
Transit system	34,587,386	4,728,570	23,014,664	5,994,885	-	(849,267)	(849,267)
Golf course	3,169,377	2,194,976	-	-	-	(974,401)	(974,401)
Montebello Hilton	4,590,912	7,197,488	-	-	-	2,606,576	2,606,576
Water utility	2,251,495	2,992,821	-	-	-	741,326	741,326
Detention facility	445,590	77,560	-	-	-	(368,030)	(368,030)
Hotel2Suite	30,205	-	-	-	-	(30,205)	(30,205)
Interest on long-term debt	3,409,286	-	-	-	-	(3,409,286)	(3,409,286)
Total business-type activities	48,484,251	17,191,415	23,014,664	5,994,885	-	(2,283,287)	(2,283,287)
Total primary government	\$ 116,552,096	\$ 30,266,747	\$ 32,773,732	\$ 5,994,885	(45,233,444)	(2,283,287)	(47,516,731)
General revenues							
Taxes							
Property taxes, levied for general purposes					16,961,038	-	16,961,038
Sales tax					13,118,981	-	13,118,981
Franchise taxes					2,141,450	-	2,141,450
Motor vehicle license fees					6,150,537	-	6,150,537
Other taxes					585,960	-	585,960
Other revenues					2,626,065	-	2,626,065
Investment earnings					665,702	448,876	1,114,578
Transfers							
Transfers - net					(1,634,476)	1,634,476	-
Total general revenues					40,615,257	2,083,352	42,698,609
Change in net position					(4,618,187)	(199,935)	(4,818,122)
Net position (deficit), beginning of year, as restated					(9,375,784)	7,550,843	(1,824,941)
Net position (deficit), end of year					\$ (13,993,971)	\$ 7,350,908	\$ (6,643,063)

See notes to financial statements.

City of Montebello
Governmental Funds
Balance Sheet
June 30, 2018

		Special Revenue Fund	Debt Service Fund	Special Revenue Fund		
	General	Retirement Fund	Public Financing Authority	Housing Successor Fund	Other Governmental Funds	Total
ASSETS						
Cash and investments	\$ 12,191,403	\$ 8,485,441	\$ -	\$ 821,874	\$ 8,364,218	\$ 29,862,936
Restricted cash and investments	4,666,731	-	-	-	-	4,666,731
Receivables						
Interest	132,392	-	-	-	-	132,392
Accounts	1,389,708	-	-	-	978,544	2,368,252
Taxes	2,501,514	323,511	-	-	-	2,825,025
Notes	-	-	-	-	817,599	817,599
Due from other funds	2,794,623	-	376,060	-	-	3,170,683
Due from Successor Agency Trust Fund	34,241	-	-	6,116,642	-	6,150,883
Prepaid expenses	174,398	-	-	137	43,503	218,038
Investment in land held for resale	1,208,814	-	-	2,040,830	-	3,249,644
Total assets	\$ 25,093,824	\$ 8,808,952	\$ 376,060	\$ 8,979,483	\$ 10,203,864	\$ 53,462,183
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 2,649,448	\$ 3,920	\$ -	\$ 1,715	\$ 972,806	\$ 3,627,889
Deposits payable	5,000	-	-	-	-	5,000
Due to other funds	-	-	9,568	9,611	267,658	286,837
Unearned revenue	5,101,575	-	-	-	1,056,115	6,157,690
Total liabilities	7,756,023	3,920	9,568	11,326	2,296,579	10,077,416
FUND BALANCES						
Nonspendable						
Prepaid expenses	174,398	-	-	-	-	174,398
Advances to Successor Agency Trust Fund	-	-	-	6,116,642	-	6,116,642
Investment in land held for resale	1,208,814	-	-	2,040,830	-	3,249,644
Restricted for						
Debt service	-	-	366,492	-	-	366,492
Special revenue funds	-	8,805,032	-	810,685	7,942,232	17,557,949
Capital projects	4,666,731	-	-	-	122,206	4,788,937
Unassigned	11,287,858	-	-	-	(157,153)	11,130,705
Total fund balances	17,337,801	8,805,032	366,492	8,968,157	7,907,285	43,384,767
Total liabilities and fund balances	\$ 25,093,824	\$ 8,808,952	\$ 376,060	\$ 8,979,483	\$ 10,203,864	\$ 53,462,183

See notes to financial statements.

City of Montebello
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balances	\$ 43,384,767
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet.	76,321,444
Long-term liabilities and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Balances at June 30, 2018 are:	
Revenue bonds	\$ (10,409,600)
Bond issuance premium	(926,497)
Bond issuance discount	3,391
Deferred amount on refunding	238,419
Notes payable	(4,042,886)
Capital lease obligation	(902,071)
Compensated absences	(2,017,395)
Net OPEB liability	(24,954,548)
Net pension liability	(100,670,815)
Deferred outflows of resources - OPEB-related	781,041
Deferred outflows of resources - pension-related	20,889,730
Deferred inflows of resources - OPEB-related	(1,504,490)
Deferred inflows of resources - pension-related	<u>(1,194,943)</u>
	(124,710,664)
Internal service funds are used by management to charge the costs of various City activities to individual governmental and business-type funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, but are not included in the governmental funds balance sheet.	(8,910,564)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(78,954)</u>
Net position of governmental activities	\$ <u>(13,993,971)</u>

See notes to financial statements.

City of Montebello
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended June 30, 2018

	General	Special Revenue Fund Retirement Fund	Debt Service Fund Public Financing Authority	Special Revenue Fund Housing Successor Fund	Other Governmental Funds	Total
Revenues						
Sales taxes	\$ 13,118,981	\$ -	\$ -	\$ -	\$ -	\$ 13,118,981
Property taxes	5,208,975	11,752,063	-	-	-	16,961,038
Other taxes	585,960	-	-	-	-	585,960
Franchise taxes	2,141,450	-	-	-	-	2,141,450
Licenses and permits	4,452,210	-	-	-	-	4,452,210
Fines and forfeitures	2,185,022	-	-	-	-	2,185,022
Investment income	74,742	75,298	-	-	515,662	665,702
Intergovernmental	6,157,030	-	-	-	9,752,575	15,909,605
Charges for services	6,438,100	-	-	-	-	6,438,100
Other revenue	1,153,423	-	1,466,882	5,760	-	2,626,065
Total revenues	41,515,893	11,827,361	1,466,882	5,760	10,268,237	65,084,133
Expenditures						
Current:						
General government	4,976,497	717,607	4,569	-	1,092,771	6,791,444
Public safety	31,487,454	-	-	-	857,626	32,345,080
Public works	6,778,314	-	-	-	813,997	7,592,311
Parks and recreation	3,813,599	-	-	-	-	3,813,599
Housing and community development	2,006,274	-	-	20,059	978,870	3,005,203
Sub-total	49,062,138	717,607	4,569	20,059	3,743,264	53,547,637
Capital outlay	265,903	-	-	-	4,483,413	4,749,316
Debt service:						
Principal retirement	-	-	977,340	-	348,000	1,325,340
Interest and fiscal charges	-	-	489,542	-	184,796	674,338
Sub-total	-	-	1,466,882	-	532,796	1,999,678
Interfund charges	(231,650)	-	-	-	-	(231,650)
Total expenditures	49,096,391	717,607	1,471,451	20,059	8,759,473	60,064,981
Excess (deficiency) of revenues over expenditures	(7,580,498)	11,109,754	(4,569)	(14,299)	1,508,764	5,019,152
Other financing sources (uses)						
Transfers in	12,257,329	-	-	-	-	12,257,329
Transfers out	(1,381,915)	(8,920,673)	(1,096,387)	-	(2,500,000)	(13,898,975)
Net other financing sources (uses)	10,875,414	(8,920,673)	(1,096,387)	-	(2,500,000)	(1,641,646)
Change in fund balances	3,294,916	2,189,081	(1,100,956)	(14,299)	(991,236)	3,377,506
Fund balances, beginning of year as restated	14,042,885	6,615,951	1,467,448	8,982,456	8,898,521	40,007,261
Fund balances, end of year	\$ 17,337,801	\$ 8,805,032	\$ 366,492	\$ 8,968,157	\$ 7,907,285	\$ 43,384,767

See notes to financial statements.

City of Montebello
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year ended June 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Change in fund balance - governmental funds	\$	3,377,506
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Governmental funds report capital outlay as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense	\$ (3,207,123)	
Capital outlay	<u>2,859,979</u>	(347,144)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments on bonds, notes and capital lease obligation	<u>1,391,549</u>	1,391,549
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net change in compensated absences	(29,061)	
Net change in accrued interest	133,879	
Net change in deferred amount on refunding	(52,690)	
Net change in bond discount	(484)	
Net change in bond premium	<u>240,834</u>	292,478

Changes in net OPEB and pension liability and other pension related items do not represent revenues or expenditures that consume current financial resources

Net change in net pension liability	(10,845,696)	
Net change in deferred outflows of resources related to pensions	5,002,957	
Net change in deferred inflows of resources related to pensions	681,538	
Net change in net OPEB liability	162,899	
Net change in deferred outflows of resources related to OPEB	781,041	
Net change in deferred inflows of resources related to OPEB	<u>(1,504,490)</u>	(5,721,751)

Internal service funds are used by management to charge the costs of self-insurance and capital replacements to individual funds. Net income (loss) of the internal service funds is reported with governmental activities.

	<u>(3,610,825)</u>	
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Change in net position of governmental activities	\$	<u>(4,618,187)</u>
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See notes to financial statements.

City of Montebello
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Transit System Fund	Golf Course	Montebello Hilton	Hotel2Suites	Others	Total	
ASSETS							
Current assets							
Cash and investments	\$ 613,455	\$ 1,925	\$ 469,447	\$ -	\$ 709,211	\$ 1,794,038	\$ 7,694,272
Cash and investments with fiscal agent	-	-	1,401,455	25,254,809	-	26,656,264	-
Accounts receivable	6,795,901	97,280	210,722	1,000	166,567	7,271,470	1,248
Inventory	1,143,361	75,043	1,347	-	-	1,219,751	4,547
Prepaid expense and other current assets	16,922	380	8,428	-	1,906	27,636	6,465
Total current assets	8,569,639	174,628	2,091,399	25,255,809	877,684	36,969,159	7,706,532
Noncurrent assets							
Capital assets							
Land	3,901,596	2,370,000	-	-	35,000	6,306,596	108,369
Buildings and improvements	29,455,713	10,733,363	3,632,269	-	184,316	44,005,661	428,794
Machinery and equipment	62,509,929	2,474,333	-	-	2,204,819	67,189,081	643,651
Construction in progress	5,456,764	-	689,643	37,544,760	248,532	43,939,699	-
Accumulated depreciation	(55,889,797)	(8,959,444)	(1,156,089)	-	(2,247,736)	(68,253,066)	(1,063,436)
Total noncurrent assets	45,434,205	6,618,252	3,165,823	37,544,760	424,931	93,187,971	117,378
Total assets	54,003,844	6,792,880	5,257,222	62,800,569	1,302,615	130,157,130	7,823,910
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows of resources related to pensions	8,241,790	605,957	-	-	5,241	8,852,988	8,023
Deferred outflows of resources related to OPEB	90,896	4,800	-	-	-	95,696	-
Unamortized loss on defeasance of debt	-	64,370	-	-	-	64,370	-
Total deferred outflows of resources	8,332,686	675,127	-	-	5,241	9,013,054	8,023
LIABILITIES							
Current liabilities							
Accounts payable and accrued liabilities	1,497,564	196,293	940,786	6,522,924	439,998	9,597,565	56,910
Due to other funds	-	2,366,871	-	11,775	505,200	2,883,846	-
Deposits payable	-	400	6,055	-	31,675	38,130	-
Unearned revenue	1,199,432	-	-	-	-	1,199,432	-
Interest payable	-	20,285	48,227	220,183	-	288,695	-
Current portion of long-term liabilities:							
Claims payable	-	-	-	-	-	-	7,471,188
Compensated absences	826,999	67,562	-	-	1,279	895,840	3,777
Capital lease obligation	163,746	45,077	-	-	-	208,823	-
Notes payable	-	98,264	-	-	12,986	111,250	-
Bonds payable	-	276,820	550,000	-	-	826,820	-
Total current liabilities	3,687,741	3,071,572	1,545,068	6,754,882	991,138	16,050,401	7,531,875
Noncurrent liabilities							
Claims payable	-	-	-	-	-	-	9,177,417
Compensated absences	173,469	39,251	-	-	-	212,720	-
Net pension liability	32,706,309	2,404,651	-	-	20,798	35,131,758	31,835
Net OPEB liability	2,904,161	153,362	-	-	-	3,057,523	-
Capital lease obligation	158,224	47,448	-	-	-	205,672	-
Notes payable	-	298,826	-	-	74,358	373,184	-
Bonds payable	-	2,853,929	11,517,757	60,720,348	-	75,092,034	-
Total noncurrent liabilities	35,942,163	5,797,467	11,517,757	60,720,348	95,156	114,072,891	9,209,252
Total liabilities	39,629,904	8,869,039	13,062,825	67,475,230	1,086,294	130,123,292	16,741,127
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources related to pensions	1,407,287	103,466	-	-	895	1,511,648	1,370
Deferred inflows of resources related to OPEB	175,090	9,246	-	-	-	184,336	-
	1,582,377	112,712	-	-	895	1,695,984	1,370
NET POSITION (DEFICIT)							
Net investment in capital assets	45,434,205	2,997,888	-	2,079,221	424,931	50,936,245	117,378
Restricted for							
Capital projects	-	-	-	25,254,809	-	25,254,809	-
Debt service	-	-	1,401,455	-	-	1,401,455	-
Unrestricted	(24,309,956)	(4,511,632)	(9,207,058)	(32,008,691)	(204,264)	(70,241,601)	(9,027,942)
Total net position (deficit)	\$ 21,124,249	\$ (1,513,744)	\$ (7,805,603)	\$ (4,674,661)	\$ 220,667	\$ 7,350,908	\$ (8,910,564)

See notes to financial statements.

City of Montebello
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year ended June 30, 2018

	Business-type Activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Transit System Fund	Golf Course	Montebello Hilton	Hotel2Suites	Others	Total	
Operating revenues							
Charges for services	\$ 4,303,782	\$ 2,194,976	\$ 7,074,628	\$ -	\$ 3,070,381	\$ 16,643,767	\$ 6,811,983
Other	424,788	-	122,860	-	-	547,648	19,116
Total operating revenues	<u>4,728,570</u>	<u>2,194,976</u>	<u>7,197,488</u>	<u>-</u>	<u>3,070,381</u>	<u>17,191,415</u>	<u>6,831,099</u>
Operating expenses							
Labor and fringe benefits	21,163,911	1,326,336	1,623,286	-	14,998	24,128,531	(6,829)
Materials and supplies	2,639,680	70,314	-	-	1,960	2,711,954	276,994
Food and beverage	-	-	358,724	-	-	358,724	-
Repairs and maintenance	-	37,649	-	-	-	37,649	91,182
Utilities	398,969	604,384	158,115	-	125,792	1,287,260	-
Insurance claims and premiums	1,800,000	52,041	93,694	-	-	1,945,735	9,387,433
Contract services	2,285,794	411,945	767,302	30,205	2,361,155	5,856,401	683,857
Franchise fee	-	-	315,830	-	-	315,830	-
Depreciation expense	4,822,311	305,799	81,542	-	3,532	5,213,184	-
Administrative expense	1,447,641	321,874	1,190,001	-	189,648	3,149,164	16,457
Other expenses	29,080	39,035	2,418	-	-	70,533	-
Total operating expenses	<u>34,587,386</u>	<u>3,169,377</u>	<u>4,590,912</u>	<u>30,205</u>	<u>2,697,085</u>	<u>45,074,965</u>	<u>10,449,094</u>
Operating income (loss)	<u>(29,858,816)</u>	<u>(974,401)</u>	<u>2,606,576</u>	<u>(30,205)</u>	<u>373,296</u>	<u>(27,883,550)</u>	<u>(3,617,995)</u>
Nonoperating revenues (expenses)							
Operating subsidies:							
Proposition "A" discretionary	5,234,533	-	-	-	-	5,234,533	-
Proposition "C" discretionary	3,650,263	-	-	-	-	3,650,263	-
Measure M	3,064,202	-	-	-	-	3,064,202	-
Measure R	3,217,342	-	-	-	-	3,217,342	-
State transit assistance	7,848,324	-	-	-	-	7,848,324	-
Subtotal - operating subsidies	<u>23,014,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,014,664</u>	<u>-</u>
Interest income	9,061	-	-	433,552	6,263	448,876	-
Interest expense	-	(130,082)	(622,090)	(2,655,547)	(1,567)	(3,409,286)	-
Total nonoperating revenues (expenses)	<u>23,023,725</u>	<u>(130,082)</u>	<u>(622,090)</u>	<u>(2,221,995)</u>	<u>4,696</u>	<u>20,054,254</u>	<u>-</u>
Income (loss) before capital grants	<u>(6,835,091)</u>	<u>(1,104,483)</u>	<u>1,984,486</u>	<u>(2,252,200)</u>	<u>377,992</u>	<u>(7,829,296)</u>	<u>(3,617,995)</u>
Federal and State capital grants	<u>5,994,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,994,885</u>	<u>-</u>
Income (loss) before transfers	<u>(840,206)</u>	<u>(1,104,483)</u>	<u>1,984,486</u>	<u>(2,252,200)</u>	<u>377,992</u>	<u>(1,834,411)</u>	<u>(3,617,995)</u>
Transfers in	<u>-</u>	<u>1,213,859</u>	<u>-</u>	<u>-</u>	<u>420,617</u>	<u>1,634,476</u>	<u>7,170</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net transfers in (out)	<u>-</u>	<u>1,213,859</u>	<u>-</u>	<u>-</u>	<u>420,617</u>	<u>1,634,476</u>	<u>7,170</u>
Change in net position	<u>(840,206)</u>	<u>109,376</u>	<u>1,984,486</u>	<u>(2,252,200)</u>	<u>798,609</u>	<u>(199,935)</u>	<u>(3,610,825)</u>
Net position, beginning of year, as restated	<u>21,964,455</u>	<u>(1,623,120)</u>	<u>(9,790,089)</u>	<u>(2,422,461)</u>	<u>(577,942)</u>	<u>7,550,843</u>	<u>(5,299,739)</u>
Net position (deficit), end of year	<u>\$ 21,124,249</u>	<u>\$ (1,513,744)</u>	<u>\$ (7,805,603)</u>	<u>\$ (4,674,661)</u>	<u>\$ 220,667</u>	<u>\$ 7,350,908</u>	<u>\$ (8,910,564)</u>

See notes to financial statements.

City of Montebello
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2018

	Business-type Activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Transit System Fund	Golf Course	Montebello Hilton	Hotel2Suites	Others	Total	
Cash flows from operating activities							
Receipts from customers	\$ 4,303,782	\$ 2,164,729	\$ 6,977,595	\$ 1,000	\$ 3,028,912	\$ 16,476,018	\$ 7,118,610
Other receipts	424,788	-	122,860	-	-	547,648	-
Payments to suppliers	(8,486,614)	(1,408,471)	(4,309,749)	4,584,709	(2,514,142)	(12,134,267)	(7,279,738)
Payments to employees	(18,232,361)	(1,250,644)	(1,623,286)	-	(9,984)	(21,116,275)	(20,960)
Net cash provided by (used in) operating activities	(21,990,405)	(494,386)	1,167,420	4,585,709	504,786	(16,226,876)	(182,088)
Cash flows from non-capital financing activities							
Operating subsidies received from Federal and State	18,128,052	-	-	-	-	18,128,052	-
Cash received from other funds	-	1,213,859	-	11,775	420,617	1,646,251	7,170
Net cash provided by (used in) non-capital financing activities	18,128,052	1,213,859	-	11,775	420,617	19,774,303	7,170
Cash flows from capital and related financing activities							
Interest received	9,061	-	-	433,552	6,263	448,876	-
Interest paid	-	(126,431)	(605,355)	(2,435,364)	(1,567)	(3,168,717)	-
Principal payments	-	(592,865)	714,068	10,227,782	-	10,348,985	-
Acquisition of capital assets	(5,526,456)	-	-	(26,241,349)	(220,947)	(31,988,752)	-
Federal and State capital grants	5,994,885	-	-	-	-	5,994,885	-
Net cash provided by (used in) capital and related financing activities	477,490	(719,296)	108,713	(18,015,379)	(216,251)	(18,364,723)	-
Change in cash and cash equivalents	(3,384,863)	177	1,276,133	(13,417,895)	709,152	(14,817,296)	(174,918)
Cash and cash equivalents - beginning	3,998,318	1,748	594,769	38,672,704	59	43,267,598	7,869,190
Cash and cash equivalents - ending	\$ 613,455	\$ 1,925	\$ 1,870,902	\$ 25,254,809	\$ 709,211	\$ 28,450,302	\$ 7,694,272
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (29,858,816)	\$ (974,401)	\$ 2,606,576	\$ (30,205)	\$ 373,296	\$ (27,883,550)	\$ (3,617,995)
Depreciation and amortization	4,822,311	305,799	81,542	-	3,532	5,213,184	-
Changes in assets and liabilities							
(Increase) decrease in accounts receivable	-	(30,247)	(97,033)	1,000	(41,469)	(167,749)	287,511
(Increase) decrease in inventories	(186,501)	1,284	(1,051)	-	-	(186,268)	-
(Increase) decrease in prepaid expenses	21,125	992	46,383	-	(1,906)	66,594	-
(Increase) decrease in deferred outflows of resources	839,461	100,542	-	-	(394)	939,609	8,839
Increase (decrease) in accounts payable and accrued liabilities	279,926	126,495	(1,454,405)	4,610,129	78,975	3,641,120	724
Increase (decrease) in due to other funds	-	-	-	4,785	-	4,785	-
Increase (decrease) in deposits payable	-	-	(14,592)	-	-	(14,592)	-
Increase (decrease) in compensated absences	47,476	3,550	-	-	(169)	50,857	-
Increase (decrease) in claims payable	-	-	-	-	-	-	3,175,461
Increase (decrease) in net pension liability	5,055,009	229,053	-	-	6,970	5,291,032	(28,086)
Increase (decrease) in net OPEB liability	(18,959)	(1,052)	-	-	-	(20,011)	-
Increase (decrease) in notes payable	-	-	-	-	87,344	87,344	-
Increase (decrease) in deferred inflows of resources	(2,991,437)	(256,401)	-	-	(1,393)	(3,249,231)	(8,542)
Net cash provided by (used in) operating activities	\$ (21,990,405)	\$ (494,386)	\$ 1,167,420	\$ 4,585,709	\$ 504,786	\$ (16,226,876)	\$ (182,088)

See notes to financial statements.

City of Montebello
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Successor Agency	Agency Fund
ASSETS		
Cash and investments	\$ 9,360,769	\$ 2,479,969
Cash and investments with fiscal agent	2,692,486	-
Receivables:		
Interest	19,545	-
Accounts	8,200	-
Notes, net	3,853,716	-
Prepaid expenses	84,445	-
Land held for resale	5,983,486	-
Capital assets, net of accumulated depreciation	11,956,489	-
Total assets	<u>33,959,136</u>	<u>2,479,969</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on defeasance of debt	238,419	-
LIABILITIES		
Accounts payable and accrued liabilities	20,151	-
Deposits payable	-	2,479,969
Unearned revenues	20,145	-
Interest payable	471,156	-
Advances from City of Montebello, net	6,150,883	-
Noncurrent liabilities		
Due within one year	4,444,638	-
Due in more than one year	40,306,878	-
Total liabilities	<u>51,413,851</u>	<u>2,479,969</u>
NET POSITION (DEFICIT)		
Unrestricted fiduciary net position	(17,216,296)	-
Total net position (deficit) \$	<u>(17,216,296) \$</u>	<u>-</u>

See notes to financial statements.

City of Montebello
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2018

	Successor Agency Private-purpose Trust Fund
Revenues	
Property tax	\$ 7,087,612
Investment income	84,566
Other revenue	624,674
Total revenues	<u>7,796,852</u>
Expenditures	
Current:	
Housing and community development	363,671
Debt service:	
Interest and fiscal charges	2,030,309
Total expenditures	<u>2,393,980</u>
Change in net position	5,402,872
Net position (deficit), beginning of year, as restated	<u>(22,619,168)</u>
Net position (deficit), end of year	<u>\$ (17,216,296)</u>

See notes to financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity

The City of Montebello (the City) was incorporated on October 16, 1920 and conducts its operations as a general law, Council/Manager City.

The City's accounting policies conform to accounting principles generally accepted in the United States of America, as applicable to governments.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Montebello and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City) and there is a financial burden or benefit component to the relationship. In certain cases, other organizations are included as component units if the nature and significance of their operational and financial relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Based upon the above criteria, the component units of the City, as of June 30, 2018, are the Montebello Public Improvement Corporation (MPIC), Montebello Public Financing Authority (Authority), and Water System Improvement Corporation (WSIC). A brief description of each component unit follows:

Montebello Public Improvement Corporation

The Montebello Public Improvement Corporation was formed in June 1990 as a nonprofit corporation. MPIC was formed for the purpose of acquisition and construction of various projects to be leased to the City under a lease agreement. The MPIC is not active.

Montebello Public Financing Authority

The Montebello Public Financing Authority was established pursuant to a Joint Exercise of Powers Agreement, dated September 2, 1997, entered into by the City and the former Redevelopment Agency for the purpose, among others, of issuing bonds to be used to provide financial assistance to its members. The activities of the Authority are reported in the Debt Service and Capital Projects Funds. In August 2014, the Montebello Parking Authority replaced the Successor Agency as one of the principals in the Montebello Public Financing Authority.

Water System Improvement Corporation

The Water System Improvement Corporation was formed in July 1972. The WSIC was formed for the purpose of rendering assistance to the City by leasing to the City any asset acquired or improvement to the City's Water System facilities. The WSIC is not active.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate financial statements are not prepared for the Montebello Public Financing Authority, Montebello Public Improvement Corporation, and the Water System Improvement Corporation.

Montebello Redevelopment Agency

Prior to its dissolution on February 1, 2012, the former Montebello Redevelopment Agency's (Agency) financial activity was reported as a component unit of the City. The primary purpose of the Agency was to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational, and public facilities.

Pursuant to the provisions of AB 1x26, the Montebello Redevelopment Agency was dissolved and the Successor Agency to the Dissolved Montebello Redevelopment Agency (Successor Agency) was created. Accordingly, all of the assets, liabilities and obligations of the former redevelopment agency were transferred to the Successor Agency and the Housing Successor Special Revenue Fund (Housing Fund) of the City on February 1, 2012.

The City of Montebello currently serves as the Successor Agency to the former redevelopment agency that is responsible for revenue collection, maintaining the bond reserves, disposing of excess property and fulfilling the obligations of the dissolved Agency. The City Council serves as the Successor Agency's governing board.

Financial information for the Successor Agency is presented as a Private-purpose Trust fund. See also Note 16.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's enterprise activities and various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements for the City's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and other funds in the aggregate for governmental and enterprise funds. Fiduciary statements, even though excluded from the government-wide financial statements, include financial information that primarily represents assets held by the City in a custodial capacity for other individuals or organizations.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the economic resources measurement focus, all assets and deferred outflows of resources and liabilities and deferred inflows of resources (whether current or noncurrent) are included in the statement of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all the eligibility requirements have been satisfied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance nonspendable accounts.

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period with the exception of interest not expected to be received within 60 days. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in pre-November 1989 FASB and AICPA Pronouncements*, all government-wide and business-type activities of the City follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

The Retirement Special Revenue Fund is used to account for the accumulation of resources required for the funding of the City employees' retirement fund.

The Public Financing Authority Debt Service Fund is used to account for the accumulation of resources required for payment of interest and principal on all Public Financing Authority revenue bonds.

The Housing Successor Special Revenue Fund is used to account for the housing assets and activities of the former Low and Moderate Income Housing Fund of the dissolved redevelopment agency.

The City reports the following major enterprise funds:

The Transit System Fund is used to account for all revenues and expenses related to the operations of the City's transit service.

The Golf Course Fund is used to account for all revenues and expenses related to the operations of the Montebello Municipal Golf Course.

The Montebello Hilton Fund is used to account for revenues and expenses related to the operations of the Montebello Hilton. Capital assets and related debt are not reported in the fund as any shortfall related to debt service payments are guaranteed from tax revenues of the Successor Agency, subsequently reimbursed either from operations of the Hilton or from the General Fund.

The Hotel2Suites Fund is used to account for costs related to the construction and equipping of the Montebello Home2Suites Project.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City's fund structure also includes the following fund types:

Governmental Funds

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

The Capital Projects Funds are used to account for proceeds received and issuance of bonds for capital improvements.

Proprietary Funds

The Enterprise Funds are used to account for operations that provide services to the general public that are financed primarily by user charges or where the periodic measurement of net increase is deemed appropriate. Combined and presented as Other Enterprise Funds are the Water Utility and Detention Facility funds.

The Internal Service Funds are used to account for the financing of special activities that provide services within the City. These activities include vehicle, equipment, and insurance services.

Fiduciary Fund

The Successor Agency Private-purpose Trust Fund is a fiduciary fund type used by the City to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities and activities of the Successor Agency to the Dissolved Montebello Redevelopment Agency. Unlike the limited reporting typically utilized for an Agency Fund, Private-purpose Trust Fund reports a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

The Agency Fund is used to account for the resources (deposits) held by the City in a fiduciary capacity for individuals, governmental entities, and others.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

In the government-wide financial statements, net positions are categorized as follows:

- Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition of these assets.
- Restricted Net Positions consist of assets, net of any related liabilities, which have had restrictions imposed on them by external creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources, as they are needed.
- Unrestricted Net Positions consist of net positions that do not meet the definition of Net Investment in Capital Assets or Restricted Net Positions.

Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, classifies governmental fund balances as follows:

- Nonspendable - Amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - Amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the City Council and does not lapse at year-end.
- Assigned - Amounts that are intended to be used for specific purposes and that are neither considered restricted or committed. Fund balance may be assigned by City Council or by an official or body to which the City Council delegates the authority.
- Unassigned - All amounts not included in other classifications.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal contracts that prohibit doing this. Additionally, the City would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made as necessary.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In addition, cash invested in the City's cash management pool is considered to be a cash equivalent.

Investments

Investments are reported at fair value, except for the investment contracts with fiscal agents and the investment in Redevelopment Agency bonds that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Land Held for Resale

Land held for resale is carried at the lower of cost or estimated realizable value.

Inventory

In governmental funds, inventories are valued at cost on a first-in, first-out basis. The City follows the consumption method for inventory control. Inventory items are reported as expenditures when consumed.

In proprietary funds, inventories are valued at cost on a first-in, first-out basis.

Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of one year or more.

Capital assets include additions to public domain (infrastructure), certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, streetlights, sewers, bridges, and right-of-way corridors within the City. The City has valued and recorded all infrastructure asset data as of June 30, 2018.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the proprietary funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The lives used for depreciation purposes of each capital asset class are:

Buildings	10 to 50 years
Machinery	5 to 30 years
Equipment	5 to 10 years
Infrastructure	20 to 50 years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement Nos. 63 and 65, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 12 for the deferred outflows and deferred inflows of resources the City has recognized as of June 30, 2018.

Compensated Absences

It is the City's policy to permit employees to accumulate limited amounts of earned but unused vacation and sick leave benefits, which will be paid to employees upon separation from City service. In governmental fund types, the cost of vacation and sick leave benefits are recognized when payments are made to employees. Proprietary fund types accrue vacation and sick leave benefits in the period they are earned. The total compensated absences liability of \$2,021,172 reported in the governmental activities includes \$2,017,395 to be paid by governmental funds and \$3,777 accrued in the internal service funds. The total compensated absences reported in the business-type activities amounted to \$1,108,560.

Property Taxes

The assessment, levy, and collection of property taxes are the responsibility of the County of Los Angeles. The City records property taxes as revenue when received from the County, except at year-end, when property taxes received within 60 days are accrued as revenue.

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	January 1
Levy date	July 1
Due date	November 1 - 1st installment March 1 - 2nd installment
Collection date	December 10 - 1st installment April 10 - 2nd installment

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Specifically, the City has made certain estimates and assumptions relating to the collectability of its receivables (including accounts receivable and notes receivable), the valuation of property held for resale, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates and assumptions.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2018, the City adopted the following new Statements of the Governmental Accounting Standards Board (GASB):

- GASB statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB are also addressed in this Statement. Refer also to Note 10.

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2017 consisted of the following:

	Government-wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Unrestricted assets:			
Cash and investments	\$ 39,351,246	\$ 11,840,738	\$ 51,191,984
Restricted assets:			
Cash and investments from Successor Agency unspent bond proceeds	4,666,731	-	4,666,731
Cash and investments with fiscal agents	26,656,264	2,692,486	29,348,750
Total cash and investments \$	<u>70,674,241</u>	<u>14,533,224</u>	<u>\$ 85,207,465</u>

Cash and investments at June 30, 2018 consisted of the following:

Cash on hand	\$ 7,146
Deposits with financial institutions	12,309,552
Investments	72,890,767
Total cash and investments \$	<u>85,207,465</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

	Maximum Maturity	Maximum Percentage of Portfolio *
United States Treasury Obligations	5 years	80%
United States Government Sponsored Enterprises Securities	365 days	50%
Banker's Acceptances	180 days	40%
Commercial Paper	270 days	25%
Negotiable Certificates of Deposit	5 years	30%
Repurchase Agreements	1 day	40%
Money Market Mutual Funds	(1)	25%**
Certificates of Deposit	(2)	None
County Pooled Investment Funds	(1)	10%
Local Agency Investment Fund (LAIF)	(1)	lesser of 60% or \$20,000,000
State and Local Obligations	N/A	30%

(1) Not applicable / on demand

(2) Subject to agreement entered into with depository

* Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

** 5% of the City's surplus funds

N/A Not applicable

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentrations of credit risk.

	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
United States Treasury Obligations	None	None	None
United States Government Sponsored Enterprises Securities	None	None	None
Banker's Acceptances	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal policy to manage interest rate risk. However, one of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity in months	Totals
	12 Months or Less	
Local Agency Investment Fund (LAIF)	\$ 38,404,043	\$ 38,404,043
Certificates of deposits	1,013,939	1,013,939
Restricted cash and investments:		
Money market mutual funds	33,472,785	33,472,785
Total	\$ 72,890,767	\$ 72,890,767

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, as reported by Standard & Poor's, as of year end for each investment type:

Investment Type	Total as of June 30, 2016	Minimum Legal Rating	AAA	Unrated
Local Agency Investment Fund (LAIF)	\$ 38,404,043	N/A	-	\$ 38,404,043
Certificates of Deposits	1,013,939	N/A	-	1,013,939
Restricted cash and investments:				
Money market mutual funds	33,472,785	A	33,472,785	-
Total	<u>\$ 72,890,767</u>		<u>\$ 33,472,785</u>	<u>\$ 39,417,982</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2018, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balance of the deposits was collateralized as required by California Law.

Investment in State Investment Pool

The City is a voluntary participant in the LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. As of June 30, 2018, the City had a contractual withdrawal value of \$38,404,043.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement

GASB 72, *Fair Value Measurement and Application*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices for identical assets or liabilities in active markets that government can access at the measurement date.
- Level 2 inputs are other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The City has the following recurring fair value measurements as of June 30, 2018:

Investments by fair value level	Fair Value	Fair Value Measurement Using Significant Other Observable Inputs (Level 2)
Certificates of time deposits	\$ 1,013,939	\$ 1,013,939
Held By Bond Trustee:		
Money market mutual funds	33,472,785	33,472,785
Total	34,486,724	\$ 34,486,724
Uncategorized:		
Local Agency Investment Fund	38,404,043	
Total investments measured at fair value	\$ 72,890,767	

City of Montebello
Notes to Financial Statements
Year ended June 30, 2018

NOTE 3 CAPITAL ASSETS

A summary of changes in the governmental activities capital assets for the year ended June 30, 2018 is as follows:

	Balance at June 30, 2017	Additions	Reclassifications / Deletions	Balance at June 30, 2018
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,053,644	\$ -	\$ -	\$ 2,053,644
Right of way	14,391,776	-	-	14,391,776
Construction in progress	2,025,060	1,616,478	(1,289,946)	2,351,592
Total capital assets, not being depreciated	18,470,480	1,616,478	(1,289,946)	18,797,012
Capital assets, being depreciated				
Buildings and improvements	59,038,567	1,091,479	1,289,946	61,419,992
Machinery and equipment	48,431,718	152,023	(102,045)	48,481,696
Infrastructure	48,409,657	-	-	48,409,657
Total capital assets, being depreciated	155,879,942	1,243,502	1,187,901	158,311,345
Less accumulated depreciation for:				
Buildings and improvements	(21,972,179)	(1,483,077)	-	(23,455,256)
Machinery and equipment	(42,658,572)	(1,019,240)	102,045	(43,575,767)
Infrastructure	(32,933,705)	(704,807)	-	(33,638,512)
Total accumulated depreciation	(97,564,456)	(3,207,124)	102,045	(100,669,535)
Total capital assets, being depreciated, net	58,315,486	(1,963,622)	1,289,946	57,641,810
Governmental activities capital assets, net	\$ 76,785,966	\$ (347,144)	\$ -	\$ 76,438,822

A summary of changes in the business-type activities capital assets for the year ended June 30, 2018 is as follows:

	Balance at June 30, 2017	Additions	Reclassifications/ Deletions	Balance at June 30, 2018
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 6,306,596	\$ -	\$ -	\$ 6,306,596
Construction in progress	12,499,613	31,440,088	-	43,939,701
Total capital assets, not being depreciated	18,806,209	31,440,088	-	50,246,297
Capital assets, being depreciated				
Buildings and improvements	43,962,629	43,032	-	44,005,661
Machinery and equipment	66,727,780	461,300	-	67,189,080
Total capital assets, being depreciated	110,690,409	504,332	-	111,194,741
Less accumulated depreciation for:				
Buildings and improvements	(19,923,734)	(1,809,466)	-	(21,733,200)
Machinery and equipment	(43,116,149)	(3,403,718)	-	(46,519,867)
Total accumulated depreciation	(63,039,883)	(5,213,184)	-	(68,253,067)
Total capital assets, being depreciated, net	47,650,526	(4,708,852)	-	42,941,674
Business-type activities capital assets, net	\$ 66,456,735	\$ 26,731,236	\$ -	\$ 93,187,971

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation Expense

Depreciation expense was charged to City functions/programs as follows:

	Amount
General government	\$ 591,653
Public safety	1,061,161
Public works	584,577
Parks, recreation, and culture	251,436
Housing and community development	13,490
Allocated depreciation	2,502,317
Unallocated infrastructure depreciation	704,807
Total depreciation expense - governmental activities	<u>\$ 3,207,124</u>

Depreciation expense was charged to the business-type activities as follows:

	Amount
Transit	\$ 4,822,312
Golf course	305,799
Montebello Hilton	81,541
Other business units	3,532
Total depreciation expense -business-type activities	<u>\$ 5,213,184</u>

NOTE 4 NOTES RECEIVABLE

Notes receivable at June 30, 2018 include the following:

	Amount
Low and Moderate Income Housing loans	\$ 5,905,908
Community Development Block Grant loans	672,599
HOME Program loan	145,000
	<u>6,723,507</u>
Less: Allowance for doubtful accounts	5,905,908
Notes receivable, net of allowance	<u>\$ 817,599</u>

NOTE 4 NOTES RECEIVABLE (CONTINUED)

Low and Moderate Housing Loans

Montebello Downtown Plaza Project

On December 26, 2001, the Agency entered into an Owner Participation Agreement (Agreement) with the Montebello Downtown Plaza LLC (Participant) for the acquisition, development, and operation of affordable senior citizen rental units and retail commercial buildings. The Agreement, which was amended and restated on October 26, 2005, provides that the now dissolved Redevelopment Agency loan a total amount of \$6,250,000 from the Low- and Moderate-Income Housing Fund for the acquisition of property and construction of affordable senior housing units only. The Participant was to provide financing for costs in excess of \$6,250,000. The unpaid balance of the loan outstanding at June 30, 2018 was \$5,276,308. The loan is to be forgiven over a period of 99 years.

Whittier Project

In March 2000, the now dissolved Redevelopment Agency entered into an Owner Participation Agreement with Garfield Financial Corporation (Owner), whereby the Agency was to loan the Owner money for the construction of an affordable housing project. In accordance with the agreement, the amounts disbursed accrue interest at the rate of 7% compounded annually. In fiscal year 2005, the terms of the note were changed to forgive the loan over a period of 99 years. The balance of the note receivable at June 30, 2018 was \$629,600.

Above loans were provided with 100% allowance for doubtful accounts.

Community Development Block Grant Loans

At June 30, 2018, loans made to individual homeowners under the Community Development Block Grant program amounted to \$672,599. These loans are payable when the borrowers sell the property.

HOME Program Loan

On July 23, 2014, the City entered into a HOME program loan agreement with the Montebello Housing Development Corporation (Developer), whereby the City provided financial assistance of \$145,000 in the form of a forgivable loan in exchange for developing single-family homes for sale to low and moderate income individuals and families. This financial assistance shall be forgiven over a period of 20 years provided the Developer causes all housing units to adhere to affordability requirements.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2018 is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General fund	Golf Course enterprise fund	\$ 1,990,811
	Hotel2Suites	11,775
	Public Financing Authority	9,568
	Housing Sucessor Fund	9,611
	Other enterprise funds	505,200
	Other governmental funds	267,658
Debt Service fund	Golf Course enterprise fund	376,060
		<u>\$ 3,170,683</u>

The receivable of the General Fund and Debt Service Fund from the Golf Course Enterprise Fund was mainly to fund operating deficits incurred by the Golf Course Enterprise Fund in prior years.

The other interfund payable balances represent routine and temporary cash flow assistance until amounts receivable from the other funds are collected to pay the amounts owed.

Interfund Transfers

The compositions of the City's interfund transfer balances are as follows:

		Transfers In			
	General Fund	Internal Service Fund	Golf Course Enterprise Fund	Other Enterprise Funds	Total
Transfers out					
(A) General fund	\$ -	\$ -	\$ 963,320	\$ 418,595	\$ 1,381,915
(B) Retirement special revenue fund	8,660,942	7,170	250,539	2,022	8,920,673
(C) Other governmental funds	2,500,000	-	-	-	2,500,000
(D) Debt service fund	1,096,387	-	-	-	1,096,387
Total governmental activities	<u>\$ 12,257,329</u>	<u>\$ 7,170</u>	<u>\$ 1,213,859</u>	<u>\$ 420,617</u>	<u>\$ 13,898,975</u>

(A) Transfers from the General Fund of \$963,320 to the Golf Course Enterprise Fund and \$418,595 to the Other Enterprise Funds were to cover the corresponding fund's cash deficits.

(B) Transfers from the Retirement Fund of \$8,660,942 to the General Fund and \$250,539 to the Golf Course Enterprise Fund were to pay the annual retirement contributions.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

- (C) Transfer from the Other Governmental Funds of \$2,500,000 to the General Fund was to reimburse street maintenance expenses paid by the General Fund.
- (D) Transfer from the Debt Service Fund of \$1,096,387 to the General Fund was to pay for the debt service obligation.

NOTE 6 ADVANCES TO SUCCESSOR AGENCY TRUST FUND

At June 30, 2018, the Successor Agency has a net liability to the City of \$6,150,883, which is reported in the Statement of Net Position as Advances to Successor Agency Trust Fund. This amount includes \$6,116,642 advanced from the Housing Fund pertaining to advances made by the former Low and Moderate Income Housing Fund to the former redevelopment agency. These advances were used to finance the project expenses of one of the project areas of the former redevelopment agency.

NOTE 7 HOTEL MANAGEMENT AGREEMENT

Pursuant to a Hotel Management Agreement dated November 29, 2001, the Montebello Hilton Hotel (Hotel) is charged by Hotel Adventures LLC (HALLC) an annual management fee which includes an operational amount and a projected franchise fee assessed by Hilton Hotels. The actual franchise fee amount is paid directly to Hilton Hotels from the City's Montebello Hilton (Enterprise) Fund. The obligation of the City to pay the management fee is subordinated to the payment of operating expenses and debt service on the Bonds issued to finance Hotel construction. Unpaid fees, consisting of the management fee and any franchise fee differential between projected franchise fees and actual franchise fees paid to Hilton Hotels, accrue interest at a prime lending rate established by Citibank, N.A.

NOTE 7 HOTEL MANAGEMENT AGREEMENT (CONTINUED)

On November 29, 2017, the City extended the hotel management agreement with HALLC for additional 15 years until December 17, 2032. Under this new agreement, HALLC shall receive an annual management fee of \$597,000, as adjusted upward or downward based upon changes in the Annual CPI Index. Unpaid management fees shall accrue interest at simple annual interest rate equal to that earned in the Local Agency Investment Fund (LAIF).

During fiscal year 2018, the Hotel recorded expense for management fees (including the franchise fee differential) and interest on management fees of \$317,310, and \$2,592, respectively. Accrued unpaid expenses for management fees at June 30, 2018 amounted to \$713,971.

NOTE 8 LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2018:

Governmental Activities

	Balance July 1, 2017 (Restated)	Additions	Reductions	Balance June 30, 2018	Amount Due Within One Year
Bonds payable					
Revenue bonds	\$ 11,386,940	\$ -	\$ (977,340)	\$ 10,409,600	\$ 1,053,180
Add (Less): bond premium	1,029,441	-	(102,944)	926,497	151,657
bond discount	(3,875)	-	484	(3,391)	-
Total bonds payable	12,412,506	-	(1,079,800)	11,332,706	1,204,837
Claims payable	13,473,144	7,319,505	(4,144,044)	16,648,605	5,742,548
Notes payable	4,387,106	9,725	(353,945)	4,042,886	366,000
Capital lease obligation	972,060	-	(69,989)	902,071	359,492
Compensated absences	1,992,111	385,372	(356,311)	2,021,172	3,777
Net pension liability	89,885,040	17,396,824	(6,579,214)	100,702,650	-
Net OPEB liability	25,117,447	-	(162,899)	24,954,548	-
Total governmental activities	\$ 148,239,414	\$ 25,111,426	\$ (12,746,202)	\$ 160,604,638	\$ 7,676,654

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities

	Balances July 1, 2017 (Restated)	Additions	Reductions	Balance June 30, 2018	Amount Due Within One Year
Golf Course Enterprise Fund					
Revenue bonds	\$ 3,313,060	\$ -	\$ (257,660)	\$ 3,055,400	\$ 276,820
Add (Less): bond premium	83,340	-	(6,945)	76,395	-
bond discount	(1,196)	-	150	(1,046)	-
Total Golf bonds payable	3,395,204	-	(264,455)	3,130,749	276,820
Montebello Hilton Hotel Fund					
Revenue bonds	11,925,000	-	(535,000)	11,390,000	550,000
Add (Less): bond premium	720,117	-	(42,360)	677,757	-
	12,645,117	-	(577,360)	12,067,757	550,000
Hotel2Suites Fund					
Revenue bonds	54,860,000	-	-	54,860,000	-
Add (Less): bond premium	6,205,074	-	(344,726)	5,860,348	-
	61,065,074	-	(344,726)	60,720,348	-
Subtotal - Bonds	77,105,395	-	(1,186,541)	75,918,854	826,820
Notes payable	686,116	108,812	(310,494)	484,434	111,250
Capital lease obligation	457,321	-	(42,826)	414,495	208,823
Compensated absences	1,057,703	136,234	(85,377)	1,108,560	895,840
Net pension liability	29,840,726	7,964,027	(2,672,995)	35,131,758	-
Net OPEB liability	-	3,057,523	-	3,057,523	-
Total business-type activities	\$ 109,147,261	\$ 11,266,596	\$ (4,298,233)	\$ 116,115,624	\$ 2,042,733

Governmental Activities

A. 2014B Lease Revenue Refunding Bonds (2014B LRRBs)

On September 10, 2014, the City issued the 2014 Lease Revenue Refunding Bonds (LRRBs), Series B, of \$10,040,000 which defeased the \$12,595,000 of principal due on the 2000 COPs. The City received a premium on the bond issue in the amount of \$1,338,273 and incurred a loss of \$294,258 in the bond defeasance. The bond premium and loss on defeasance are amortized over the life of the refunded bonds. The Bonds are payable from lease payments to be made by the City to the Montebello Public Finance Authority (MPFA) as rental for certain public facilities consisting of the City Hall and Police Department pursuant to the Lease Agreement. The City is required under the Lease Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Annual installments of \$1,018,375 to \$1,031,564 are due November 1, 2014 through November 1, 2026. Interest rates on the 2014 Series B LRRBs range from 0.30% to 5.0%. The outstanding balance at June 30, 2018 was \$7,430,000.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

The annual requirements to amortize the 2014 Series B LRRBs are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 675,000	\$ 354,625	\$ 1,029,625
2020	705,000	320,125	1,025,125
2021	745,000	283,875	1,028,875
2022	780,000	245,750	1,025,750
2023	820,000	205,750	1,025,750
2024-2027	3,705,000	381,625	4,086,625
Totals	\$ 7,430,000	\$ 1,791,750	\$ 9,221,750

2014C Lease Revenue Refunding Bonds (2014C LRRBs)

On September 10, 2014, the City issued 2014 Lease Revenue Refunding Bonds Series C of \$5,395,000 which defeased the principal due on the 2001 COPs. The Bonds are payable from lease payments to be made by the City to the Montebello Public Finance Authority (MPFA) as rental for certain public facilities consisting of the City Hall and Police Department pursuant to the Lease Agreement. The City is required under the Lease Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Interest rates on the 2014 Series C LRRBs range from 0.40% to 4.07%. Annual installments of \$440,623 to \$647,922 are due November 1, 2014 through November 1, 2024.

The City's share (76.4%) from the 2014C LRRBs is \$4,121,780 and the Golf Course Enterprise Fund's share (23.6%) is \$1,273,220. The outstanding balance at June 30, 2018 was \$2,979,600. The annual requirements to amortize the 2014 Series C LRRBs are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 378,180	\$ 97,524	\$ 475,704
2020	389,640	87,099	476,739
2021	404,920	74,907	479,827
2022	420,200	60,986	481,186
2023	439,300	45,584	484,884
2023-2025	947,360	38,562	985,922
Totals	\$ 2,979,600	\$ 404,662	\$ 3,384,262

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

B. Notes Payable

United States Department of Housing and Urban Development

(1) In November 2005, the City borrowed \$6,500,000 from the United States Department of Housing and Urban Development (HUD) to provide for funds to pay for street improvements. Interest and principal are due as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 366,000	\$ 165,729	\$ 531,729
2020	385,000	145,392	530,392
2021	405,000	123,743	528,743
2022	425,000	100,749	525,749
2023	445,000	76,409	521,409
2023-2026	1,124,000	72,716	1,196,716
Totals	\$ 3,150,000	\$ 684,738	\$ 3,834,738

(2) During the fiscal year ended June 30, 2011, the City was notified by HUD that the City had not provided sufficient documentation with respect to \$2,189,106 in grant expenditures and directed the City to repay the amount. In September 2011, the City paid \$1,300,000 to HUD. As at June 30, 2018, the remaining amount of \$892,886 remained unpaid. The City collected \$1,300,000 of these funds from a third party contractor involved with the grant-funded project. In August 2016, HUD accepted the City's proposal for the repayment agreement of the unpaid balance upon disposition of the property. As of March 11, 2019, the sale of the property is still in process.

C. Claims Payable

Refer to Note 11 for more information on these liabilities.

D. Compensated Absences

The noncurrent portion of the accumulated compensated absences liabilities, liquidated primarily by the General Fund of \$2,017,395, has no repayment schedule at June 30, 2018.

E. Net Pension Liability and Net OPEB Liability

Refer to Notes 9 and 10 for more information on these obligations.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities

A. Hilton Hotel Revenue Bonds

On November 19, 2001, the Montebello Public Financing Authority (established pursuant to a joint exercise of powers agreement between the City of Montebello and the former Community Redevelopment Agency of the City of Montebello) issued \$15,830,000 of Revenue Bonds, Series A to: (a) finance the acquisition, construction, and equipping of a hotel facility (Project) located adjacent to the Montebello Country Club, a municipal golf course owned and operated by the City and the Quiet Cannon Restaurant and Conference Facility; (b) fund a reserve fund; (c) fund capitalized interest on the bonds through April 1, 2003; (d) fund an operating reserve; and (e) pay certain costs of issuance of the bonds. Concurrently with the issuance of the bonds, the Authority and City entered into an installment purchase agreement in which the Authority sold the Project to the City in consideration for the installment purchase payments to be made by the City in amounts sufficient to pay the debt service payments on the bonds.

Pursuant to the installment purchase agreement, the City pledged all revenues received related to the ownership and operation of the hotel facility to make the installment purchase payments to the Authority for payment of the debt service. In addition, the City and the Agency have entered into a separate agreement dated November 1, 2000 in connection with the development and operation of the hotel facility. Pursuant to this agreement, the Agency has agreed to pay, solely from tax revenues from the Montebello Hills Redevelopment Project Area, any shortfall on the City's lease payments required to pay the debt service on the bonds. The hotel facility began operations in December 2002.

In September 2004, the City issued \$17,060,000 in Variable Rate Lease Revenue Refunding Bonds to advance refund \$15,490,000 of outstanding Series 2001A Revenue Bonds as described above. The reacquisition price exceeded the net carrying amount by \$604,199 which is now being presented as deferred outflows of resources and amortized over the remaining life of the refunded debt. As a result, the 2001A Revenue Bonds are considered to be defeased, and the liability for those bonds has been removed from the long-term liabilities.

Similar to the provision of the defeased Series 2001A Revenue Bonds, the 2004 Revenue Refunding Bonds, Series A are limited obligations of the Authority, payable solely from the lease payments to be received from the City pursuant to the Amended and Restated Lease Agreement, dated September 1, 2004. The City has pledged all revenues received related to the ownership and operation of the project to make the lease payments due to the Authority to make debt service payments on the bonds.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

On March 26, 2015, the City remarketed and converted the Variable Rate Lease Revenue Refunding Bonds to Fixed Rate Lease Revenue Refunding Bonds. As a result of the remarketing and conversion, the City received a bond premium of \$847,197 and reduced the outstanding debt to \$12,575,000. These fixed rate bonds have interest rates ranging from 3.625% to 5% payable on June 1 and December 1 of each year until 2033. The outstanding balance at June 30, 2018 was \$11,390,000. The annual requirements to amortize the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 550,000	\$ 532,694	\$ 1,082,694
2020	570,000	504,694	1,074,694
2021	585,000	475,819	1,060,819
2022	610,000	445,944	1,055,944
2023	630,000	414,944	1,044,944
2024-2028	3,465,000	1,574,094	5,039,094
2029-2033	4,080,000	702,209	4,782,209
2034-2033	900,000	22,500	922,500
Totals	<u>\$ 11,390,000</u>	<u>\$ 4,672,898</u>	<u>\$ 16,062,898</u>

B. 2014A Lease Revenue Refunding Bonds (2014A LRRBs)

On September 10, 2014, the City issued 2014 Lease Revenue Refunding Bonds Series A of \$2,755,000 which defeased the outstanding principal due on the 1999 COPs. The City received a premium on the bond issue in the amount of \$104,175 and incurred a loss of \$87,777 in the bond defeasance. The bond premium and loss on defeasance are amortized over the life of the refunded bonds. The Bonds are payable from lease payments to be made by the City to the Montebello Public Finance Authority (MPFA) as rental for certain public facilities consisting of the City Hall and Police Department pursuant to the Lease Agreement. The City is required under the Lease Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Annual Installments of \$227,363 to \$234,538 are due from November 1, 2014 through November 1, 2028. Interest rates on the 2014 Series A LRRBs range from 0.30% to 3.5%.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

The outstanding balance at June 30, 2018 was \$2,135,000. The annual requirements to amortize the 2014 LRRBs are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 160,000	\$ 72,338	\$ 232,338
2020	165,000	65,838	230,838
2021	175,000	59,038	234,038
2022	180,000	51,938	231,938
2023	190,000	44,538	234,538
2024-2028	1,035,000	126,656	1,161,656
2029-2030	230,000	4,025	234,025
Totals	\$ <u>2,135,000</u>	\$ <u>424,371</u>	\$ <u>2,559,371</u>

C. 2014C Lease Revenue Refunding Bonds (2014C LRRBs)

In September 2014, the City issued 2014 Lease Revenue Refunding Bonds Series C of \$5,395,000 which defeased the principal due on the 2001 COPs. The Bonds are payable from lease payments to be made by the City to the Montebello Public Finance Authority (MPFA) as rental for certain public facilities consisting of the City Hall and Police Department pursuant to the Lease Agreement. The City is required under the Lease Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Interest rates on the 2014 Series C LRRBs range from 0.40% to 4.07%. Annual installments of \$440,623 to \$647,922 are due November 1, 2014 through November 1, 2024.

The Golf Course Enterprise Fund's share of this debt is \$1,273,220. The outstanding balance at June 30, 2018 was \$920,400. The annual requirements to amortize the 2014 LRRBs Series C are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 116,820	\$ 30,125	\$ 146,945
2020	120,360	26,905	147,265
2021	125,080	23,139	148,219
2022	129,800	18,839	148,639
2023	135,700	14,080	149,780
2024-2025	292,640	11,912	304,552
Totals	\$ <u>920,400</u>	\$ <u>125,000</u>	\$ <u>1,045,400</u>

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

D. 2016A Lease Revenue Bonds (2016A LRBs)

On October 18, 2016, the Authority issued 2016 Series A Lease Revenue Bonds in the amount of \$54,860,000. The bonds bear interest rate of 5% and will mature in 2046. The bonds were issued to (1) finance the acquisition, construction and equipping of the Home2Suites by Hilton Hotel Project, (2) fund a reserve fund for the bonds, (3) fund interest accruing on the bonds through November 1, 2019, and (4) pay costs of issuance of the bonds. The bonds are payable from the lease payments to be made by the City to the Authority as rental for the Home2Suites property pursuant to the Lease Agreement. The City is required under the Lease Agreement to make payments in each fiscal year to pay the annual principal and interest due on the bonds. Annual installments of \$2,642,200 to \$3,652,000 are due June 1, 2018 through June 1, 2046. The outstanding balance at June 30, 2018 was \$54,860,000. The annual requirements to amortize the 2016 Series A LRBs are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ -	\$ 2,642,200	\$ 2,642,200
2020	1,005,000	2,642,200	3,647,200
2021	1,060,000	2,591,950	3,651,950
2022	1,110,000	2,538,950	3,648,950
2023	1,165,000	2,438,450	3,603,450
2024-2028	6,765,000	11,482,500	18,247,500
2029-2033	8,630,000	9,614,250	18,244,250
2034-2038	11,025,000	7,228,500	18,253,500
2039-2043	14,040,000	4,201,200	18,241,200
2044-2046	10,060,000	888,400	10,948,400
Totals	\$ 54,860,000	\$ 46,268,600	\$ 101,128,600

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Notes Payable

The City entered into two loan agreements with Quiet Cannon Montebello, Inc. (Quiet Cannon). Quiet Cannon leases a facility on the City's golf course property. The loans were obtained by Quiet Cannon on behalf of the City from a financial institution payable in monthly installments ranging from \$5,969 to \$6,658 at prime interest rate (currently 3.25%) until year 2021. The installment payments are deducted by Quiet Cannon from its lease payments to the City. The loan proceeds were used to finance the renovation of the facility and signage.

During the year ended June 30, 2014, the City entered into a Maintenance Loan Agreement with Quiet Cannon for \$700,000. Under the agreement, Quiet Cannon borrowed the amount from a financial institution payable over a period of 5 years at prime lending rate. The loan repayment shall be offset by Quiet Cannon from its rental obligation to the City.

In July 2013, the City entered into a zero percent On-Bill Financing Agreement with the Southern California Edison Company for the installation of certain energy efficient equipment at the Golf Course premises for a total amount of \$327,213 payable over a period of 116 months.

At June 30, 2018, the total outstanding loans payable amounted to \$397,090.

NOTE 9 DEFINED BENEFIT PENSION PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Safety Plan (police and fire) and Miscellaneous Plan (all others), agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Safety	
	Prior to 1-Jan-13	On or after 1-Jan-13
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	11.25%
Required employer contribution rates	51.800%	51.800%

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Miscellaneous	
	Prior to 1-Jan-13	On or after 1-Jan-13
Hire date	1-Jan-13	1-Jan-13
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	26.899%	26.899%

Employees Covered

At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

	Safety	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	268	387
Inactive employees entitled to but not yet receiving benefits	84	397
Active employees	116	331
Total	468	1,115

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities were determined using the following actuarial assumptions:

	<u>Safety</u>	<u>Miscellaneous</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Projected Salary Increase	(1)	(1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality	(3)	(3)

(1) Varies by entry age and service

(2) Net of pension plan investment and administrative expenses, including inflation

(3) Derived using CalPERS' Membership Data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent used for the June 30, 2017 measurement date is without reduction of pension plan administrative expenses and will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100%		

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability over the measurement period:

	<u>Safety</u>	<u>Miscellaneous</u>
Balance, June 30, 2016	\$ 73,632,584	\$ 46,093,183
Changes recognized for the following:		
Service cost	3,513,114	2,932,068
Interest on the total pension liability	16,587,154	12,673,319
Differences between expected and actual experiences	(484,213)	(2,393,873)
Changes of assumptions	13,789,932	10,512,651
Net plan to resource movement	-	1,197
Contributions from the employer	(5,358,752)	(3,893,457)
Contributions from the employee	(949,049)	(1,186,191)
Net investment income	(16,289,173)	(13,752,535)
Administrative expense	220,253	186,195
Net changes during 2016-2017	<u>11,029,266</u>	<u>5,079,374</u>
Balance, June 30, 2017	\$ <u>84,661,850</u>	\$ <u>51,172,557</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the current discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Safety</u>	<u>Miscellaneous</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 117,952,272	\$ 76,420,922
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 84,661,850	\$ 51,172,557
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 57,431,386	\$ 30,368,259

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expenses of \$12,172,346 and \$6,381,487 for the safety and miscellaneous plans, respectively. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Safety		Miscellaneous		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,096,263	\$ -	\$ 4,395,719	\$ -	\$ 10,491,982	\$ -
Changes of assumptions	8,273,959	-	6,469,324	-	14,743,283	-
Differences between expected and actual experiences	-	506,110	-	2,201,851	-	2,707,961.00
Net differences between projected and actual earnings on plan investments	2,485,347	-	2,030,129	-	4,515,476	-
Total	\$ 16,855,569	\$ 506,110	\$ 12,895,172	\$ 2,201,851	\$ 29,750,741	\$ 2,707,961

Pension contributions made subsequent to measurement date amounting to \$6,096,263 and \$4,395,719 for Safety and Miscellaneous plans, respectively, were reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of pension expense as follows:

Year Ending	Amount
June 30	
2019	\$ 7,517,155
2020	9,371,030
2021	1,811,068
2022	(2,148,455)
2023	-
Thereafter	-

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Payable to the Pension Plan

At June 30, 2018, the City did not have outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

Allocation to Proprietary Funds

The City allocated net pension liability and related costs to the Transit Fund, Golf Course Fund, Water Fund and internal service funds based upon the enterprise and internal service funds' proportionate share of the total pension contribution during the fiscal year ended June 30, 2018.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

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. Benefit provisions are established through agreements and memorandums of agreement between the City, its management employees, and unions representing the City's employees.

Benefits Provided

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. An employee is eligible for this employer contribution provided they are vested in their PERS pension benefit and commence payment for their pension benefit when retiring from the City. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon the death of the retiree.

Additional Benefits:

Miscellaneous Employees

The current retiree health benefit is 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. The monthly allowance is available only to the retired employee and does not continue to a surviving spouse. The retiree is not required to continue medical insurance through the City to receive the monthly allowance. The monthly allowance is currently \$25 for each year of service with the City up to 25 years (\$625 maximum). The monthly allowance is payable up to Medicare eligibility age (currently age 65).

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Eligibility from the monthly allowance requires retirement from the City on or after age 50 with at least 15 years of active City service at retirement. Disability retirement requires 10 years of active City service and has no age requirement. Montebello Mid-Management Association (MMMA) and Montebello Supervisors Association (MSA) employees are not eligible for this allowance unless they made a one-time election for this benefit in lieu of a City contribution to a 401 (a) plan.

Safety (Fire and Police) Employees

The current retiree health benefit is 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. The monthly allowance is available only to the retired employee and does not continue to a surviving spouse. The retiree is not required to continue medical insurance through the City to receive the monthly allowance. The monthly allowance is currently \$25 for each year of service with the City up to 25 years (\$625 maximum). The monthly allowance is payable during the retiree's lifetime for members of Montebello Police Officers Association (MPOA), Montebello Police Management Association (MPMA) and Montebello Fire Fighters Association (MFFA) and to Medicare eligibility age for all unrepresented Safety employees.

Eligibility from the monthly allowance requires retirement from the City on or after age 50 with at least 15 years of active City service at retirement. Disability retirement requires only 10 years of active City service and has no age requirement. Prior to August 2008, MFFA employees received a contribution to a 401 (a) (h) plan in lieu of retiree health benefits.

The City also pays 1% of payroll into a Health Reimbursement Account for MPOA, MPMA and, commencing in 2008 for MFFA employees.

Employees Covered by Benefit Terms

Category	Count
Active employees	381
Inactive employees or beneficiaries currently receiving benefit	171
Inactive employees entitled to but not yet receiving benefit payment	-

Contributions

The plan is not funded. The City finances these benefits on a pay-as-you-go basis.

b. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017, and the OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability for the July 1, 2016 valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Aggregate salary increases of 3%. Individual salary increases based on CalPERS
Investment rate of return	3.40%
Healthcare cost trend rates	7% in the first year, trending down to 5% over 5 years
Mortality rates were based on CalPERS tables	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.4% per annum. The discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S & P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, Fidelity GO AA 20 Year Bond Index.

Change in the Net OPEB Liability

	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2016	\$ 29,234,403	\$	\$ 29,234,403
Changes for the year:			
Service cost	1,079,041		1,079,041
Interest on the total OPEB liability	849,121		849,121
Difference between actual and expected experience	-		-
Changes in assumptions	(2,111,032)		(2,111,032)
Contribution - employer	-		-
Net investment income	-		-
Benefit payments	(1,039,463)		(1,039,463)
Administrative expense	-		-
Net Changes	(1,222,333)	-	(1,222,333)
Balance at June 30, 2017	\$ 28,012,070	\$	\$ 28,012,070

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB liability to changes in the discount rate

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage lower (2.4%) or one percentage point higher (4.4%) follows:

	1% Decrease 2.40%	Discount Rate 3.40%	1% Increase 4.40%
Net OPEB liability \$	32,043,592 \$	28,012,070 \$	24,731,789

Sensitivity of the Net OPEB liability to changes in the healthcare cost trend rates

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that is one percentage lower or one percentage point higher follows:

	1% Decrease 5.50% HMO/6.00% PPO decreasing to 4.00% HMO/4.00% PPO	Healthcare Cost Trend Rate 6.50% HMO/7.00% PPO decreasing to 5.00% HMO/5.00% PPO	1% Increase 7.50% HMO/8.00% PPO decreasing to 6.00% HMO/6.00% PPO
Net OPEB liability \$	26,015,269 \$	28,012,070 \$	30,623,022

c. OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$1,505,956. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 876,737	\$ -
Differences between actual and expected experience	-	-
Change of assumptions	-	1,688,826
Net differences between projected and actual earnings on OPEB plan investments	-	\$ -
	<u>\$ 876,737</u>	<u>\$ 1,688,826</u>

\$876,737 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	
2018	\$ (422,206)
2019	(422,206)
2020	(422,206)
2021	(422,208)
2022	\$ -

NOTE 11 SELF INSURANCE

The City is partially self-insured for general liability and workers' compensation claims. The City pays up to \$1 million per occurrence for general liability claims, and has excess insurance up to \$10 million per occurrence. For workers' compensation, the City provides self-insurance up to a \$1,000,000 retention level and has acquired excess insurance coverage of \$5 million for each claim. The City also purchases commercial insurance for other risks of loss, including property loss and vehicle physical damage. There have been no significant changes in insurance coverage as compared to last year. At June 30, 2017, the present value of the estimated liability for claims payable, discounted at a 2% rate, is \$16,648,605, based on an actuarial study. The liability includes an estimate for incurred, but not reported, losses and is based on past experience, modified for current trends and information.

	<u>Amount</u>
Insurance claims payable:	
Claims payable at July 1, 2017	\$ 13,473,144
Claims incurred during the fiscal year	7,319,505
Payments on claims during the fiscal year	<u>(4,144,044)</u>
Claims payable at June 30, 2018	<u>\$ 16,648,605</u>

NOTE 12 DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the City recognized deferred outflows and inflows of resources in the City's financial statements aside from the pension and OPEB-related deferred outflows and inflows of resources stated in Notes 9 and 10, respectively. The deferred outflow of resources, amounting to \$302,789 at June 30, 2018, pertains to the unamortized loss on defeasance of debt. Previous financial reporting standards required this amount to be presented as part of the City's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

NOTE 13 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2018, exceeded appropriations in the following funds:

Fund Name	Appropriations	Expenditures	Excess Over Appropriations
Major governmental funds			
General Fund			
City attorney	\$ 450,000	\$ 505,634	\$ (55,634)
Police administration	671,853	827,340	(155,487)
Field Services - Police	11,538,430	11,598,753	(60,323)
Trees	529,122	543,137	(14,015)
Building and maintenance	467,495	508,187	(40,692)
Housing Fund			
Housing and community development	-	20,059	(20,059)
Nonmajor governmental funds			
Special Revenue Funds			
Gas Tax			
Public works	-	31,104	(31,104)
Drug Enforcement			
Public safety	683,385	812,050	(128,665)
Capital outlay	38,045	121,242	(83,197)
Grants			
General government	2,000	7,098	(5,098)
State of Good Repairs			
Public works	110,831	137,276	(26,445)

NOTE 13 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Deficit Fund Balance

The following funds have deficit fund balances or net position at June 30, 2018. Management expects to eliminate the deficits with subsequent revenue in the funds or transfers from the General Fund.

	<u>Accumulated Deficit</u>
Nonmajor governmental funds:	
Special Revenue Funds	
HOME	\$ (157,153)
Internal service funds:	
Self-Insurance	(10,770,910)
Equipment	(6,443)
Proprietary funds:	
Golf course	(1,513,744)
Montebello Hilton	(7,485,701)
Hotel2Suites	(4,674,661)
Detention facility	(74,170)

NOTE 14 ENCUMBRANCES

At June 30, 2018, there were outstanding encumbrances, which represent commitments on open purchase orders or contracts, of \$632,544 in the governmental funds. There were commitments on open purchase orders amounting to \$3,416,441 in the enterprise funds.

NOTE 15 CONTINGENCIES

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

NOTE 16 PRIOR PERIOD ADJUSTMENTS

The beginning net position of the governmental and business-type activities and the Montebello Hilton, Hotel2Suites, Transit, and Golf Course enterprise funds and the Public Financing Authority Debt Service Fund were restated to transfer the debt of the Montebello Hilton and Hotel2suites Funds from governmental to business-type activities and to report the retroactive effect of implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*.

	Governmental Activities	Montebello Hilton	Hotel2Suites	Transit	Golf Course
Beginning Net Position, as previously reported	\$ (57,098,561)	\$ 1,563,600	\$ 48,100,662	\$ 24,887,575	\$ (1,468,755)
Adjustment to transfer the debt of Hilton Hotel to Montebello Hilton Fund (including bond premium)	12,645,117	(12,645,117)	-	-	-
Adjustment to transfer related debt reserve Fund to Montebello Hilton	(1,291,428)	1,291,428	-	-	-
Adjustment to transfer the debt of Hotel2Suites to Hotel2Suite Fund (including bond premium)	60,927,184	-	(60,927,184)	-	-
Adjustment to transfer related debt reserve Fund and unspent bond proceeds to Hotel2Suites	(10,404,061)	-	10,404,061	-	-
Adjustment to record the retroactive effect of GASB 75 implementation	(14,154,035)	-	-	(2,923,120)	(154,365)
Beginning Net Position, as restated	\$ (9,375,784)	\$ (9,790,089)	\$ (2,422,461)	\$ 24,887,575	\$ (1,468,755)

The beginning fund balance of the Public Financing Authority Fund (City's debt service fund) was restated to report the transfer of related debt reserve fund and unspent bond proceeds to Montebello Hilton and Hotel2Suite funds:

	Public Financing Authority
Beginning fund balance, as previously reported	\$ 13,162,936
Adjustment to transfer debt reserve fund and unspent bond proceeds to Montebello Hilton and Hotel2Suites	11,695,488
Beginning fund balance, as restated	\$ 1,467,448

**NOTE 17 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY**

The accompanying financial statements also include the Private-purpose Trust Fund for the Successor Agency to the City's former Redevelopment Agency (Successor Agency). The City, as the Successor Agency, serves in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Redevelopment Agency. Its assets are held in trust for the benefit of the taxing entities within the former Redevelopment Agency's boundaries and as such, are not available for the use of the City.

Disclosures related to the certain assets and long-term liabilities of the Successor Agency are as follows:

Disclosure of Successor Agency Receivables

Notes Receivable

Notes receivable at June 30, 2018 include the following:

	Amount
Quiet Cannon	\$ 2,182,178
Casa La Merced	666,308
Business assistance program	567,836
Home improvement loans	437,394
Total	\$ <u>3,853,716</u>

Quiet Cannon Montebello, Inc.

The Agency leases a facility to Quiet Cannon Montebello, Inc. (Quiet Cannon). The Agency agreed to provide financing for the renovation and improvement of the leased facility and in return Quiet Cannon agreed to make additional rental payments. As of June 30, 2018, \$2,182,178 remains outstanding on the note receivable.

Casa La Merced

Casa La Merced entered into an agreement on September 24, 1985 with the Agency. The agreement with Casa La Merced was for the development of a parcel of land. Casa La Merced agreed to a note payable to the Agency for \$666,308 that matures February 1, 2027. The note has a simple interest rate of 9.25% and the Agency has accrued interest receivable of \$666,308 on the note receivable as at June 30, 2018. The interest receivable is covered by a 100% provision for bad debts.

**NOTE 17 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

Business Assistance Program

Business improvement loans were made in the prior years between the Agency and local merchants. The loans are secured by the real estate property and personal guaranty of the borrowers. As of June 30, 2018, \$567,836 remained outstanding on the business improvement loans.

Home Improvement Loans

During the prior fiscal years, the Agency made home improvement loans to low- and moderate-income households. These loans accrue interest of 4% and are payable in ten years or when the borrower sells their property, whichever comes first. The total outstanding balance as of June 30, 2018 was \$437,394.

Disclosure of Successor Agency Debts

Details of the Successor Agency's long-term debt as of June 30, 2018 follow:

	Balance July 1, 2017 (Restated)	Additions	Reductions	Balance June 30, 2018	Amount Due Within One Year
Bonds payable					
Tax allocation bonds	\$ 42,935,554	\$ 640,672	\$ (4,070,000)	\$ 39,506,226	\$ 4,245,000
Add (Less): bond premium	2,632,662	-	(239,333)	2,393,329	-
bond discount	(2,289)	-	763	(1,526)	-
Total bonds payable	45,565,927	640,672	(4,308,570)	41,898,029	4,245,000
Notes payable	3,043,408	-	(189,921)	2,853,487	199,638
Total	\$ 48,609,335	\$ 640,672	\$ (4,498,491)	\$ 44,751,516	\$ 4,444,638

A. Tax Allocation Bonds

Nonhousing Tax Allocation Bonds:

	<u>Amount</u>
\$2,918,888 Montebello Hills Tax Allocation Parity Bonds, Series B comprised of Capital Appreciation Serial Bonds accreting semiannually through March 1, 2024; interest at 4.80% to 5.60%	\$ 9,191,121
\$2,905,000 2007 Montebello Hills Tax Allocation Parity Refunding Bonds, Series A due in annual installments of \$95,000 to \$440,000 through March 1, 2019; interest at 3.35% to 4.00%	440,000
\$3,660,000 2007 Montebello Hills Tax Allocation Parity Refunding Bonds, Series B (Taxable) due in annual installments of \$80,000 to \$360,000 through March 1, 2024; interest at 5.85%	1,860,000

**NOTE 17 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

\$6,065,000 2007 South Montebello Tax Allocation Parity Bonds, Series A (Taxable) due in annual installments of \$160,000 to \$675,000 through September 1, 2022; interest at 5.80%	3,010,000
\$23,775,000 2015 Subordinated Tax Allocation Refunding Bonds, Series A (Tax-exempt) due in annual installments of \$1,220,60,000 to \$3,045,000 through September 1, 2027; interest rate ranging from 2% to 5%	20,690,000
\$1,405,000 2015 Subordinated Tax Allocation Refunding Bonds, Series B (Taxable) due in annual installments of \$335,000 to \$375,000 through September 1, 2019; interest rate ranging from 1.25% to 2.50%	725,000
Total Nonhousing Tax Allocation Bonds \$	35,916,121

1999 Montebello Hills Tax Allocation Parity Bonds, Series B:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning March 1, 2008 with no redemption premium after March 1, 2010.

2007 Montebello Hills Tax Allocation Parity Refunding Bonds, Series A:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning March 1, 2018 with no redemption premium.

2007 Montebello Hills Tax Allocation Parity Refunding Bonds, Series B (Taxable):

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning March 1, 2008. The Series B Bonds maturing on March 1, 2024 are Term Bonds subject to redemption by owner on March 1 of each year in ranges of \$70,000 (March 1, 2008) to \$360,000 (March 1, 2024) from sinking account payments made by the Agency at a redemption price equal to the principal amount plus accrued interest to the redemption date without premium.

**NOTE 17 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

2007 South Montebello Tax Allocation Parity Refunding Bonds, Series A (Taxable):

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning September 1, 2009.

The Series A Bonds maturing on September 1, 2022 are Term Bonds and shall be subject to redemption, in part pro rata by owner, on September 1 in each year in ranges of \$145,000 (September 1, 2009) to \$675,000 (September 1, 2022), from sinking account payments made by the Agency without a redemption premium.

2015 Subordinated Tax Allocation Refunding Bonds, Series A (Tax-exempt) and Series B (Taxable):

In August 2015, the Successor Agency issued Subordinate Tax Allocation Refunding Bonds, Series 2015 A (Tax Exempt) & Series B (Taxable), totaling \$25,180,000 to refund the following old bonds: 1997 Montebello Hills, 1998A Montebello Hills, 1999A Montebello Hills, 2009A Montebello Hills, 1999A South Montebello, 1999B South Montebello, 1998B Montebello Hills, and 2002 Housing (non-accretion bonds only) with total outstanding principal as of June 30, 2015 of \$28,355,000. The Series A bonds, with interest rate ranging from 2% to 5%, are due in annual installments of \$1,220,000 to \$3,045,000 through September 1, 2027. The Series B bonds, with interest rates ranging from 1.25% to 2.50%, are due in annual installments of \$335,000 to \$375,000 through September 1, 2019.

Housing Tax Allocation Bonds:

	<u>Amount</u>
\$5,550,000 1997 Montebello Housing Taxable Tax Allocation Bonds, Series B due in annual installments of \$270,000 to \$405,000 through September 1, 2019; interest at 5.90% to 7.16%	\$ 715,000
\$8,860,000 2007 Montebello Housing Tax Allocation Parity Refunding Bonds, Series A due in annual installments of \$650,000 to \$685,000 through September 1, 2019; interest at 3.38% to 4.00%	1,345,000
2002 Montebello Housing Tax Allocation Capital Accretion Bonds, interest at 5.65% maturing on September 1, 2021.	1,530,105
Total Housing Tax Allocation Bonds \$	<u>3,590,105</u>

**NOTE 17 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

1997 Taxable Housing Tax Allocation Bonds, Series B:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to mandatory redemption, without premium, on any interest payment date beginning September 1, 2007.

2007 Housing Tax Allocation Parity Refunding Bonds, Series A:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on or after September 1, 2018 at a redemption price equal to the principal amount.

2002 Montebello Housing Tax Allocation Bonds

The Bonds are secured by incremental property taxes allocated to and received by the Agency. This is the capital accretion bonds portion of the 2002 Tax Allocation Bonds maturing on September 1, 2021 with interest of 5.65%.

The annual requirements to amortize the existing tax allocation bonds outstanding as of June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 4,245,000	\$ 1,336,083	\$ 5,581,083
2020	4,980,000	1,109,933	6,089,933
2021	3,380,000	898,474	4,278,474
2022	3,865,000	710,323	4,575,323
2023	4,055,000	504,700	4,559,700
2024-2028	18,981,226	771,924	19,753,150
	<u>\$ 39,506,226</u>	<u>\$ 5,331,438</u>	<u>\$ 44,837,664</u>

**NOTE 17 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

Notes Payable

Redevelopment Agency Note

The former redevelopment agency entered into an agreement dated February 11, 2009 to purchase the property owned by Ostrom Chevrolet for \$12,000,000. The Agency paid \$5,000,000 in cash; \$2,734,834 was from proceeds of a note owed by Ostrom Chevrolet to the Agency; and \$4,265,166 was financed by a note payable to the seller. The note payable has an interest rate of 5%. For the first 10 years, interest only payments are due each calendar quarter. Following the 10th anniversary of the note date, the Agency is to make four quarterly payments in an amount sufficient to amortize and repay all accrued interest and principal by the date the last payment is due on the first day of the full calendar quarter following the 20th anniversary date of the note. The Agency made early principal payments in the current year as well as the prior fiscal years with total annual payment of \$337,780 inclusive of interest. At June 30, 2018, the principal amount outstanding is \$2,853,487.

Annual debt service payments on this note are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 199,638	\$ 138,141	\$ 337,779
2020	209,852	127,927	337,779
2021	220,588	117,191	337,779
2022	231,874	105,905	337,779
2023	243,737	94,042	337,779
2024-2028	1,418,995	338,962	1,757,957
2029-2030	328,803	8,973	337,776
	<u>\$ 2,853,487</u>	<u>\$ 931,141</u>	<u>\$ 3,784,628</u>

Advances from City of Montebello

At June 30, 2018, the Successor Agency has a net liability to the City of \$6,150,883, which is reported in the Statement of Fiduciary Net Position as Advances from the City of Montebello. This amount was due to the Housing Fund pertaining to advances made by the former Low-and-Moderate Income Housing Fund to the former redevelopment agency. These advances were for payment of the Supplemental Educational Revenue Augmentation Fund (SERAF) and to finance the project expenses of one of the project areas of the former redevelopment agency.

**NOTE 17 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

Commitment

Pursuant to the agreement dated November 1, 2000 with the City in connection with the development and operation of the hotel facility, the former redevelopment agency agreed to pay, solely from tax revenues from the Project Areas, any shortfall of amounts in the Lease Payment Account of the Debt Service Fund to pay the City's lease payments which are the source of repayment of the 2004 Revenue Refunding Bonds, Series A (see Note 8). This commitment was previously recognized by the California Department of Finance as an enforceable obligation of the Successor Agency.

NOTE 18 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2018 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through March 11, 2019, the date the financial statements were available to be issued. Based upon this evaluation, other than the following, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

The City's second hotel project, Home2Suites, has started its operation effective September 19, 2018.

In December 2018, the State Auditor issued its report on the audit of the City of Montebello which was conducted as part of the State's high-risk local government agency program. The report concluded that the City is a high-risk city because of financial and organizational risks which resulted in structural deficit. Management of the City will develop a corrective action plan to ensure that all the findings and issues raised by the State in the audit report will be addressed.

**NOTE 19 GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS
ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2018, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the City.

GASB Statement No. 83 – Certain Asset Retirement Obligations. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs), including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2018.

GASB Statement No. 84 – Fiduciary Activities. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2018.

GASB Statement No. 85 – Omnibus 2017. The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2018.

GASB Statement No. 86 – Certain Debt Extinguishment Issues. The requirements of this Statement will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of this Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this Statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017.

**NOTE 19 GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS
ISSUED, NOT YET EFFECTIVE (CONTINUED)**

GASB Statement No. 87 – Leases. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2019.

GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90 –Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

City of Montebello
California Public Retirement System
Schedule of Changes in the Net Pension Liability and Related Ratios
Miscellaneous Plan
June 30, 2018
Last Ten Years*

	Measurement Period			
	2013-2014	2014-2015	2015-2016	2016-2017
Total Pension Liability				
Service Cost	\$ 2,802,157	\$ 2,918,611	\$ 2,703,362	\$ 2,932,068
Interest on total pension liability	11,639,094	12,022,505	12,395,700	12,673,319
Differences between expected and actual experience	-	(2,072,412)	(2,550,443)	(2,393,873)
Changes in assumptions	-	(2,949,227)	-	10,512,651
Benefit payments, including refunds of employee contributions	(7,364,542)	(7,653,087)	(7,156,315)	(9,080,226)
Net change in total pension liability	7,076,709	2,266,390	5,392,304	14,643,939
Total pension liability - beginning	157,469,110	164,545,819	166,812,209	172,204,513
Total pension liability - ending (a)	\$ 164,545,819	\$ 166,812,209	\$ 172,204,513	\$ 186,848,452
Plan Fiduciary Net Position				
Contributions - employer	\$ 3,168,029	\$ 3,123,518	\$ 3,474,912	\$ 3,893,457
Contributions - employee	1,468,002	1,260,428	1,208,725	1,186,191
Net investment income	19,352,467	2,844,663	665,613	13,752,535
Benefit payments	(7,364,542)	(7,653,087)	(7,156,315)	(9,080,226)
Net plan to plan resource movement	-	-	-	(1,197)
Administrative expense	-	(144,043)	(78,007)	(186,195)
Net change in plan fiduciary net position	16,623,956	(568,521)	(1,885,072)	9,564,565
Plan fiduciary net position - beginning	111,940,967	128,564,923	127,996,402	126,111,330
Plan fiduciary net position - ending (b)	\$ 128,564,923	\$ 127,996,402	\$ 126,111,330	\$ 135,675,895
Net pension liability - ending (a)-(b)	\$ 35,980,896	\$ 38,815,807	\$ 46,093,183	\$ 51,172,557
Plan fiduciary net position as a percentage of the total pension liability	78.13%	76.73%	73.23%	72.61%
Covered - employee payroll	\$ 15,828,716	\$ 16,304,182	\$ 16,324,646	\$ 16,116,462
Net pension liability as percentage of covered-employee payroll	227.31%	238.07%	282.35%	317.52%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

* Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

City of Montebello
California Public Retirement System
Schedule of Pension Plan Contributions
Miscellaneous Plan
June 30, 2018
Last Ten Years*

	<u>2017-2018</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>2014-2015</u>
Actuarially determined contributions	\$ 4,395,719	\$ 3,893,457	\$ 3,474,912	\$ 3,123,518
Contributions in relation to the actuarially determined contributions	<u>(4,395,719)</u>	<u>(3,893,457)</u>	<u>(3,474,912)</u>	<u>(3,123,518)</u>
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered-Employee Payroll	 <u>\$ 16,116,462</u>	 <u>\$ 16,116,462</u>	 <u>\$ 16,324,646</u>	 <u>\$ 16,304,182</u>
 Contributions as a percentage of Covered-Employee Payroll	 <u>27.27%</u>	 <u>24.16%</u>	 <u>21.29%</u>	 <u>19.16%</u>

Notes to Schedule:

Valuation date	6/30/2016	6/30/2015	6/30/2014	6/30/2013
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The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18. were from the June 30, 2016 public agency valuations.

Actuarial Cost Method	Entry age normal
Amortization method / Period	Level percent of payroll
Asset valuation method	15 year Smoothed Market
Inflation	2.75%
Salary increases	Varies by Entry age and Service
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment expense and administrative expenses including inflation.
 Retirement age	 The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
 Mortality	 The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Fiscal year 2014 was the first year of implementation, therefore only four years are shown.

City of Montebello
California Public Retirement System
Schedule of Changes in the Net Pension Liability and Related Ratios
Safety Plan
June 30, 2018
Last Ten Years*

	Measurement Period			
	2013-2014	2014-2015	2015-2016	2016-2017
Total Pension Liability				
Service Cost	\$ 3,199,355	\$ 3,228,635	\$ 3,178,292	\$ 3,513,114
Interest on total pension liability	15,059,257	15,555,154	16,109,903	16,587,154
Differences between expected and actual experience	-	(1,653,000)	(831,534)	(484,213)
Changes in assumptions	-	(3,773,844)	-	13,789,932
Benefit payments, including refunds of employee contributions	(10,199,284)	(10,403,035)	(10,947,880)	(11,772,390)
Net change in total pension liability	8,059,328	2,953,910	7,508,781	21,633,597
Total pension liability - beginning	204,290,062	212,349,390	215,303,300	222,812,081
Total pension liability - ending (a)	\$ 212,349,390	\$ 215,303,300	\$ 222,812,081	\$ 244,445,678
Plan Fiduciary Net Position				
Contributions - employer	\$ 6,437,996	\$ 4,710,747	\$ 5,153,218	\$ 5,358,752
Contributions - employee	1,627,017	1,207,244	1,193,160	949,049
Net investment income	22,955,341	3,345,009	737,269	16,289,173
Benefit payments	(10,199,284)	(10,403,035)	(10,947,880)	(11,772,390)
Administrative expense	-	(172,263)	(93,329)	(220,253)
Net change in plan fiduciary net position	20,821,070	(1,312,298)	(3,957,562)	10,604,331
Plan fiduciary net position - beginning	133,628,287	154,449,357	153,137,059	149,179,497
Plan fiduciary net position - ending (b)	\$ 154,449,357	\$ 153,137,059	\$ 149,179,497	\$ 159,783,828
Net pension liability - ending (a)-(b)	\$ 57,900,033	\$ 62,166,241	\$ 73,632,584	\$ 84,661,850
Plan fiduciary net position as a percentage of the total pension liability	72.73%	71.13%	66.95%	65.37%
Covered - employee payroll	\$ 11,224,230	\$ 11,922,582	\$ 11,768,402	\$ 11,568,474
Net pension liability as percentage of covered-employee payroll	515.85%	521.42%	625.68%	731.83%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

* Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

City of Montebello
California Public Retirement System
Schedule of Pension Plan Contributions
Safety Plan
June 30, 2018
Last Ten Years*

	<u>2017-2018</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>2014-2015</u>
Actuarially determined contributions	\$ 6,096,263	\$ 5,358,752	\$ 5,153,218	\$ 4,710,747
Contributions in relation to the actuarially determined contributions	<u>(6,096,263)</u>	<u>(5,358,752)</u>	<u>(5,153,218)</u>	<u>(4,710,747)</u>
Contribution deficiency / (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
 Covered-Employee Payroll	 \$ <u>11,568,474</u>	 \$ <u>11,568,474</u>	 \$ <u>11,768,402</u>	 \$ <u>11,922,582</u>
 Contributions as a percentage of Covered-Employee Payroll	 <u>52.70%</u>	 <u>46.32%</u>	 <u>43.79%</u>	 <u>39.51%</u>

Notes to Schedule:

Valuation date	6/30/2016	6/30/2015	6/30/2014	6/30/2013
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The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2016 public agency valuations.

Actuarial Cost Method	Entry age normal
Amortization method / Period	Level percent of payroll
Asset valuation method	15 year Smoothed Market
Inflation	2.75%
Salary increases	Varies by Entry age and Service
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment expense and administrative expenses including inflation.
 Retirement age	 The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
 Mortality	 The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Fiscal year 2014 was the first year of implementation, therefore only four years are shown.

City of Montebello
Schedules of Changes in Net OPEB Liability and Related Ratios
June 30, 2018
Last Ten Years*

Last Ten Years *	Fiscal Year Ended <u>June 30, 2017 *</u>
Total Pension Liability	
Service cost	\$ 1,079,041
Interest on total OPEB liability	849,121
Differences between expected and actual experience	
Changes in assumptions	(2,111,032)
Benefit payments, including refunds of employee contributions	(1,039,463)
Net change in total OPEB liability	<u>(1,222,333)</u>
Total OPEB liability - beginning of year	29,234,403
Total OPEB liability - end of year (a)	<u><u>\$ 28,012,070</u></u>
 Plan Fiduciary Net Position	
Net investment income	\$ -
Contributions - employer	1,039,463
Benefit payments, including refunds of employee contributions	(1,039,463)
Administrative expenses	-
Net change in plan fiduciary net position	<u>-</u>
Plan fiduciary net position - beginning of year	-
Plan fiduciary net position - end of year (b)	<u><u>\$ -</u></u>
 Net OPEB liability - end of year (a)-(b)	<u><u>\$ 28,012,070</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>
 Covered - employee payroll	<u><u>\$ 19,234,000</u></u>
 Net OPEB liability as percentage of covered-employee payroll	<u>145.64%</u>

* Fiscal year 2018 was the first year of implementation, therefore only one year is shown.

City of Montebello
Budgetary Comparison Schedule
General Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales taxes	\$ 13,526,000	\$ 13,526,000	\$ 13,118,981	\$ (407,019)
Property taxes	5,078,930	5,078,930	5,208,975	130,045
Other taxes	506,315	506,315	585,960	79,645
Franchise taxes	1,420,000	1,420,000	2,141,450	721,450
Licenses and permits	4,964,336	4,964,336	4,452,210	(512,126)
Fines and forfeitures	1,780,890	1,780,890	2,185,022	404,132
Investment income	50,000	50,000	74,742	24,742
Intergovernmental	6,090,354	6,090,354	6,157,030	66,676
Charges for services	6,472,709	6,472,709	6,438,100	(34,609)
Other revenue	950,000	950,000	1,153,423	203,423
Total revenues	40,839,534	40,839,534	41,515,893	676,359
Expenditures				
Current:				
General government				
City Council	186,878	184,711	165,867	18,844
City Clerk	23,253	258,102	251,687	6,415
City Treasurer	23,518	26,836	23,370	3,466
City Attorney	450,000	450,000	505,634	(55,634)
City Administration	728,157	741,967	735,202	6,765
Employee relations	299,763	313,741	255,526	58,215
Community promotions	20,450	14,581	13,727	854
Finance	2,357,569	2,465,549	2,417,180	48,369
General services	236,336	235,943	204,579	31,364
Governmental building maintenance	656,581	674,023	403,725	270,298
Total general government	4,982,505	5,365,453	4,976,497	388,956
Public safety				
Police administration	509,731	671,853	644,295	27,558
Field services - police	11,540,364	11,538,430	11,598,753	(60,323)
Support services - police	3,215,062	3,268,077	2,985,753	282,324
Investigative services	4,964,416	4,841,574	3,802,787	1,038,787
Fire administration	1,041,273	979,942	754,678	225,264
Fire suppression	12,687,906	12,577,639	11,170,508	1,407,131
Fire prevention	380,189	377,005	350,065	26,940
Fire communications	122,145	281,536	180,615	100,921
Total public safety	34,461,086	34,536,056	31,487,454	3,048,602

City of Montebello
Budgetary Comparison Schedule
General Fund (Continued)
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works				
Administration	\$ 503,343	\$ 487,585	\$ 437,896	\$ 49,689
Streets	7,030,959	7,092,075	6,340,418	751,657
Building	11,190.00	14,065.00	-	14,065
Total public works	7,545,492	7,593,725	6,778,314	815,411
Parks and recreation				
Parks and recreation administration	373,889	367,131	358,812	8,319
Recreation services	1,859,682	1,850,405	1,583,145	267,260
Parks maintenance	1,309,849	1,325,869	1,262,025	63,844
Trees	502,166	529,122	543,137	(14,015)
AB939	108,500	108,500	66,480	42,020
Total parks and recreation	4,154,086	4,181,027	3,813,599	367,428
Housing and community development				
Community development	351,070	178,912	163,483	15,429
Planning	312,162	298,318	247,190	51,128
Engineering	773,356	801,481	772,169	29,312
Building and maintenance	248,986	467,495	508,187	(40,692)
Code enforcement	409,529	382,222	315,245	66,977
Total housing and community development	2,095,103	2,128,428	2,006,274	122,154
Capital outlay	2,038,152	2,413,884	265,903	2,147,981
Interfund charges	(1,700,000)	(1,524,388)	(231,650)	(1,292,738)
Total expenditures	53,576,424	54,694,185	49,096,391	5,597,794
Deficiency of revenues over expenditures	(12,736,890)	(13,854,651)	(7,580,498)	6,274,153
Other financing sources (uses)				
Transfers in	11,890,116	11,890,116	12,257,329	367,213
Transfers out	(1,876,673)	(1,876,673)	(1,381,915)	494,758
Net, other financing sources (uses)	10,013,443	10,013,443	10,875,414	861,971
Change in fund balance	(2,723,447)	(3,841,208)	3,294,916	7,136,124
Fund balance - beginning of year	14,042,885	14,042,885	14,042,885	-
Fund balance - end of year	\$ 11,319,438	\$ 10,201,677	\$ 17,337,801	\$ 7,136,124

City of Montebello
Budgetary Comparison Schedule
Retirement Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Investment income	\$ 7,048	\$ 7,048	\$ 75,298	\$ 68,250
Property taxes	11,282,929	11,282,929	11,752,063	469,134
Total revenues	<u>11,289,977</u>	<u>11,289,977</u>	<u>11,827,361</u>	<u>537,384</u>
Expenditures				
Current				
General government	834,600	834,600	717,607	116,993
Total expenditures	<u>834,600</u>	<u>834,600</u>	<u>717,607</u>	<u>116,993</u>
Excess of revenues over expenditures	<u>10,455,377</u>	<u>10,455,377</u>	<u>11,109,754</u>	<u>654,377</u>
Other financing uses				
Transfers out	(9,646,602)	(9,646,602)	(8,920,673)	725,929
Total other financing uses	<u>(9,646,602)</u>	<u>(9,646,602)</u>	<u>(8,920,673)</u>	<u>725,929</u>
Change in fund balance	808,775	808,775	2,189,081	1,380,306
Fund balance - beginning of year	6,615,951	6,615,951	6,615,951	-
Fund balance - end of year	<u>\$ 7,424,726</u>	<u>\$ 7,424,726</u>	<u>\$ 8,805,032</u>	<u>\$ 1,380,306</u>

City of Montebello
Budgetary Comparison Schedule
Housing Successor Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other revenue	\$ -	\$ -	\$ 5,760	\$ 5,760
Total revenues	-	-	5,760	5,760
Expenditures				
Housing and community development	-	-	20,059	(20,059)
Total expenditures	-	-	20,059	(20,059)
Change in fund balance	-	-	(14,299)	(14,299)
Fund balance - beginning of year	8,982,456	8,982,456	8,982,456	-
Fund balance - end of year	<u>\$ 8,982,456</u>	<u>\$ 8,982,456</u>	<u>\$ 8,968,157</u>	<u>\$ (14,299)</u>

City of Montebello
Budgetary Comparison Schedule
Public Financing Authority Debt Service Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other revenues	\$ -	\$ -	\$ 1,466,882	\$ 1,466,882
Total revenues	<u>-</u>	<u>-</u>	<u>1,466,882</u>	<u>1,466,882</u>
Expenditures				
Current				
General government	10,000	10,000	4,569	5,431
Sub-total	<u>10,000</u>	<u>10,000</u>	<u>4,569</u>	<u>5,431</u>
Debt Service				
Principal retirement	1,512,340	1,512,340	977,340	535,000
Interest and fiscal charges	3,691,562	3,691,562	489,542	3,202,020
Sub-total	<u>5,203,902</u>	<u>5,203,902</u>	<u>1,466,882</u>	<u>3,737,020</u>
Total expenditures	<u>5,213,902</u>	<u>5,213,902</u>	<u>1,471,451</u>	<u>3,742,451</u>
Excess (deficiency) of revenues over expenditures	<u>(5,213,902)</u>	<u>(5,213,902)</u>	<u>(4,569)</u>	<u>5,209,333</u>
Other financing sources				
Transfers in	376,673	376,673	-	(376,673)
Transfers out	-	-	(1,096,387)	(1,096,387)
Total other financing sources	<u>376,673</u>	<u>376,673</u>	<u>(1,096,387)</u>	<u>(1,473,060)</u>
Change in fund balance	<u>(4,837,229)</u>	<u>(4,837,229)</u>	<u>(1,100,956)</u>	<u>3,736,273</u>
Fund balance - beginning of year, as restated	<u>1,467,448</u>	<u>1,467,448</u>	<u>1,467,448</u>	<u>-</u>
Fund balance - end of year	<u>\$ (3,369,781)</u>	<u>\$ (3,369,781)</u>	<u>\$ 366,492</u>	<u>\$ 3,736,273</u>

NOTE 1 BUDGETARY DATA

The City adheres to the following general procedures in establishing the budgetary data reflected in the combined financial statements:

- 1) The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and estimated revenues for all governmental fund types.
- 2) The City Manager is authorized to transfer certain appropriations between activities within any department in accordance with the budget resolution.
- 3) The budget is formally integrated into the accounting system.
- 4) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The modified accrual basis of accounting is employed in the preparation of the budget.
- 5) At fiscal year-end, operating budget appropriations lapse. Incomplete capital improvements are rolled over to the new fiscal year. Projects that are not started during the budget year are re-evaluated in the following year.

SUPPLEMENTARY SCHEDULES

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for a specified purpose.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term liabilities, interest, and related fiscal agent costs.

Capital Projects Fund is used to account for financial resources segregated for the acquisition of capital facilities financed by the Public Financing Authority debt.

DRAFT

City of Montebello
Combining Balance Sheet
Other Governmental Funds
Year ended June 30, 2018

	Special Revenue Funds	Capital Projects Funds Capital Improvements	Total Other Governmental Funds
ASSETS			
Cash and investments	\$ 8,242,012	\$ 122,206	\$ 8,364,218
Receivables:			
Accounts receivable	978,544	-	978,544
Notes	817,599	-	817,599
Prepaid expenses	43,503	-	43,503
Total assets	\$ 10,081,658	\$ 122,206	\$ 10,203,864
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 972,806	\$ -	\$ 972,806
Due to other funds	267,658	-	267,658
Unearned revenue	1,056,115	-	1,056,115
Total liabilities	2,296,579	-	2,296,579
Fund balances			
Restricted for			
Special revenue funds projects	7,942,232	-	7,942,232
Capital projects	-	122,206	122,206
Unassigned	(157,153)	-	(157,153)
Total fund balances	7,785,079	122,206	7,907,285
Total liabilities and fund balances	\$ 10,081,658	\$ 122,206	\$ 10,203,864

City of Montebello
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
Year ended June 30, 2018

	Special Revenue Funds	Capital Projects Funds Capital Improvements	Total Other Governmental Funds
Revenues			
Investment income	\$ 513,148	\$ 2,514	\$ 515,662
Intergovernmental	9,752,575	-	9,752,575
Total revenues	<u>10,265,723</u>	<u>2,514</u>	<u>10,268,237</u>
Expenditures			
Current			
General government	1,092,771	-	1,092,771
Public safety	857,626	-	857,626
Public works	813,997		813,997
Housing and community development	978,870	-	978,870
Capital outlay	4,272,359	211,054	4,483,413
Debt service			
Principal payments	348,000	-	348,000
Interest and fiscal charges	184,796	-	184,796
Total expenditures	<u>8,548,419</u>	<u>211,054</u>	<u>8,759,473</u>
Excess of revenues over (under) expenditures	<u>1,717,304</u>	<u>(208,540)</u>	<u>1,508,764</u>
Other financing sources (uses)			
Transfers out	(2,500,000)	-	(2,500,000)
Net other financing sources (uses)	<u>(2,500,000)</u>	<u>-</u>	<u>(2,500,000)</u>
Change in fund balance	(782,696)	(208,540)	(991,236)
Fund balance - beginning of year	8,567,775	330,746	8,898,521
Fund balance - end of year	<u>\$ 7,785,079</u>	<u>\$ 122,206</u>	<u>\$ 7,907,285</u>

Gas Tax Fund - To account for the City's share of state and county gas tax allocations. The tax allocations are expended on street maintenance and street construction.

Supplemental Law Enforcement Fund – To account for certain grant funds received. These funds are used for the enhancement of law enforcement programs.

Park Development Fund - To account for new construction license fees received. These fees are used for the maintenance and improvement of the City's parks.

Prop A Fund - To account for the receipt of the half-cent sales tax allocated by Los Angeles County Metropolitan Transportation Authority (LACMTA). These funds are used for public transit related expenditures.

Drug Enforcement Fund - To account for the revenues resulting from the seizure of assets in conjunction with criminal cases (primarily drug related). These funds are used for the enhancement of law enforcement programs.

Prop C Fund - To account for the receipt of the half-cent sales tax allocated by LACMTA. These funds are used to reduce traffic congestion, improve air quality, improve conditions of streets/freeways utilized by public transit, and reduce foreign fuel dependence.

Measure R Fund - This fund is used to account for revenues and expenditures related to a half-cent sales tax under Measure R approved by Los Angeles County voters in November 2008. A portion of Measure R funds is allocated to cities, and these funds must be used for streets and roads, traffic control measures, bikeways and pedestrian improvements, public transit services and capital improvements, transportation marketing, and congestion management program.

Metro Station Fund - Funds for this rail station are generated from Prop C Local Return, Prop C Discretionary, and Transportation Capital Improvement grants. The station serves as a component of the regional Metrolink commuter rail network. Shared by the Cities of Montebello and Commerce, the station is located in the 600 South Vail Avenue, Montebello, California.

Air Quality Fund - To account for monies received through the South Coast Air Quality Management District used for the purpose of improving air quality within the community.

Justice Assistance Grants – To account for revenues received from the Justice Assistance Grant Program to fund the City's law enforcement programs.

Grants Fund - To account for other various grants for neighborhood and commercial improvement purposes.

CDBG Fund – To account for funds received from the Community Development Block Grant for housing and community development purposes.

HOME Fund – To account for grant funds received for housing activities of the City.

Road Maintenance and Rehabilitation Fund - To account for revenue and eligible expenditures related to the California SB1 Road Repair and Accountability Act of 2017, which created the Road Maintenance and Rehabilitation Program to address deferred maintenance on the State and local roads. Funding is apportioned by formula pursuant to Streets and Highways Code section 2032(h) for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system.

State of Good Repairs Fund - To account for revenue and eligible expenditures related to the to the California SB1 Road Repair and Accountability Act of 2017, which created the State of Good Repairs (SGR) Program to provide funding to eligible transit maintenance, rehabilitation, and capital projects to improve public transportation infrastructure and services. Funding is apportioned by formula from the State Transit Assistant Program.

Measure M Local Fund - To account for revenue and eligible expenditures related to Los Angeles County's Ballot Measure M which was passed by voters to improve traffic flow and safety by funding needed repairs and maintenance with a 1/2 cent local sales tax effective January 2017.

Major Fund

Retirement Fund – To account for financial resources received to pay for the contribution to the employees' retirement fund.

Housing Successor Fund – To account for funds received to increase or improve housing for low and moderate income households.

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	<u>Gas Tax</u>	<u>Supplemental Law Enforcement</u>	<u>Park Development</u>
ASSETS			
Cash and investments	\$ 212,148	\$ 416,965	\$ 34,213
Receivables			
Accounts receivable	-	-	-
Notes	-	-	-
Prepaid expenses	-	4,690	-
Total assets	\$ <u>212,148</u>	\$ <u>421,655</u>	\$ <u>34,213</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 2,000	\$ 9,193	\$ -
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	<u>2,000</u>	<u>9,193</u>	<u>-</u>
Fund balances (deficits)			
Restricted for:			
Special revenue funds projects	210,148	412,462	34,213
Unassigned	-	-	-
Total fund balances (deficits)	<u>210,148</u>	<u>412,462</u>	<u>34,213</u>
Total liabilities and fund balances (deficits)	\$ <u>212,148</u>	\$ <u>421,655</u>	\$ <u>34,213</u>

City of Montebello
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2018

<u>Prop A</u>	<u>Drug Enforcement</u>	<u>Prop C</u>	<u>Measure R</u>	<u>Metro Station</u>	<u>Air Quality</u>
\$ 676,746	\$ 458,888	\$ 3,152,531	\$ 1,342,451	\$ 20,940	\$ 582,626
-	232,712	-	-	-	21,043
-	-	-	-	-	-
-	22,000	-	-	-	-
<u>\$ 676,746</u>	<u>\$ 713,600</u>	<u>\$ 3,152,531</u>	<u>\$ 1,342,451</u>	<u>\$ 20,940</u>	<u>\$ 603,669</u>
\$ -	\$ 45,062	\$ 400,164	\$ 222,193	\$ 20,940	\$ 1,627
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>45,062</u>	<u>400,164</u>	<u>222,193</u>	<u>20,940</u>	<u>1,627</u>
676,746	668,538	2,752,367	1,120,258	-	602,042
-	-	-	-	-	-
<u>676,746</u>	<u>668,538</u>	<u>2,752,367</u>	<u>1,120,258</u>	<u>-</u>	<u>602,042</u>
<u>\$ 676,746</u>	<u>\$ 713,600</u>	<u>\$ 3,152,531</u>	<u>\$ 1,342,451</u>	<u>\$ 20,940</u>	<u>\$ 603,669</u>

	Justice Assistance Grants	Grants	CDBG
ASSETS			
Cash and investments	\$ 53,719	\$ 605,479	\$ 9,503
Receivables			
Accounts receivable	-	281,802	132,518
Notes	-	-	672,599
Prepaid expenses	-	-	-
Total assets	\$ 53,719	\$ 887,281	\$ 814,620
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ -	\$ 15,024	\$ 29,418
Due to other funds	-	-	-
Unearned revenue	-	238,516	672,599
Total liabilities	-	253,540	702,017
Fund balances (deficits)			
Restricted for:			
Special revenue funds projects	53,719	633,741	112,603
Unassigned	-	-	-
Total fund balances (deficits)	53,719	633,741	112,603
Total liabilities and fund balances (deficits)	\$ 53,719	\$ 887,281	\$ 814,620

City of Montebello
Combining Balance Sheet
Other Special Revenue Funds (Continued)
June 30, 2018

HOME	Road Maintenance & Rehabilitation	State of Good Repairs	Measure M Local	Total Other Special Revenue Funds
\$ -	\$ 42,104	\$ -	\$ 633,699	\$ 8,242,012
29,410	55,581	225,478	-	978,544
145,000	-	-	-	817,599
-	-	16,813	-	43,503
<u>\$ 174,410</u>	<u>\$ 97,685</u>	<u>\$ 242,291</u>	<u>\$ 633,699</u>	<u>\$ 10,081,658</u>
\$ 4,300	\$ 80,936	\$ 140,084	\$ 1,865	\$ 972,806
182,263	-	85,395	-	267,658
145,000	-	-	-	1,056,115
<u>331,563</u>	<u>80,936</u>	<u>225,479</u>	<u>1,865</u>	<u>2,296,579</u>
-	16,749	16,812	631,834	7,942,232
(157,153)	-	-	-	(157,153)
<u>(157,153)</u>	<u>16,749</u>	<u>16,812</u>	<u>631,834</u>	<u>7,785,079</u>
<u>\$ 174,410</u>	<u>\$ 97,685</u>	<u>\$ 242,291</u>	<u>\$ 633,699</u>	<u>\$ 10,081,658</u>

	<u>Gas Tax</u>	<u>Supplemental Law Enforcement</u>	<u>Park Development</u>
Revenues			
Investment income	\$ 11,896	\$ 5,985	\$ 523
Intergovernmental	<u>1,340,450</u>	<u>100,000</u>	<u>-</u>
Total revenues	<u>1,352,346</u>	<u>105,985</u>	<u>523</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	45,576	-
Public works	31,104		
Housing and community development	-	-	-
Capital outlay	-	18,856	9,853
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>31,104</u>	<u>64,432</u>	<u>9,853</u>
Excess (deficiency) of revenues over expenditures	<u>1,321,242</u>	<u>41,553</u>	<u>(9,330)</u>
Other financing sources (uses)			
Transfers out	<u>(2,500,000)</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>(2,500,000)</u>	<u>-</u>	<u>-</u>
Change in fund balances	(1,178,758)	41,553	(9,330)
Fund balances (deficits) - beginning of year	<u>1,388,906</u>	<u>370,909</u>	<u>43,543</u>
Fund balances (deficits) - end of year	<u>\$ 210,148</u>	<u>\$ 412,462</u>	<u>\$ 34,213</u>

City of Montebello
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds
Year ended June 30, 2018

<u>Prop A</u>	<u>Drug Enforcement</u>	<u>Prop C</u>	<u>Measure R</u>	<u>Metro Station</u>	<u>Air Quality</u>
\$ 14,424	\$ 11,189	\$ 43,112	\$ 21,757	\$ -	\$ 8,276
<u>1,192,390</u>	<u>4,368</u>	<u>987,458</u>	<u>740,793</u>	<u>-</u>	<u>81,943</u>
<u>1,206,814</u>	<u>15,557</u>	<u>1,030,570</u>	<u>762,550</u>	<u>-</u>	<u>90,219</u>
1,000,000	-	68,468	17,205	-	-
-	812,050	-	-	-	-
-	-	146,537	221,324	-	-
-	-	-	-	-	32,659
-	121,242	527,898	741,333	-	-
-	-	-	-	-	-
<u>1,000,000</u>	<u>933,292</u>	<u>742,903</u>	<u>979,862</u>	<u>-</u>	<u>32,659</u>
<u>206,814</u>	<u>(917,735)</u>	<u>287,667</u>	<u>(217,312)</u>	<u>-</u>	<u>57,560</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
206,814	(917,735)	287,667	(217,312)	-	57,560
<u>469,932</u>	<u>1,586,273</u>	<u>2,464,700</u>	<u>1,337,570</u>	<u>-</u>	<u>544,482</u>
<u>\$ 676,746</u>	<u>\$ 668,538</u>	<u>\$ 2,752,367</u>	<u>\$ 1,120,258</u>	<u>\$ -</u>	<u>\$ 602,042</u>

	Justice Assistance Grants	Grants	CDBG
Revenues			
Investment income	\$ 792	\$ 3,703	\$ 386,750
Intergovernmental	-	3,055,788	896,384
Total revenues	<u>792</u>	<u>3,059,491</u>	<u>1,283,134</u>
Expenditures			
Current			
General government	-	7,098	-
Public safety	-	-	-
Public works	-	-	-
Housing and community development	-	544,396	242,288
Capital Outlay	-	2,501,186	280,601
Debt service:			
Principal	-	-	348,000
Interest	-	-	184,796
Total expenditures	<u>-</u>	<u>3,052,680</u>	<u>1,055,685</u>
Excess (deficiency) of revenues over expenditures	<u>792</u>	<u>6,811</u>	<u>227,449</u>
Other financing sources (uses)			
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	792	6,811	227,449
Fund balances (deficits) - beginning of year	<u>52,927</u>	<u>626,930</u>	<u>(114,846)</u>
Fund balances (deficits) - end of year	<u>\$ 53,719</u>	<u>\$ 633,741</u>	<u>\$ 112,603</u>

City of Montebello
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds (Continued)
Year ended June 30, 2018

HOME	Road Maintenance & Rehabilitation	State of Good Repairs	Measure M Local	Total Other Special Revenue Funds
\$ -	\$ 205	\$ -	\$ 4,536	\$ 513,148
<u>161,560</u>	<u>294,635</u>	<u>225,478</u>	<u>671,328</u>	<u>9,752,575</u>
<u>161,560</u>	<u>294,840</u>	<u>225,478</u>	<u>675,864</u>	<u>10,265,723</u>
-	-	-	-	1,092,771
-	-	-	-	857,626
-	235,701	137,276	42,055	813,997
115,162	42,390	-	1,975	978,870
-	-	71,390	-	4,272,359
-	-	-	-	348,000
-	-	-	-	184,796
<u>115,162</u>	<u>278,091</u>	<u>208,666</u>	<u>44,030</u>	<u>8,548,419</u>
<u>46,398</u>	<u>16,749</u>	<u>16,812</u>	<u>631,834</u>	<u>1,717,304</u>
-	-	-	-	(2,500,000)
-	-	-	-	(2,500,000)
46,398	16,749	16,812	631,834	(782,696)
<u>(203,551)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,567,775</u>
<u>\$ (157,153)</u>	<u>\$ 16,749</u>	<u>\$ 16,812</u>	<u>\$ 631,834</u>	<u>\$ 7,785,079</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Gas Tax Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Investment income	\$ 2,000	\$ 2,000	\$ 11,896	\$ 9,896
Intergovernmental	1,785,932	1,417,300	1,340,450	(76,850)
Total revenues	<u>1,787,932</u>	<u>1,419,300</u>	<u>1,352,346</u>	<u>(66,954)</u>
Expenditures				
Public Works	-	-	31,104	(31,104)
Total expenditures	<u>-</u>	<u>-</u>	<u>31,104</u>	<u>(31,104)</u>
Excess of revenues over expenditures	<u>1,787,932</u>	<u>1,419,300</u>	<u>1,321,242</u>	<u>(98,058)</u>
Other financing uses				
Transfers out	(2,500,000)	(2,500,000)	(2,500,000)	-
Total other financing uses	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>-</u>
Change in fund balance	(712,068)	(1,080,700)	(1,178,758)	(98,058)
Fund balance - beginning of year	1,388,906	1,388,906	1,388,906	-
Fund balance - end of year	<u>\$ 676,838</u>	<u>\$ 308,206</u>	<u>\$ 210,148</u>	<u>\$ (98,058)</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Supplemental Law Enforcement Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 1,700	\$ 1,700	\$ 5,985	\$ 4,285
Intergovernmental	120,000	120,000	100,000	(20,000)
Total revenues	<u>121,700</u>	<u>121,700</u>	<u>105,985</u>	<u>(15,715)</u>
Expenditures				
Current				
Public safety	-	50,000	45,576	4,424
Capital Outlay	120,000	70,000	18,856	51,144
Total expenditures	<u>120,000</u>	<u>120,000</u>	<u>64,432</u>	<u>55,568</u>
Change in fund balance	1,700	1,700	41,553	39,853
Fund balance - beginning of year	370,909	370,909	370,909	-
Fund balance - end of year	<u>\$ 372,609</u>	<u>\$ 372,609</u>	<u>\$ 412,462</u>	<u>\$ 39,853</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Park Development Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Investment income	\$ -	\$ -	\$ 523	\$ 523
Total revenues	<u>-</u>	<u>-</u>	<u>523</u>	<u>523</u>
Expenditures				
Capital outlay	-	29,213	9,853	19,360
Total expenditures	<u>-</u>	<u>29,213</u>	<u>9,853</u>	<u>19,360</u>
Change in fund balance	-	(29,213)	(9,330)	19,883
Fund balance - beginning of year	43,543	43,543	43,543	-
Fund balance - end of year	<u>\$ 43,543</u>	<u>\$ 14,330</u>	<u>\$ 34,213</u>	<u>\$ 19,883</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Prop A Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 5,000	\$ 5,000	\$ 14,424	\$ 9,424
Intergovernmental	1,188,900	1,188,900	1,192,390	3,490
Total revenues	<u>1,193,900</u>	<u>1,193,900</u>	<u>1,206,814</u>	<u>12,914</u>
Expenditures				
Current				
General government	1,000,000	1,000,000	1,000,000	-
Total expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Excess of revenues over expenditures	<u>193,900</u>	<u>193,900</u>	<u>206,814</u>	<u>12,914</u>
Other financing sources (uses)				
Transfers out	(284,900)	(284,900)	-	284,900
Total other financing uses	<u>(284,900)</u>	<u>(284,900)</u>	<u>-</u>	<u>284,900</u>
Change in fund balance	<u>(91,000)</u>	<u>(91,000)</u>	<u>206,814</u>	<u>297,814</u>
Fund balance - beginning of year	469,932	469,932	469,932	-
Fund balance - end of year	<u>\$ 378,932</u>	<u>\$ 378,932</u>	<u>\$ 676,746</u>	<u>\$ 297,814</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Drug Enforcement Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 3,000	\$ 3,000	\$ 11,189	\$ 8,189
Intergovernmental	960,000	960,000	4,368	(955,632)
Total revenues	<u>963,000</u>	<u>963,000</u>	<u>15,557</u>	<u>(947,443)</u>
Expenditures				
Current				
Public safety	683,385	683,385	812,050	(128,665)
Capital outlay	-	38,045	121,242	(83,197)
Total expenditures	<u>683,385</u>	<u>721,430</u>	<u>933,292</u>	<u>(211,862)</u>
Excess (deficiency) of revenues over expenditures	<u>279,615</u>	<u>241,570</u>	<u>(917,735)</u>	<u>(1,159,305)</u>
Change in fund balance	279,615	241,570	(917,735)	(1,159,305)
Fund balance - beginning of year	1,586,273	1,586,273	1,586,273	-
Fund balance - end of year	<u>\$ 1,865,888</u>	<u>\$ 1,827,843</u>	<u>\$ 668,538</u>	<u>\$ (1,159,305)</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Prop C Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Investment income	\$ 4,000	\$ 4,000	\$ 43,112	\$ 39,112
Intergovernmental	986,161	986,161	987,458	1,297
Total revenues	<u>990,161</u>	<u>990,161</u>	<u>1,030,570</u>	<u>40,409</u>
Expenditures				
Current				
General government	98,000	101,390	68,468	32,922
Public works	25,000	154,209	146,537	7,672
Capital outlay	2,230,505	2,101,781	527,898	1,573,883
Total expenditures	<u>2,353,505</u>	<u>2,357,380</u>	<u>742,903</u>	<u>1,614,477</u>
Excess (deficiency) of revenues over expenditures	<u>(1,363,344)</u>	<u>(1,367,219)</u>	<u>287,667</u>	<u>1,654,886</u>
Change in fund balance	<u>(1,363,344)</u>	<u>(1,367,219)</u>	<u>287,667</u>	<u>1,654,886</u>
Fund balance - beginning of year	<u>2,464,700</u>	<u>2,464,700</u>	<u>2,464,700</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,101,356</u>	<u>\$ 1,097,481</u>	<u>\$ 2,752,367</u>	<u>\$ 1,654,886</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Measure R Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 2,000	\$ 2,000	\$ 21,757	\$ 19,757
Intergovernmental	739,636	739,636	740,793	1,157
Total revenues	<u>741,636</u>	<u>741,636</u>	<u>762,550</u>	<u>20,914</u>
Expenditures				
Current				
General government	50,000	52,664	17,205	35,459
Public works	-	242,520	221,324	21,196
Capital outlay	1,834,981	1,641,198	741,333	899,865
Total expenditures	<u>1,884,981</u>	<u>1,936,382</u>	<u>979,862</u>	<u>956,520</u>
Excess (deficiency) of revenues over expenditures	<u>(1,143,345)</u>	<u>(1,194,746)</u>	<u>(217,312)</u>	<u>977,434</u>
Change in fund balance	<u>(1,143,345)</u>	<u>(1,194,746)</u>	<u>(217,312)</u>	<u>977,434</u>
Fund balance - beginning of year	<u>1,337,570</u>	<u>1,337,570</u>	<u>1,337,570</u>	<u>-</u>
Fund balance - end of year	<u>\$ 194,225</u>	<u>\$ 142,824</u>	<u>\$ 1,120,258</u>	<u>\$ 977,434</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Metro Station Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures				
Current				
Housing and community development	\$ 284,900	\$ -	\$ -	\$ -
Total expenditures	<u>284,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Excess (deficiency) of revenues over expenditures	 <u>(284,900)</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Other financing sources				
Transfers in	284,900	284,900	-	(284,900)
Total other financing sources	<u>284,900</u>	<u>284,900</u>	<u>-</u>	<u>(284,900)</u>
 Change in fund balance	 -	 284,900	 -	 (284,900)
 Fund balance - beginning of year	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ 284,900</u>	<u>\$ -</u>	<u>\$ (284,900)</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Air Quality Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 1,000	\$ 1,000	\$ 8,276	\$ 7,276
Intergovernmental	82,000	82,000	81,943	(57)
Total revenues	<u>83,000</u>	<u>83,000</u>	<u>90,219</u>	<u>7,219</u>
Expenditures				
Current				
Housing and community development	35,500	35,500	32,659	2,841
Total expenditures	<u>35,500</u>	<u>35,500</u>	<u>32,659</u>	<u>2,841</u>
Change in fund balance	47,500	47,500	57,560	10,060
Fund balance - beginning of year	544,482	544,482	544,482	-
Fund balance - end of year	<u>\$ 591,982</u>	<u>\$ 591,982</u>	<u>\$ 602,042</u>	<u>\$ 10,060</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Justice Assistance Grants Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 792	\$ 792
Total revenues	-	-	792	792
Expenditures				
Current				
Public safety	14,000	14,000	-	14,000
Total expenditures	14,000	14,000	-	14,000
Change in fund balance	(14,000)	(14,000)	792	14,792
Fund balance - beginning of year	52,927	52,927	52,927	-
Fund balance - end of year	\$ 38,927	\$ 38,927	\$ 53,719	\$ 14,792

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Grants Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 3,703	\$ 3,703
Intergovernmental	-	5,890,315	3,055,788	(2,834,527)
Total revenues	<u>-</u>	<u>5,890,315</u>	<u>3,059,491</u>	<u>(2,830,824)</u>
Expenditures				
Current				
General government	-	2,000	7,098	(5,098)
Housing and community development	-	835,148	544,396	290,752
Capital outlay	-	5,053,167	2,501,186	2,551,981
Total expenditures	<u>-</u>	<u>5,890,315</u>	<u>3,052,680</u>	<u>2,837,635</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>6,811</u>	<u>6,811</u>
Change in fund balance	-	-	6,811	6,811
Fund balance - beginning of year	626,930	626,930	626,930	-
Fund balance - end of year	<u>\$ 626,930</u>	<u>\$ 626,930</u>	<u>\$ 633,741</u>	<u>\$ 6,811</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Community Development Block Grant Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Investment income	\$ -	\$ -	\$ 386,750	386,750
Intergovernmental	600,081	600,081	896,384	\$ 296,303
Total revenues	<u>600,081</u>	<u>600,081</u>	<u>1,283,134</u>	<u>683,053</u>
Expenditures				
Current				
Housing and community development	256,951	305,205	242,288	62,917
Capital outlay	134,865	281,161	280,601	560
Debt service				
Principal	348,000	348,000	348,000	-
Interest	184,796	184,796	184,796	-
Total expenditures	<u>924,612</u>	<u>1,119,162</u>	<u>1,055,685</u>	<u>63,477</u>
Change in fund balance	(324,531)	(519,081)	227,449	746,530
Fund balance (deficit) - beginning of year	(114,846)	(114,846)	(114,846)	-
Fund balance (deficit) - end of year	<u>\$ (439,377)</u>	<u>\$ (633,927)</u>	<u>\$ 112,603</u>	<u>\$ 746,530</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
HOME Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 161,560	\$ 161,560
Total revenues	<u>-</u>	<u>-</u>	<u>161,560</u>	<u>161,560</u>
Expenditures				
Current				
Housing and community development	499,584	499,584	115,162	384,422
Total expenditures	<u>499,584</u>	<u>499,584</u>	<u>115,162</u>	<u>384,422</u>
Change in fund balance	(499,584)	(499,584)	46,398	545,982
Fund balance (deficit) - beginning of year	<u>(203,551)</u>	<u>(203,551)</u>	<u>(203,551)</u>	-
Fund balance (deficit) - end of year	<u>\$ (703,135)</u>	<u>\$ (703,135)</u>	<u>\$ (157,153)</u>	<u>\$ 545,982</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Road Maintenance & Rehabilitation Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 205	\$ 205
Intergovernmental	-	368,632	294,635	(73,997)
Total revenues	-	368,632	294,840	(73,792)
Expenditures				
Current				
Public works	-	326,512	235,701	90,811
Housing and community development	-	42,390	42,390	-
Total expenditures	-	368,902	278,091	90,811
Change in fund balance	-	(270)	16,749	17,019
Fund balance (deficit) - beginning of year	-	-	-	-
Fund balance (deficit) - end of year	\$ -	\$ (270)	\$ 16,749	\$ 17,019

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
State of Good Repairs Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 182,221	\$ 225,478	\$ 43,257
Total revenues	<u>-</u>	<u>182,221</u>	<u>225,478</u>	<u>43,257</u>
Expenditures				
Current				
Public works	-	110,831	137,276	(26,445)
Capital outlay	-	71,390	71,390	-
Total expenditures	<u>-</u>	<u>182,221</u>	<u>208,666</u>	<u>(26,445)</u>
Change in fund balance	-	-	16,812	16,812
Fund balance (deficit) - beginning of year	-	-	-	-
Fund balance (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,812</u>	<u>\$ 16,812</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Measure M Local Special Revenue Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 4,536	\$ 4,536
Intergovernmental	-	477,795	671,328	193,533
Total revenues	-	477,795	675,864	198,069
Expenditures				
Current				
Public works	-	58,623	42,055	16,568
Housing and community development	-	2,514	1,975	539
Capital Outlay	-	416,658	-	416,658
Total expenditures	-	477,795	44,030	433,765
Change in fund balance	-	-	631,834	631,834
Fund balance (deficit) - beginning of year	-	-	-	-
Fund balance (deficit) - end of year	\$ -	\$ -	\$ 631,834	\$ 631,834

Capital Improvements Fund - To account for financial resources segregated for the acquisition of major general City capital outlay other than those financed by special assessment and proprietary funds.

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City of Montebello
Schedule of Revenues, Expenses and Changes in Fund Balances -
Budget and Actual
Capital Improvements Capital Projects Fund
Year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 100	\$ 100	\$ 2,514	\$ 2,414
Total revenues	<u>100</u>	<u>100</u>	<u>2,514</u>	<u>2,414</u>
Expenditures				
Capital outlay	311,531	311,531	211,054	100,477
Total expenditures	<u>311,531</u>	<u>311,531</u>	<u>211,054</u>	<u>100,477</u>
Change in fund balance	(311,431)	(311,431)	(208,540)	102,891
Fund balance - beginning of year	330,746	330,746	330,746	-
Fund balance - end of year	<u>\$ 19,315</u>	<u>\$ 19,315</u>	<u>\$ 122,206</u>	<u>\$ 102,891</u>

Water Utility Fund - To account for the revenues and expenses of the Water Fund. All activities necessary to provide such service are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing, and billing and collection.

Detention Facility Fund - To account for revenues and expenses related to the operations of the Montebello Police Department jail.

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City of Montebello
Combining Statement of Net Position
Other Enterprise Funds
June 30, 2018

	Water Utility	Detention Facility	Total Other Enterprise Funds
ASSETS			
Current assets			
Cash and investments	\$ 709,211	\$ -	\$ 709,211
Accounts receivable	166,567	-	166,567
Prepaid expenses and other current assets	1,906	-	1,906
Total current assets	<u>877,684</u>	<u>-</u>	<u>877,684</u>
Noncurrent assets			
Capital assets			
Land	35,000	-	35,000
Construction in progress	248,532	-	248,532
Buildings and improvements	184,316	-	184,316
Machinery and equipment	2,185,927	18,892	2,204,819
Accumulated depreciation	(2,228,844)	(18,892)	(2,247,736)
Total noncurrent assets	<u>424,931</u>	<u>-</u>	<u>424,931</u>
Total assets	<u>1,302,615</u>	<u>-</u>	<u>1,302,615</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>5,241</u>	<u>-</u>	<u>5,241</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	365,828	74,170	439,998
Due to other funds	505,200	-	505,200
Deposits payable	31,675	-	31,675
Notes payable	12,986	-	12,986
Compensated absences	1,279	-	1,279
Total current liabilities	<u>916,968</u>	<u>74,170</u>	<u>991,138</u>
Noncurrent liabilities			
Notes payable	74,358	-	74,358
Net pension liability	20,798	-	20,798
Total non-current liabilities	<u>95,156</u>	<u>-</u>	<u>95,156</u>
Total liabilities	<u>1,012,124</u>	<u>74,170</u>	<u>1,086,294</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>895</u>	<u>-</u>	<u>895</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	424,931	-	424,931
Unrestricted	<u>(130,094)</u>	<u>(74,170)</u>	<u>(204,264)</u>
Total net position (deficit)	<u>\$ 294,837</u>	<u>\$ (74,170)</u>	<u>\$ 220,667</u>

City of Montebello
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Other Enterprise Funds
Year ended June 30, 2018

	Water Utility	Detention Facility	Total Other Enterprise Funds
Operating revenues			
Charges for services	\$ 3,045,581	\$ 24,800	\$ 3,070,381
Operating expenses			
Labor and fringe benefits	14,998	-	14,998
Materials and supplies	-	1,960	1,960
Utilities	125,792	-	125,792
Contract services	1,920,693	440,462	2,361,155
Depreciation expense	3,532	-	3,532
Administration expense	186,480	3,168	189,648
Total operating expenses	<u>2,251,495</u>	<u>445,590</u>	<u>2,697,085</u>
Operating income (loss)	794,086	(420,790)	373,296
Nonoperating revenues			
Interest income	6,263	-	6,263
Interest expense	<u>(1,567)</u>	<u>-</u>	<u>(1,567)</u>
Income (loss) before transfers	798,782	(420,790)	377,992
Other financing sources			
Transfers in	<u>2,022</u>	<u>418,595</u>	<u>420,617</u>
Change in net position	800,804	(2,195)	798,609
Net position (deficit), beginning of year	<u>(505,967)</u>	<u>(71,975)</u>	<u>(577,942)</u>
Net position (deficit), end of year	<u>\$ 294,837</u>	<u>\$ (74,170)</u>	<u>\$ 220,667</u>

City of Montebello
Combining Statement of Cash Flows
Other Enterprise Funds
Year ended June 30, 2018

	Water Utility	Detention Facility	Total Other Enterprise Funds
Cash flows from operating activities			
Receipts from customers	\$ 3,004,112	\$ 24,800	\$ 3,028,912
Payments to suppliers	(2,070,704)	(443,438)	(2,514,142)
Payments to employees	(9,984)	-	(9,984)
Net cash provided by (used) in operating activities	<u>923,424</u>	<u>(418,638)</u>	<u>504,786</u>
Cash flows from non-capital financing activities			
Cash received from other funds	<u>2,022</u>	<u>418,595</u>	<u>420,617</u>
Net cash provided by non-capital financing activities	<u>2,022</u>	<u>418,595</u>	<u>420,617</u>
Cash flows from capital and related financing activities			
Interest received	6,263		6,263
Interest paid	(1,567)	-	(1,567)
Acquisition of capital assets	(220,947)	-	(220,947)
Net cash used in capital and related financing activities	<u>(216,251)</u>	<u>-</u>	<u>(216,251)</u>
Change in cash and investments	709,195	(43)	709,152
Cash and investments - beginning of year	16	43	59
Cash and investments - end of year	<u>\$ 709,211</u>	<u>\$ -</u>	<u>\$ 709,211</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 794,086	\$ (420,790)	\$ 373,296
Adjustments to reconcile operating loss to net cash used by operating activities			
Depreciation and amortization	3,532	-	3,532
(Increase) decrease in accounts receivable	(41,469)	-	(41,469)
(Increase) decrease in prepaid expense	(1,906)	-	(1,906)
(Increase) decrease in deferred outflows of resources	(394)	-	(394)
Increase (decrease) in accounts payable and accrued liabilities including compensated absences	76,654	2,152	78,806
Increase (decrease) in notes payable	87,344	-	87,344
Increase (decrease) in net pension liability	6,970	-	6,970
Increase (decrease) in deferred inflows of resources	(1,393)	-	(1,393)
Net cash provided by (used in) operating activities	<u>\$ 923,424</u>	<u>\$ (418,638)</u>	<u>\$ 504,786</u>

Corporate Shop Fund - To account for the resources and costs of automotive equipment used by City departments.

Self-Insurance Fund - To account for the resources for and payment of the City's self-insurance claims.

Equipment Fund – To account for the repair and replacement of the City's machinery and equipment.

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City of Montebello
Combining Statement of Net Position
All Internal Service Funds
June 30, 2018

	Corporate Shop	Self-Insurance	Equipment	Total
ASSETS				
Current assets				
Cash and investments	\$ 1,780,477	\$ 5,913,795	\$ -	\$ 7,694,272
Accounts receivable	-	1,248	-	1,248
Inventory	4,547	-	-	4,547
Prepaid expenses and other current assets	-	6,465	-	6,465
Total current assets	<u>1,785,024</u>	<u>5,921,508</u>	<u>-</u>	<u>7,706,532</u>
Noncurrent assets				
Capital assets				
Land	108,369	-	-	108,369
Buildings and improvements	428,794	-	-	428,794
Machinery and equipment	643,651	-	-	643,651
Accumulated depreciation	(1,063,436)	-	-	(1,063,436)
Total noncurrent assets	<u>117,378</u>	<u>-</u>	<u>-</u>	<u>117,378</u>
Total assets	<u>1,902,402</u>	<u>5,921,508</u>	<u>-</u>	<u>7,823,910</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	<u>8,023</u>	<u>-</u>	<u>-</u>	<u>8,023</u>
LIABILITIES				
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	10,431	40,036	6,443	56,910
Claims payable - current portion	-	7,471,188	-	7,471,188
Compensated absences	-	3,777	-	3,777
Total current liabilities	<u>10,431</u>	<u>7,515,001</u>	<u>6,443</u>	<u>7,531,875</u>
Noncurrent liabilities				
Claims payable	-	9,177,417	-	9,177,417
Net pension liability	31,835	-	-	31,835
Total noncurrent liabilities	<u>31,835</u>	<u>9,177,417</u>	<u>-</u>	<u>9,209,252</u>
Total liabilities	<u>42,266</u>	<u>16,692,418</u>	<u>6,443</u>	<u>16,741,127</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	<u>1,370</u>	<u>-</u>	<u>-</u>	<u>1,370</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	117,378	-	-	117,378
Unrestricted	<u>1,749,411</u>	<u>(10,770,910)</u>	<u>(6,443)</u>	<u>(9,027,942)</u>
Total net position (deficit)	<u>\$ 1,866,789</u>	<u>\$ (10,770,910)</u>	<u>\$ (6,443)</u>	<u>\$ (8,910,564)</u>

City of Montebello
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
Year ended June 30, 2018

	Corporate Shop	Self-Insurance	Equipment	Total
Operating revenues				
Charges for services	\$ -	\$ 6,811,983	\$ -	\$ 6,811,983
Other	-	19,116	-	19,116
Total operating revenues	<u>-</u>	<u>6,831,099</u>	<u>-</u>	<u>6,831,099</u>
Operating expenses				
Labor and fringe benefits	(6,829)	-	-	(6,829)
Materials and supplies	275,902	1,092	-	276,994
Repairs and maintenance	91,182	-	-	91,182
Insurance claims and premiums	-	9,387,433	-	9,387,433
Contractual services	8,896	674,961	-	683,857
Administrative expense	1,727	14,730	-	16,457
Total operating expenses	<u>370,878</u>	<u>10,078,216</u>	<u>-</u>	<u>10,449,094</u>
Operating income (loss) before transfers	<u>(370,878)</u>	<u>(3,247,117)</u>	<u>-</u>	<u>(3,617,995)</u>
Other financing sources				
Transfers in	7,170	-	-	7,170
Net other financing sources	<u>7,170</u>	<u>-</u>	<u>-</u>	<u>7,170</u>
Change in net position	(363,708)	(3,247,117)	-	(3,610,825)
Net position (deficit), beginning of year	2,230,497	(7,523,793)	(6,443)	(5,299,739)
Net position (deficit), end of year	<u>\$ 1,866,789</u>	<u>\$ (10,770,910)</u>	<u>\$ (6,443)</u>	<u>\$ (8,910,564)</u>

City of Montebello
Combining Statement of Cash Flows
All Internal Service Funds
Year ended June 30, 2018

	Corporate Shop	Self-Insurance	Equipment	Total
Cash flows from operating activities				
Receipts from customers	\$ -	\$ 7,118,610	\$ -	\$ 7,118,610
Payments to suppliers	(381,866)	(6,897,872)	-	(7,279,738)
Payments to employees	(20,960)	-	-	(20,960)
Net cash provided by (used in) operating activities	<u>(402,826)</u>	<u>220,738</u>	<u>-</u>	<u>(182,088)</u>
Cash flows from non-capital financing activities				
Cash transfers in	7,170	-	-	7,170
Net cash provided by non-capital financing activities	<u>7,170</u>	<u>-</u>	<u>-</u>	<u>7,170</u>
Change in cash and investments	(395,656)	220,738	-	(174,918)
Cash and investments - beginning	2,176,133	5,693,057	-	7,869,190
Cash and investments - ending	<u>\$ 1,780,477</u>	<u>\$ 5,913,795</u>	<u>\$ -</u>	<u>\$ 7,694,272</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (370,878)	\$ (3,247,117)	\$ -	\$ (3,617,995)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	-	287,511	-	287,511
(Increase) decrease in deferred outflows of resources	8,839	-	-	8,839
Increase (decrease) in accounts payable and accrued liabilities including compensated absences	(4,159)	4,883	-	724
Increase (decrease) in claims payable	-	3,175,461	-	3,175,461
Increase (decrease) in net pension liability	(28,086)	-	-	(28,086)
Increase (decrease) in deferred inflows of resources	(8,542)	-	-	(8,542)
Net cash provided by (used in) operating activities	<u>\$ (402,826)</u>	<u>\$ 220,738</u>	<u>\$ -</u>	<u>\$ (182,088)</u>

**STATISTICAL SECTION
(UNAUDITED)**

This part of the City of Montebello's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

Contents:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed overtime.	135-139
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	140-143
<u>Debt Capacity</u> these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	144-148
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	149-150
<u>Operating Information</u> these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	151-153

City of Montebello
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Government Activities										
Invested in capital assets, net of related debt	\$ 28,992,463	\$ 51,377,564	\$ 50,154,445	\$ 53,911,210	\$ 54,636,719	\$ 55,212,827	\$ 56,943,195	\$ 58,082,755	\$ 58,372,453	\$ 60,131,857
Restricted	63,061,184	24,305,187	28,522,292	27,662,376	20,219,054	29,141,471	22,556,230	27,459,377	37,978,261	30,870,850
Unrestricted	(68,290,188)	(46,153,068)	(42,582,327)	(15,674,582)	(4,370,518)	(13,656,834)	(93,615,680)	(96,385,527)	(152,645,842)	(104,996,678)
Total governmental activities net assets	23,763,459	29,529,683	36,094,410	65,899,004	70,485,255	70,697,464	(14,116,255)	(10,843,395)	(56,295,128)	(13,993,971)
Business-Type Activities										
Invested in capital assets, net of related debt	37,693,683	50,781,549	50,305,058	55,556,802	55,753,529	53,562,215	51,644,871	49,943,300	62,240,064	50,936,245
Restricted	-	-	-	302,086	302,120	1,017,411	496,628	153,929	37,063,750	26,656,264
Unrestricted	(1,469,666)	(3,518,995)	(5,887,082)	(11,263,176)	(8,619,600)	(8,758,663)	(29,367,364)	(29,377,639)	(26,856,332)	(70,241,601)
	36,224,017	47,262,554	44,417,976	44,595,712	47,436,049	45,820,963	22,774,135	20,719,590	72,447,482	7,350,908
Primary Government										
Invested in capital assets, net of related debt	66,686,146	102,159,113	100,459,503	109,468,012	110,390,248	108,775,042	108,588,066	108,026,055	120,612,517	111,068,102
Restricted	63,061,184	24,305,187	28,522,292	27,964,462	20,521,174	30,158,882	23,052,858	27,613,306	75,042,011	57,527,114
Unrestricted	(69,759,854)	(49,672,063)	(48,469,409)	(26,937,758)	(12,990,118)	(22,415,497)	(122,983,044)	(125,763,166)	(179,502,174)	(175,238,279)
	\$ 59,987,476	\$ 76,792,237	\$ 80,512,386	\$ 110,494,716	\$ 117,921,304	\$ 116,518,427	\$ 8,657,880	\$ 9,876,195	\$ 16,152,354	\$ (6,643,063)

Source: City Financial Statements

City of Montebello
Change in Net Position – Expenses and Program Revenues
Last Ten Fiscal Years

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Expenses:										
Governmental Activities:										
General government	\$ 10,840,411	\$ 5,181,691	\$ 6,003,579	\$ 6,625,106	\$ 3,397,386	\$ 3,868,688	\$ 8,214,000	\$ 9,376,874	\$ 5,800,255	\$ 10,590,425
Public safety	33,131,797	34,440,947	30,196,363	29,927,417	31,736,790	33,376,844	33,233,838	34,991,222	38,180,200	39,719,749
Public works	5,098,404	5,383,610	5,916,177	5,871,891	6,222,809	7,063,899	7,145,909	7,314,357	6,892,489	9,824,917
Parks, recreation, and culture	4,994,538	6,194,042	4,955,587	5,092,219	5,183,532	4,943,297	4,433,420	4,244,463	3,589,256	3,948,193
Housing and community development	12,760,934	12,479,919	11,811,986	4,587,403	2,042,906	4,045,684	3,662,170	4,149,321	4,625,548	2,923,175
Unallocated infrastructure depreciation	659,156	698,249	704,807	704,807	704,807	704,807	704,807	464,900	704,807	704,807
Interest on long-term debt	5,837,489	5,072,065	5,143,129	3,329,205	1,954,908	1,254,337	1,908,319	1,238,015	3,882,293	356,579
Total governmental activities and expenses	73,322,729	69,450,523	64,731,628	56,138,048	51,243,138	55,257,556	59,302,463	61,779,152	63,674,848	68,067,845
Business-Type Activities:										
Transit system	25,773,717	24,752,340	23,653,069	27,864,749	28,190,745	30,850,208	29,557,024	28,530,818	28,540,085	34,587,386
Golf course	3,404,206	3,064,788	3,028,680	2,595,321	3,015,645	2,965,428	3,095,101	2,914,099	2,745,203	3,169,377
Montebello Hilton	3,521,600	3,509,164	3,483,481	3,443,794	3,558,013	4,302,388	4,600,977	4,742,125	4,866,766	4,590,912
Other programs	1,895,974	2,125,401	2,133,751	2,143,480	2,515,604	2,806,018	2,945,512	3,138,928	2,731,099	2,727,290
Interest on long-term debt	-	-	-	-	-	-	-	-	-	3,409,286
Total business-type activities and expenses	34,595,497	33,451,693	32,298,981	36,047,344	37,280,007	40,924,042	40,198,614	39,325,970	38,883,153	48,484,251
Total primary government expenses	\$ 107,918,226	\$ 102,902,216	\$ 97,030,609	\$ 92,185,392	\$ 88,523,145	\$ 96,181,598	\$ 99,501,077	\$ 101,105,122	\$ 102,558,001	\$ 116,552,096
Program revenues:										
Governmental Activities:										
Charges for services:										
General government	\$ 3,293,527	\$ 3,854,697	\$ 4,171,044	\$ 2,787,309	\$ 3,071,973	\$ 4,074,735	\$ 3,720,526	\$ 3,548,576	\$ 3,709,505	\$ 3,921,684
Public safety	2,383,579	2,741,147	2,570,877	1,863,933	2,103,502	2,767,256	2,644,432	3,167,766	3,311,979	3,227,705
Public works	5,651,310	5,059,588	4,911,495	4,812,850	5,377,463	5,427,918	5,391,630	5,565,885	5,515,371	4,421,025
Parks, recreation, and culture	735,910	501,801	602,711	631,832	665,468	533,575	527,346	414,018	471,348	486,274
Housing and community development	-	-	-	-	-	-	-	-	-	1,018,644
Operating grants and contributions	7,256,003	9,829,694	8,283,188	7,155,005	8,519,753	8,292,687	9,522,821	10,109,717	7,382,419	9,759,068
Total governmental activities program revenues	19,320,329	21,986,927	20,539,315	17,250,929	19,738,159	21,096,171	21,806,755	22,805,962	20,390,622	22,834,400
Business-Type Activities:										
Charges for services:										
Transit system	6,391,094	6,156,991	6,340,026	6,277,092	6,078,505	5,985,798	5,838,678	5,680,227	5,086,810	4,728,570
Golf course	2,806,983	2,537,564	2,633,844	2,321,582	2,389,101	2,385,213	2,312,095	2,294,518	2,091,410	2,194,976
Montebello Hilton	3,994,972	3,846,393	4,027,805	4,124,516	4,316,746	5,522,384	6,270,196	6,579,766	6,834,772	7,197,488
Other programs	1,457,989	1,585,638	1,515,315	1,444,863	1,325,834	2,121,732	2,505,234	2,295,158	2,409,339	3,070,381
Operating grants and contributions	17,243,596	15,487,526	16,398,554	16,868,344	18,834,317	19,726,264	20,914,063	19,314,666	20,593,875	23,014,664
Capital grants and contributions	9,578,566	16,253,784	3,226,572	5,024,417	7,777,911	2,764,857	1,780,967	1,726,259	5,540,308	5,994,885
Total business-type activities program revenues	41,473,200	45,867,896	34,142,116	36,060,814	40,722,414	38,506,248	39,621,233	37,890,594	42,556,514	46,200,964
Primary government program revenues	\$ 60,793,529	\$ 67,854,823	\$ 54,681,431	\$ 53,311,743	\$ 60,460,573	\$ 59,602,419	\$ 61,427,988	\$ 60,696,556	\$ 62,947,136	\$ 69,035,364
Net (Expense) Revenue:										
Governmental activities:	\$ (54,002,400)	\$ (47,463,596)	\$ (44,192,313)	\$ (38,887,119)	\$ (31,504,979)	\$ (34,161,385)	\$ (37,495,708)	\$ (38,973,190)	\$ (43,284,226)	\$ (45,233,444)
Business-type activities:	\$ 6,877,703	\$ 12,416,203	\$ 1,843,135	\$ 13,470	\$ 3,442,407	\$ (2,417,794)	\$ (577,381)	\$ (1,435,376)	\$ 3,673,361	\$ (2,283,287)
Total primary government net (expense) revenue	(47,124,697)	(35,047,393)	(42,349,178)	(38,873,649)	(28,062,572)	(36,579,179)	(38,073,089)	(40,408,566)	(39,610,865)	(47,516,731)

Source: City Financial Statements

City of Montebello
Change in Net Position – General Revenues
Last Ten Fiscal Years

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Property taxes, levied for general purposes	\$ 26,981,166	\$ 26,991,825	\$ 26,319,201	\$ 20,245,594	\$ 15,449,858	\$ 14,683,907	\$ 13,759,217	\$ 15,988,925	\$ 16,507,389	\$ 16,961,038
Franchise taxes	1,088,537	1,254,753	1,311,388	1,221,311	1,158,219	1,303,603	1,410,918	1,405,229	1,493,956	2,141,450
Sales tax	10,509,273	8,048,518	10,446,061	10,847,400	11,363,067	11,725,818	12,563,805	13,992,347	13,267,373	13,118,981
Transient occupancy tax	234,980	243,276	255,705	297,679	364,425	355,404	357,896	365,290	401,852	414,198
Unrestricted intergovernmental revenue	5,288,610	5,252,095	5,291,513	5,156,500	5,205,958	5,394,777	5,613,991	5,235,832	5,948,161	6,322,299
Other revenues	3,264,050	1,873,556	2,078,045	2,415,809	2,239,898	2,154,383	3,029,784	4,538,998	7,214,594	2,626,065
Investment earnings	2,671,569	341,815	260,297	72,750	54,393	49,705	54,391	86,920	172,515	665,702
Transfers	771,708	1,377,666	5,143,761	(164,266)	602,070	(792,325)	(4,948,058)	632,509	(47,976,779)	(1,634,476)
Total governmental activities	50,809,893	45,383,504	51,105,971	40,092,777	36,437,888	34,875,272	31,841,944	42,246,050	(2,970,940)	40,615,257
Business-Type Activities:										
Other revenues										
Investment earnings	73,597	-	10,990	-	-	10,383	6,433	13,340	135,411	448,876
Transfers	(771,708)	(1,377,666)	(4,020,809)	164,266	(602,070)	792,325	4,948,058	(632,509)	47,976,779	1,634,476
Total business-type activities	(698,111)	(1,377,666)	(4,009,819)	164,266	(602,070)	802,708	4,954,491	(619,169)	48,112,190	2,083,352
Total primary government	\$ 50,111,782	\$ 44,005,838	\$ 47,096,152	\$ 40,257,043	\$ 35,835,818	\$ 35,677,980	\$ 36,796,435	\$ 41,626,881	\$ 45,141,250	\$ 42,698,609
Change in Net Position:										
Governmental Activities:	\$ (3,192,507)	\$ (2,080,092)	\$ 6,913,658	\$ 1,205,658	\$ 4,932,909	\$ 212,209	\$ (5,653,764)	\$ 3,272,860	\$ (46,255,166)	\$ (4,618,187)
Business-Type Activities:	6,179,592	11,038,537	(2,166,684)	177,736	2,840,337	(1,615,086)	4,377,110	(2,054,545)	51,785,551	(199,935)
Total primary government	\$ 2,987,085	\$ 8,958,445	\$ 4,746,974	\$ 1,383,394	\$ 7,773,246	\$ (1,402,877)	\$ (1,276,654)	\$ 1,218,315	\$ 5,530,385	\$ (4,818,122)

Source: City Financial Statements

City of Montebello
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Fund										
Reserved										
Unreserved										
Total general fund										
All Other Governmental Funds:										
Reserved										
Unreserved, designated reported in:										
Special revenue funds										
Capital projects funds										
Unreserved, undesignated reported in:										
Special revenue funds										
Capital projects funds										
Total all other governmental funds										
General Fund										
Nonspendable	\$ 83,346	\$ 107,756	\$ 83,346	\$ 107,756	\$ 187,730	\$ 142,394	\$ 64,038	\$ 122,474	\$ 1,380,282	\$ 1,383,212
Restricted	-	-	-	-	-	-	-	-	4,666,731	4,666,731
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	497,558	-	497,558	-	-	-	-	-	-	-
Unassigned	4,394,672	7,047,301	4,394,672	7,047,301	7,879,020	8,387,981	8,934,094	9,325,124	7,995,872	11,287,858
Total general fund	<u>\$ 4,975,576</u>	<u>\$ 7,155,057</u>	<u>\$ 4,975,576</u>	<u>\$ 7,155,057</u>	<u>\$ 8,066,750</u>	<u>\$ 8,530,375</u>	<u>\$ 8,998,132</u>	<u>\$ 9,447,598</u>	<u>\$ 14,042,885</u>	<u>\$ 17,337,801</u>
All Other Governmental Funds:										
Nonspendable	\$ 15,170,693	\$ 2,313,452	\$ 15,170,693	\$ 2,313,452	\$ 2,288,508	\$ 2,057,207	\$ 10,719,195	\$ 10,258,543	\$ 8,533,222	\$ 8,157,472
Restricted										
Debt service	19,520,813	5,918,851	19,520,813	5,918,851	6,116,124	7,960,932	3,070,688	3,865,331	13,162,936	366,492
Special revenue funds	7,219,900	20,478,029	7,219,900	20,478,029	22,034,631	18,000,779	7,814,447	12,882,023	15,951,357	17,557,949
Capital projects funds	24,991,784	1,464,215	24,991,784	1,464,215	1,445,551	1,090,991	1,093,640	453,480	330,746	122,206
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(14,421,751)	(159,133)	(14,421,751)	(159,133)	(80,230)	-	(111,631)	(682,268)	(318,397)	(157,153)
Total all other governmental funds	<u>\$ 52,481,439</u>	<u>\$ 30,015,414</u>	<u>\$ 52,481,439</u>	<u>\$ 30,015,414</u>	<u>\$ 31,804,584</u>	<u>\$ 29,109,909</u>	<u>\$ 22,586,339</u>	<u>\$ 26,777,109</u>	<u>\$ 37,659,864</u>	<u>\$ 26,046,966</u>

Source: City Financial Statements

City of Montebello
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales and Use Tax	Transient Occupancy Tax	Franchise Tax	Other Taxes	Total Taxes
2008-09	\$ 26,895,881	\$ 10,391,851	\$ 234,980	\$ 1,088,537	\$ 939,751	\$ 39,551,000
2009-10	26,991,825	8,417,053	243,276	1,254,753	961,373	37,868,280
2010-11	27,106,442	10,413,127	255,705	1,311,388	1,087,329	40,173,991
2011-12	23,636,827	10,847,400	297,679	1,221,311	1,765,267	37,768,484
2012-13	20,655,816	11,363,067	271,153	1,158,219	93,272.00	33,541,527
2013-14	20,078,684	11,725,818	355,404	1,303,603	118,241	33,581,750
2014-15	19,373,208	12,563,805	357,896	1,410,918	132,100	33,837,927
2015-16	21,224,757	13,992,347	365,290	1,405,229	137,883	37,125,506
2016-17	16,507,389	13,267,373	401,852	1,493,956	151,611	31,822,180
2017-2018	16,961,038	13,118,981	414,198	2,141,450	171,762	32,807,430

Source: City Financial Statements

City of Montebello
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(rates are per \$1,000 of assessed value)

Fiscal Year	City				Redevelopment Agency			
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value
2008-09	\$ 3,126,247	\$ 93,224	\$ 90,524	\$ 3,128,947	\$ 1,490,281	\$128,875	\$ 32,670	\$ 1,586,486
2009-10	3,075,831	94,754	97,719	3,072,866	1,531,767	131,990	34,413	1,629,344
2010-11	3,009,280	93,206	100,372	3,002,114	1,565,508	139,738	39,759	1,659,537
2011-12	3,081,874	95,765	99,789	3,077,850	1,578,855	139,820	41,746	1,676,929
2012-13	3,166,417	87,265	104,467	3,149,215	1,591,142	135,785	42,457	1,684,470
2013-14	4,938,771	220,911	146,649	5,013,033	1,671,422	133,318	40,811	1,763,929
2014-15	3,420,628	99,344	110,362	3,409,610	1,701,294	129,735	41,886	1,789,143
2015-16	3,543,765	82,016	113,073	3,512,708	1,708,111	129,094	44,039	1,793,167
2016-17	3,693,850	82,228	99,747	3,676,331	1,734,850	141,080	26,411	1,849,518
2017-18	3,845,241	76,621	103,168	3,818,695	1,789,082	144,402	42,088	1,891,396

Source: Los Angeles County Assessor and Auditor

City of Montebello
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
City Direct Rate:										
City basic rate	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Retirement	0.19788	0.19788	0.19788	0.19788	0.19788	0.19788	0.19788	0.19788	0.19788	0.19788
Total City Direct Rate	<u>1.19788</u>	<u>1.19788</u>	<u>1.19788</u>	<u>1.19788</u>	<u>1.19788</u>	<u>1.19788</u>	<u>1.19788</u>	<u>1.19788</u>	<u>1.19788</u>	<u>1.19788</u>
Overlapping Rates:										
L.A. County General	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Montebello USD	0.08063	0.09673	0.09792	0.10001	0.09630	0.09457	0.08750	0.08715	0.14705	0.13514
L.A. County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Community College	0.02212	0.02311	0.04031	0.03530	0.03756	0.04454	0.04017	0.03575	0.03596	0.04599
Totals	<u><u>1.30493</u></u>	<u><u>1.32202</u></u>	<u><u>1.33981</u></u>	<u><u>1.33689</u></u>	<u><u>1.33524</u></u>	<u><u>1.34049</u></u>	<u><u>1.32905</u></u>	<u><u>1.32428</u></u>	<u><u>1.38439</u></u>	<u><u>1.38251</u></u>

Source: Muniservices, LLC

City of Montebello
Principal Property Tax Payers
Current Fiscal Year and Nine Fiscal Years Ago

Taxpayer	2017-18			2008-09		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Montebell Town Center Investor, LLC	\$ 206,933,152	1	3.65%	\$ 171,119,866		3.77%
Brixmor Montebello Plaza LP	74,057,392	2	1.31%	-		0.00%
Freeport-McMoran Oil and Gas LLC	54,778,925	3	0.97%	-		0.00%
Bimbo Bakeries, USA Inc	54,014,533	4	0.95%	82,858,630		1.83%
K K 3A Corporation	47,645,293	5	0.84%	-		0.00%
Somerset Apartments LLC	45,348,661	6	0.80%	-		0.00%
Comref So CA Industrial Sub G LLC	43,572,929	7	0.77%	-		0.00%
RREEF America Reit II Corporation	38,462,976	8	0.68%	33,984,666		0.75%
Kir Montebello LP	34,420,287	9	0.61%	30,412,771		0.67%
Prologis California I LLC	32,044,786	10	0.57%	44,469,101		0.98%
	<u>\$ 631,278,934</u>		<u>11.14%</u>	<u>\$ 362,845,034</u>		<u>8.00%</u>

Source: Muniservices, LLC

City of Montebello
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2008-09	\$ 9,799,000	\$ 9,143,220	93.31%	\$ 560,692	\$ 9,703,912	99.03%
2009-10	10,416,000	8,995,261	86.36%	474,808	9,470,069	90.92%
2010-11	10,095,367	8,683,277	86.01%	613,510	9,296,787	92.09%
2011-12	7,869,020	10,379,033	131.90%	-	10,379,033	131.90%
2012-13	6,975,325	11,293,837	161.91%	-	11,293,837	161.91%
2013-14	7,279,631	7,275,179	99.94%	338,473	7,613,652	104.59%
2014-15	7,504,080	7,092,120	94.51%	330,553	7,422,673	98.92%
2015-16	7,616,230	10,352,514	135.93%	385,447	10,737,961	140.99%
2016-17	7,923,442	10,685,828	134.86%	579,837	11,265,665	142.18%
2017-18	8,159,530	11,032,559	135.21%	659,322	11,691,881	143.29%

Note (1) Negative number not included

Source: Los Angeles County Auditor - AF91 Report and City Remittance Advice Summary

City of Montebello
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Total Debt Per Capita
	Certificates of Participation	Tax Allocation Bonds	Revenue	Other		
2008-09	\$ 21,671,100	\$ 74,057,213	\$ 16,170,000	\$ 15,534,163	\$ 127,432,476	1,941
2009-10	25,450,000	71,779,239	15,895,000	15,273,662	123,415,981	1,886
2010-11	19,213,600	64,603,222	15,575,000	17,190,970	116,582,792	1,772
2011-12	18,351,480	-	15,210,000	-	33,561,480	510
2012-13	17,447,900	-	14,800,000	-	32,247,900	513
2013-14	16,502,860	-	14,370,000	-	30,872,860	486
2014-15	-	-	25,728,200	-	25,728,200	405
2015-16	-	-	24,738,440	-	24,738,440	387
2016-17	-	-	78,171,940	-	78,171,940	1,223
2017-18	-	-	10,409,600	-	10,409,600	162

Source: City Financial Statements

City of Montebello
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands except for Per Capita)

Fiscal Year	Outstanding General Bonded Debt				Percent of Assessed Value(1)	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Revenue	Total		
2008-09	\$ 21,671	\$ 74,057	\$ 16,170	\$ 111,898	2.39%	1,704
2009-10	25,450	71,779	15,895	113,124	2.30%	1,653
2010-11	19,213	64,603	15,575	99,391	2.15%	1,511
2011-12	18,351	-	15,210	33,561	0.74%	510
2012-13	17,448	-	14,800	32,248	0.65%	513
2013-14	16,503	-	14,370	30,873	0.62%	486
2014-15	-	-	25,728	25,728	0.50%	405
2015-16	-	-	24,738	24,738	0.47%	387
2016-17	-	-	78,172	78,172	1.41%	1,223
2017-18	-	-	10,410	10,410	0.00%	162

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California

Source: City Finance Department

City of Montebello
Direct and Overlapping Debt
June 30, 2018

2017-18 Assessed Valuation: \$5,710,091,139

	Total Outstanding Debt 6/30/18	Percentage Applicable (1)	City's Share of Overlapping Debt 6/30/18
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Los Angeles County Flood Control District	\$ 60,600,000	0.208%	\$ 126,048
Los Angeles Community College District	4,165,830,000	0.719%	29,952,318
El Rancho Unified School District	68,713,551	0.003%	2,061
Los Angeles Unified School District	10,604,150,000	0.001%	106,042
Montebello Unified School District	196,211,890	35.68%	69,998,592
Los Angeles County Regional Park and Open Space Assessment District	26,575,000	0.401%	106,566
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 100,291,626
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Los Angeles County General Fund Obligation	\$ 1,921,992,404	0.401%	\$ 7,707,190
Los Angeles County Superintendent of Schools Certificates of Participation	6,500,306	0.401%	26,066
Los Angeles County Sanitation District No. 2 Authority	11,504,168	8.883%	1,021,915
Los Angeles County Sanitation District No. 15 Authority	11,775,920	0.750%	88,319
Los Angeles Unified School District Certificates of Participation	195,975,000	0.001%	1,960
Montebello Unified School District Certificates of Participation	7,830,000	35.675%	2,793,353
City of Montebello General Fund Obligation	79,715,000	100.000%	79,715,000
City of Montebello Equipment Lease Obligations	296,934	100.000%	296,934
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT:			91,650,737
Less: Los Angeles County General Fund Obligations supported by landfill revenues			
Los Angeles Unified School District Qualified Zone Academic Bonds supported by building fund 51			74
City of Montebello Obligations supported from surplus increment and golf and hotel revenues			12,310,400
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT:			\$ 79,340,263
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 32,351,530	100%	\$ 32,351,530
TOTAL GROSS DIRECT DEBT			\$ 80,011,934
TOTAL NET DIRECT DEBT			\$ 67,701,534
TOTAL GROSS OVERLAPPING DEBT			\$ 144,281,960
TOTAL NET OVERLAPPING DEBT			\$ 144,281,886
GROSS COMBINED TOTAL DEBT			\$ 224,293,894
NET COMBINED TOTAL DEBT			\$ 211,983,420

1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

2) Excludes accreted value

3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage and non-bonded capital lease obligation.

Ratios to 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessed Debt	1.76%
Total Gross Direct Debt (80,011,934,000)	1.40%
Total Net Direct Debt (67,701,534)	1.19%
Gross Combined Total Debt	3.93%
Net Combined Total Debt	3.71%

Ratios to Redevelopment Incremental Valuation (\$1,756,743,508) :

Total Overlapping Tax Increment Debt	1.84%
--------------------------------------	-------

Source: California Municipal Statistics

City of Montebello
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
Assessed valuation	18,861,572,384	18,808,841,532	19,358,675,984	19,019,112,168	19,404,069,772
Conversion Percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation	4,715,393,096	4,702,210,383	4,839,668,996	4,754,778,042	4,851,017,443
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Total net debt applicable to limit	707,308,964	705,331,557	725,950,349	713,216,706	727,652,616
Legal debt margin	707,308,964	705,331,557	725,950,349	713,216,706	727,652,616

	Fiscal Year				
	2013-14	2014-15	2015-16	2016-17	2017-18
Assessed valuation	19,864,600,740	20,609,967,972	21,223,501,036	22,103,394,800	22,840,364,556
Conversion Percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation	4,966,150,185	5,152,491,993	5,305,875,259	5,525,848,700	5,710,091,139
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Total net debt applicable to limit	744,922,528	772,873,799	795,881,289	828,877,305	856,513,671
Legal debt margin	744,922,528	772,873,799	795,881,289	828,877,305	856,513,671

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed. However, this provision was enacted when assessed valuation was based upon 25% of market value.

Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for the parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year that was in effect at the time that legal debt margin was enacted by the State of California for local governments located within the state.

Source: Los Angeles County Assessor and Auditor Combined

City of Montebello
Pledged-Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Golf Revenue Bonds						
	Gross Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest	Total	Coverage
2008-09	2,823,898	(3,163,896)	(339,998)	163,440	240,310	403,750	-84.21%
2009-10	2,538,595	(2,842,743)	(304,148)	171,980	218,711	390,691	-77.85%
2010-11	2,633,844	(2,826,967)	(193,123)	180,520	201,173	381,693	-50.60%
2011-12	2,321,581	(2,567,019)	(245,438)	192,880	193,653	386,533	-63.50%
2012-13	2,389,101	(2,826,082)	(436,981)	201,420	200,594	402,014	-108.70%
2013-14	2,385,213	(2,748,196)	(362,983)	209,960	175,667	385,627	-94.13%
2014-15	2,312,095	(2,992,640)	(680,545)	256,420	67,650	324,070	-210.00%
2015-16	2,294,518	(2,753,607)	(459,089)	225,240	134,526	359,766	-127.61%
2016-17	2,091,410	(2,535,564)	(444,154)	233,500	116,281	349,781	-126.98%
2017-18	2,194,976	(3,169,377)	(974,401)	257,660	110,341	368,001	-264.78%

Source: City Finance Department

City of Montebello
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in millions)</u>	<u>Capita Personal Income</u>	<u>Unemployment Rate</u>
2008-09	65,187	1,209	18,546	8.40%
2009-10	65,424	1,185	18,110	12.90%
2010-11	65,781	1,262	19,187	14.10%
2011-12	62,857	1,272	20,230	13.70%
2012-13	63,184	1,328	21,013	12.20%
2013-14	63,527	1,288	20,269	11.00%
2014-15	63,555	1,321	20,783	6.71%
2015-16	63,921	1,329	20,784	4.87%
2016-17	63,917	1,428	22,344	4.50%
2017-18	64,327	1,529	23,766	4.40%

Source: Muniservices, LLC

**City of Montebello
Principal Employers
Current Fiscal Year and Ten Fiscal Years Ago**

Employer	2017-18		Employer	2007-08	
	Employees	Percent of Total Employment *		Employees	Percent of Total Employment *
Montebello Unified Schl Dist*	1,374	4.6735%	Oroweat Food Company	795	0.0174%
Beverly Hospital	930	3.1633%	Minson Corporation	633	0.0138%
City of Montebello	487	1.6565%	Royal Paper Box Company	170	0.0037%
Costco	358	1.2177%	Montebello Unified Schl Dist	3,577	0.0782%
Bimbo Bakery	326	1.1088%	City of Montebello	604	0.0132%
Macy's	320	1.0884%	Montebello Town Center	1,897	0.0415%
Wilbur Curtis CO	301	1.0238%	Kaiser	4,496	0.0983%
Old Dominion Freight Line	200	0.6803%	Beverly Hospital	995	0.0218%
Rio Hondo Convalescent Hosp	186	0.6327%	Litho Monarch	2,865	0.0626%
Jc Penney	179	0.6088%	Costco	200	0.0044%
Total Top Ten	4,661	15.8537%		16,232	0.3549%
Total Employment *	29,400				

Source: Muniservices, LLC

City of Montebello
Full-Time and Part-Time City Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
General Government	53	42	43	47	37
Public Safety	197	182	182	167	203
Public Works	15	12	12	14	17
Parks and Recreation	115	123	123	115	133
Economic Development	6	7	7	-	18
Transit	215	217	217	212	200
Totals	601	583	584	555	608

Function	Fiscal Year				
	2013-14	2014-15	2015-16	2016-17	2017-18
General Government	33	34	54	53	53
Public Safety	177	180	181	176	176
Public Works	38	39	30	17	22
Parks and Recreation	99	96	84	71	73
Economic Development	15	13	16	12	12
Transit	253	254	249	238	241
Totals	615	616	614	567	577

Source: City Finance Department

City of Montebello
Operating Indicators by Function
Last Ten Calendar Years

Function	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:		As of June								
Arrests	2,598	2,702	2,621	2,093	2,093	1,896	1,642	2,005	2,037	1,648
Traffic violations	4,900	6,862	2,467	2,968	2,773	2,682	2,505	1,418	2,191	2,096
Parking violations	20,018	19,413	22,661	20,448	20,448	18,950	16,446	16,767	17,507	17,346
Fire:										
Number of calls answered	4,165	5,037	4,891	4,977	4,800	5,100	5,686	6,051	6,494	6,661
Inspections conducted	1,616	1,320	1,160	728	625	988	1,248	1,094	809	1,271
Public Works:										
Street resurfacing (miles)	4	14.16	15.15	1.60	0.51	2.28	1.42	5.96	0.47	3.20
Sidewalk repairs (sq ft)	N/A	31,930	32,281	25,997	11,100	35,435	29,632	7,942	3,600	15,042
Potholes repaired	N/A	N/A	5,352	3,010	3,325	3,876	3,774	4,009	7,163	7,317
Storm drains cleaned	N/A	N/A	1,702	0	0	N/A	N/A	N/A	N/A	N/A
Parks and Recreation:										
Number of recreation classes	167	68	190	210	137	153	160	192	214	268
Number of facility rentals	44	2,660	854	689	708	2,156	3,180	3,438	3,428	3,589

Source: City Finance Department

City of Montebello
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Police:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public Works:										
Street (miles)	125	125	125	125	125	125	125	125	125	5
Street Lights	3,682	3,682	3,682	3,682	3,682	3,682	3,682	3,682	3,683	4,718
Traffic Signals	80	81	81	81	81	81	81	79	79	79
Parks and Recreation:										
Parks	7	7	7	7	7	7	7	7	7	7
Community Centers	-	-	-	-	-	4	4	3	3	3

Source: City Finance Department



PRESENTATION TO THE COUNCIL OF THE CITY OF MONTEBELLO

April 10, 2019

Agenda

- ☐ Scope of Services
- ☐ Summary of Audit Results:
 - Our Reports/Opinions:
 - ✓ On the Financial Statements
 - ✓ On Internal Controls over Financial Reporting
 - ✓ On Compliance with Laws and Regulations
 - Pursuant to the Single Audit Act (Federal Programs)
- ☐ Financial Reporting Highlights
- ☐ Required Communications to the City Council
- ☐ New Accounting/Auditing Pronouncements

Scope of Engagement

- ❑ **Financial Statement Audit** - in accordance with generally accepted governmental auditing standards
 - City's financial statements
 - Transit fund financial statements
 - Housing fund financial statements
- ❑ **Audit of Federal Programs (Single Audit)** - in accordance with the Uniform Guidance
- ❑ Year-round ***Consultation*** on Financial and Accounting matters

SUMMARY OF AUDIT RESULTS

Financial Statements Audit

- ❑ **Unmodified Opinion on Financial Statements** – The financial statements fairly present, in all material respects, the City's financial position and changes in net position.
 - The supplemental combining financial statements and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.
- ❑ Noncompliance material to the financial statements – No instances noted.
- ❑ Material weaknesses and significant deficiencies in internal controls – None noted.
- ❑ Other Matters noted – California State Auditor's Audit Report
- ❑ **Comments and Recommendations** – See separate report to Management and the City Council.

The Single Audit of Federal Awards

MAJOR PROGRAM:

CFDA No. 14.218 Community Development Block Grant (CDBG) (\$1.06 million)

CFDA No. 16.922 Equitable Sharing Program – Federal Asset Forfeiture (\$933 thousand)

Tested 31% of total Federal expenditures of \$6.4 million.

The City continues to be classified as a “Low Risk Auditee” based on the Federally-prescribed criteria.

Compliance/Federal Award Findings:

➤ *Noted 3 compliance findings in CFDA 16.922 on the following:*

(a) Equipment Management

(b) Procurement, Suspension and Debarment, and

(c) Reporting

Financial Reporting Highlights - Government-wide

- The City's **overall net position** decreased by \$22 million from \$15.4 million last year prior to restatement, to a deficit in net position of \$6.6 million as of June 30, 2018 (accrual basis). *p. 23*
- \$17.2 million of the \$22 million decrease in net position was a result of implementing GASB 75 and CalPERS decreasing the projected yield of the pension assets.
- The **Net Pension Liability** increased by \$16 million from \$120 million as of June 30, 2017 to \$136 million as of June 30, 2018. *p. 65*
- Citywide revenues increased to \$111.7 million from \$108 million in FY 2017. *p. 9*
- Citywide expenses increased to \$116.6 million in FY 2018 from \$102.6 million in FY 2017. *p. 9*
- The City implemented GASB 75, *Postemployment Benefits Other than Pensions* in FY 2018 which required the City to report its **Unfunded OPEB Liability** of \$28 million as of June 30, 2018.

Financial Reporting Highlights – Fund Level

- The City's **General Fund total fund balance** increased by \$3.3M, to \$17.3M. *p. 26*
- The **City's General Fund total fund balance** was \$17.3 million as of June 30, 2018, of which \$1.4 million represents non-spendable assets; \$4.6 million represents restricted fund balance and approximately \$11.3 million is unassigned fund balance. General Fund expenditures for the year were \$49.1 million. *p. 26*
- At June 30, 2018, the General Fund's unrestricted fund balance of \$11.3 million represent 23% of annual General Fund expenditures.
- The **Enterprise Funds** net loss before capital grants and operating transfers increased to \$7.8M (compared to a net loss of \$1.7M in FY 2017).
 - Montebello Hilton generated a net income of \$1.9M while Hotel2Suites had a net loss of \$2.2M before capital grants and operating transfers
 - Golf Course operating loss increased to \$1.1M from \$654K
 - Transit System operating loss increased to \$6.8M from \$2.8M.
- The **Internal Service Funds** reported a deficit net position of \$8.9M at June 30, 2018, which is an increase in deficit of \$3.6M from \$5.3M in FY 2017.
 - Corporate Shop net position decreased to \$1.9M from \$2.2M at 6/30/2017.
 - Self Insurance deficit net position increased to \$10.8M from \$7.5M at 6/30/2017.

Status of Prior year Comments and Current year Recommendations for Management

- Review of Procurement Process – *In Process*
- Hiring of Permanent Finance Director - *Implemented*
- Payroll Process Review - *Pending*
- Golf Course Cash Receipting Process - *Implemented*
- Financial Planning and Deficit Net Position - *Pending*
- Budget Review and Monitoring - *In Process*
- Planning for GASB Statement No. 75 – *Implemented*
- Review of Evergreen Contracts – *New comment in FY 18*

Required Communications

- ❑ **Management's Responsibility** - Management has primary responsibility for the accounting principles used, their consistency, application and clarity.
- ❑ **Consultations with Other Accountants** - We are not aware of any consultations by management with other accountants about accounting or auditing matters.
- ❑ **Difficulties with Management** - We did not encounter any difficulties with management while performing our audit procedures.
- ❑ **Disagreements with Management** - We encountered no disagreements with management on financial accounting and reporting matters.
- ❑ **Significant Accounting Policies** - The City's significant accounting policies are appropriate, and were consistently applied.

During the year, **the City adopted GASB 75, *OPEB Financial Reporting*, which required the City to report \$28 million in OPEB Liabilities in 2018.**

Required Communications (continued)

- ❑ **Controversial Issues** - No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.
- ❑ **Audit Adjustments** - Management has recorded all identified proposed adjustments noted during our audit .
- ❑ **Conditions of Retention** - No significant issues were discussed, or subject to correspondence, with management prior to retention.
- ❑ **Irregularities, Fraud or Illegal Acts** - No irregularities, fraud or illegal acts came to our attention as a result of our audit procedures.
- ❑ **Management Representations** - The City provides us with signed copies of the management representation letters prior to issuance of our auditors' opinions.

New Accounting Pronouncements – Effective in Future Years

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2018, that have effective dates that may impact future financial presentations.

GASB 83 – Certain Asset Retirement Obligations. Effective for periods beginning after June 15, 2018.

GASB 84 – Fiduciary Activities. Effective for periods beginning after December 15, 2018.

GASB 87 – Leases. Effective for periods beginning after December 15, 2019.

GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. Effective for periods beginning after June 15, 2018.

New Accounting Pronouncements – Effective in Future Years (continued)

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2018, that have effective dates that may impact future financial presentations.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for periods beginning after December 15, 2019.

GASB 90 – Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61. Effective for periods beginning after December 15, 2018.



QUESTIONS?

**THANK YOU FOR YOUR
TIME AND ATTENTION**

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CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: Paul Talbot, Interim City Manager

BY: Danilo Batson, Assistant City Manager / Director of Public Works

SUBJECT: **Regional Active Transportation Plan and Greenway Network Study and Adoption of the City's Bicycle Master Plan**

DATE: April 10, 2019

RECOMMENDATION

It is recommended that City Council:

- (1) Receive and file a report and presentation on the Regional Active Transportation Plan and Greenway Network Study (Study) conducted by the San Gabriel Valley Council of Government on behalf of the City of Montebello and four other municipalities;
- (2) Approve and adopt a resolution adopting the Bicycle Master Plan (Plan), which is part of the Active Transportation Plan and Greenway Network Study (Chapter 8 of the Draft Plan), and
- (3) Take such additional, related action that may be desirable.

BACKGROUND

In 2014, the San Gabriel Valley Council of Governments ("SGVCOG") received Active Transportation Program ("ATP") funds to conduct a greenway feasibility study and develop active transportation plans for the cities of Glendora, Irwindale, La Puente, Monrovia, and Montebello. On November 15, 2018, the SGVCOG along with the consultant, Alta Planning + Design, submitted the final results of the study to all the cities involved and the SGVCOG. This staff report will outline and summarize the findings for the City of Montebello.

ANALYSIS

The San Gabriel Valley Region Greenway Study & City Active Transportation Plans was a multi-jurisdictional planning effort led by the SGVCOG. The study assessed the feasibility of implementing "greenways," or active transportation corridors throughout the San Gabriel Valley. In addition, this study provided active transportation plans for

five cities, including the City of Montebello.

The first deliverable is the Greenway Feasibility Study, which analyzed underutilized rights-of-way throughout the San Gabriel Valley. These facilities include flood control channels, railroad rights-of-way, and utility corridors. The SGVCOG and Alta Planning + Design developed a screening methodology to determine the relative ranking of each corridor in terms of equity, feasibility, need, public participation, and safety. This portion of the study primarily focused on unfunded greenway sections.

The second deliverable is the city-specific active transportation plans. The City of Montebello Draft Bicycle Master Plan and Pedestrian Plan are included in Chapter 8 of the study, including existing conditions, needs assessment, potential improvements, phasing, and high-level cost estimates. The results of the study were derived through extensive demographic, economic, public outreach and safety research.

The Plan outlines a number of improvements to make bicycling and walking easier for residents and visitors. The recommended improvements are organized to identify whether the improvement benefits bicyclists or pedestrians. Overall, the study identifies approximately \$2.9 million in potential pedestrian improvements. Many of the pedestrian improvements are focused on safety and visibility. It should be noted that the intent of the study is not to implement all pedestrian projects at once, but rather over the long term as funding becomes available.

In terms of bicycle infrastructure, the Plan divides the improvements into short- and long-term projects. The short-term, or early action, projects are generally focused on simple bicycle infrastructure like neighborhood bike routes and painted bicycle lanes. Many of these early action projects would not require any road reconfiguration. In addition, these improvements are primarily first/last mile focused, aimed at promoting safer access to the future Metro Gold Line Montebello Station. The longer-term bicycle improvements, depending on the route, may require reevaluation of the roadway capacity. The total cost for early action improvements is approximately \$3.5 million. Long-term projects are estimated at \$3.6 million. As with the pedestrian improvements, the bicycle improvements would be implemented over the long term as funding becomes available.

The total combined cost of the improvements identified in the Study is approximately \$10 million for Montebello. The SGVCOG has received and filed the Study. As noted above, the recommended projects are not binding and are meant to illustrate the range of possible improvements for the City of Montebello. Recommendations from this Study will assist Montebello in obtaining funding for future projects. Approval of the Study and adoption of the Bicycle Master Plan are respectfully recommended.

On April 2, 2019, the Planning Commission approved the findings that the Bicycle Master Plan is consistent with the City's General Plan and recommended that the City Council approve a resolution adopting the Bicycle Master Plan.

FISCAL IMPACT

At this time there is no fiscal impact to the General Fund from the proposed actions.

GENERAL PLAN CONSISTENCY

Under the General Plan for the City of Montebello, the proposed Bicycle Master Plan is consistent with the goals under the Circulation and Land Use Element are as follows:

Circulation Goals:

1. To facilitate traffic movement and alleviate congestion in and around the City.
2. To develop a circulation system which provides for continuous movement to and from adjacent communities.

Land Use Goals:

1. To formulate a plan which is responsive to the needs of the community and which permits the orderly arrangement of land uses, permitting areas for reasonable development.

The proposed Master Bicycle Plan will implement the above-mentioned goals by providing an organized bicycle route throughout the City providing an alternative means of transportation to adjacent cities.

SUMMARY

In 2014, the San Gabriel Valley Council of Governments received Active Transportation Program funds to conduct a greenway feasibility study and develop active transportation plans for the cities of Glendora, Irwindale, La Puente, Monrovia, and Montebello. The study has been completed and presented to the SGVCOG. The City Council will receive and file a report and presentation on the Regional Active Transportation Plan and Greenway Network Study conducted by the SGVCOG on behalf of Montebello and consider approval and adoption (via resolution) of the City's Bicycle Master Plan included in the study.

ATTACHMENT

Resolution

(Copy of the Draft Regional Active Transportation Plan and Greenway Network Study is available through City Clerk's Office).

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MONTEBELLO ADOPTING
THE MONTEBELLO BICYCLE MASTER
PLAN**

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

SECTION 1. The City Council finds and declares that:

- A. In 2014, the City agreed to participate in the San Gabriel Valley Regional Active Transportation Plan and Greenway Network Study which includes Glendora, Irwindale, La Puente, Monrovia and Montebello;
- B. Each of the cities participating in the Regional Plan also developed their own local bicycle plan. Consequently, the Montebello Bicycle Master Plan (the “Master Plan”) attached as Exhibit “A,” and incorporated by reference, is a component of the larger San Gabriel Valley Regional Active Transportation Plan and Greenway Network Study;
- C. The Master Plan was reviewed by the Planning and Community Development Department (the “Department”) for consistency with the General Plan and conformity with the Montebello Municipal Code (“MMC”);
- D. The City reviewed the project’s environmental impacts under the California Environmental Quality Act (Public Resources Code 21000, et seq., “CEQA”). The regulations promulgated thereunder (14 Cal. Code of Regulations 150000, et seq., the “CEQA Guidelines”);
- E. The Departments completed their review and scheduled a public hearing regarding the application before the Planning Commission on _____, 2019.
- F. On _____, the Commission held a public hearing to receive public testimony and other evidence regarding the Master Plan including, without limitation, information provided to the Commission by City staff, and public testimony. Following the public hearing, the Planning Commission adopted a resolution recommending that the City Council adopt the Master Plan; and
- G. This Resolution, and its findings, are made based upon the evidence presented to the City Council at its April 10, 2019 meeting including, without limitation, the staff report submitted by the Department.

SECTION 2. *Factual Findings and Conclusions.* The City Council finds that the following facts exist:

- A. The Master Plan will affect public and private properties in all five participating cities;
- B. The purpose of the Master Plan is to provide a) a broad vision and specific strategies and actions to improve bicycling conditions; b) direction for expanding the existing network and improve connectivity within and between cities; c) recommendations for education, encouragement, enforcement, and evaluation programs. The overall goal of the Master Plan is to increase the numbers of new bicyclists and bicycle trips in the region by providing a safer bicycling environment; and d) however, prior to implementation of any specific route or bikeway class, such must be reviewed by the Traffic & Safety Commission and approved by the City Council.
- C. The Master Plan recommends new bicycling related goals, objectives, and policies regarding for all the participating cities;
- D. The Master Plan recommends specific route classifications for each street proposed in the bicycle network;
- E. The Master Plan recommends an expansion of the existing bikeway network in the City of Montebello by approximately 45.3 miles; and
- F. The Master Plan recommends possible locations for bicycle parking and storage facilities in the City of Montebello.

SECTION 3. *Environmental Assessment.* Because of the facts identified in Section 2 of this Resolution, the Master Plan is statutorily exempt from additional environmental review under the California Environmental Quality Act (Pub. Res. Code 21000, et seq., "CEQA") and CEQA regulations (Cal. Code Regs. Tit. 14, 15000, et seq.; the "CEQA Guidelines") pursuant to CEQA section 21080.20. If the City Council approves the Master Plan and, at some future date, decides to implement its recommendations, the City may be required to conduct additional environmental review.

SECTION 4. *General Plan.* The proposed Master Plan conforms to the City's General Plan as follows:

- A. Under the General Plan for the City of Montebello, the proposed Bicycle Master Plan is consistent with the goals under the Circulation and Land Use Element which are as follows:

Circulation Goals:

- 1. To facilitate traffic movement and alleviate congestion in and around the City.
- 2. To develop a circulation system which provides for continuous movement to and from adjacent communities.

Land Use Goals:

1. To formulate a plan which is responsive to the needs of the community and which permits the orderly arrangement of land uses, permitting areas for reasonable development.

SECTION 5: *Zoning Consistency.* The Master Plan is consistent with the general purpose of the MMC's zoning regulations, which is to promote the public health, safety, and general welfare and to provide the economic and social advantages resulting from an orderly planned use of land resources. The Master Plan promotes the orderly development of a safe and convenient bikeway network and encourages increased use of the bicycle as a means transportation, which promotes improved public health.

SECTION 6: *Recommendations.* The City Council adopts the Montebello Master Bicycle Plan.

SECTION 7: *Reliance On Record.* Each and every one of the findings and determinations in this Resolution are based on the competent and substantial evidence, both oral and written, contained in the entire record relating to the project. The findings and determinations constitute the independent findings and determinations of the City Council in all respects and are fully and completely supported by substantial evidence in the record as a whole.

SECTION 8: *Limitations.* The City Council's analysis and evaluation of the project is based on the best information currently available. One of the major limitations on analysis of the project is the City Council's lack of knowledge of future events. In all instances, best efforts have been made to form accurate conclusions. Somewhat related to this are the limitations on the city's ability to solve what are in effect regional, state, and national problems and issues. The City must work within the political framework within which it exists and with the limitations inherent in that framework.

SECTION 9: This Resolution will remain effective until superseded by a subsequent resolution.

SECTION 10: The City Clerk is directed to mail a copy of this Resolution to any person requesting a copy.

SECTION 11: This Resolution may be appealed within 10 (ten) calendar days after its adoption. All appeals must be in writing and filed with the City Clerk within this time period. Failure to file a timely written appeal will constitute a waiver of any right of appeal.

APPROVED AND ADOPTED this 10th day of April 2019.

Jack Hadjinian, Mayor

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez-Glasman,
City Attorney

CITY OF MONTEBELLO
CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Paul Talbot, Acting City Manager

SUBJECT: **2019/2020 Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) Program Annual Action Plan**

DATE: April 10, 2019

RECOMMENDATION

It is recommended that the City Council:

- (1) Receive and file a presentation on the draft 2019-2020 Annual Action Plan for Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) programs;
- (2) Direct staff to advertise and receive comments for a 30-day public review period, as required by Housing and Urban Development (HUD), and
- (3) Set the public hearing for the City Council's consideration and adoption of the Final 2019-2020 Annual Action Plan for May 8, 2019, at 6:30 p.m.
- (4) Take such additional, related action that may be desirable.

BACKGROUND

HUD requires every state and local government that receives CDBG and HOME funding to prepare a five-year comprehensive plan that brings community needs and resources together to achieve statutory goals, and thereby addressing decent housing, creating a suitable living environment and expanding economic opportunities for City residents, particularly for low-income and moderate-income persons. As an Entitlement Community, the City of Montebello is required to prepare and submit a 5-Year Consolidated Plan that serves as the federal planning document for receiving CDBG and HOME Program funds.

The purpose of the Consolidated Plan is to identify the City's housing and community development priority needs and develop strategies and goals to stipulate how CDBG funds will be allocated over the next five (5) years to address those needs. An essential part of the Consolidated Plan process is to solicit input from the community on housing and community development needs.

ITEM #17

The City is also required to prepare and submit an Annual Action Plan to HUD which serves to update and delineate efforts in the program year ahead toward meeting the priorities established by the City in its Consolidated Plan. The Annual Action Plan operates on a single program year established by the City (*i.e.*, July 1, 2019 through June 30, 2020), whereas the Consolidated Plan covers a five-year planning period (July 1, 2015 through June 30, 2020).

HUD requires that CDBG and HOME entitlement communities provide the public with a 30-day comment period to give residents and other interested parties an opportunity to provide input on housing and community development needs in the City, and to incorporate the input into the City's 2019-2020 Action Plan. Following the conclusion of the 30-day public comment period, the City Council will hold a public hearing and, after considering the public comments received, adopt the Annual Action Plan for the 2019-2020 Fiscal Year.

PRESENTATION AND ANALYSIS

The City of Montebello is eligible to receive CDBG and HOME Program funds. For Fiscal Year 2019-2020, it is estimated the City will receive allocations of \$669,491 in CDBG funds and \$299,865 in HOME funds. Staff is presenting proposed programs to support the eligible activities as prioritized by the City Council in its 2015-2020 Consolidated Plan.

The purpose of the presentation is to inform the City Council about the general eligibility requirements of the CDBG and HOME programs and explain the Consolidated Plan process. The presentation also presents for Council's consideration the general funding categories of the 2019-2020 Annual Action Plan. On April 4, 2019, staff published a notice in the Los Angeles Times informing residents of the public hearing and 30-day public comment period for the Annual Action Plan.

Following this presentation, a draft 2019-2020 Annual Action Plan will be available for public comment between April 11th and May 12th. The draft plan will be brought back to the City Council on May 8, 2019, for consideration of submitted public comments, public hearing, and approval of the final 2019-20 Annual Action Plan and funding allocations for submission to HUD.

FISCAL IMPACT

No impact to the General Fund. The estimated Fiscal Year 2019-2020 CDBG federal entitlement is \$669,491 and estimated HOME federal entitlement is \$299,865.

SUMMARY

It is recommended that the City Council: 1) receive and file a presentation on the draft 2019-2020 Annual Action Plan for CDBG and HOME programs; 2) direct staff to advertise and receive comments for a 30-day public review period, as required by HUD,

and 3) set the public hearing for the City Council's consideration and adoption of the Final 2019-2020 Annual Action Plan for May 8, 2019, at 6:30 p.m.

ATTACHMENTS

- A- PowerPoint Presentation
- B- Draft 2019-2020 CDBG and HOME Annual Action Plan



CITY OF MONTEBELLO, CALIFORNIA
2019-20 ANNUAL ACTION PLAN

April 2019

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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

As a recipient of Federal funds from the US Department of Housing and Urban Development (HUD), the City of Montebello (City) is required to prepare and submit a Consolidated Plan every five years. The City's current Consolidated Plan covers the five-year period from 2015 through 2019 and applies to the following Federal grant programs:

- Community Development Block Grant (CDBG)
- HOME Investment Partnerships Grant (HOME)

2. Summarize the Objectives and Outcomes Identified in the Plan

The Consolidated Plan is a multifaceted document developed through a collaborative process whereby Montebello stakeholders have helped identify community improvement needs and priorities to address with Federal grant funds and other available resources. To ensure the maximum participation of the community's residents and to comply with the City's HUD-approved Citizen Participation Plan, the City implemented an extensive process that included a multilingual survey, numerous community meetings, and public hearings. Through this process, the residents of Montebello participated in a multitude of opportunities to shape the priorities and strategies of the Consolidated Plan.

The Annual Action Plan for Fiscal Year (FY) 2019-2020 includes activities the City will undertake to address its priority needs and objectives as outlined in the 2015–2020 Consolidated Plan. These activities will be undertaken with CDBG and HOME program funds in the amounts of approximately \$669,491 and \$299,865, respectively. The City's Application for Federal Assistance and HUD-required certifications are presented in Appendix A. Activities proposed for FY 2019-2020 will each meet one of the following three national objectives:

- Activities which benefit low- and moderate-income persons
- Activities which aid in the prevention or elimination of slums or blight
- Activities that are designated as having a particular urgency

The City has established the following objectives to address the community needs identified in the Consolidated Plan; each objective has a specific course of action and projected outcomes that are discussed further throughout the Annual Action Plan.

1. Safe/Quality Neighborhoods:

- i. Objective No. 1 – Increase the affordable for-sale and rental housing stock
- ii. Objective No. 2 – Preserve the existing housing stock
- iii. Objective No. 3 – Promote fair housing and equal opportunity

2. Homelessness/Special Needs Population:

- i. Objective No. 1 – Prevent individuals and families from becoming homeless
- ii. Objective No. 2 – Reduce the number of homeless individuals and families

3. Non-homeless Special Needs:

- i. Objective No. 1 – Enable the non-homeless special needs population to live independently
- ii. Objective No. 2 – Increase the quality of life of the non-homeless special needs population

4. Community Development Priority Needs:

The City has established various community development objectives that promote activities and programs that benefit low- and moderate-income households. The overall objective is to address community development needs by implementing activities and programs related to the following CDBG-eligible categories: infrastructure; public facilities; code enforcement; public services; property acquisition and disposition; relocation; and economic development.

3. Evaluation of Past Performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The City prepares the Consolidated Annual Performance and Evaluation Report (CAPER), which outlines how the City met the needs and objectives outlined in the prior 2015–2020 Consolidated Plan and Annual Action Plan. The City’s most recent 2017–2018 CAPER reports on

the first three years of the five-year 2015–2020 Consolidated Plan. The City’s key accomplishments over the 2015–2020 Consolidated Plan period include the following:

- Provided housing rehabilitation loans to assist four homeowners improve their primary residence.
- Housing Authority of the County of Los Angeles provided rental assistance utilizing the Section 8 Housing Choice Voucher program to about 726 Montebello households annually.
- Assisted approximately 700 households with fair housing services to address impediments to fair housing.
- Provided financial support to public and nonprofit agencies that assisted 30 lower-income youth.
- Provided financial support to public and nonprofit agencies that provided services to homeless and special needs low- and moderate-income persons (totaling 3,591 persons).
- Provided financial assistance for CDBG-eligible projects that improved or upgraded the city’s public facilities or infrastructure, benefitting 23,112 low- and moderate-income persons.

The loss of low- and moderate-income housing funds as a result of the dissolution of statewide redevelopment agencies has impacted the City’s ability to implement its goals for affordable rental housing unit development and affordable purchase units. Despite these challenges, the City and its partners have worked to achieve the objectives established in the Consolidated Plan.

4. Summary of Citizen Participation Process and Consultation Process

Summary from citizen participation section of plan.

1. Citizen Participation

The following section describes specific actions taken to encourage citizen participation during the development of the City’s FY 2019-2020 Annual Action Plan. The City’s complete Citizen Participation Plan is attached as Appendix B.

- i. Public Service Applications – A public notice was posted in the *Los Angeles Times* on March ____, stating that CDBG funds were available for public services. The notice was also placed on the website. A total of six applications were received.

- ii. The Montebello City Council held a public hearing on April 10, 2019 to receive and solicit public input on the 2019-2020 Annual Action Plan.
- iii. The FY 2019-2020 Annual Action Plan was released for citizen review and comment on April 11, 2019. During the 30-day public comment period from April 11 through May 12, 2019, the Annual Action Plan was available to the public at the City's Community Development Department and on the City's website.
- iv. Following the 30-day public comment period and recommendations from the public, the Montebello City Council will hold another public hearing to either approve or deny the FY 2019-2020 Annual Action Plan on May 8, 2019. A copy of the public hearing notice is presented in Appendix C. A copy of the Montebello City Council agenda is presented in Appendix D.

5. Summary of Public Comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

As required by Federal regulations and the City's Citizen Participation Plan, the City advertised notices inviting nonprofits, social service providers, community groups, lenders, real estate agents, and interested citizens to attend the public hearings to provide the public with an opportunity to participate in the development of the FY 2019-2020 Annual Action Plan. The primary purpose of the citizen participation effort was to obtain input from the community before and during the City's preparation of the FY 2019-2020 Annual Action Plan.

A Notice of Funding Availability and Request for Proposals was published in the Los Angeles Times on March _____. On March _____, the City of Montebello published a notice of a public meeting before City Council announcing the availability of FY 2019-2020 CDBG and HOME funds and to plan for the FY 2019-2020 program year. A notice was also published on March _____, announcing the availability of the draft FY 2019-2020 Annual Action Plan for public review. The notice advised the public that a copy of the FY 2019-2020 Annual Plan was placed in the City's two public libraries (i.e., Montebello and Chet Holifield) and the City Clerk's office. The 30-day public comment period commenced on April 11 and ran through May 12, 2019.

The City Council will review the FY 2019-2020 Action Plan for adoption on May 8, 2019.

6. Summary of Comments or Views Not Accepted and the Reasons for Not Accepting Them

All comments received from the public during the Public Hearing were addressed in the Action Plan. Comments received were from Public Service providers expressing their gratitude for funding.

7. Summary

No public comments received to date.

PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/Entity responsible for preparing/administering the Consolidated Plan

Describe the Agency/Entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	City of Montebello	Community Development Department
HOME Administrator	City of Montebello	Community Development Department

Table 1 – Responsible Agencies

The Community Development Department is responsible for overseeing the administration of the City's CDBG and HOME programs, including administration of the grants, preparation of required reports, and implementation of grant-funded programs. The Community Development Analyst in the Community Development Department oversees the day-to-day administration of the CDBG and HOME programs with the assistance of program consultants, as needed.

Consolidated Plan Public Contact Information:

City of Montebello
Community Development Department
1600 West Beverly Boulevard
Montebello, California 90640
Attn: Damien Delany

AP-10 Consultation – 91.100, 91.200(b), 91.215(l)

1. Introduction

Below is a discussion of the consultation process conducted during the development of the Consolidated Plan.

Provide a concise summary of the jurisdiction’s activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l))

During the preparation of the Annual Action Plan, the City consulted with a variety of agencies including local and regional social services agencies, Los Angeles Homeless Services Authority (LAHSA), County of Los Angeles Department of Public Health, and the Housing Authority of the County of Los Angeles (HACoLA).

The goal of the consultation process was to solicit input and gather data on priority needs of the City of Montebello and to identify opportunities for coordination to improve availability and access to services.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

1. Summary of Consultation Process

The City consulted with other grantees and surrounding jurisdictions to discuss the CDBG and HOME regulations and to plan for the portion of the FY 2019-2020 allocation that is restricted to public service agencies and affordable housing developers.

The City will continue to coordinate with surrounding jurisdictions and local grantees to develop coordinated and consistent performance standards and outcome measurements to assist the neediest populations.

Consultation efforts are made throughout the year through meetings, telephone conferences, and written communication with the Housing Authority of the County of Los Angeles, Los Angeles County Department of Health Services, and community-based

organizations to identify mutual problem areas and explore potential solutions to social problems.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

The City does not meet the threshold to receive ESG funds.

- 2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction's consultations with housing, social service agencies and other entities**

Refer to Table 2 below.

1.	Agency/Group/Organization:	Housing Authority of the County of Los Angeles (HACoLA)
	Agency/Group/Organization Type:	Housing PHA Services - Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Market Analysis
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination	Through a telephone conversation, additional information was gathered on the affordable housing resources of HACoLA and the agency was identified as a valuable partner with the City in meeting the needs for publicly assisted housing.
2.	Agency/Group/Organization:	West San Gabriel Valley Worksource
	Agency/Group/Organization Type:	Services-Education Services-Employment
	What section of the Plan was addressed by Consultation?	Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	City consultant met with representatives of the agency to discuss programs available particularly for low-income persons and how the City can best continue to utilize employment development services.
3.	Agency/Group/Organization:	Montebello Code Enforcement
	Agency/Group/Organization Type:	Housing Services - Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	City consultant met with representatives of the City department to discuss operation of the code enforcement program, need for these services in the city, and the condition of housing and neighborhoods.
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Table 2 – Agencies, Groups, and Organizations Who Participated

Identify any Agency Types not consulted and provide rationale for not consulting

The City consulted with a variety of agencies serving Montebello residents and the region. No agency types were specifically left out of the consultation process.

Other local/regional/state/Federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Los Angeles Homeless Services Authority	Both address issues pertaining to homelessness and special needs housing

Table 3 – Other Local / Regional / Federal planning efforts

AP-12 Participation – 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

In developing this Annual Action Plan, the City of Montebello followed its approved Citizen Participation Plan, which meets HUD's Federal requirements for citizen participation.

The City of Montebello offered several opportunities for participation and comment throughout the Action Plan process. There was a public hearing before City Council on April 10, 2019 to solicit public input on the Action Plan process and community needs. A 30-day public review of the Action Plan was conducted from April 11 through May 12, 2019. A final City Council public meeting was held on May 8-, 2019 for the adoption of the Action Plan.

The comments received through the citizen participation process were essential to identifying priority needs along with the results of the Consolidated Plan survey. Most of the needs identified throughout the Action Plan process were incorporated into the Plan.

Citizen Participation Outreach

Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of Comments received
Public Meeting	Non-targeted/broad community	Presentation to City Council and Public on the process.	No comments received.

Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of Comments received
Public Hearing	Non-targeted/broad community	Some Public Service Agencies attended the meeting.	Comments were positive in nature, expressing gratitude to the Council for their continued support.
Internet Outreach	Non-targeted/broad community	The Draft Annual Action Plan was placed on City's website for public review. No comments received.	No comments received.

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.220(c) (1, 2)

Introduction

The City has access to a variety of Federal, state, and local resources to address its housing and community development priorities. Specific funding sources will be utilized based on the opportunities and constraints of each project or program. The table below summarizes the major sources of funding available to carry out housing and community development activities in Montebello and specifically identifies the City's current funding levels. In addition, the City has Federally mandated match requirements for the HOME programs. The City will provide an estimated \$75,000 to meet the match requirement for the HOME program. This amount equates to 25 percent of the estimated FY's 2019-2020 HOME entitlement of \$299,000 exclusive of administrative costs of \$20,000.

Priority Table

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation \$	Program Income \$	Prior Year Resources \$	Total \$		
CDBG	Public - Federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	669,491	0	0	669,491	0	Based on HUD FY 2018-2019 allocation and projection through the Consolidated Plan period
HOME	Public - Federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	299,865	0	0	299,865	0	The City anticipated participating in a three-year voluntary grant reduction. That started during FY 2019-2020.
Continuum of Care	Public - Federal	Other	0	0	0	0	0	Credit to Letter of Credit for repayment.

Table 5 - Expected Resources – Priority Table

Explain how Federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

CDBG funds are often coupled with local funds, such as State and Local funds, for capital improvement projects and private funding from nonprofits to generate a sufficient budget for a project to move forward. All sources and types of funds are more limited now due to the current economic climate, along with the demise of statewide redevelopment tax-increment funds and housing set-aside funds. The HOME program requires a local match which leverages local funds.

Leveraging multiple funding sources is often necessary to achieve the City's housing and community development objectives. Key funding sources available for housing and community development needs in the City of Montebello include the following.

Montebello Community Redevelopment Agency Set-Aside Funds: During FY 2011–2012, the California state legislature and Supreme Court implemented the dissolution of all community redevelopment agencies. With that decision, affordable housing is no longer funded through redevelopment in California, except for funds and assets already in use to further affordable housing prior to dissolution, which are now administered by the Housing Successor Agency of the City. The City will evaluate opportunities to leverage existing Housing Successor Agency resources with HOME funds to further affordable housing in the community. However, with the loss of ongoing redevelopment housing set-aside funds, a major funding resource for affordable housing is no longer available.

Section 8 Housing Choice Voucher Program: In Montebello, Los Angeles County manages the Federal Section 8 Housing Choice Voucher Program, which provides rental assistance as a voucher to very low-income persons in need of affordable housing. Typically, the voucher pays for the difference between the fair market rent for the dwelling unit and 30 percent of the voucher recipient's household income. As of January 2019, the Housing Authority of the County of Los Angeles provided Section 8 housing choice vouchers to households in Montebello. Last year the total monthly subsidy expended by the Housing Authority was approximately \$532,019.

General Fund: The City of Montebello utilizes its local general fund to leverage CDBG funds for the Code Enforcement Program and the Summer Youth Employment Program.

Other Public and Private Resources: Health services and other social services are provided by the appropriate County departments. The Housing Authority of the County of Los Angeles receives HUD funding to provide low-income housing assistance that benefits Montebello residents. Public services are also provided by nonprofit agencies, especially by those organizations intended to assist the very low income, the elderly, the abused, the homeless, and other special needs populations. Many of these organizations depend on private contributions and fundraising for their support.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The City does not have any publicly owned land that is being considered for affordable housing.

Discussion

The Olson Project includes a residential townhome component and a small food incubator component. The residential component, located at 520-528 West Whittier Blvd., 114 and 116 N. 6th Street, and 117-125 N. 5th Street consists of 28 three-story townhomes on 0.97 acres of the 1.2-acre site. Four floor plans will be featured offering 1,361 to 1,660 square feet of living space with two to four bedrooms, two and one-half to four bathrooms, and attached two-car side-by-side and tandem garages. The proposed plan includes parking for the residential component offering 74 spaces (56 garage spaces and 18 guest spaces) for a ratio of 2.6 spaces per unit.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives - 91.420, 91.220(c)(3) &(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Safe / Quality Neighborhoods	2019	2020	Affordable Housing Public Housing	Citywide	Safe Quality Neighborhoods	CDBG HOME	Housing Rehabilitation Loans: 10
2	Homeless / Special Needs Populations	2019	2020	Homeless	Citywide	Homeless / Special Needs Populations	CDBG	Homelessness Prevention: 464 Persons Assisted
3	Fair Housing	2019	2020	Affordable Housing	Citywide	Fair Housing	CDBG	Other: 50 Other
4	Expanded Economic Opportunities	2019	2020	Repayment of Section 108 Loan	Citywide	Expanded Economic Opportunities	CDBG	Other: 1 Other
5	Improvement of Public Services for Low/Mod Income	2019	2020	Homeless Non-Homeless Special Needs	Citywide	Improvement of Public Services for Low/Mod income	CDBG	Public service activities other than Low/Moderate Income Housing Benefit: 0 Persons Assisted

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Safe / Quality Neighborhoods
	Goal Description	i. Objective No. 1 – Increase the affordable for-sale and rental housing stock 1. Provide additional affordable rental and for-sale housing units through the development of new units and the rehabilitation of existing units. 2. Develop additional activities and programs that support affordable housing opportunities. ii. Objective No. 2 – Preserve the existing housing stock 1. Prevent at-risk affordable housing units from converting to market-rate prices if feasible. 2. Continue to preserve the housing stock by operating a rehabilitation program. 3. Develop additional activities and programs that support the preservation of the existing housing stock.
2	Goal Name	Homeless / Special Needs Populations
	Goal Description	i. Objective No. 1 – Prevent individuals and families from becoming homeless 1. Continue to make funds available to nonprofit organizations that offer homelessness prevention programs and services. 2. Continue to aid individuals and families at risk of homelessness who face a one-time extenuating circumstance of financial hardship. 3. Develop additional activities and programs that prevent individuals and families from becoming homeless. ii. Objective No. 2 – Reduce the number of homeless individuals and families 1. Continue to make funds available to nonprofit organizations that provide assistance to homeless families and individuals. 2. Develop additional activities and programs that provide assistance to homeless individuals and families.

3	Goal Name	Fair Housing
	Goal Description	i. Objective No. 1 – Enable the non-homeless special needs population to live independently 1. Provide resources to nonprofit organizations to implement fair housing activities and programs. 2. Develop additional activities and programs that are consistent with the goals of the Analysis of Impediments. 3. Provide housing relocation assistance to individuals and families permanently and/or temporarily displaced due to activities carried out by the City. 4. Prevent segregation and concentration of poverty and race.
4	Goal Name	Expanded Economic Opportunities
	Goal Description	i. Objective No. 1 - Repayment of Section 108 Loan 1. Continue to repay the Section 108 Loan 2. Develop additional activities and opportunities for businesses in the City of Montebello. 3. The City has established various community development objectives that provide activities and programs that benefit low- and moderate-income households, and reduce or eliminate slums and blight. The overall objective is to address community development needs by implementing activities and programs related to the following CDBG-eligible categories: infrastructure; public facilities; code enforcement; public services; property acquisition and disposition; relocation and economic development. Among infrastructure improvements on the Consolidated Plan Priority Needs Survey, street improvements, sidewalk improvements, pedestrian crosswalks, and alley improvements were ranked amongst the highest priority needs. Street and alley improvements and ADA-accessible curb ramps were all identified as priority needs in the 2015-2020 Consolidated Plan.
5	Goal Name	Improvement of Public Services for Low/Mod Income
	Goal Description	The City will continue to utilize CDBG funds to address housing and service needs for low- and moderate-income and special needs households.

Table 7 – Goal Descriptions

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b):

The City anticipates assisting approximately four low- to moderate income families during the 2019 – 2020 fiscal year.

AP-35 Projects – 91.220(d)

Introduction

In FY 2019-2020, the City will use Federal funds to address its priority housing and community development needs by undertaking the activities listed below. These activities are consistent with needs identified in the Consolidated Plan and are further described, including a brief description and proposed funding, in the Project Summary table below.

#	Project Name
1	Section 108 Loan Repayment
2	CDBG Planning & Administration
3	Southern California Housing Rights Center Fair Housing Program
4	The Whole Child
5	East San Gabriel Valley Coalition for the Homeless
6	Heart of Compassion
6	Montebello / Commerce YMCA
7	Summer Youth Employment Program
8	HOME funds used as the Voluntary Grant Reduction to repay HUD

Table 8 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The City recognizes that special needs populations encounter challenges due to low income and the special conditions that they face. Special needs populations are more likely to become homeless because of these factors. Special needs populations require housing and supportive services. The City considers supportive services and housing for special needs populations a high priority. Supportive services are also considered a high priority in the Continuum of Care. In 2019-2020, the City will fund several public service agencies that aid with housing and supportive services.

In making project recommendations, consideration was given to a variety of thresholds that projects must meet to comply with CDBG objectives, including meeting one of the national objectives and addressing one of the community priorities set out in the Consolidated Plan. Staff also considered activity need and justification, cost reasonableness and effectiveness, activity management and implementation, experience with similar activities, past performance, leveraged funds, and completeness of the application. Project recommendations are for those projects determined most likely to be successful and maintain compliance with CDBG regulations.

While there are several constraints to meeting the needs of low-income residents, the primary obstacle is a lack of funding to fully address all needs. Economic downturns have forced many nonprofits to cut services at a time when governmental entities and others are least able to provide them. Another

obstacle is the number of nonprofits that need assistance with basic management and fiscal policies. These agencies can benefit from assistance with setting up more sophisticated bookkeeping systems and management procedures.

Projects

AP-38 Projects Summary

Project Summary Information

1	Project Name	Section 108 Loan Repayment
	Target Area	WHITTIER REVITALIZATION AREA
	Goals Supported	Expanded Economic Opportunities
	Needs Addressed	Expanded Economic Opportunities
	Funding	CDBG: \$525,000
	Description	Completed improvements included the replacement of sidewalks, curb and gutter, street irrigation, lighting, water and sewer lines, sidewalk improvements compliant with the Americans with Disabilities Act, landscaping, and street furniture.
	Target Date	6/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	1600 West Beverly Boulevard, Montebello CA
	Planned Activities	Section 108 loan repayment
2	Project Name	CDBG Planning & Administration
	Target Area	Citywide
	Goals Supported	Safe / Quality Neighborhoods
	Needs Addressed	Safe / Quality Neighborhoods
	Funding	CDBG: \$80,000
	Description	Planning and Administration
	Target Date	6/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	1600 West Beverly Boulevard, Montebello CA

	Planned Activities	Planning and Administration
3	Project Name	Southern California Housing Rights Center
	Target Area	Citywide
	Goals Supported	Fair Housing
	Needs Addressed	Fair Housing
	Funding	CDBG: \$20,000
	Description	Activity provides program designed to limit discrimination in housing based on race, color, national origin, handicap, gender, or creed.
	Target Date	6/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	3255 Wilshire Boulevard, Los Angeles CA
	Planned Activities	Fair housing services, including counseling and discrimination investigation.
	Planned Activities	The program assists homeless and displaced Montebello families to find affordable, permanent housing by providing a range of supportive services to eliminate barriers and assist families to return into housing.
4	Project Name	The Whole Child
	Target Area	Citywide
	Goals Supported	Homeless / Special Needs Populations
	Needs Addressed	Homeless / Special Needs Populations
	Funding	CDBG: \$5,750
	Description	Provide for a variety of services and programs designed to assist homeless persons and families
	Target Date	6/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	5 Homeless families
	Location Description	10155 Colima Road, Whittier CA

	Planned Activities	The program assists homeless and displaced Montebello families to find affordable, permanent housing by providing a range of supportive services to eliminate barriers and assist families to return into housing.
5	Project Name	East San Gabriel Valley Coalition for the Homeless
	Target Area	Citywide
	Goals Supported	Homeless / Special Needs Populations
	Needs Addressed	Homeless / Special Needs Populations
	Funding	CDBG: \$5,750
	Description	Provide for a variety of services and programs designed to assist homeless persons and families
	Target Date	6/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	200 homeless persons will receive services.
	Location Description	1345 Turnbull Canyon Road, Hacienda Heights CA
	Planned Activities	Provides emergency meals, hygiene kits, clothing, resource assistance and emergency shelter vouchers for homeless and displaced residents of Montebello.
6	Project Name	Heart of Compassion
	Target Area	Citywide
	Goals Supported	Homeless / Special Needs Populations
	Needs Addressed	Homeless / Special Needs Populations
	Funding	CDBG: \$10,000
	Description	Program proposes to offer job and life training courses including nutrition, parenting, anger management, family budgeting and financial planning to very low income and homeless persons from Montebello.
	Target Date	6/30/2020

	Estimate the number and type of families that will benefit from the proposed activities	75 seniors and persons with special needs plan to be served.
	Location Description	600 South Maple Avenue, Montebello CA
	Planned Activities	Program proposes to offer job and life training courses including nutrition, parenting, anger management, family budgeting and financial planning to very low income and homeless persons from Montebello.
7	Project Name	Montebello/Commerce YMCA
	Target Area	Citywide
	Goals Supported	Improvement of Public Services for Low/Mod Income
	Needs Addressed	Improvement of Public Services for Low/Mod income
	Funding	CDBG: \$7,500
	Description	Supportive services to benefit seniors and frail elderly
	Target Date	6/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	75 youth will benefit
	Location Description	2000 West Beverly Boulevard, Montebello CA
	Planned Activities	Services include scholarship of youth at risk programming including residence camp, swim programs, youth sports, youth fitness and youth and government programming.
8	Project Name	Summer Youth Employment Program
	Target Area	Citywide
	Goals Supported	Improvement of Public Services for Low/Mod Income
	Needs Addressed	Improvement of Public Services for Low/Mod income
	Funding	CDBG: \$15,491
	Description	Hiring of local low-income students who may be at risk.
	Target Date	6/30/2020

	Estimate the number and type of families that will benefit from the proposed activities	20 youth and community members will benefit.
	Location Description	1600 West Beverly Boulevard, Montebello CA
	Planned Activities	Employ low income at risk youths for summer jobs.
	Project Name	Voluntary Grant Reduction to repay HUD
	Target Area	Citywide
	Goals Supported	Safe / Quality Neighborhoods
	Needs Addressed	Safe Quality Neighborhoods
	Funding	HOME: \$299,865
	Description	Administration of HOME Program
	Target Date	6/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	1600 West Beverly Boulevard, Montebello CA
	Planned Activities	Repayment to HUD

Table 9 – Project Summary

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

The City anticipates spending at least 70 percent of its entitlement funds in target areas, including areas that have low- and moderate-income concentrations or minority concentrations. Maps of low- and moderate-income concentrations and minority concentrations are presented in Appendix E.

HUD's funded activities are limited to the city's low- and moderate-income areas, which encompass the majority of the city's residential areas. Areas of the city outside of the CDBG target areas will benefit from activities that are limited clientele in nature, i.e., a person/household can benefit from a Federally assisted program provided they meet the program's eligibility criteria. Eligibility is typically established by household income and household size.

CDBG program funds will be expended based on program criteria. For example, public services are available on a citywide basis for qualified beneficiaries; fair housing and program administration activities will also be carried out on a citywide basis. Housing code enforcement and community development projects (e.g., street and park improvement projects) will be carried out in the city's low- and moderate-income areas, i.e., areas where most residents meet HUD's low- and moderate-income definition.

Geographic Distribution

Target Area	Percentage of Funds
Citywide	70%

Table 9 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

The City generally does not allocate funds on a geographic basis. Funds are allocated to subrecipients that provide low-income households with housing and supportive services. On an annual basis, the City prioritizes the use of its CDBG funding for citywide housing and community development activities including housing, public services, fair housing, and a portion of code enforcement. Activities identified under the public services category and targeted to special needs populations are offered on a citywide basis and/or where resources can be coordinated with existing facilities or services. Public improvements and public facilities are qualified as benefitting low- and moderate-income persons.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

In FY 2019-2020, the City will continue to encourage and facilitate the development of affordable housing. The City will also continue to expedite discretionary entitlement and plan check processes for lower-income housing developments. The expedited processing program currently provides approximately 20 days in time savings. Expedited processing is provided as an incentive to encourage development of affordable housing projects as shorter development time frames result in lower housing production costs. The City continues to evaluate the effectiveness of the expedited processing program and modify as needed to further encourage affordable housing development.

One Year Goals for the Number of Households to be Supported	
Homeless	5
Non-Homeless	7
Special-Needs	0
Total	12

Table 10 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	4
Rehab of Existing Units	10
Acquisition of Existing Units	0
Total	14

Table 11 - One Year Goals for Affordable Housing by Support Type

Discussion

The City's strategies relating to affordable housing efforts include maintaining the affordable housing stock through the Home Improvement and Preservation Program; providing affordable housing for low-income and special needs groups as HOME funds are available; and support for rental assistance programs through the County, such as the Section 8 Housing Choice Voucher. The City is also committed to rezoning sites found to be adequate to provide housing types for lower-income households. The City supports housing through the implementation of its Code Enforcement Program, which is essential to assist in the maintenance and conservation of existing housing stock. The Code Enforcement Program is

an effort to preserve and protect existing neighborhoods against the harmful effects of deterioration caused by neglect, graffiti, and deferred maintenance. The Program also includes the objective of bringing substandard housing units into compliance with City building and zoning codes. The City also works with nonprofit organizations and community groups to help eliminate slum and blight through rehabilitation activities and public improvement projects.

The City's housing policies support a Rental Rehabilitation Program by providing loans to investor owned properties to assist in the to improve the City's rental housing stock in need of rehabilitation, to provide safe, decent, and sanitary housing for lower income families. The City also puts funding toward the preservation of existing at-risk affordable housing for technical assistance to property owners and by monitoring Section 8 legislation.

To facilitate the development of affordable units, the City uses the State's density bonus law by offering a density bonus of between 20 and 35%. A density bonus is a financial incentive to developers to provide units affordable to low income households.

The City has several HOME activities in progress, funded with prior year funds. These prior year activities include several HOME-funded loans for homeowner residential rehabilitations; an agreement with a housing developer for the development of two HOME units on two properties owned by the City; and a predevelopment agreement to explore the option of purchasing two properties for future land assemblage for the development of affordable housing. It is estimated that four homeowner units for moderate-income households and the rehabilitation of three residential units for low-income households will be completed.

For example, the Olson Project includes a residential townhome component and a small food incubator component. The residential component, located at 520-528 West Whittier Blvd., 114 and 116 N. 6th Street, and 117-125 N. 5th Street consists of 28 three-story townhomes on 0.97 acres of the 1.2-acre site. The townhome units are clustered in an L-shaped pattern with a centralized community gathering space, and diagonal parking along the south side of Emmett Williams Way to provide the required resident guest parking. Four floor plans will be featured offering 1,361 to 1,660 square feet of living space with two to four bedrooms, two and one-half to four bathrooms, and attached two-car side-by-side and tandem garages.

The City of Montebello also uses HOME funds for rehabilitation of owner-occupied single-family properties. To qualify as affordable housing, the housing to be rehabilitated must be determined to be modest housing. The use of HOME funds for homeowner rehabilitation activities requires that the value of the HOME assisted property after rehabilitation must not exceed 95 percent of the median purchase price for the area. The HOME Final Rule offers two options for determining the 95 percent of median purchase price limit for owner-occupied single-family housing, as noted below:

- (1) HUD will provide limits for affordable housing based on 95 percent of the median purchase price for the area; OR

(2) Perform a local market survey to determine the 95 percent of median purchase price limit.

After review of the published 2019 FHA figures for Los Angeles County for determining 95 percent of the median purchase price limit, it was determined that the FHA median price for Montebello homes is \$451,000. Based on a comparison of local housing market listing prices and sales information, it was determined that the FHA limits do not accurately reflect current actual home purchase prices for the area. Therefore, a local market survey was conducted for Montebello home sales for three-month period using HdL data. This survey shows a median price of \$555,000 in the City of Montebello and a 95% median value price of \$527,250.

FHA – Market Median Price	\$451,000
Montebello Local Market Survey Median Price	\$555,000
95% of Montebello Local Market Survey Median Price	\$527,250

As a result of this conclusion, it is our recommendation that the City of Montebello use the local market survey price as the determinant of the 95 percent median purchase price limit as it is higher than the FHA-Market Median Price.

City of Montebello
3 Months Home Sales Data
January 2018 to March 2018

	Sale Date	Parcel	Situs Address	Price
1	3/27/2018	6352-014-012	712 S. 5Th St	\$360,000
2	2/7/2018	6352-003-049	812 Date St	\$440,000
3	2/28/2018	6337-024-021	1816 W. Colegrove Ave	\$440,000
4	1/26/2018	6352-016-066	845 S. 3Rd St	\$445,000
5	3/30/2018	6337-028-003	1813 Ferguson Dr	\$445,000
6	2/14/2018	5278-002-016	448 E. Los Amigos Ave	\$468,000
7	2/9/2018	5268-014-015	520 N. Via Val Verde	\$475,000
8	3/19/2018	6352-006-053	824 Tola St	\$475,000
9	2/9/2018	5278-017-013	733 N. Sanchez St	\$479,000
10	1/18/2018	6352-020-026	841 S. Montebello Blvd	\$480,000
11	2/8/2018	6347-009-008	228 N. Poplar Ave	\$480,000
12	3/19/2018	6350-013-010	1408 W. Colegrove Ave	\$488,000
13	2/21/2018	6347-009-013	209 E. Madison Ave	\$491,500
14	2/14/2018	6343-023-038	476 Via Norte	\$500,000
15	2/5/2018	6346-005-025	308 N. 1St St	\$505,000
16	2/16/2018	6352-018-025	837 S. 5Th St	\$505,000
17	1/24/2018	5249-011-004	841 Bradshawe St	\$525,000
18	2/16/2018	6343-022-033	2337 W. Repetto Ave	\$526,000
19	3/8/2018	6352-022-014	817 S. 10Th St	\$534,000
20	3/20/2018	6352-020-005	840 S. Spruce St	\$535,000
21	2/22/2018	5268-020-021	2445 W. Via Lucia	\$536,000

22	2/28/2018	5267-021-024	624 Hendricks St	\$550,000
23	3/28/2018	5278-027-023	213 E. Victoria Ave	\$550,000
24	1/19/2018	5269-012-046	109 W. Victoria Ave	\$555,000
25	2/16/2018	6352-026-042	900 S. 4Th St	\$555,000
26	2/15/2018	5268-009-024	820 Morris Pl	\$560,000
27	3/28/2018	5271-014-055	737 Rio Del Sol Ave	\$565,000
28	1/26/2018	5293-004-016	809 W. Savannah St	\$575,000
29	2/14/2018	6349-024-012	652 S. 3Rd St	\$585,000
30	1/31/2018	5249-004-013	725 Bradshawe St	\$597,000
31	3/8/2018	5293-013-007	704 Lexington Ave	\$600,000
32	3/20/2018	6344-010-003	337 N. 19Th St	\$604,000
33	1/31/2018	5271-015-061	801 Rancho Dr	\$610,000
34	2/6/2018	5275-018-032	300 Ellingbrook Dr	\$612,000
35	3/22/2018	5269-003-054	916 N. 2Nd St	\$615,000
36	3/15/2018	6345-028-028	401 N. Park Ave	\$623,000
37	1/17/2018	5294-003-001	1505 Aldea Dr	\$640,000
38	2/23/2018	6345-002-004	409 N. Taylor Ave	\$650,000
39	1/3/2018	6352-016-089	841 S. Bluff Rd	\$659,000
40	2/9/2018	6353-007-042	624 Davis Ave	\$665,000
41	3/23/2018	5268-031-007	2636 W. Lincoln Ave	\$675,000
42	1/23/2018	5278-009-004	929 N. Sanchez St	\$680,000
43	1/17/2018	5278-012-011	224 Casa Grande Ave	\$685,000
44	2/28/2018	5293-018-034	800 N. Taylor Ave	\$685,000
45	3/20/2018	5295-005-008	843 Gardner Dr	\$695,000

46	1/3/2018	5295-009-028	853 Perry Ave	\$700,000
47	3/21/2018	5269-003-039	900 N. 3Rd St	\$730,000
48	1/19/2018	5278-022-044	612 N. Forbes Ave	\$777,000
49	2/2/2018	5293-018-024	809 Texcoco St	\$825,000

AP-60 Public Housing – 91.220(h)

Introduction

The City of Montebello does not own or manage public housing.

Actions planned during the next year to address the needs to public housing

The City of Montebello does not own or manage public housing.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The Housing Authority of the County of Los Angeles offers the Family Self-Sufficiency Program to assist residents toward greater independence and homeownership opportunities.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

The Housing Authority of the County of Los Angeles is not designated as troubled.

Discussion

The City supports the efforts of the Housing Authority in making rental assistance available to low-income households through the Section 8 program, but the City has no direct involvement in the ownership or management of public housing.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

To address the needs of homeless individuals and families, the City continues its efforts to identify efficient and effective means to distribute limited resources for homeless needs. The City has designated emergency and transitional housing as high priorities for addressing homelessness. Other efforts undertaken by the City are identified below:

1. Homeless Shelters

To accommodate its share of the region's homeless, the City utilizes numerous nonprofit organizations to offer shelter and services to homeless persons. Nonprofit organizations that have received funding through the City's CDBG program include East San Gabriel Valley Coalition for the Homeless and Heart of Compassion and The Whole Child. The City also participates in the Los Angeles County Continuum of Care Community Forum. The City works within this collaborative to help identify needs and gaps in the housing/service needs of the region's homeless.

2. Transitional and Supportive Housing

Supportive housing, as defined by Section 50675.14 of the California Health and Safety Code, is housing with no limit on the length of stay and that is occupied by a target population. The target population for supportive housing includes low-income persons having one or more disabilities. These disabilities may include mental illness, HIV or AIDS, substance abuse, or other chronic health conditions. Such housing is also linked to on-site or off-site services that assist residents in retaining their housing, improving their health status, and maximizing their ability to live and, when possible, work in the community. On- and off-site services may include, but are not limited to, tutoring, child care, and career counseling.

Transitional housing, as defined by Section 50675.2 of the California Health and Safety Code, is housing configured as rental housing developments, which may include multifamily housing, single-family housing, or group homes. Such housing is operated under state or Federal program requirements that call for termination of assistance and recirculation of the housing unit to another eligible program recipient at some predetermined future point in time, which shall be no less than six months. Additional services that help individuals gain necessary life skills that support independent living are also allowed but not mandated.

State law allows a distinction in the permitting requirements for certain residential uses in single-family homes based on whether there are six or fewer, or seven or more, people served

by the housing type. This size distinction currently exists in the City's Zoning Code for residential and group care facilities. Residential and group care facilities provide 24-hour per day residential living accommodations in exchange for the payment of money or other consideration, where the duration of tenancy is determined, in whole or in part, by the individual resident's participation in group or individual activities, such as counseling, recovery planning, or medical or therapeutic assistance. Residential or group care facilities include, but are not limited to, residential care facilities for persons with chronic, life-threatening illnesses, and alcoholism or drug abuse recovery or treatment facilities. Residential care facilities provide living accommodations for six or fewer persons and group care facilities provide living accommodations for seven or more persons.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:

The City of Montebello contracts with local service providers to assist in reducing homelessness.

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

Los Angeles County is divided into eight Service Planning Areas (SPAs), 1 through 8. The division of the County makes it easier for the Department of Public Health to target and track the needs of each area. Montebello is located in SPA 7.

Every year, the Los Angeles Continuum of Care coordinates a Shelter/Housing Inventory Count (HIC), which is a point-in-time (PIT) inventory of service projects, and a record of utilization of services. HIC records how many beds and units are dedicated to serving people experiencing homelessness (e.g., emergency shelter, transitional housing, and safe haven) or people who have experienced homelessness and are now in permanent housing. The homeless count for the City of Montebello in 2018 was 336 unsheltered and 10 sheltered. The City will fund projects within SPA 7 in the 2019-2020 program year. The SPA 7 region offers a variety of homeless housing facilities serving different client groups including:

Emergency Shelter

541 beds serving individuals and families with children

Transitional Housing

462 beds serving individuals and families with children

Safe Haven

3 beds serving single men and women 18 years and over

For the 2019-2020 program year, the City will allocate CDBG funds to The Whole Child to provide emergency shelter and transitional housing to Montebello residents or families who require such assistance. The City also funds East San Gabriel Valley Coalition for the Homeless, an organization that assists homeless or at-risk populations in finding permanent housing and in becoming self-supporting. The City will also be a participant of the Los Angeles Continuum of Care.

Several programs, detailed farther below, offered in SPA 7 target different homeless client groups. The program presented below focuses on assessing the individual needs of homeless persons:

Coordinated Entry System (CES) – The CES is a framework that unites regional providers working collaboratively to house chronically homeless individuals. Using a common assessment tool, individuals are prioritized into the most appropriate housing based on their needs. The CES also coordinates county and Federal resources from agencies such as the Department of Mental Health, the Department of Health Services, housing authorities, and the US Department of Veterans Affairs.

Addressing the emergency shelter and transitional housing needs of homeless persons

SPA 7 offers a variety of homeless housing facilities serving different client groups, and includes:

Emergency Shelters

657 beds serving individuals and families with children

Transitional Housing

615 beds for individuals and families with children

Permanent Supportive Housing

847 beds serving individuals and families with children

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The City has the goal of assisting homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that

individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again.

Homeless Family Solutions System – This program is a network of family homeless service providers that address the needs of homeless families or those at imminent risk of losing their housing. It works cooperatively with system partners to help families complete housing and service plans.

First 5 LA Supportive Housing Program (First 5 LA) – This program is a needs-based assistance program aimed at serving homeless or at-risk families with children from birth to age 5, some with current or past involvement with the County Department of Children and Family Services.

Supportive Services for Veteran Families (SSVF) – This program is a community-based, competitive grant program that rapidly rehouses homeless veteran families and prevents homelessness for those at imminent risk due to a housing crisis. The program's objective is to achieve housing stability through a short-term, focused intervention. The SSVF employs a housing-first model, which focuses on helping individuals and families access and sustain permanent rental housing as quickly as possible and without precondition, while facilitating access to those services that will help the veteran's family keep their housing.

HUD-VASH Vouchers (VASH) – The HUD-VASH program combines Housing Choice Voucher rental assistance for homeless veterans with case management and clinical services provided by the US Department of Veterans Affairs. The department provides these services for participating veterans at Veterans Affairs medical centers and community-based outreach clinics.

Unaccompanied Youth – Several programs serve this target group, including 1736 Emergency Youth Shelter, Hathaway-Sycamores: Independent Living Program, Divinity Prophet: Independent Living Program, and Richstone: Transitional Housing Program and Transitional Living.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

Agencies involved with persons discharged from institutions and systems of care, including the Los Angeles County Department of Children and Family Services, Department of Health Services, Department of Mental Health, and Los Angeles County Sheriff's Department, all have requirements stipulated by state law or county regulations requiring effective discharge planning and a specific

transition plan to ensure that individuals and families are not discharged into homelessness.

Discussion

The programs identified above, which address the needs of homeless persons and subpopulations of homeless, indicate that serving the homeless is a complex issue requiring a network of agencies, departments, and nonprofit community services agencies. It is fortunate that the City can utilize this network of agencies to provide housing and supportive services in addition to using limited CDBG funding.

AP-75 Barriers to affordable housing – 91.220(j)

Introduction

Barriers to affordable housing exist in the form of governmental regulations and market factors.

The supply and availability of housing may be constrained by governmental actions, environmental conditions, infrastructure capacity, and economic conditions related to the housing market. Barriers or impediments to affordable housing are caused when there is little incentive to develop affordable housing due to excessive development costs and/or the lack of land availability and community commitment. Public policy and community issues potentially affect the cost of all development projects through the design and implementation of land use ordinances, fees, and development standards. While these policies constrain residential development to some extent, they are necessary to support other public policies. Cities also often require developers to provide on-site and off-site improvements necessary to serve their projects. The City of Montebello's 2014–2021 Housing Element concludes that the development review process does not put a constraint on development; building permit and plan check fees are in line with those charged by other jurisdictions in the area; and a development impact fee is not imposed for new multifamily housing. Thus, the building codes and development standards in Montebello are not overly restrictive.

Land and construction costs are key market factors that may serve as a barrier to affordable housing. Construction costs make up a large portion of development costs; however, these costs are regionally determined and the City has no influence over materials and labor costs. Land represents one of the most significant costs of new housing. Montebello is a predominantly urban area that is mostly built-out, which affects the availability and cost of land. The per unit land cost is directly affected by density, and one way to affect this cost is to develop at higher densities which allows the cost to be spread across more units, thus reducing the total price. The City's 2014–2021 Housing Element points out that state law provides for density bonuses, which serve to facilitate the development of affordable housing. While the City already abides by state density bonus requirements, the City Zoning Code will be updated to incorporate these requirements. Also as part of the comprehensive update of the Zoning Code, the City is proposing a very high-density zone to accommodate high-density housing for up to 22.1 to 35.0 units per acre.

The elimination of California redevelopment low/mod housing funds in February 2012 has directly impacted a primary funding source of the City of Montebello for subsidizing the cost of affordable housing.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the

return on residential investment

To remove or ameliorate the barriers to affordable housing, the City has adopted the following goals in the 2014–2021 Housing Element:

- The City shall strive to maintain and improve the quality of existing housing and residential neighborhoods in Montebello.
- The City will remove potential constraints to housing production and housing affordability.
- The City will continue to identify adequate housing sites through appropriate land use, zoning, and specific plan designations to accommodate the City’s share of regional housing needs and will provide land use policy that encourages, promotes, and provides for the development of various housing types.
- The City will continue to pursue programs and funding sources and adoption of policies which allow for continued affordability of housing units.

Additionally, the City will utilize HOME funds to help facilitate the development of affordable housing, as funding is available.

AP-85 Other Actions – 91.220(k)

Introduction

One of the primary constraints to meeting the needs of low-income residents is a lack of funding to fully address all the needs. Economic challenges and cuts in grant funding have resulted in budgetary constraints on nonprofit service providers.

Actions planned to address obstacles to meeting underserved needs

The City of Montebello recognizes that special needs populations encounter challenges due to low income and the special conditions that they face. Special needs populations are more likely to become homeless as a result of these factors. Special needs populations require housing and supportive services. The City considers supportive services and housing for special needs populations a high priority. Supportive services are also considered a high priority in the Continuum of Care. In 2019-2020, the City will fund several public service agencies that aid with housing and supportive services.

Actions planned to foster and maintain affordable housing

The City's strategies relating to CDBG-funded affordable housing efforts include maintaining the affordable housing stock through the Home Improvement and Preservation Program; maintaining rental assistance programs such as the Section 8 Housing Voucher program; and providing assistance to households before they lose their housing. The City will utilize a combination of Federal and non-Federal funds to maintain existing affordable housing units and foster the creation of new affordable housing opportunities.

Actions planned to reduce lead-based paint hazards

The City's HOME-funded Home Improvement and Preservation Program follows the requirements of Lead Safe Housing Regulation 24 CFR Part 35 effective September 15, 2000, and the subsequent September 2000 HUD transition assistance policy. The City will use, when required, state of California-certified lead-based paint inspectors/risk assessors to test for lead paint and perform risk assessments on houses testing positive, and certified lead-based paint contractors to remove and/or abate lead paint.

Actions planned to reduce the number of poverty-level families

The City of Montebello continues to look for ways to expand economic activities to include all people and provide programs to those people who are less fortunate. The City has focused on the creation of jobs for low- and moderate-income persons through youth employment programs, capital improvement

projects, and the extensive projects related to the Whittier Boulevard Corridor Revitalization (funded by Section 108 loan funds). Programs related to housing improvement, homeless shelters, supporting the County's rental assistance program, and funding affordable housing creation have resulted in housing the homeless and improving the living conditions of the elderly and low-income families.

Many factors can contribute to persons living at or below the poverty level. Lack of higher education opportunities, lack of marketable skills, unemployment or underemployment, lack of affordable child care, lack of effective transportation, and lack of affordable housing all contribute to homelessness or persons living in poverty. These factors must be addressed to reduce the number of persons living in poverty.

While the City has no control over most of these factors, the City regularly provides referrals to those living below the poverty line. The City also provides a listing of public services agencies and homeless resources, and links to social service agencies. In addition, the City supports other government agencies, private developers, and nonprofit agencies that are involved in creating affordable housing and economic opportunities for low- and moderate-income residents. The City has supported, and will continue to support, a City youth employment program that offers summer youth employment benefitting low-income households.

Actions planned to develop institutional structure

CDBG funds received by the City are administered by the Finance Department. The City relies on a number of governmental departments and agencies, for-profit developers, and private, nonprofit organizations to carry out the City's housing and community development program. The City's Community Development Department's functions directly impact and facilitate the development of housing. Housing developers are an important partner and essential for the development of market-rate and affordable housing. Private developers are unable to build affordable units without government or other subsidies because of the high cost of land in the city. The Public Works Department is responsible for the design, construction, maintenance, and operation of public facilities as well as for administering infrastructure projects. The Housing Authority of the County of Los Angeles administers the HUD Section 8 Housing Choice Voucher Program and public housing, which benefits the city's low-income population with publicly assisted rental housing. A number of nonprofit public services agencies provide emergency shelter, transitional and special needs housing, and services to the homeless population and to low- and moderate-income households.

Many gaps or weaknesses in the institutional structure must be addressed. The loss of the redevelopment program presents a significant challenge for continued support for affordable housing. The end of redevelopment funding resulted in the loss of a primary funding source for affordable housing and a loss of administrative resources for housing programs that worked in combination with HOME funds. The reductions in CDBG funding have forced a reduction in community development programs. The cutbacks in funding have impacted public services programming, resulting in limited staff

and limited budgets. While the City has limited control over tight budgets, City staff will continue to work closely with these entities to work to achieve housing and community development goals.

Actions planned to enhance coordination between public and private housing and social service agencies

CDBG and HOME funds received by the City are administered by the Community Development Department. The City relies on several governmental departments and agencies to carry out the City's housing and community development program. The Community Development Department will work with the following departments and agencies during the 2019-2020 program year:

- Finance Department
- Public Works Department
- Housing Authority of the County of Los Angeles
- Nonprofit Social Service Agencies
- Contractors
- Housing Developers

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(l)(1,2,4)

Introduction

The program-specific requirements that apply to the City are those for the CDBG and HOME programs.

Community Development Block Grant Program (CDBG) Reference 24 CFR 91.220(l)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00%

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.220(l)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

The City does not receive any atypical loans, grant instruments, nonconforming loan guarantees, or other forms of investments.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

The City has general recapture and resale provisions in its HOME program guidelines which apply only to CHDOs. The City will impose HOME recapture provisions on any property sold by a CHDO to a homebuyer when the City provides a direct subsidy for down payment and or closing costs to the homebuyer.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

In instances where the homebuyer's home is sold to a qualified low-income buyer at an affordable price, the HOME loan balance shall be transferred to the subsequent qualified buyer and the affordability period shall remain in force. The resale provision shall remain in force from that date the legal documents are executed at loan closing until the expiration of the affordability period.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

The City has no current plans to use HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds.

Discussion

The City will rely on its HOME Policies and Procedures Manual to follow compliance requirements of the HOME program.

Attachments



City of Montebello

Public Meeting

CDBG & HOME Programs

FY 2019-20 Annual Action Plan



U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:

“HUD’s mission is to create strong, sustainable, inclusive communities and quality affordable homes for all...”

MONTEBELLO ENTITLEMENT PROGRAMS:

Community Development Block Grant (CDBG)

HOME Investment Partnership (HOME)



The City is required this year to complete the following document:

- Annual Action Plan**



Annual Action Plan



The purpose of the Annual Action Plan is to undertake the City's housing and community development priority needs, strategies, and goals to stipulate how CDBG and HOME funds will be allocated over the next fiscal year.



Community Development Block Grant & HOME Investment Partnership



- The City receives an annual allocation of federal funding for eligible programs and projects
- The City is estimating the 2019-20 funding amount at \$669,000 for CDGB and \$299,000 for HOME
- This represents no reduction from last year's funding of \$669,000 for CDBG. The City is proposing a reduction in HOME funds due to the City's Voluntary Grant Reduction for HOME funded activities.



CDBG National Objectives & Eligible Activities



- To achieve the federal goals of the CDBG Program, grantees must ensure that funded activities meet one of the national objectives:
 - Benefit to low- and moderate-income persons (70% required);
 - Aid in the prevention of slum and blight; or
 - Meet an urgent need.

- Eligible Activities include:
 - Fair Housing (required);
 - Public Services;
 - Home Rehabs;
 - Street & ADA Improvements; etc.



Preliminary Recommendations

CDBG Budget



FY 2019 – 2020 CDBG Allocation - \$669,491

TOTAL CDBG Budget - \$669,491

Section 108 Loan Repayment - \$525,000

Administration - \$100,000 (Includes preparation of Analysis of Impediments to Fair Housing Choice and preparation of next Five Year Consolidated Plan. Also includes funds to Fair Housing Provider.)

Public Services - \$44,491

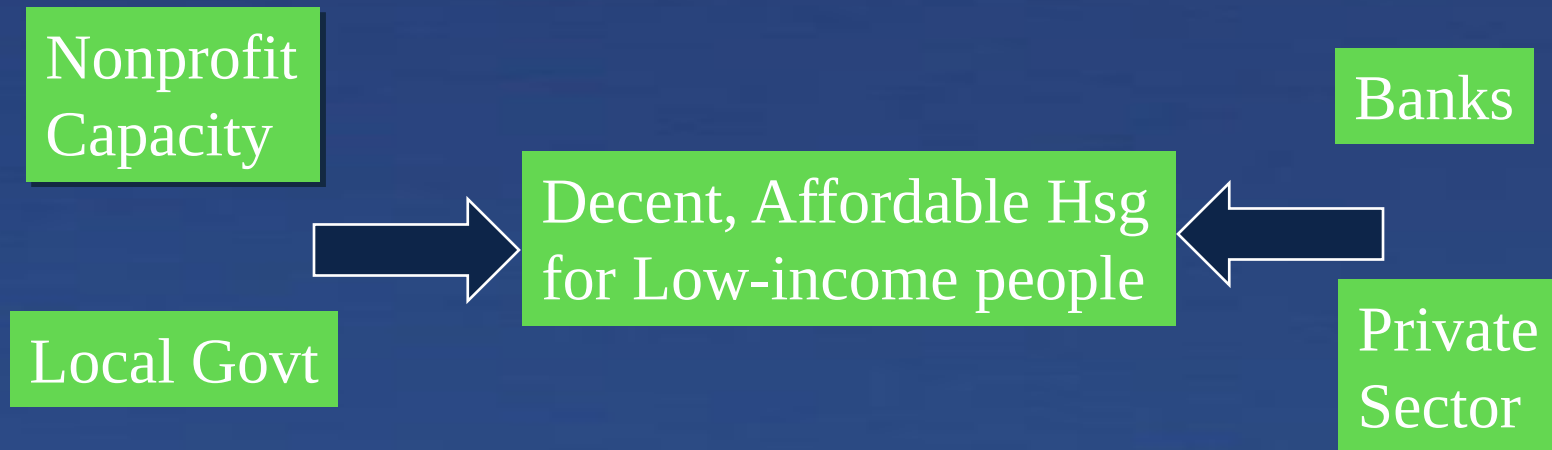
- Student Youth Employment Program - \$15,491
- Heart of Compassion - \$10,000
- YMCA - \$7,500
- The Whole Child - \$5,750
- East San Gabriel Valley Coalition for Homeless - \$5,750



HOME Program



- National Affordable Housing Act 1990
- Objectives:



HOME Program Rules

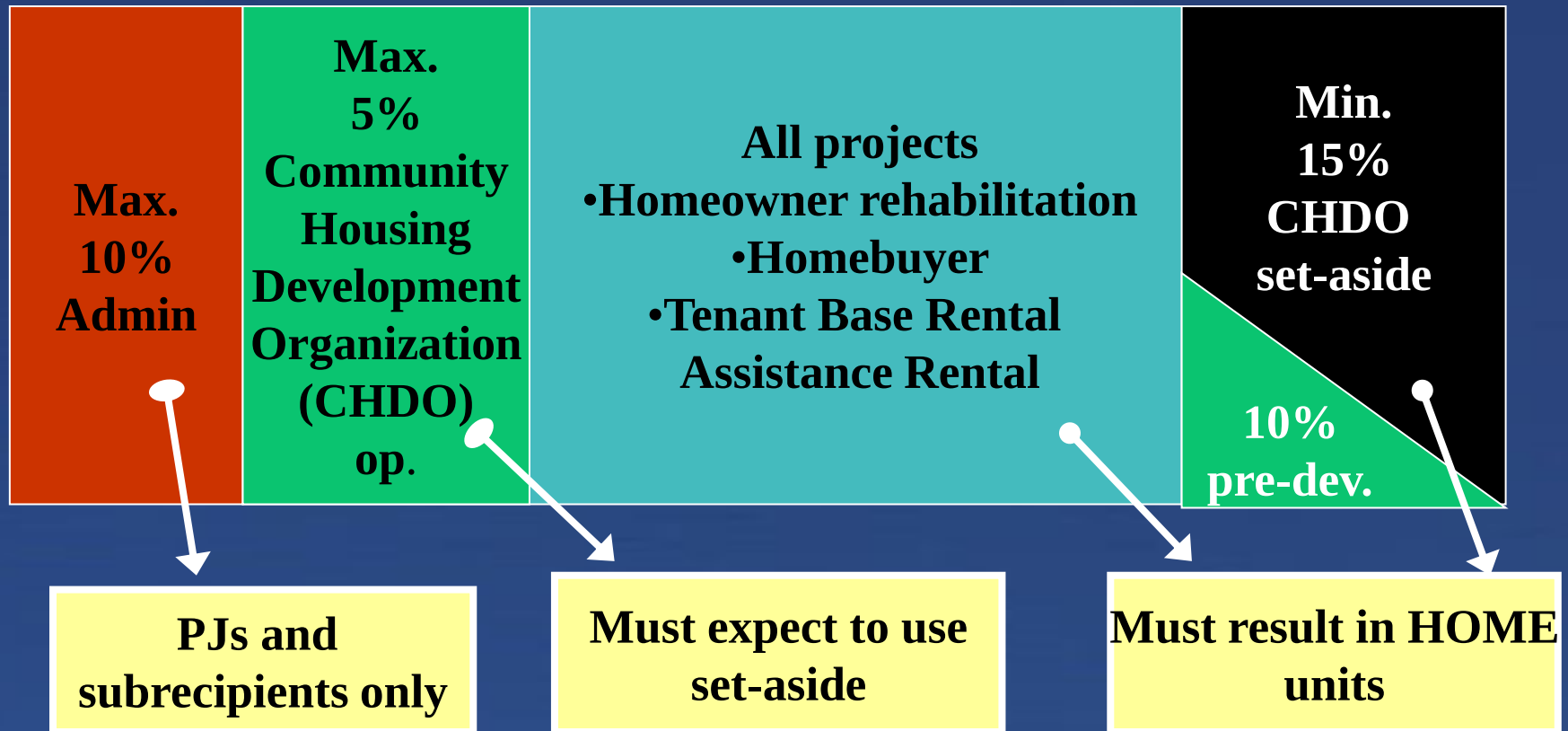


The HOME program is four programs in one

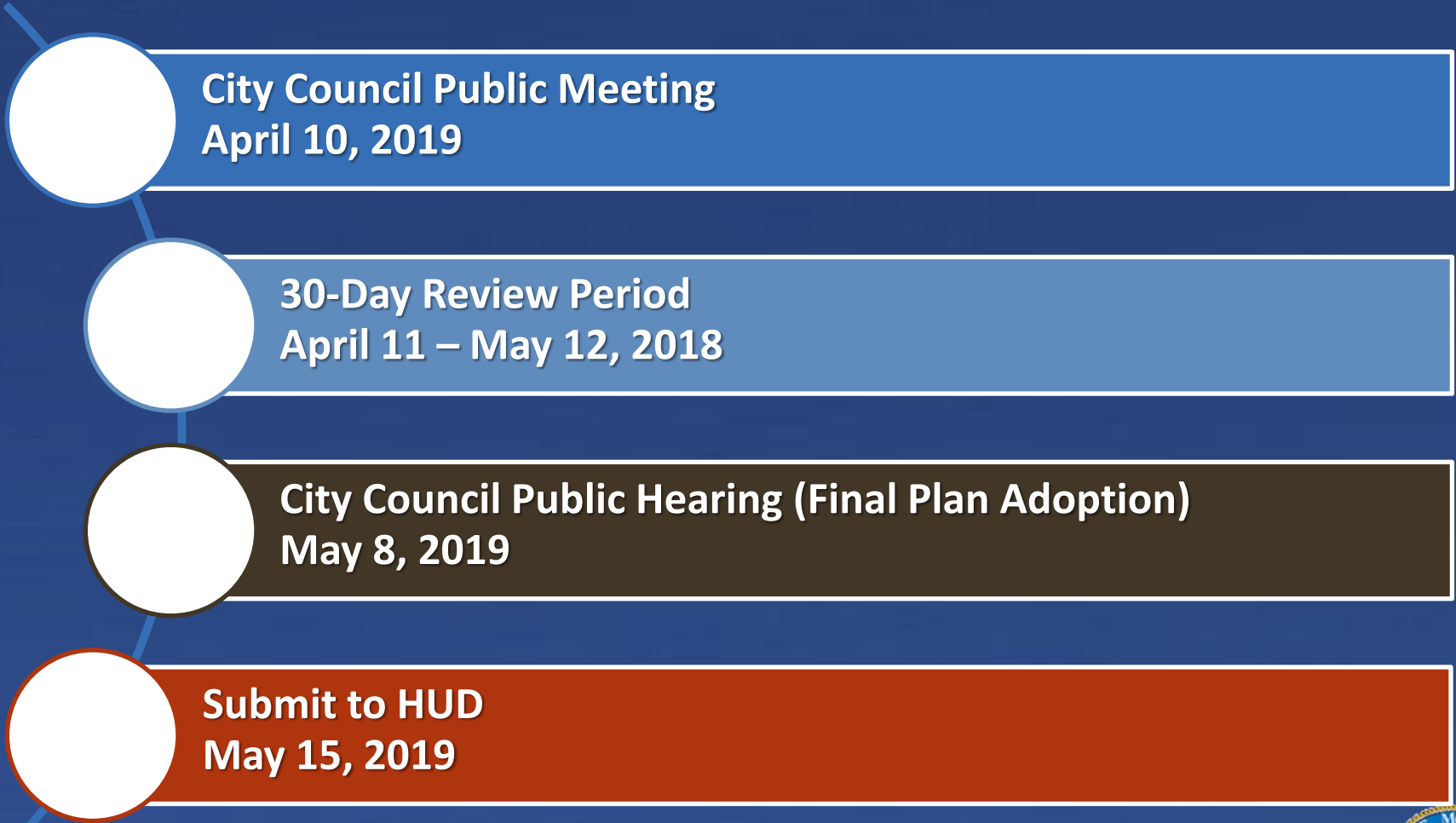
- Homeowner Rehabilitation
- Homebuyer Assistance
- Development (acquisition, new construction or rehabilitation)
- Tenant Base Rental Assistance (rental subsidy)



HOME Program Allocation



Consolidated Plan Schedule



City Council Public Meeting
April 10, 2019

30-Day Review Period
April 11 – May 12, 2018

City Council Public Hearing (Final Plan Adoption)
May 8, 2019

Submit to HUD
May 15, 2019



Recommendations



- 1) Receive and file a presentation on the draft 2019-2020 Annual Action Plan for CDBG and HOME programs;
- 2) Direct staff to advertise and receive comments for a 30-day public review period, as required by HUD, and
- 3) Set the public hearing for the City Council's consideration and adoption of the Final 2019-2020 Annual Action Plan for May 8, 2019, at 6:30 p.m.

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Paul Talbot, Acting City Manager

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

SUBJECT: **ADOPTION OF RESOLUTIONS APPROVING THE CITY OF MONTEBELLO'S PARTICIPATION IN PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAMS AND MEMBERSHIP IN RELATED JOINT POWER AUTHORITIES.**

DATE: April 10, 2019

RECOMMENDATION:

It is recommended that the City Council:

- (1) adopt the California Statewide Communities Development Authority (CSCDA) Resolution ("**CSCDA Resolution**") approving the City of Montebello's (the "City") participation in the Open PACE Program adopted by the CSCDA Joint Power Authority (JPA) to which the City is a member
- (2) adopt the California Enterprise Development Authority (CEDA) Resolution ("**CEDA Resolution**") approving the City's participation in the Figtree PACE Program adopted by the CEDA JPA to which the City is a member
- (3) adopt the California Municipal Finance Authority (CMFA) Resolution ("**CMFA JPA Resolution**") which simultaneously: (i) approves the CMFA JPA Agreement; (ii) authorizes the City's membership into the CMFA JPA; and (iii) authorizes the City to implement the CMFA Open PACE Program
- (4) adopt two (2) Resolution for the Golden State Finance Authority ("**GSFA Resolution AB 811**" and "**GSFA Resolution SB 555**") which simultaneously: (i) approves the GSFA JPA Agreement; (ii) authorizes the City's membership into the GSFA JPA; and (iii) authorizes the City to implement the Ygrene Program which establishes two separate PACE districts under SB 555 and AB 811
- (5) Take such additional, related, action that may be desirable.

BACKGROUND:

State law authorizes contractual assessment districts in charter and general law cities to provide financing for renewable energy, energy efficiency, seismic retrofit, and water conservation improvements to free and willing property owners. A property owner voluntarily enters into a contractual agreement with a PACE program sponsor, (typically a Joint Powers Authority ["JPA"]) to access financing. This financing is secured by a lien on the property and repaid as a

special assessment on the property tax bill. This financing mechanism is referred to as Property Assessed Clean Energy (PACE) program.

In order to promote competition and provide City property owners with more options, the City Council is asked to consider admitting additional PACE providers that are licensed by the Department of Business Oversight. This is accomplished by adopting resolutions approving additional PACE programs implemented by JPAs to which the City is already a member and where necessary, adopting resolution authorizing the City to enter membership into existing JPAs implementing additional PACE programs to operate in the City.

DISCUSSION

PACE financing districts can be established and administered under one of two different pieces of legislation which enable PACE programs in California.

AB 811 (2008) allows renewable energy sources and energy efficiency upgrades to be financed through an assessment district. Additional legislation expanded projects eligible for financing to include water efficiency improvements, electric vehicle charging stations, and seismic improvements.

SB 555 (2011) amended the Mello-Roos Community Facilities Act to allow for the creation of Community Facility Districts (CFDs) for the purpose of financing or refinancing the acquisition, installation, and improvement of energy efficiency, water conservation, renewable energy, seismic improvements, and electric vehicle charging infrastructure.

PACE offers an alternative to traditional means of financing property improvements such as paying cash, taking a home equity line of credit (HELOC), or using credit cards. PACE financing eligibility is primarily based on property equity and the borrower's ability to pay. The PACE loans have fixed long-term interest rates with terms generally longer than those of other private loans. However, as built-in consumer protection, the term cannot exceed the average useful life of the improvement.

As with other forms of private lending, participation in PACE financing is voluntary. Some other advantages of PACE financing include 100% financing for eligible improvements and the oversight of pre-approved contractors with an established dispute resolution process.

Because the capital for PACE financing comes from private sources and the transactions are between program administrators and property owners, the City will not incur any cost or risk associated with program activities. The City is not required to provide administrative support or marketing for the programs. The City is not obliged to repay bonds issued by the JPA or assessments levied on the participating properties.

Expanding the City's PACE availability by including more providers will likely create a competitive marketplace that provides more financing options with more favorable terms to home and business owners. Doing so would also incentivize more property owners to undertake improvements, resulting in more upgrades to the housing stock, more local jobs, reduction in utility bills, air pollution, and water consumption.

CONSUMER PROTECTION LEGISLATION AND REGULATION

Over the past three (3) years, the California Legislature has created comprehensive consumer protection and regulatory framework for PACE that is consistent with financing best practices. This has standardized consumer protections in the PACE industry and established State-level oversight and licensing by the California Department of Business Oversight.

AB 2693 (2016) established written disclosures for PACE financing that is modeled after the mortgage industry's "*Know Before You Owe*" form. The law also guarantees a three (3) day right of rescission after the homeowner signs the PACE agreement and prohibits marketing promises of increased property value as a result of the financed improvements.

SB 242 (2017) requires a live, recorded phone call with a PACE provider to confirm the key terms of the financing prior to signing any agreement. This call and contractual documents must be available in one (1) of five (5) listed non-English languages as necessary. SB 242 also prohibits kick-backs to contractors and any misrepresentation regarding tax deductibility of a PACE assessment and the associated payments. PACE providers are also prevented from disclosing to contractors the amount of PACE funds for which the property may qualify.

AB 1284 (2017) amended California Financing Law to establish the Department of Business Oversight as the Statewide regulator for third-party PACE administrators. All private PACE administrators must obtain a license under DBO starting January 1, 2019. PACE administrators are also held accountable for screening, training, and monitoring the contractors and sales representatives enrolled in their programs. Finally, PACE providers have to determine a consumer's ability to repay, including income verification, before entering into a PACE agreement.

As a result of the first priority lien status of residential PACE financing, the Federal Housing Finance Agency (FHFA) announced in 2010 its opposition to PACE financing programs. This means that Fannie Mae and Freddie Mac typically do not purchase mortgages on homes with PACE obligations. The homeowner is often required to settle the PACE assessment prior to a sale or refinance. This requirement is similar to any other property-secured financing such as a home equity loan or home equity line of credit (HELOC). This is disclosed to the homeowner in writing and as part of the recorded confirmation of terms phone call prior to signing and PACE contract. Also, California created a \$10 million PACE Loan Loss Reserve to keep first mortgage lenders whole in the event of a foreclosure or forced sale of a property with a PACE assessment. The Loss Reserve Fund has not been used by any lender since its inception.

The City has already made PACE financing available through the Los Angeles County's PACE program. In order to promote competition and provide residential and commercial property owners with more options, staff is recommending that the City Council adopt resolutions approving the City's participation in the: (1) CSCDA Open PACE Program adopted by CSCDA (to which the City is already a member) and (2) Figtree PACE Program adopted by CEDA (to which the City is also a member) (ATTACHMENTS A and B). In addition, staff is recommending that the City Council adopt resolutions authorizing the City to enter into two (2) additional JPAs: (1) GSFA and (2) CMFA and by such approval, simultaneously authorize the City to implement the Ygrene Program (which creates two separate districts under SB 555 and AB 811) and CMFA Open PACE Program. (ATTACHMENTS C and D). In total, staff is recommending the City Council adopting a total of five (5) resolutions (the "Resolutions").

FISCAL IMPACT:

There is no negative fiscal impact to the City's general fund by consenting to the inclusion of properties within the City limits in the listed PACE programs. All administrative costs are covered through an initial administrative fee included in the property owner's voluntary contractual assessment and an annual administrative fee, which is also collected on the property owner's tax bill.

SUMMARY:

Staff recommends that the Council adopt the attached Resolutions authorizing the City's participation in the listed PACE program which will enable property owners to finance permanently fixed renewable energy, energy efficiency, water efficiency, and seismic strengthening improvements.

ATTACHMENTS

- A- CSCDA Resolution – CSCDA Open PACE Program
- B- CEDA Resolution – Figtree PACE
- C- CMFA JPA Resolution and CMFA JPA Agreement
- D- GSFA:
 - a. GSFA JPA Agreement
 - b. GSFA Resolution AB 811
 - c. GSFA Resolution SB 555
 - d. GSFA Signature Page for Associate Members

RESOLUTION NO. _____

(CSCDA RESOLUTION)

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO
CONSENTING TO THE INCLUSION OF PROPERTIES WITHIN THE TERRITORY
OF THE CITY IN THE CSCDA OPEN PACE PROGRAMS; AUTHORIZING THE
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO
ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT
CONTRACTUAL ASSESSMENT PROCEEDINGS AND LEVY CONTRACTUAL
ASSESSMENTS WITHIN THE TERRITORY OF THE CITY AND AUTHORIZING
RELATED ACTIONS**

WHEREAS, the California Statewide Communities Development Authority (the “Authority”) is a joint exercise of powers authority, the members of which include numerous cities and counties in the State of California, including the City of Montebello (the “City”) ; and

WHEREAS, the Authority is implementing Property Assessed Clean Energy (PACE) programs, which it has designated CSCDA Open PACE, consisting of CSCDA Open PACE programs each administered by a separate program administrator (collectively with any successors, assigns, replacements or additions, the “Programs”), to allow the financing or refinancing of renewable energy, energy efficiency, water efficiency and seismic strengthening improvements, electric vehicle charging infrastructure and such other improvements, infrastructure or other work as may be authorized by law from time to time (collectively, the “Improvements”) through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code (“Chapter 29”) within counties and cities throughout the State of California that consent to the inclusion of properties within their respective territories in the Programs and the issuance of bonds from time to time; and

WHEREAS, the program administrators currently active in administering Programs are the Alliance NRG Program (Counter Pointe Energy Solutions (CA) LLC), PACE Funding Group LLC, California First (Renew Financial Group LLC), CleanFund Commercial PACE Capital and Petros PACE Finance and the Authority will notify the City in advance of any additions or changes; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner or owners of each lot or parcel on which an assessment is levied at the time the assessment is levied; and

WHEREAS, the City desires to allow the owners of property (“Participating Property Owners”) within its territory to participate in the Programs and to allow the Authority to conduct assessment proceedings under Chapter 29 within its territory and to issue bonds to finance or refinance Improvements; and

WHEREAS, the territory within which assessments may be levied for the Programs shall include all of the territory within the City official boundaries; and

WHEREAS, the Authority will conduct all assessment proceedings under Chapter 29 for the Programs and issue any bonds issued in connection with the Programs; and

WHEREAS, the City will not be responsible for the conduct of any assessment proceedings; the levy of assessments; any required remedial action in the case of delinquencies in such assessment payments; or costs associated with the marketing, issuance, sale or administration of any bonds issued in connection with the Programs;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City (“City Council”)as follows:

Section 1. This City Council hereby finds and declares that properties in the territory of the City will benefit from the availability of the Programs within the territory of the City and, pursuant thereto, the conduct of special assessment proceedings by the Authority pursuant to Chapter 29 and the issuance of bonds to finance or refinance Improvements.

Section 2. In connection with the Programs, the City hereby consents to the conduct of special assessment proceedings by the Authority pursuant to Chapter 29 on any property within the territory of the City and the issuance of bonds to finance or refinance Improvements; provided, that:

(1) The Participating Property Owners, who shall be the legal owners of such property, execute a contract pursuant to Chapter 29 and comply with other applicable provisions of California law in order to accomplish the valid levy of assessments;

(2) The City will not be responsible for the conduct of any assessment proceedings; the levy of assessments; any required remedial action in the case of delinquencies in such assessment payments; or the costs associated with marketing, issuance, sale or administration of any bonds issued in connection with the Programs; and

(3) The transactions are conducted strictly between CSCDA, Program providers and Participating Property Owners, and the City will incur no cost(s) or liability associated with the PACE programs.

Section 3. The appropriate officials and staff of the City are hereby authorized and directed to make applications for the Programs available to all property owners who wish to finance or refinance Improvements; provided, that the Authority shall be responsible for providing such applications and related materials at its own expense. The following staff persons, together with any other staff persons chosen by the City Manager of the City from time to time, are hereby designated as the contact persons for the Authority in connection with the above mention Programs.

Section 4. The appropriate officials and staff of the City are hereby authorized and directed to execute and deliver such certificates, requisitions, agreements and related documents as are reasonably required by the Authority to implement the Programs.

Section 5. The City Council hereby finds that adoption of this Resolution is not a “project” under the California Environmental Quality Act, because the Resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4).

Section 6. This Resolution shall take effect immediately upon its adoption. The City Clerk of the City is hereby authorized and directed to transmit a certified copy of this resolution to the Secretary of the Authority at: Secretary of the Board, California Statewide Communities Development Authority, 1400 K Street, Sacramento, CA 95814.

PASSED AND ADOPTED this _____ day of _____, 20__ by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jack Hadjinian, Mayor

APPROVED AT TO FORM

ATTEST

Arnold Alvarez-Glasman, City Attorney

Irma Barajas, City Clerk

RESOLUTION NO. _____

(CEDA RESOLUTION)

RESOLUTION AUTHORIZING THE CITY OF MONTEBELLO TO JOIN THE FIGTREE PACE PROGRAM; AUTHORIZING THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY TO CONDUCT CONTRACTUAL ASSESSMENT PROCEEDINGS AND LEVY CONTRACTUAL ASSESSMENTS WITHIN THE TERRITORY OF THE CITY OF MONTEBELLO; AND AUTHORIZING RELATED ACTIONS

WHEREAS, the California Enterprise Development Authority (“CEDA”)—to which the City of Montebello (the “City”) is a member—has adopted the Figtree Property Assessed Clean Energy (PACE) and Job Creation Program (the “Program” or “Figtree PACE”), to allow the financing of certain renewable energy, energy efficiency, seismic retrofits, electric vehicle charging infrastructure, and water efficiency improvements (the “Improvements”) through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code (“Chapter 29”), and the issuance of improvement bonds or other evidences of indebtedness (the “Bonds”) under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 et seq.) (the “1915 Act”) upon the security of the unpaid contractual assessments; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied at the time the assessment is levied; and

WHEREAS, the City desires to allow the owners of property (“Participating Parcel”) within its jurisdiction (“Participating Property Owners”) to participate in Figtree PACE, and to allow CEDA to conduct assessment proceedings under Chapter 29 and to issue Bonds under the 1915 Act to finance the Improvements; and

WHEREAS, CEDA will conduct assessment proceedings under Chapter 29 to establish an assessment district (the “District”) and issue Bonds under the 1915 Act to finance Improvements; and

WHEREAS, there has been presented to this meeting a proposed form of Resolution of Intention to be adopted by CEDA in connection with such assessment proceedings (the “ROI”), a copy of which is attached hereto as Exhibit “A”; and

WHEREAS, said ROI sets forth the territory within which assessments may be levied for Figtree PACE which territory shall be coterminous with the City's official boundaries of record at the time of adoption of the ROI (the “Boundaries”); and

WHEREAS, pursuant to Chapter 29, the City authorizes CEDA to conduct assessment proceedings, levy assessments, pursue remedies in the event of delinquencies, and issue bonds or other forms of indebtedness to finance the Improvements in connection with Figtree PACE; and

WHEREAS, to protect the City in connection with operation of the Figtree PACE program, Dividend Finance, LLC (“Dividend”), the program administrator, has agreed to defend and indemnify the City; and

WHEREAS, the City will not be responsible for the conduct of any assessment proceedings, the levy of assessments, any required remedial action in the case of delinquencies, the costs associated with marketing, issuance, sale or administration of the bonds or other indebtedness issued in connection with Figtree PACE.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Montebello (the “City Council”), as follows:

Section 1. Good Standing. The City is either a municipal corporation or other public body and a member of CEDA in good standing.

Section 2. Public Benefits. On the date hereof, the City Council hereby finds and determines that the Program and issuance of Bonds by CEDA in connection with Figtree PACE will provide significant public benefits, including without limitation, savings in effective interest rates, bond preparation, bond underwriting and bond issuance costs and reductions in effective user charges levied by water and electricity providers within the boundaries of the City.

Section 3. Appointment of CEDA. The City hereby appoints CEDA as its representative to (i) record the assessment against the Participating Parcels, (ii) administer the District in accordance with the Improvement Act of 1915 (Chapter 29 Part 1 of Division 10 of the California Streets and Highways Code (commencing with Section 8500 et seq.) (the “Law”), (iii) prepare program guidelines for the operations of the Program and (iv) proceed with any claims, proceedings or legal actions as shall be necessary to collect past due assessments on the properties within the District in accordance with the Law and Section 6509.6 of the California Government Code. The City is not and will not be deemed to be an agent of Dividend or CEDA as a result of this Resolution.

Section 4. Assessment Proceedings. In connection with Figtree PACE, the City hereby consents to the special assessment proceedings by CEDA pursuant to Chapter 29 on any property within the Boundaries and the issuance of Bonds under the 1915 Act, provided that:

- (1) Such proceedings are conducted pursuant to one or more Resolutions of Intention in substantially the form of the ROI;
- (2) The Participating Property Owners, who shall be the legal owners of such property, voluntarily execute a contract pursuant to Chapter 29 and comply with other applicable provisions of California law in order to accomplish the valid levy of assessments; and
- (3) The City will not be responsible for the conduct of any assessment proceedings, the levy of assessments, any required remedial action in the case of delinquencies in such assessment payments, or the issuance, the costs associated with marketing, issuance, sale or administration of the Bonds in connection with Figtree PACE; and

- (4) The transactions are conducted strictly between CEDA, Figtree PACE providers and Participating Property Owners, and the City will incur no cost(s) or liability associated with the Figtree PACE program.

Section 5. Program Report. The City Council hereby acknowledges that pursuant to the requirements of Chapter 29, CEDA has prepared and will update from time to time the "Program Report" for Figtree PACE (the "Program Report") and associated documents, and CEDA will undertake assessment proceedings and the financing of Improvements as set forth in the Program Report.

Section 6. Foreclosure. The City Council hereby acknowledges that the Law permits foreclosure in the event that there is a default in the payment of assessments due on a property. The City Council hereby designates CEDA as its representative to proceed with collection and foreclosure of the liens on the defaulting properties within the District, including accelerated foreclosure pursuant to the Program Report.

Section 7. Indemnification. The City Council acknowledges that Dividend has provided the City with an indemnification agreement, as shown in Exhibit "B," for negligence or malfeasance of any type as a result of the acts or omissions of Dividend, its officers, employees, subcontractors and agents. The City Council hereby authorizes the appropriate officials and staff of the City to execute and deliver the Indemnification Agreement to Dividend.

Section 8. City Contact Designation. The appropriate officials and staff of the City are hereby authorized and directed to make applications for Figtree PACE available to all property owners who wish to finance Improvements. The following staff persons, together with any other staff designated by the City Manager of the City from time to time, are hereby designated as the contact persons for CEDA in connection with Figtree PACE:

Section 9. City Execution of Documents. The appropriate officials and staff of the City are hereby authorized and directed to execute and deliver such closing certificates, requisitions, agreements and related documents as are reasonably required by CEDA in accordance with the Program Report to implement Figtree PACE for Participating Property Owners.

Section 10. CEQA. The City Council hereby finds that adoption of this Resolution is not a "project" under the California Environmental Quality Act ("CEQA"), because the Resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4)).

Section 11. Effective Date. This Resolution shall take effect immediately upon its adoption. The City Clerk of the City is hereby authorized and directed to transmit a certified copy of this resolution to Dividend.

Section 12. Costs. Services related to the formation and administration of the assessment district will be provided by CEDA at no cost to the City.

PASSED AND ADOPTED this _____ day of _____, 201_ by the following vote, to wit:

Jack Hadjinian, Mayor

APPROVED AT TO FORM

ATTEST

Arnold Alvarez-Glasman, City Attorney

Irma Barajas, City Clerk

AYES:

NOES:

ABSENT:

ABSTAIN:

EXHIBIT A

CEDA Resolution of Intention

RESOLUTION NO. _____

**RESOLUTION OF THE CALIFORNIA ENTERPRISE DEVELOPMENT
AUTHORITY DECLARING INTENTION TO FINANCE INSTALLATION
OF DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES,
ENERGY EFFICIENCY, SEISMIC RETROFITS, ELECTRIC VEHICLE
CHARGING INFRASTRUCTURE, AND WATER EFFICIENCY
IMPROVEMENTS IN THE CITY OF MONTEBELLO**

WHEREAS, the California Enterprise Development Authority (“CEDA”) is a joint powers authority organized and existing pursuant to the Joint Powers Act (Government Code Section 6500 et seq.) and that certain Joint Exercise of Powers Agreement (the “Agreement”) dated as of June 1, 2006, among the cities of Eureka, Lancaster and Selma; and

WHEREAS, CEDA is authorized under the Agreement and Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and in accordance with Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California (“Chapter 29”) to authorize assessments to finance the installation of distributed generation renewable energy sources, energy efficiency, seismic retrofits, electric vehicle charging infrastructure, and water efficiency improvements that are permanently fixed to real property (“Authorized Improvements”); and

WHEREAS, CEDA has obtained authorization from the City of Montebello (the “City”) located in the County of _____ (the “County”) to conduct assessment proceedings and to enter into contractual assessments to finance the installation of Authorized Improvements within the jurisdictional boundaries of the City pursuant to Chapter 29; and

WHEREAS, CEDA desires to declare its intention to establish a Figtree PACE program (“Figtree PACE”) in the City, pursuant to which CEDA, subject to certain conditions set forth below, would enter into contractual assessments to finance the installation of Authorized Improvements in the City.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF
THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY, AS FOLLOWS:**

Section 1. Findings. The Board of Directors hereby finds and determines the following:

- (a) The above recitals are true and correct and are incorporated herein by this reference.
- (b) Energy and water conservation efforts, including the promotion of Authorized Improvements to residential, commercial, industrial, or other real property, are necessary to address the issue of global climate change and the reduction of greenhouse gas emissions in the City.
- (c) The upfront cost of making residential, commercial, industrial, or other real property more energy and water efficient, along with the fact that most commercial loans for

that purpose are due on the sale of the property, prevents many property owners from installing Authorized Improvements.

- (d) A public purpose will be served by establishing a contractual assessment program, to be known as Figtree PACE, pursuant to which CEDA will finance the installation of Authorized Improvements to residential, commercial, industrial, or other real property in the City.

Section 2. Determination of Public Interest. The Board of Directors hereby determines that (a) it would be convenient, advantageous, and in the public interest to designate an area, which shall encompass the entire geographic territory within the boundaries of the City, within which CEDA and property owners within the City may enter into contractual assessments to finance the installation of Authorized Improvements pursuant to Chapter 29 and (b) it is in the public interest for CEDA to finance the installation of Authorized Improvements in the City pursuant to Chapter 29.

Section 3. Identification of Authorized Improvements. CEDA hereby declares its intention to make contractual assessment financing available to property owners to finance installation of Authorized Improvements, including but not limited to those improvements detailed in the Report described in Section 8 hereof (the “Report”), as that Report may be amended from time to time.

Section 4. Identification of Boundaries. Contractual assessments may be entered into by property owners located within the entire geographic territory of the City.

Section 5. Proposed Financing Arrangements. Under Chapter 29, CEDA may issue bonds, notes or other forms of indebtedness (the “Bonds”) pursuant to Chapter 29 that are payable by contractual assessments. Division 10 (commencing with Section 8500) of the Streets & Highways Code of the State (the “Improvement Bond Act of 1915”) shall apply to any indebtedness issued pursuant to Chapter 29, insofar as the Improvement Bond Act of 1915 is not in conflict with Chapter 29. The creditworthiness of a property owner to participate in the financing of Authorized Improvements will be based on the criteria developed by Dividend Finance, LLC (the “Program Administrator”) upon consultation with Figtree PACE Program underwriters or other financial representatives, CEDA general counsel and bond counsel, and as shall be approved by the Board of Directors of CEDA. In connection with indebtedness issued under the Improvement Bond Act of 1915 that is payable from contractual assessments, serial and/or term improvement bonds or other indebtedness shall be issued in such series and shall mature in such principal amounts and at such times (not to exceed 20 years from the second day of September next following their date), and at such rate or rates of interest (not to exceed the maximum rate permitted by applicable law) as shall be determined by Board of Directors at the time of the issuance and sale of the indebtedness. The provisions of Part 11.1 of the Improvement Bond Act of 1915 shall apply to the calling of the bonds. It is the intention of CEDA to create a special reserve fund for the bonds under Part 16 of the Improvement Bond Act of 1915. Neither CEDA, nor any of its members participating in the Figtree PACE Program, shall advance available surplus funds from its treasury to cure any deficiency in the redemption fund to be created with respect to the indebtedness; provided, however, that this determination shall not prevent CEDA or any of its members from, in their sole discretion, so advancing funds. The Bonds may be refunded under Division 11.5 of the California

Streets and Highways Code or other applicable laws permitting refunding, upon the conditions specified by and upon determination of CEDA.

CEDA hereby authorizes the Program Administrator, upon consultation with CEDA general counsel, bond counsel and the Figtree PACE underwriter, to commence preparation of documents and take necessary steps to prepare for the issuance of bonds, notes or other forms of indebtedness as authorized by Chapter 29.

In connection with the issuance of bonds payable from contractual assessments, CEDA expects to obligate itself, through a covenant with the owners of the bonds, to exercise its foreclosure rights with respect to delinquent contractual assessment installments under specified circumstances.

Section 6. Public Hearing. Pursuant to the Act, CEDA hereby orders that a public hearing be held before CEDA Board (the “Board”), at 550 Bercut Drive, Suite G, Sacramento, CA 95811, on _____, _____, at ____ A_, for the purposes of allowing interested persons to object to, or inquire about, the proposed Figtree PACE Program. The public hearing may be continued from time to time as determined by the Board for a time not exceeding a total of 180 days.

At the time of the hearing, the Report described in Section 8 hereof shall be summarized, and the Board shall afford all persons who are present an opportunity to comment upon, object to, or present evidence with regard to the proposed Figtree PACE Program, the extent of the area proposed to be included within the boundaries of the assessment district, the terms and conditions of the draft assessment contract described in Section 8 hereof (the “Contract”), or the proposed financing provisions. Following the public hearing, CEDA may adopt a resolution confirming the Report (the “Resolution Confirming Report”) or may direct the Report’s modification in any respect, or may abandon the proceedings.

The Board hereby orders the publication of a notice of public hearing once a week for two successive weeks. Two publications in a newspaper published once a week or more often, with at least five days intervening between the respective publication dates not counting such publication dates, are sufficient. The period of notice will commence upon the first day of publication and terminate at the end of the fourteenth day. The first publication shall occur not later than 20 days before the date of the public hearing.

Section 7. Notice to Water and Electric Providers. Pursuant to Section 5898.24 of the Streets & Highways Code, written notice of the proposed contractual assessment program within the City to all water and electric providers within the boundaries of the City has been provided.

Section 8. Report. The Board hereby directs the Program Administrator to prepare the Report and file said Report with the Board at or before the time of the public hearing described in Section 6 hereof containing all of the following:

- a) A map showing the boundaries of the territory within which contractual assessments are proposed to be offered, as set forth in Section 4 hereof.

- b) A draft contractual assessment contract (the “Contract”) specifying the terms and conditions of the agreement between CEDA and a property owner within the City.
- c) A statement of CEDA’s policies concerning contractual assessments including all of the following:
 - (1) Identification of types of Authorized Improvements that may be financed through the use of contractual assessments.
 - (2) Identification of the CEDA official authorized to enter into contractual assessments on behalf of CEDA.
 - (3) A maximum aggregate dollar amount of contractual assessments.
 - (4) A method for setting requests from property owners for financing through contractual assessments in priority order in the event that requests appear likely to exceed the authorization amount.
- d) A plan for raising a capital amount required to pay for work performed in connection with contractual assessments. The plan may include the sale of a bond or bonds or other financing relationship pursuant to Section 5898.28 of Chapter 29. The plan (i) shall include a statement of, or method for determining, the interest rate and time period during which contracting property owners would pay any assessment, (ii) shall provide for any reserve fund or funds, and (iii) shall provide for the apportionment of all or any portion of the costs incidental to financing, administration and collection of the contractual assessment program among the consenting property owners and CEDA.
- e) A report on the results of the discussions with the County Auditor-Controller described in Section 10 hereof, concerning the additional fees, if any, that will be charged to CEDA for inclusion of the proposed contractual assessments on the general property tax roll of the County, and a plan for financing the payment of those fees.

Section 9. Nature of Assessments. Assessments levied pursuant to Chapter 29, and the interest and any penalties thereon, will constitute a lien against the lots and parcels of land on which they are made, until they are paid. Unless otherwise directed by CEDA, the assessments shall be collected in the same manner and at the same time as the general taxes of the County on real property are payable, and subject to the same penalties and remedies and lien priorities in the event of delinquency and default.

Section 10. Consultations with County Auditor-Controller. CEDA hereby directs the Program Administrator to enter into discussions with the County Auditor-Controller in order to reach agreement on what additional fees, if any, will be charged to CEDA for incorporating the proposed contractual assessments into the assessments of the general taxes of the County on real property.

Section 11. Preparation of Current Roll of Assessment. Pursuant to Section 5898.24(c), CEDA hereby designates the Program Administrator as the responsible party for annually preparing the current roll of assessment obligations by assessor’s parcel number on property subject to a voluntary contractual assessment.

Section 12. Procedures for Responding to Inquiries. The Program Administrator shall establish procedures to promptly respond to inquiries concerning current and future estimated liability for a voluntary contractual assessment.

Section 13. Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this ____ day of ____, 201_.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By: _____
Gurbax Sahota, Chair

ATTEST:

Helen Schaubmayer, Assistant Secretary

EXHIBIT B

Indemnification Agreement

INDEMNIFICATION AGREEMENT
BY AND BETWEEN
THE CITY OF MONTEBELLO AND
DIVIDEND FINANCE, LLC.

This Indemnification Agreement (the “Agreement”) is entered into by and between the City of Montebello, a municipal corporation or political subdivision, duly organized and existing under the laws of the State of California (the “Public Entity”) and Dividend Finance, LLC, a Delaware limited liability company, the administrator of the Figtree Property Assessed Clean Energy and Job Creation Program (the “Administrator”), which is a program of the California Enterprise Development Authority, a California joint exercise of powers authority (the “Authority”).

RECITALS

WHEREAS, the Authority is a joint exercise of powers authority whose members include the Public Entity in addition to other cities and counties in the State of California; and

WHEREAS, the Authority established the Figtree Property Assessed Clean Energy and Job Creation Program (the “Figtree PACE Program”) to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements that are permanently affixed to real property through the levy of assessments voluntarily agreed to by the participating property owners pursuant to Chapter 29 of Division 7 of the Streets and Highways Code (“Chapter 29”) and the issuance of improvement bonds, or other forms of indebtedness, under the Improvement Bond Act of 1915 upon the security of the unpaid assessments; and

WHEREAS, the Authority has conducted or will conduct proceedings required by Chapter 29 with respect to the territory within the boundaries of the Public Entity; and

WHEREAS, the legislative body of the Public Entity adopted or will adopt a resolution authorizing the Public Entity to join the Figtree PACE Program; and

WHEREAS, the Public Entity will not be responsible for the formation, operation and administration of the Figtree PACE Program as well as the sale and issuance of any bonds or other forms of indebtedness in connection therewith, including the conducting of assessment proceedings, the levy and collection of assessments and any remedial action in the case of such assessment payments, and the offer, sale and administration of any bonds issued by the Authority on behalf of the Figtree PACE Program; and

WHEREAS, the Administrator is the administrator of the Figtree PACE Program and agrees to indemnify the Public Entity in connection with the operations of the Figtree PACE Program as set forth herein;

NOW, THEREFORE, in consideration of the above premises and of the Public Entity's agreement to join the Figtree PACE Program, the parties agree as follows:

1. **Indemnification.** Dividend has provided CEDA with an indemnification for negligence or malfeasance of any type as a result of the acts or omissions of Dividend, its officers, employees, subcontractors and agents, arising from or related to the Figtree PACE Program, the assessments, the assessment districts, the improvements or the financing and marketing thereof. Dividend agrees to defend, indemnify and hold harmless the Public Entity, its officers, elected or appointed officials, employees, agents and volunteers from and against any and all actions, suits, proceedings, claims, demands, losses, costs and expenses, including legal costs and attorneys' fees, for injury or damage due to negligence or malfeasance of any type claims as a result of the acts or omissions of Dividend, except for such loss or damage which was caused by the sole negligence or willful misconduct of the Public Entity. This indemnity shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as limitation upon the amount of indemnification to be provided by Dividend.

2. **Amendment/Interpretation of this Agreement.** This Agreement represents the entire understanding of the parties as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. This Agreement shall not be interpreted for or against any party by reason of the fact that such party may have drafted this Agreement or any of its provisions.

3. **Section Headings.** Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

4. **Waiver.** No waiver of any of the provisions of this Agreement shall be binding unless in the form of writing signed by the party against whom enforcement is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

5. **Severability and Governing Law.** If any provision or portion thereof of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California applicable to contracts made and to be performed in California.

6. **Notices.** All notices, demands and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed certified or registered mail and addressed as follows:

If to the Administrator

Dividend Finance, LLC
9930 Scranton Road, Suite 600
San Diego, California 92121
Attn: Senior Vice President, PACE

If to the Public Entity:

7. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, which together shall constitute the same instrument.

8. **Effective Date.** This Agreement will be effective as of the date of the signature of Public Entity's representative as indicated below in the signature block.

IN WITNESS HEREOF, the parties hereto duly executed this Agreement as of the date below.

APPROVED AS TO FORM:

City of Montebello

Montebello Attorney

By _____

Name:

Title:

Date: _____

Dividend Finance LLC., a Delaware limited liability company

By _____

Name: Peter S. Grabell

Title: Senior Vice President

Date: _____

RESOLUTION NO. _____

(CMFA JPA RESOLUTION)

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO APPROVING, AUTHORIZING, AND DIRECTING EXECUTION OF A JOINT EXERCISE OF POWERS AGREEMENT RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY; CONSENTING TO THE INCLUSION OF PROPERTIES WITHIN THE TERRITORY OF THE CITY IN THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY OPEN PACE PROGRAMS; AUTHORIZING THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT CONTRACTUAL ASSESSMENT PROCEEDINGS AND LEVY CONTRACTUAL ASSESSMENTS WITHIN THE TERRITORY OF THE CITY; AND AUTHORIZING RELATED ACTIONS

WHEREAS, the California Municipal Finance Authority (the “Authority”) is a joint exercise of powers authority, the members of which include numerous cities and counties in the State of California (the “Members”), formed pursuant to a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the “CMFA Agreement”) for the purpose of promoting economic, cultural and community development and in order to exercise any powers common to its Members, including the issuance of bonds, notes or other evidences of indebtedness; and

WHEREAS, City of Montebello (the “City”), has determined that it is in the public interest and for the public benefit that the City become a Member of the Authority in order to facilitate the promotion of economic, cultural and community development activities in the City, including the financing of projects therefor by the Authority; and

WHEREAS, there is now before this City Council of the City (the “City Council”) the form of the CMFA JPA Agreement (“CMFA Agreement”) attached hereto and incorporated by reference; and

WHEREAS, the CMFA Agreement has been filed with the City, and the members of the City Council, with the assistance of its staff, have reviewed said document; and

WHEREAS, the Authority is implementing Property Assessed Clean Energy (PACE) programs, which it has designated CMFA Open PACE, consisting of CMFA Open PACE programs each administered by a separate program administrator (collectively with any successors, assigns, replacements or additions, the “Programs”), to allow the financing or refinancing of renewable energy, energy efficiency, water efficiency and seismic strengthening improvements, electric vehicle charging infrastructure and such other improvements, infrastructure or other work as may be authorized by law from time to time (collectively, the “Improvements”) through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code (“Chapter 29”) within counties and cities throughout the State

of California that consent to the inclusion of properties within their respective territories in the Programs and the issuance of bonds from time to time; and

WHEREAS, the program administrators currently active in administering Programs are Energy Efficient Equity, Inc.; BlueFlame PACE Services LLC; OnPACE Energy Solutions, LLC; PACE Equity, LLC; Samas Capital LLC; Structured Finance Associates, LLC; and Twain Community Partners II LLC; and the Authority will notify the City in advance of any additions or changes; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner or owners of each lot or parcel on which an assessment is levied at the time the assessment is levied; and

WHEREAS, the City desires to allow the owners of property (“Participating Property Owners”) within its territory to participate in the Programs and to allow the Authority to conduct assessment proceedings under Chapter 29 within its territory and to issue bonds to finance or refinance Improvements; and

WHEREAS, the territory within which assessments may be levied for the Programs shall include all of the territory within the City’s official boundaries; and

WHEREAS, the Authority will conduct all assessment proceedings under Chapter 29 for the Programs and issue any bonds issued in connection with the Programs; and

WHEREAS, the City will not be responsible for the conduct of any assessment proceedings; the levy of assessments; any required remedial action in the case of delinquencies in such assessment payments; or the costs associated with marketing, issuance, sale, administration repayment or guarantee of any bonds issued in connection with the Programs;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Montebello as follows:

Section 1. This City Council hereby finds and declares that the foregoing recitals are true and correct.

Section 2. The Agreement is hereby approved and the Mayor of the City (“Mayor”), City Manager of the City (“City Manager”), or the designee thereof is hereby authorized and directed to execute said document, and the City Clerk of the City (“City Clerk”) or such clerk’s designee is hereby authorized and directed to attest thereto.

Section 3. This City Council hereby finds and declares that properties in the territory of the City will benefit from the availability of the Programs within the territory of the City and, pursuant thereto, the conduct of special assessment proceedings by the Authority pursuant to Chapter 29 and the issuance of bonds to finance or refinance Improvements.

Section 4. In connection with the Programs, the City hereby consents to the conduct of special assessment proceedings by the Authority pursuant to Chapter 29 on any property within the territory of the City and the issuance of bonds to finance or refinance Improvements; provided, that:

(1) The Participating Property Owners, who shall be the legal owners of such property, execute a contract pursuant to Chapter 29 and comply with other applicable provisions of California law in order to accomplish the valid levy of assessments; and

(2) The City will not be responsible for the conduct of any assessment proceedings; the levy of assessments; any required remedial action in the case of delinquencies in such assessment payments; or the costs associated with marketing, issuance, sale, administration, repayment or guarantee of any bonds issued in connection with the Programs.

(3) The transactions are conducted strictly between CMFA, Program providers, and Participating Owners, and the City will incur no cost(s) or liability associated with any of the Programs.

Section 5. The appropriate officials and staff of the City are hereby authorized and directed to make applications for the Programs available to all property owners who wish to finance or refinance Improvements; provided, that the Authority shall be responsible for providing such applications and related materials at its own expense. The following staff persons, together with any other staff persons chosen by the Mayor or City Manager from time to time, are hereby designated as the contact persons for the Authority in connection with the above mentioned Programs.

Section 6. The appropriate officials and staff of the City are hereby authorized and directed to execute and deliver such certificates, requisitions, agreements and related documents as are reasonably required by the Authority to implement the Programs.

Section 7. The City Council hereby finds that adoption of this Resolution is not a “project” under the California Environmental Quality Act, because the Resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4).

Section 8. The City may withdraw from the Programs or any Program upon six (6) months written notice to the Authority. The City may withdraw its consent and approval for the conduct of special assessment proceedings by any specific program administrator under a Program within the jurisdictional limits of the City upon thirty (30) days written notice to the Authority without (a) liability to the Authority or any affiliated entity, and (b) withdrawing its consent and approval for the conduct of special assessment proceedings by any other program administrators under the other Programs. The City’s withdrawal from any Program shall not affect the validity of any voluntary assessment contract entered into prior to the date of such withdrawal or entered into after the date of such withdrawal so long as the application for such

voluntary assessment contract was submitted to and approved by the Authority prior to the date of the City's notice of withdrawal.

Section 9. This Resolution shall take effect immediately upon its adoption.

The City Clerk is hereby authorized and directed to transmit a certified copy of this resolution to the Financial Advisor of the Authority at: California Municipal Finance Authority, 2111 Palomar Airport Road, Suite 320, Carlsbad, California 92011, Attn: Travis Cooper.

PASSED AND ADOPTED this _____ day of _____, 20__ by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jack Hadjinian, Mayor

APPROVED AT TO FORM

ATTEST

Arnold Alvarez-Glasman,
City Attorney

Irma Barajas, City Clerk

ATTACHMENT A

SIGNATURE PAGE FOR NEW ASSOCIATE MEMBERS

ACKNOWLEDGING RECEIPT OF THE GOLDEN STATE FINANCE AUTHORITY
AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT

CITY OF MONTEBELLO

By: _____

Dated: _____

Title: _____

Attest:

By _____
Irma Barajas, City Clerk

**JOINT EXERCISE OF POWERS AGREEMENT
RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

THIS AGREEMENT, dated as of ~~January 1,~~ 2004, among the parties executing this Agreement (all such parties, except those which have withdrawn as provided herein, are referred to as the “Members” and those parties initially executing this Agreement are referred to as the “Initial Members”):

WITNESSETH

WHEREAS, pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (in effect as of the date hereof and as the same may from time to time be amended or supplemented, the “Joint Exercise of Powers Act”), two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, each of the Members is a “public agency” as that term is defined in Section 6500 of the Joint Exercise of Powers Act; and

WHEREAS, each of the Members is empowered by law to promote economic, cultural and community development, including, without limitation, the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, the increase of the tax base, and the promotion of opportunities for education, cultural improvement and public health, safety and general welfare; and

WHEREAS, each of the Members may accomplish the purposes and objectives described in the preceding preamble by various means, including through making grants, loans or providing other financial assistance to governmental and nonprofit organizations; and

WHEREAS, each Member is also empowered by law to acquire and dispose of real property for a public purpose; and

WHEREAS, the Joint Exercise of Powers Act authorizes the Members to create a joint exercise of powers entity with the authority to exercise any powers common to the Members, as specified in this Agreement and to exercise the additional powers granted to it in the Joint Exercise of Powers Act and any other applicable provisions of the laws of the State of California; and

WHEREAS, a public entity established pursuant to the Joint Exercise of Powers Act is empowered to issue or execute bonds, notes, commercial paper or any other evidences of indebtedness, including leases or installment sale agreements or certificates of participation therein (herein “Bonds”), and to otherwise undertake financing programs under the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California to accomplish its public purposes; and

WHEREAS, the Members have determined to specifically authorize a public entity authorized pursuant to the Joint Exercise of Powers Act to issue Bonds pursuant to the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California; and

WHEREAS, it is the desire of the Members to use a public entity established pursuant to the Joint Exercise of Powers Act to undertake the financing and/or refinancing of projects of any nature, including, but not limited to, capital or working capital projects, insurance, liability or retirement programs or facilitating Members use of existing or new financial instruments and mechanisms; and

WHEREAS, it is further the intention of the Members that the projects undertaken will result in significant public benefits to the inhabitants of the jurisdictions of the Members; and

WHEREAS, by this Agreement, each Member desires to create and establish the “California Municipal Finance Authority” for the purposes set forth herein and to exercise the powers provided herein;

NOW, THEREFORE, the Members, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

Section 1. Purpose.

This Agreement is made pursuant to the provisions of the Joint Exercise of Powers Act. The purpose of this Agreement is to establish a public entity for the joint exercise of powers common to the Members and for the exercise of additional powers given to a joint powers entity under the Joint Powers Act or any other applicable law, including, but not limited to, the issuance of Bonds for any purpose or activity permitted under the Joint Exercise of Powers Act or any other applicable law. Such purpose will be accomplished and said power exercised in the manner hereinafter set forth.

Section 2. Term.

This Agreement shall become effective in accordance with Section 17 as of the date hereof and shall continue in full force and effect until such time as it is terminated in writing by all the Members; provided, however, that this Agreement shall not terminate or be terminated until all Bonds issued or caused to be issued by the Authority (defined below) shall no longer be outstanding under the terms of the indenture, trust agreement or other instrument pursuant to which such Bonds are issued, or unless a successor to the Authority assumes all of the Authority’s debts, liabilities and obligations.

Section 3. Authority.

A. CREATION AND POWERS OF AUTHORITY.

Pursuant to the Joint Exercise of Powers Act, there is hereby created a public entity to be known as the “California Municipal Finance Authority” (the “Authority”), and said Authority shall be a public entity separate and apart from the Members. Its

debts, liabilities and obligations do not constitute debts, liabilities or obligations of any Members.

B. BOARD.

The Authority shall be administered by the Board of Directors (the “Board,” or the “Directors” and each a “Director”) of the California Foundation for Stronger Communities, a nonprofit public benefit corporation organized under the laws of the State of California (the “Foundation”), with each such Director serving in his or her individual capacity as a Director of the Board. The Board shall be the administering agency of this Agreement and, as such, shall be vested with the powers set forth herein, and shall administer this Agreement in accordance with the purposes and functions provided herein. The number of Directors, the appointment of Directors, alternates and successors, their respective terms of office, and all other provisions relating to the qualification and office of the Directors shall be as provided in the Articles and Bylaws of the Foundation, or by resolution of the Board adopted in accordance with the Bylaws of the Foundation.

All references in this Agreement to any Director shall be deemed to refer to and include the applicable alternate Director, if any, when so acting in place of a regularly appointed Director.

Directors may receive reasonable compensation for serving as such, and shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a Director, if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

The Foundation may be removed as administering agent hereunder and replaced at any time by amendment of this Agreement approved as provided in Section 16; provided that a successor administering agent of this Agreement has been appointed and accepted its duties and responsibilities under this Agreement.

C. OFFICERS; DUTIES; OFFICIAL BONDS.

The officers of the Authority shall be the Chair, Vice-Chair, Secretary and Treasurer (defined below). The Board, in its capacity as administering agent of this Agreement, shall elect a Chair, a Vice-Chair, and a Secretary of the Authority from among Directors to serve until such officer is re-elected or a successor to such office is elected by the Board. The Board shall appoint one or more of its officers or employees to serve as treasurer, auditor, and controller of the Authority (the “Treasurer”) pursuant to Section 6505.6 of the Joint Exercise of Powers Act to serve until such officer is re-elected or a successor to such office is elected by the Board.

Subject to the applicable provisions of any resolution, indenture, trust agreement or other instrument or proceeding authorizing or securing Bonds (each such resolution, indenture, trust agreement, instrument and proceeding being herein referred to as an “Indenture”) providing for a trustee or other fiscal agent, and except as may otherwise be

specified by resolution of the Board, the Treasurer is designated as the depository of the Authority to have custody of all money of the Authority, from whatever source derived and shall have the powers, duties and responsibilities specified in Sections 6505, 6505.5 and 6509.5 of the Joint Exercise of Powers Act.

The Treasurer of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond with the Secretary of the Authority in the amount specified by resolution of the Board but in no event less than \$1,000.

The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

The Board shall have the power, by resolution, to the extent permitted by the Joint Exercise of Power Act or any other applicable law, to delegate any of its functions to one or more of the Directors or officers, employees or agents of the Authority and to cause any of said Directors, officers, employees or agents to take any actions and execute any documents or instruments for and in the name and on behalf of the Board or the Authority.

D. MEETINGS OF THE BOARD.

(1) Ralph M. Brown Act.

All meetings of the Board, including, without limitation, regular, adjourned regular, special, and adjourned special meetings shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code of the State of California), or any successor legislation hereinafter enacted (the "Brown Act").

(2) Regular Meetings.

The Board shall provide for its regular meetings; provided, however, it shall hold at least one regular meeting each year. The date, hour and place of the holding of the regular meetings shall be fixed by resolution of the Board. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(3) Special Meetings.

Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(4) Minutes.

The Secretary of the Authority shall cause to be kept minutes of the regular, adjourned regular, special, and adjourned special meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director.

(5) Quorum.

A majority of the Board shall constitute a quorum for the transaction of business. No action may be taken by the Board except upon the affirmative vote of a majority of the Directors constituting a quorum, except that less than a quorum may adjourn a meeting to another time and place.

E. RULES AND REGULATIONS.

The Authority may adopt, from time to time, by resolution of the Board such rules and regulations for the conduct of its meetings and affairs as may be required.

Section 4. Powers.

The Authority shall have the power, in its own name, to exercise the common powers of the Members and to exercise all additional powers given to a joint powers entity under any of the laws of the State of California, including, but not limited to, the Joint Exercise of Powers Act, for any purpose authorized under this Agreement. Such powers shall include the common powers specified in this Agreement and may be exercised in the manner and according to the method provided in this Agreement. The Authority is hereby authorized to do all acts necessary for the exercise of such power, including, but not limited to, any of all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, provide for maintenance and operation of, or maintain and operate, any buildings, works or improvements; to acquire, hold or dispose of property wherever located; to incur debts, liabilities or obligations; to receive gifts, contributions and donations of property, funds, services, and other forms of assistance from person, firms, corporations and any governmental entity; to sue and be sued in its own name; to make grants, loans or provide other financial assistance to governmental and nonprofit organizations (e.g., the Members or the Foundation) to accomplish any of its purposes; and generally to do any and all things necessary or convenient to accomplish its purposes.

Without limiting the generality of the foregoing, the Authority may issue or cause to be issued Bonds, and pledge any property or revenues as security to the extent permitted under the Joint Exercise of Powers Act, or any other applicable provision of law; provided, however, the Authority shall not issue Bonds with respect to any project located in the jurisdiction of one or more Members unless the governing body of any such Member, or its duly authorized representative, shall approve, conditionally or unconditionally, the project, including the issuance of Bonds therefor. Such approval may be evidenced by resolution, certificate, order, report or such other means of written approval of such project as may be selected by the Member (or its authorized representative) whose approval is required. No such approval shall be required in

connection with Bonds that refund Bonds previously issued by the Authority and approved by the governing board of a Member.

The manner in which the Authority shall exercise its powers and perform its duties is and shall be subject to the restrictions upon the manner in which a California general law city could exercise such powers and perform such duties. The manner in which the Authority shall exercise its powers and perform its duties shall not be subject to any restrictions applicable to the manner in which any other public agency could exercise such powers or perform such duties, whether such agency is a party to this Agreement or not.

Section 5. Fiscal Year.

For the purposes of this Agreement, the term “Fiscal Year” shall mean the fiscal year as established from time to time by resolution of the Board, being, at the date of this Agreement, the period from July 1 to and including the following June 30, except for the first Fiscal Year which shall be the period from the date of this Agreement to June 30, 2004.

Section 6. Disposition of Assets.

At the end of the term hereof or upon the earlier termination of this Agreement as set forth in Section 2, after payment of all expenses and liabilities of the Authority, all property of the Authority both real and personal shall automatically vest in the Members in the manner and amount determined by the Board in its sole discretion and shall thereafter remain the sole property of the Members; provided, however, that any surplus money on hand shall be returned in proportion to the contributions made by the Members.

Section 7. Bonds.

From time to time the Authority shall issue Bonds, in one or more series, for the purpose of exercising its powers and raising the funds necessary to carry out its purposes under this Agreement.

The services of bond counsel, financing consultants and other consultants and advisors working on the projects and/or their financing shall be used by the Authority. The expenses of the Board shall be paid from the proceeds of the Bonds or any other unencumbered funds of the Authority available for such purpose.

Section 8. Bonds Only Limited and Special Obligations of Authority.

The Bonds, together with the interest and premium, if any, thereon, shall not be deemed to constitute a debt of any Member or pledge of the faith and credit of the Members or the Authority. The Bonds shall be only special obligations of the Authority, and the Authority shall under no circumstances be obligated to pay the Bonds except from revenues and other funds pledged therefor. Neither the Members nor the Authority shall be obligated to pay the principal of, premium, if any, or interest on the Bonds, or other costs incidental thereto, except from the revenues and funds pledged therefor, and neither the faith and credit nor the taxing power of the Members nor the faith and credit of the Authority shall be pledged to the payment of the

principal of, premium, if any, or interest on the Bonds nor shall the Members or the Authority in any manner be obligated to make any appropriation for such payment.

No covenant or agreement contained in any Bond or related document shall be deemed to be a covenant or agreement of any Director, or any officer, employee or agent of the Authority in his or her individual capacity and neither the Board of the Authority nor any Director or officer thereof executing the Bonds shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of any Bonds.

Section 9. Accounts and Reports.

All funds of the Authority shall be strictly accounted for. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice and by any provision of any Indenture (to the extent such duties are not assigned to a trustee of Bonds). The books and records of the Authority shall be open to inspection at all reasonable times by each Member.

The Treasurer of the Authority shall cause an independent audit to be made of the books of accounts and financial records of the Authority by a certified public accountant or public accountant in compliance with the provisions of Section 6505 of the Joint Exercise of Powers Act. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a certified public accountant or public accountant, a report thereof shall be filed as a public record with each Member and also with the county auditor of each county in which a Member is located; provided, however, that to the extent permitted by law, the Authority may, instead of filing such report with each Member and such county auditor, elect to post such report as a public record electronically on a website designated by the Authority. Such report if made shall be filed within 12 months of the end of the Fiscal Year or Years under examination.

The Treasurer is hereby directed to report in writing on the first day of July, October, January, and April of each year to the Board and the Members which report shall describe the amount of money held by the Treasurer for the Authority, the amount of receipts since the last such report, and the amount paid out since the last such report (which may exclude amounts held by a trustee or other fiduciary in connection with any Bonds to the extent that such trustee or other fiduciary provided regular reports covering such amounts.)

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

In any Fiscal Year the Board may, by resolution adopted by unanimous vote, replace the annual special audit with an audit covering a two-year period.

Section 10. Funds.

Subject to the applicable provisions of any Indenture, which may provide for a trustee or other fiduciary to receive, have custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority funds pursuant to the accounting procedures developed under Sections 3.C and 9, and shall make the disbursements required by this Agreement or otherwise necessary to carry out any of the provisions of purposes of this Agreement.

Section 11. Notices.

Notices and other communications hereunder to the Members shall be sufficient if delivered to the clerk of the governing body of each Member; provided, however, that to the extent permitted by law, the Authority may, provide notices and other communications and postings electronically (including, without limitation, through email or by posting to a website).

Section 12. Additional Members/Withdrawal of Members.

Qualifying public agencies may be added as parties to this Agreement and become Members upon: (1) the filing by such public agency with the Authority of an executed counterpart of this Agreement, together with a copy of the resolution of the governing body of such public agency approving this Agreement and the execution and delivery hereof; and (2) adoption of a resolution of the Board approving the addition of such public agency as a Member. Upon satisfaction of such conditions, the Board shall file such executed counterpart of this Agreement as an amendment hereto, effective upon such filing.

A Member may withdraw from this Agreement upon written notice to the Board; provided, however, that no such withdrawal shall result in the dissolution of the Authority so long as any Bonds remain outstanding. Any such withdrawal shall be effective only upon receipt of the notice of withdrawal by the Board which shall acknowledge receipt of such notice of withdrawal in writing and shall file such notice as an amendment to this Agreement effective upon such filing.

Section 13. Indemnification.

To the full extent permitted by law, the Board may authorize indemnification by the Authority of any person who is or was a Director or an officer, employee or other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a Director or an officer, employee or other agent of the Authority, against expenses, including attorneys fees, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful and, in the case of an action by or in the right of the Authority, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Section 14. Contributions and Advances.

Contributions or advances of public funds and of the use of personnel, equipment or property may be made to the Authority by the Members for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution or advance. Any such advance may be made subject to repayment, and in such case shall be repaid, in the manner agreed upon by the Authority and the Member making such advance at the time of such advance. It is mutually understood and agreed to that no Member has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though any Member may do so. The Members understand and agree that a portion of the funds of the Authority that otherwise may be allocated or distributed to the Members may instead be used to make grants, loans or provide other financial assistance to governmental units and nonprofit organizations (e.g., the Foundation) to accomplish any of the governmental unit's or nonprofit organization's purposes.

Section 15. Immunities.

All of the privileges and immunities from liabilities, exemptions from laws, ordinances and rules, and other benefits which apply to the activity of officers, agents or employees of Members when performing their respective functions within the territorial limits of their respective public agencies, shall apply to the same degree and extent to the Directors, officers, employees, agents or other representatives of the Authority while engaged in the performance of any of their functions or duties under the provisions of this Agreement.

Section 16. Amendments.

Except as provided in Section 12 above, this Agreement shall not be amended, modified, or altered, unless the negative consent of each of the Members is obtained. To obtain the negative consent of each of the Members, the following negative consent procedure shall be followed: (a) the Authority shall provide each Member with a notice at least sixty (60) days prior to the date such proposed amendment is to become effective explaining the nature of such proposed amendment and this negative consent procedure; (b) the Authority shall provide each Member who did not respond a reminder notice with a notice at least thirty (30) days prior to the date such proposed amendment is to become effective; and (c) if no Member objects to the proposed amendment in writing within sixty (60) days after the initial notice, the proposed amendment shall become effective with respect to all Members.

Section 17. Effectiveness.

This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of each of the Members on the date that the Board shall have received from two of the Initial Members an executed counterpart of this Agreement, together with a certified copy of a resolution of the governing body of each such Initial Member approving this Agreement and the execution and delivery hereof.

Section 18. Partial Invalidity.

If any one or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

Section 19. Successors.

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto. Except to the extent expressly provided herein, no Member may assign any right or obligation hereunder without the consent of the other Members.

Section 20. Miscellaneous.

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

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

This Agreement shall be governed under the laws of the State of California.

This Agreement is the complete and exclusive statement of the agreement among the Members, which supercedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between and among the Members relating to the subject matter of this Agreement.

IN WITNESS WHEREOF, the City of Montebello has caused this Agreement to be executed and attested by its duly authorized representatives as of the ____ day of _____, 2019.

Member:

CITY OF MONTEBELLO

By _____

Name:

Title:

ATTEST:

By _____

Name:

Title:

RESOLUTION NO. _____

(AB 811)

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA, CONSENTING TO INCLUSION OF PROPERTIES WITHIN THE CITY'S JURISDICTION IN THE GOLDEN STATE FINANCE AUTHORITY PROGRAM TO FINANCE RENEWABLE ENERGY GENERATION, ENERGY AND WATER EFFICIENCY IMPROVEMENTS AND OTHER AUTHORIZED IMPROVEMENTS

WHEREAS, the Golden State Finance Authority ("Authority") is a joint exercise of powers authority established pursuant to Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (Section 6500 and following) (the "Act") and the Joint Power Agreement entered into on July 1, 1993, as amended from time to time (the "GSFA Authority JPA") attached hereto and incorporated herein by reference; and

WHEREAS, the Authority has amended the Authority JPA to formally change its name from California Home Finance Authority to Golden State Finance Authority (GSFA); and

WHEREAS, Authority has established a property-assessed clean energy ("PACE") Program (the "Authority PACE Program") to provide for the financing of renewable energy generation, energy and water efficiency improvements and electric vehicle charging infrastructure (the "Improvements") pursuant to Chapter 29 of the Improvement Bond Act of 1911, being Division 7 of the California Streets and Highways Code ("Chapter 29") within counties and cities throughout the State of California that elect to participate in such program; and

WHEREAS, City of Montebello (the "City") is committed to development of renewable energy generation and energy and water efficiency improvements, reduction of greenhouse gases, and protection of the environment; and

WHEREAS, in Chapter 29, the Legislature has authorized cities and counties to assist property owners in financing the cost of installing Improvements through a voluntary contractual assessment program; and

WHEREAS, installation of such Improvements by property owners within the jurisdictional boundaries of the counties and cities that are participating in the Authority PACE Program would promote the purposes cited above; and

WHEREAS, the City wishes to provide innovative solutions to its property owners to achieve energy and water efficiency, and in doing so cooperate with Authority in order to efficiently and economically assist property owners within the City in financing such Improvements; and

WHEREAS, Authority has established the Authority PACE Program, which is such a voluntary contractual assessment program, as permitted by the Act, the GSFA Authority JPA, originally made and entered into July 1, 1993, as amended to date, and the City, desires to

participate in the Authority PACE Program, and to assist property owners within the jurisdiction of the City in financing the cost of installing Improvements; and

WHEREAS, through this Resolution, the City agrees to be added as an Associate Member of the Authority pursuant to the GSFA Authority JPA; and

WHEREAS, by and through its Associate Membership in the GSFA Authority JPA, it is understood that the City will not be responsible for the conduct of any assessment proceedings; the levy and collection of assessments or any required remedial action in the case of delinquencies in the payment of any assessments or the issuance, and will not be responsible for the costs associated with marketing, sale or administration of any bonds issued in connection with the Authority PACE Program.

NOW, THEREFORE, BE IT RESOLVED THAT:

Section 1. The City Council of the City ("City Council") hereby finds and declares that the foregoing recitals are true and correct.

Section 2. The GSFA Authority JPA is hereby approved and the Mayor of the City, City Manager of the City, or the designee thereof is hereby authorized and directed to execute said document, and the City Clerk of the City ("City Clerk") or such clerk's designee is hereby authorized and directed to attest thereto.

Section 3. This City Council finds and declares that properties in the City's incorporated area will be benefited by the availability of the Authority PACE Program to finance the installation of the Improvements. Section 4. This City Council consents to inclusion in the Authority PACE Program of all of the properties in the jurisdictional boundaries of the City and to the Improvements, upon the request by and voluntary agreement of owners of such properties, in compliance with the laws, rules and regulations applicable to such program; and to the assumption of jurisdiction thereover by Authority for the purposes thereof.

Section 5. The consent of this City Council constitutes assent to the assumption of jurisdiction by Authority for all purposes of the Authority PACE Program and authorizes Authority, upon satisfaction of the conditions imposed in this resolution, to take each and every step required for or suitable for financing the Improvements, including the levying, collecting and enforcement of the contractual assessments to finance the Improvements and the issuance and enforcement of bonds to represent such contractual assessments.

Section 6. The consent of this City Council is based upon the understanding that the City will not be responsible for the conduct of any assessment proceedings, the levy of assessments, any required remedial action in the case of delinquencies in such assessment payments, or the issuance, the costs associated with marketing, issuance, sale or administration of any Bonds in connection with the Authority PACE program. Section 7. The consent of this City Council is based upon the understanding that the transactions are conducted strictly between Authority, Authority PACE program providers and participating property owners, and the City will incur no costs associated with the Authority PACE program. Section 8. City staff is authorized and directed to coordinate with Authority staff to facilitate operation of the Authority PACE Program within the City, and report back periodically to this City Council on the success of such program.

Section 9. The City Council hereby finds that adoption of this Resolution is not a “project” under the California Environmental Quality Act, because the Resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4).

Section 10. The City may withdraw from the GSFA Authority JPA after a resolution is adopted by the City Council authorizing such withdrawal. Any such withdrawal shall become effective thirty (30) days after the resolution is adopted by the City Council and received by the Authority pursuant to Section 20 of the GSFA Authority JPA. No such withdrawal shall result in the dissolution of the Authority as long as any Bonds or other obligations of the Authority remain outstanding. Section 11. This Resolution shall take effect immediately upon its adoption. The City Clerk is directed to send a certified copy of this resolution to the Secretary of the Authority.

PASSED AND ADOPTED this _____ day of _____ 2019, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jack Hadjinian, Mayor

ATTEST

APPROVED AT TO FORM

Arnold Alvarez-Glasman, City Attorney

Irma Barajas, City Clerk

RESOLUTION NO. _____

(SB 555)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO CONSENTING TO INCLUSION OF PROPERTIES WITHIN THE CITY'S JURISDICTION IN THE GOLDEN STATE FINANCE AUTHORITY COMMUNITY FACILITIES DISTRICT TO FINANCE RENEWABLE ENERGY IMPROVEMENTS, ENERGY EFFICIENCY AND WATER CONSERVATION IMPROVEMENTS AND OTHER AUTHORIZED IMPROVEMENTS AND APPROVING ASSOCIATE MEMBERSHIP IN THE JOINT EXERCISE OF POWERS AUTHORITY RELATED THERETO

WHEREAS, the Golden State Finance Authority is a joint powers authority (the "Authority") established pursuant to Chapter 5 of Division 7, Title 1, of the Government Code of the State of California (Section 6500 and following) and the Joint Powers Agreement entered into on July 1, 1993, as amended to date (the "GSFA Authority JPA") attached hereto and incorporated herein by this reference;; and

WHEREAS, the Authority has amended the GSFA Authority JPA to formally change its name from California Home Finance Authority to Golden State Finance Authority (GSFA); and

WHEREAS, the Authority has established a Community Facilities District, CHFA No. 2014-1 (Clean Energy) (the "Authority CFD Program") in accordance with the Mello-Roos Community Facilities District Act, set forth in section 53311 through 53368.3 of the California Government Code (the "Act") and particularly in accordance with sections 53313.5(1) and 53328.1(a) (the "District"); and

WHEREAS, the purpose of the Authority CFD Program is to finance or refinance (including the payment of interest) the acquisition, installation, and improvement of energy efficiency, water conservation, renewable energy and electric vehicle charging infrastructure improvements permanently affixed to private or publicly-owned real property (the "Authorized Improvements"); and

WHEREAS, the City of Montebello (the "City") is committed to development of renewable energy generation and energy efficiency improvements, reduction of greenhouse gases, and protection of the environment;

WHEREAS, in the Act, the Legislature has authorized a parcel within the territory of the District to annex to the District and be subject to the special tax levy of the District only (i) if the city or county within which the parcel is located has consented, by the adoption of a resolution by the applicable city council or county board of supervisors, to the inclusion of parcels within its boundaries in the District and (ii) with the unanimous written approval of the owner or owners of the parcel when it is annexed (the "Unanimous Approval Agreement"), which, as provided in section 53329.6 of the Act, shall constitute the election required by the California Constitution;

WHEREAS, the City wishes to provide innovative solutions to its property owners to achieve energy efficiency and water conservation and in doing so cooperate with Authority in order to efficiently and economically assist property owners the City in financing such Authorized Improvements;

WHEREAS, the Authority has established the District, as permitted by the Act and the GSFA Authority JPA and the City, desires to become an Associate Member of the GSFA Authority JPA by acknowledgement of the Authority JPA Agreement, to participate in the Authority CFD Program and to

assist property owners within the incorporated area of the City in financing the cost of installing Authorized Improvements;

WHEREAS, by and through its Associate Membership in the GSFA Authority JPA, it is understood that the City will not be responsible for the conduct of any special tax proceedings; the levy and collection of special taxes or any required remedial action in the case of delinquencies in the payment of any special taxes in connection with the District, and will not be responsible for the costs associated with marketing, sale or administration of any bonds issued in connection with the Authority CFD Program.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONTEBELLO AS FOLLOWS:

SECTION 1. That the City Council of the City (“City Council”) finds and declares that properties in the City’s incorporated area will be benefited by the availability of the Authority CFD Program to finance the installation of the Authorized Improvements.

SECTION 2. That the City Council consents to inclusion in the Authority CFD Program of all of the properties in the incorporated area within the City and to the Authorized Improvements, upon the request of and execution of the Unanimous Approval Agreement by the owners of such properties when such properties are annexed, in compliance with the laws, rules and regulations applicable to such program; and to the assumption of jurisdiction thereover by Authority for the purposes thereof.

SECTION 3. The consent of the City Council constitutes assent to the assumption of jurisdiction by Authority for all purposes of the Authority CFD Program and authorizes Authority, upon satisfaction of the conditions imposed in this resolution, to take each and every step required for or suitable for financing the Authorized Improvements.

SECTION 4. The consent of this City Council is based upon the understanding that the City will not be responsible for the conduct of any assessment proceedings, the levy of assessments, any required remedial action in the case of delinquencies in such assessment payments, or the issuance, the costs associated with marketing, issuance, sale or administration of any Bonds in connection with the Authority CFD Program.

SECTION 5. The consent of this City Council is based upon the understanding that the transactions are conducted strictly between Authority, Authority CFD Program providers and participating property owners, and the City will incur no cost(s) associated with the Authority CFD Program.

SECTION 6. The City Council hereby finds that adoption of this Resolution is not a “project” under the California Environmental Quality Act, because the Resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4).

SECTION 7. The City may withdraw from the GSFA Authority JPA after a resolution is adopted by the City Council authorizing such withdrawal. Any such withdrawal shall become effective thirty (30) days after the resolution is adopted by the City Council and received by the Authority pursuant to Section 20 of the GSFA Authority JPA. No such withdrawal shall result in the dissolution of the Authority as long as any Bonds or other obligations of the Authority remain outstanding.

SECTION 8. The City Council hereby approves joining the JPA as an Associate Member and authorizes the execution by appropriate City officials of any necessary documents to effectuate such membership. Attachment “A.”

SECTION 9. City staff is authorized and directed to coordinate with Authority staff to facilitate operation of the Authority CFD Program within the City, and report back periodically to this City Council on the success of such program.

SECTION 10. This Resolution shall take effect immediately upon its adoption. The City Clerk is directed to send a certified copy of this resolution to the Secretary of the Authority.

PASSED AND ADOPTED this _____ day of _____ 2019, by the following vote, to wit:

AYES:

NOES:

ABSENT:

Jack Hadjinian, Mayor

APPROVED AT TO FORM

ATTEST

Arnold Alvarez-Glasman, City Attorney

Irma Barajas, City Clerk

Exhibit A

Amended and Restated JPA Agreement and Acknowledgement of Receipt

SIGNATURE PAGE FOR NEW ASSOCIATE MEMBERS
ACKNOWLEDGING RECEIPT OF GSFA JPA AGREEMENT

NAME OF CITY: MONTEBELLO

Dated: _____

By: _____

Name: _____

Title: _____

Attest: _____

By: City Clerk]

AFTER EXECUTION, PLEASE SEND TO:

Golden State Finance Authority
(formerly California Home Finance Authority)
1215 K Street, Suite 1650
Sacramento, CA 95814

CITY OF MONTEBELLO
CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Paul Talbot, Interim City Manager

BY: Danilo Batson, Assistant City Manager / Director of Public Works

SUBJECT: **Resolution for FY 2019-2020 Levy of Annual Assessments for Landscape Maintenance for the Properties Located Along Natasha Lane**

DATE: April 10, 2019

RECOMMENDATION

It is recommended that the City Council:

- (1) Adopt the attached resolution establishing the City's intention for the FY 2019-2020 levy of annual assessments for landscape maintenance for the properties located along Natasha Lane;
- (2) Order the City Engineer to prepare and file a Preliminary Engineer's Report; and
- (3) Take such additional, related action that may be desirable.

BACKGROUND

Natasha Lane is a twenty-unit housing development located near the intersection of Whittier Boulevard and Bluff road. As part of the development, new landscaping was installed on both sides of Natasha Lane and along the frontage of the property fronting the south side of Whittier Boulevard as well as the rear portion of the property around the cul-de-sac. The City is responsible for the maintenance of the common landscape areas.

The properties benefiting from these improvements were assessed in FY 2018-2019. Continued assessment of the properties benefiting from these improvements is being proposed to offset the cost of maintenance.

The boundary of the assessment district is shown in Exhibit "A" attached to the Resolution.

The attached Resolution establishes the City Council's intention to levy the assessment and orders the preparation of a Preliminary Engineer's Report for the assessment district. The approval of the resolution initiates the assessment proceedings.

ANALYSIS

The attached Resolution establishes the City Council's intention to levy the assessment and order the preparation of a preliminary Engineer's Report for the assessment district. The approval of the Resolution initiates the assessment proceedings.

FISCAL IMPACT

Landscape maintenance costs will be funded with the annual assessments from the assessment district. No general funds are used for this item.

SUMMARY

The City Council will consider approval of a resolution establishing the City's intention to levy an assessment for landscape maintenance installed as part of the Natasha Lane housing development fronting the south side of Whittier Boulevard and order the preparation and filing of a Preliminary Engineer's Report for the assessment district. Continued assessment of the properties benefiting from these improvements is necessary to offset the cost of maintenance and replacement.

ATTACHMENTS

Resolution
Exhibit "A" - Boundary Map

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA, INITIATING PROCEEDINGS FOR THE FISCAL YEAR 2019-2020 LEVY OF ANNUAL ASSESSMENTS FOR LANDSCAPE MAINTENANCE FOR THE PROPERTIES LOCATED ALONG NATASHA LANE AND ORDERING THE CITY ENGINEER TO PREPARE AND FILE A PRELIMINARY ENGINEER'S REPORT.

WHEREAS, the City Council of the City of Montebello proposes to levy the annual assessment for the properties 1 to 20 located along Natasha Lane, for Landscape Maintenance District (hereinafter referred to as the District) pursuant to the provision of Division 15, Part 2, of the Streets and Highways Code of the State of California; and

WHEREAS, the Provisions of Division 15, Part 2, require a written report in accordance with Chapter 3 (commencing with Section 22620).

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

SECTION 1. That the above recital are all true and correct and are hereby incorporated herein.

SECTION 2. The City Engineer is hereby ordered to prepare and file with the City Council a preliminary report relating to the FY 2019-2020 levy of annual assessments for said District in accordance with the provisions of Chapter 3 (commencing with Section 22620) of Part 2 of Division 15 of the Streets and Highways Code of the State of California.

SECTION 3. Upon completion, said report shall be filed with the City Clerk who shall then submit the same to this City Council for its consideration pursuant to Section 22623 of said Streets and Highways Code.

PASSED, APPROVED AND ADOPTED this 10th day of April, 2019

Jack Hadjinian, Mayor

APPROVED AS TO FORM:

ATTEST:

Arnold M. Alvarez-Glasman, City Attorney

Irma Barajas, City Clerk

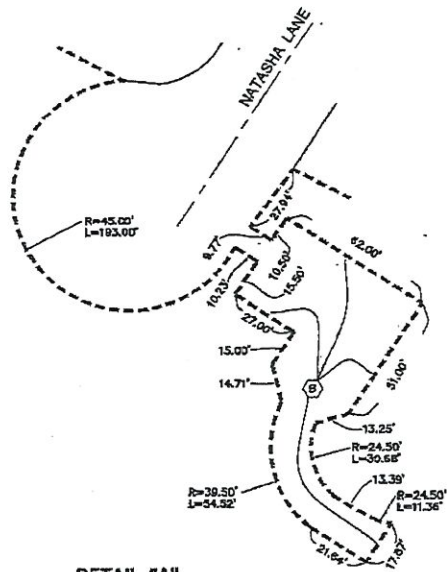
EXHIBIT "A"

LEGEND:

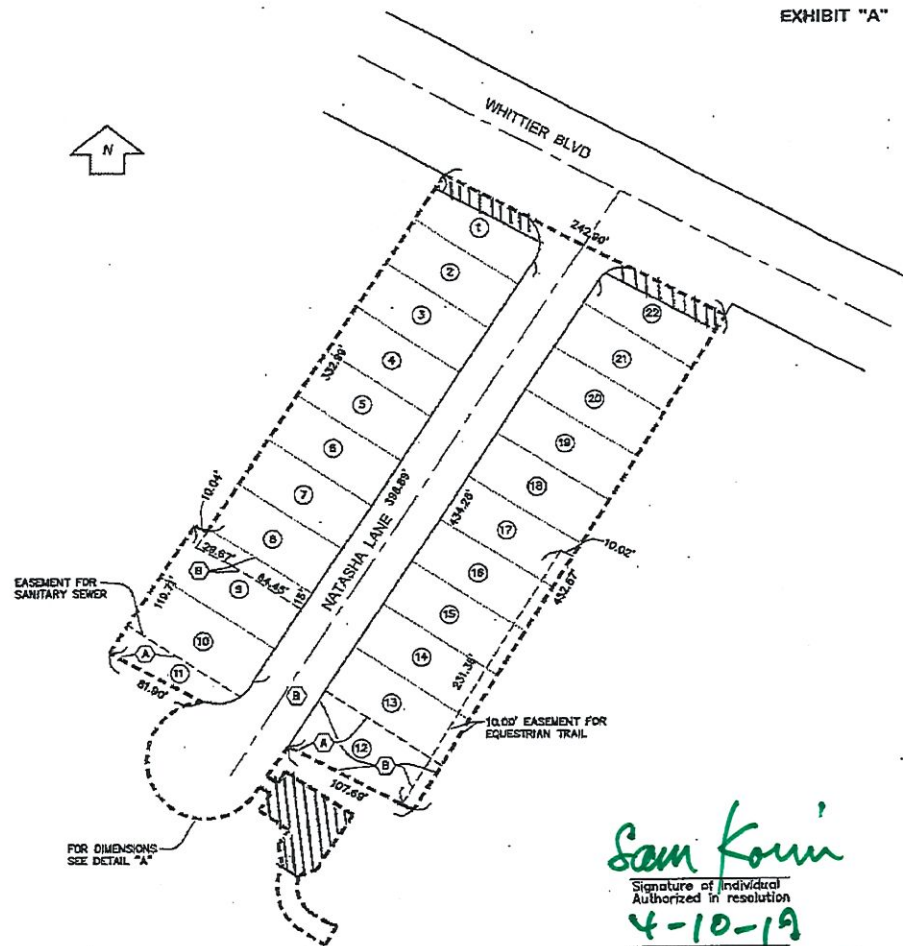
- (A) ALL OF LOTS 11 AND 12 ARE EASEMENT TO THE CITY OF MONTEBELLO FOR SANITARY SEWER PURPOSES.
- (B) EASEMENT TO THE CITY OF MONTEBELLO FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES.

 AREAS OF MAINTENANCE

 LANDSCAPE ASSESSMENT DISTRICT AREA



DETAIL "A"



**NATASHA LANE PROPOSED
LANDSCAPING ASSESSMENT BOUNDARY MAP**

Sam Kouri
Signature of Individual
Authorized in resolution
4-10-19
Date

PLANS PREPARED BY: AAE INCORPORATED
Aerial, Construction, Management & Surveying
2401 S. Tenth Avenue, Suite 250
Montebello, CA 90640
Tel: (310) 261-1111
Fax: (310) 261-1112
www.aaeinc.com

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Paul Talbot, Interim City Manager

BY: Danilo Batson, Assistant City Manager / Director of Public Works

SUBJECT: Resolution for FY 2019-2020 Levy of Annual Assessments to Fund Operation and Maintenance of the Sewer Pump Station and Storm Water Pump Station for the properties located on Natasha Lane

DATE: April 10, 2019

RECOMMENDATION

It is recommended that the City Council:

- (1) Adopt the attached resolution establishing the City's intention for the FY 2019-2020 levy of annual assessments for the operation and maintenance of the sewer and storm drain pump stations servicing the properties located along Natasha Lane;
- (2) Order the City Engineer to prepare and file a Preliminary Engineer's Report; and
- (3) Take such additional, related action that may be desirable.

BACKGROUND

Natasha Lane is a twenty-unit housing development located near the intersection of Whittier Boulevard and Bluff Road. This development was completed in September of 2005. Due to the topography of the site, a sewer pump station and storm drain pump station were installed as a component of the development. The City is responsible for the operation and maintenance of the pump stations.

The properties benefiting from these improvements were assessed in FY 2018-2019. Continued assessment of the properties benefiting from these improvements is being proposed to offset the cost of maintenance. The boundaries of the assessment district are shown in Exhibit "A" attached to the Resolution.

The attached Resolution establishes the City Council's intention to levy the assessment and orders the preparation and filing of a Preliminary Engineer's Report for the assessment district. The approval of the Resolution initiates the assessment proceedings.

ANALYSIS

The attached Resolution establishes the City Council's intention to levy the assessment and orders the preparation of a Preliminary Engineer's Report for the assessment.

FISCAL IMPACT

Sewer Pump Station and Storm Water Pump Station Operation and Maintenance costs will be funded with the annual assessments from the assessment district. No general funds will be used for this project.

SUMMARY

The City Council will consider approval of a resolution establishing the City's intention to levy an assessment of the operation and maintenance of the sewer and storm drain pump stations servicing the twenty-unit housing development on Natasha Lane and order the preparation of an Engineer's Report for the assessment district. The properties benefiting from these improvements were assessed in FY 2018/2019. Continued assessment of the properties benefiting from these improvements is necessary to offset the cost of maintenance.

ATTACHMENT

Resolution
Exhibit "A" - Boundary Map

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA, INITIATING PROCEEDINGS FOR THE FISCAL YEAR 2019-2020 LEVY OF ANNUAL ASSESSMENTS FOR SEWER PUMP STATION AND STORM WATER PUMP STATION OPERATION AND MAINTENANCE FOR THE PROPERTIES LOCATED ALONG NATASHA LANE AND ORDERING THE CITY ENGINEER TO PREPARE AND FILE A PRELIMINARY ENGINEER'S REPORT.

WHEREAS, the City Council of the City of Montebello proposes to levy the annual assessment for properties 1 to 20 located along Natasha Lane, for Sewer Pump Station and Storm Water Pump Station Operation and Maintenance District (hereinafter referred to as the District) pursuant to the provision of Division 15, Part 2, of the Streets and Highways Code of the State of California; and

WHEREAS, The Provisions of Division 15, Part 2, require a written report in accordance with Chapter 3 (commencing with Section 22620).

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

SECTION 1. That the above recital are all true and correct and are hereby incorporated herein.

SECTION 2. The City Engineer is hereby ordered to prepare and file with the City Council a preliminary report relating to the F.Y. 2019-2020 levy of annual assessments for said District in accordance with the provisions of Chapter 3 (commencing with Section 22620) of Part 2 of Division 15 of the Streets and Highways Code of the State of California.

SECTION 3. Upon completion, said report shall be filed with the City Clerk who shall then submit the same to this City Council for its consideration pursuant to Section 22623 of said Streets and Highways Code.

PASSED, APPROVED AND ADOPTED this 10th day of April, 2019

Jack Hadjinian, Mayor

APPROVED AS TO FORM:

ATTEST:

Arnold Alvarez-Glasman, City Attorney

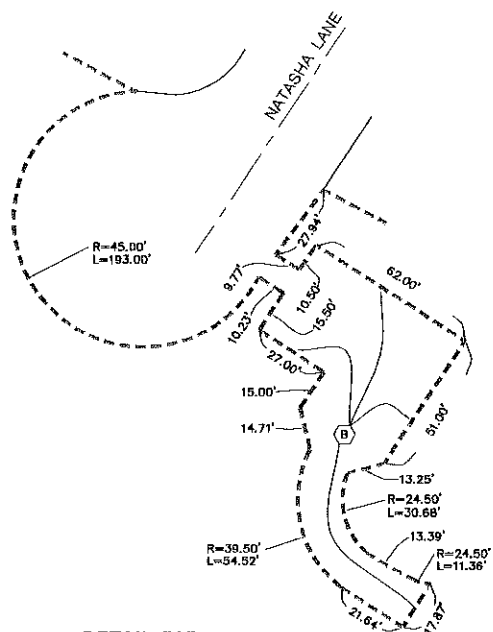
Irma Barajas, City Clerk

EXHIBIT "A"

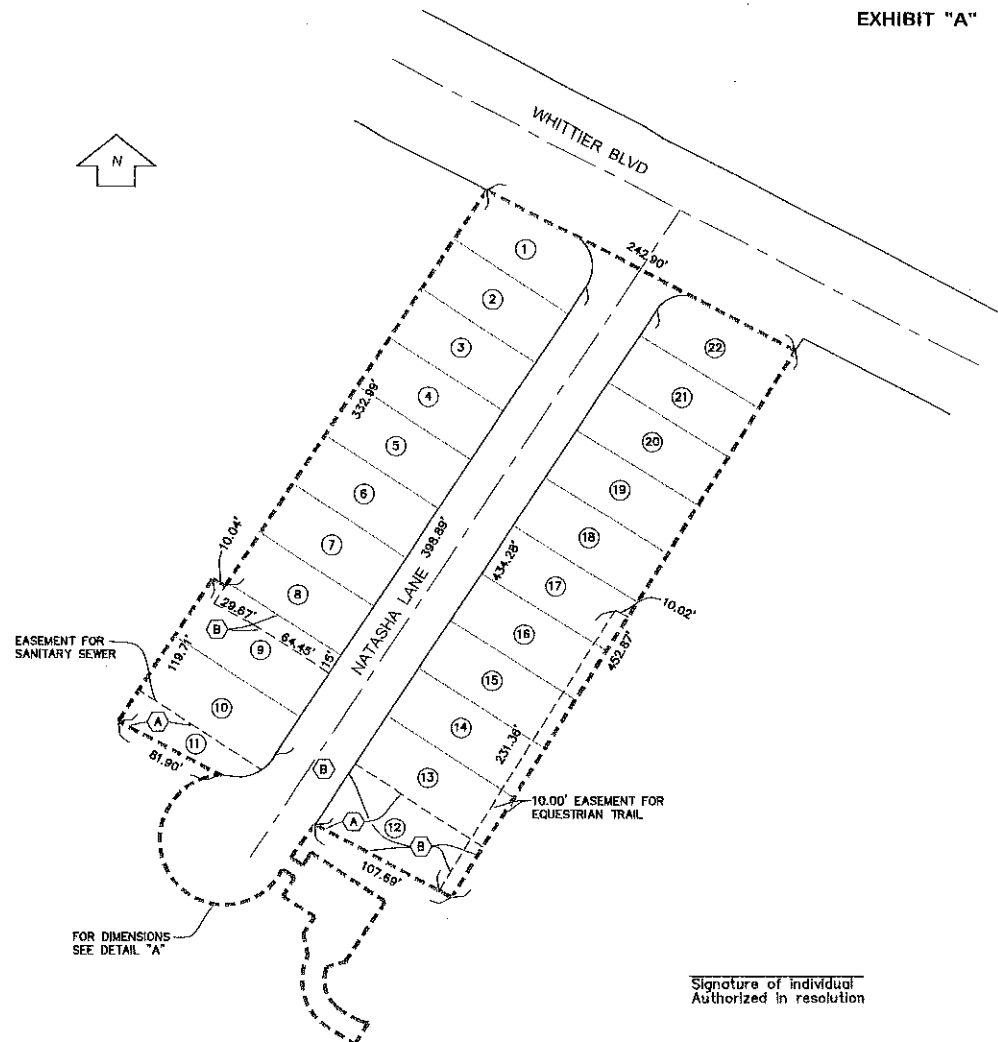
LEGEND:

- (A) ALL OF LOTS 11 AND 12 ARE EASEMENT TO THE CITY OF MONTEBELLO FOR SANITARY SEWER PURPOSES.
- (B) EASEMENT TO THE CITY OF MONTEBELLO FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES.

BOUNDARY OF ASSESSMENT DISTRICT



DETAIL "A"



Signature of individual
Authorized in resolution

Date _____

NATASHA LANE PROPOSED
SEWER AND STORM DRAIN
PUMP STATION ASSESSMENT BOUNDARY MAP



CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Members of the City Council
FROM: Paul Talbot, Interim City Manager
BY: Laurie Aguilar, Administrative Analyst
SUBJECT: State Audit Quarterly Update and Progress Report
DATE: April 10, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1.) Receive and file the quarterly update on the findings identified in the State audit report.
- 2.) Take such additional, related action that may be desirable.

BACKGROUND

On December 11, 2018, the California State Auditor issued its final audit report for the City of Montebello. In response, the City has submitted a Corrective Action Plan which includes specific actions the City will take to address the audit report and a timetable for the implementation of these actions.

A quarterly update has been prepared to demonstrate the progress the City has made according to the Corrective Action Plan that was submitted. This update and its supporting documentation will be submitted to the state on an ongoing basis and will be used to determine whether to retain or remove the City's high risk designation.

SUMMARY

A quarterly update and progress report on the findings identified in the December 2018 State Audit report is being presented to City Council to receive and file. The Interim City Manager Paul Talbot will give an update on the City's progress.

ATTACHMENTS

State Audit Quarterly Update

State Audit Recommendations and Status Update

Recommendation	Assigned To	Due Date	Status	Status Date
<i>Montebello has not addressed its municipal golf course's increasing debt to the City's General Fund.</i>				
To repay the golf fund's debt and reduce the City's structural deficit, Montebello should immediately make a decision on implementing the golf consultant's recommendations. By December 2019, the City should also evaluate the effectiveness of its current plans and consider alternative uses for the golf course property.	Public Works Director and Parks & Rec Director	December 2019	RFP for maintenance specs has been completed. RFP for maintenance contract will be sent out within the next two weeks. RFP for Point of Sale and Online Booking system has been completed and will be presented to Golf Course operator for implementation. Reclaimed Water project at Golf Course has been completed and staff is training for "going live" within next 30 days.	March 2019
<i>Unless Montebello sells its water system or secures alternate financing, necessary improvements could burden the City's general fund in the future.</i>				
To address the long-term needs of its water system, Montebello should, by March 2019, reevaluate selling its water system in light of recent legislation or retain a consultant to assist the City in applying for state loans and identifying other options for funding capital improvements.	Public Works Director	March 2019	RFP for updated purchase price has been sent out to solicit sale of water system.	April 2019
<i>Montebello's retirement costs could burden the City's finances in future years.</i>				
To address higher retirement costs and obligations for retiree health benefits, Montebello should, by June 2019, retain a consultant to help it identify ways to reduce the financial risks that such obligations pose.	Human Resources Director and Interim City Manager	June 2019	Negotiations with all Labor Associations are ongoing. Both SMART-TD and the Fire Fighter Association have agreed to pickup their own PERS and to end retiree healthcare costs (other than PEMCHA minimum) for new hires.	April 2019
To address increasing retirement payments, the City should consider ceasing payment of the employee portion of retirement costs for employees hired before July 2013. It should renegotiate this payment the next time it renews contracts with its employees.	Human Resources Director and Interim City Manager	June 2019	Began negotiations to end the PERS pickup. Also end OPEB for new hires.	April 2019

Recommendation	Assigned To	Due Date	Status	Status Date
<i>Montebello's hotel bonds could impair the City's General Fund.</i>				
To ensure that Montebello does not expose its General Fund to additional financial risk, the City should refrain from taking on additional debt in the form of certificates of participation and lease revenue bonds until the City's financial situation improves.	Finance Director	Ongoing	Financial Analyst hired to review existing debt and refinancing possibilities.	April 2019
<i>The City's mismanagement of hotel revenues has cost Montebello at least \$1.6 million.</i>				
To ensure that the City does not accumulate additional interest expenses, Montebello should pay off the remaining accrued interest for late management fees by the end of 2019, as planned. To avoid paying interest on future hotel management fees and to ensure that all hotel obligations are paid on time, the City should immediately develop a formal process that requires the City to pay all outstanding bills related to the hotels if hotel revenues are available.	Finance Director	December 2019	Past due bills have been paid.	April 2019
<i>Montebello has not ensured that it receives the best value from its agreements with the hotel operator.</i>				
To ensure that the City safeguards its interests in various agreements and to ensure that the hotel operator meets the requirements in those agreements related to hotel and even center operations, beginning in January 2019, the City should begin to routinely review information submitted to the City by the hotel operator. At least annually, City staff should report to the City Council and the public on the efficiency and effectiveness of hotel operations.	Finance Director and Interim City Manager	January 2019	Awarded contract to CBRE Hotels (former PKF) to do a financial cost analysis to two hotels.	March 2019
<i>Montebello should do more to monitor the City Manager's contracting activities.</i>				
Ensure by March 2019 that the municipal code reflects the council's desired limit on the city manager's contracting authority.	Finance Director and City Attorney	March 2019	Updated city codes to reflect revised City Manager's contracting limit of less than \$50,000. City Manager, through an administrative policy, has also established a \$5,000 department level contracting authority.	February 2019

Recommendation	Assigned To	Due Date	Status	Status Date
By March 2019, establish a quarterly limit on the city manager's contracting authority, pursuant to the council's resolution, or modify the resolution to eliminate that provision.	Finance Director and City Attorney	March 2019	Resolution modified to eliminate this provision	February 2019
To ensure that the city council reviews and approves contracts that exceed the city manager's authority, the city should establish a policy by March 2019 that any agreement to pay for services by the unit—such as hourly—should contain a maximum value and receive the appropriate approvals based on that value.	Finance Director and City Attorney	March 2019	Updated procurement process in City Code, to ensure an maximum cap is identified in the contract.	February 2019
To reduce confusion among city staff and facilitate efficient procurement, city staff should bring its proposals for streamlining and updating the city's procurement policies to the city council for review by March 2019.	Finance Director and City Attorney	March 2019	Updated procurement process in City Code and approved by City Council	February 2019
<i>The City did not always follow competitive bidding process and has not adequately ensured that it receives the best value for its services.</i>				
City staff should immediately begin to follow all recommendations in the city's municipal code related to procuring goods and services. Should the city have a valid reason for deviating from these recommendations for a specific procurement, it should document such rationale in its procurement files.	Finance Director and City Attorney	January 2019	Updated procurement process in City Code and approved by City Council	February 2019 and ongoing
The city council should amend its municipal code by March 2019 to require competitive bidding for most procurements and to outline procedures for—and identify circumstances in which—the city may procure professional and special services from a single source.	Finance Director and City Attorney	March 2019	Updated procurement process in City Code and approved by City Council	February 2019 and ongoing

Recommendation	Assigned To	Due Date	Status	Status Date
The city should develop a policy by June 2019 that describes how it will comply with state law regarding future architectural and engineering contracts, including how it will ensure that it awards such contracts pursuant to a fair and competitive process.	Finance Director and City Attorney	June 2019	Updated Procurement process in City Code and approved by City Council. All Engineering services over \$50,000 to be bid out. Contracts under \$50,000 may be awarded to the City's existing Engineering firm, only if the master contract allows it and approved by City Council.	February 2019 and ongoing (all contracts over \$50,000 to be bid and awarded by City Council.)
By March 2019—and annually thereafter—the city should train all staff involved in procurement regarding city procurement requirements as well as state law pertaining to certain public procurements.	Accounting Manager	March 2019	Staff training session completed late 2018, with ongoing training occurring for recent changes to comply with State Audit recommendations	Completed late 2018
The city should establish a policy by March 2019 that requires the city council to review and approve any agreement that binds the city financially in a way that cannot have a maximum value attached—such as the franchise guarantee agreement for the second hotel.	Finance Director and City Attorney	March 2019	Updated Procurement process in City Code and approved by City Council. All future contracts will have a maximum dollar amount threshold established.	February 2019 and ongoing
Montebello has not addressed some of the deficiencies identified by the State Controller.				
To reduce the risk of fraud, waste, and abuse, Montebello should, by December 2019, address all of the State Controller's recommendations regarding its accounting practices, policies, and procedures. Beginning in March 2019, the city manager or a designated staff member should report quarterly to the city council on the progress of addressing the State Controller's recommendations. The report should identify timelines for addressing each recommendation, outline the specific steps taken to respond to the recommendation, and name the staff responsible for any new processes or controls put in place.	City Executive Staff to ensure Controllers recommendations are met. Acting City Manager to present quarterly updates to the City Council and Community	December 2019	This report, updating the City Council and community on progress related to the State Auditors report shall be presented quarterly, until which time the State Auditor has give the City of Montebello a clean report.	April 10, 2019 is the first quarterly report given to the City Council.

Recommendation	Assigned To	Due Date	Status	Status Date
<i>Montebello's poor control over its petty cash and its lack of credit card policies and procedures could lead to fraud.</i>				
To protect against fraud and abuse, by March 2019, Montebello should establish an official petty cash policy that includes reimbursement limits and that prohibits splitting purchases to circumvent the city's established reimbursement limits.	Finance Director	March 2019	New petty cash administrative policy established and distributed to all departments throughout the City. \$100 limit set for each department with reimbursement only upon actual receipts	March 2019
By March 2019, Montebello should establish an official credit card policy that aligns with best practices from the Government Finance Officers Association.	Finance Director	March 2019	New credit card administrative policy established and distributed to all departments throughout the City. Each department now has a \$5,000 limited credit card which must get reconciled with receipts each month.	March 2019
<i>Lack of consistent leadership and competitive salaries have reduced the effectiveness of the City's departments.</i>				
To help ensure that Montebello operates effectively, the city council should, by March 2019, develop and follow through with plans to hire individuals in key leadership positions.	City Council and Interim City Manager	March 2019	Finance Director; HR Director; Community Development Director hired.	February 2019
To ensure consistent executive leadership, the city council should resolve the status of its city manager on leave and, if necessary, begin recruiting for a new, permanent city manager.	City Council, Interim City Manager, and Human Resources Director	January 2019	Former City Manager officially released. Recruitment of new City Manager already commenced with a goal of new City Manager starting early-mid summer 2019	March 2019 and April 2019
To ensure that Montebello can recruit and retain qualified candidates, and to ensure that its salaries are competitive for its current staff, the city should, by December 2019, complete a salary survey and adjust salaries as necessary.	Human Resources Director and Interim City Manager	December 2019	New employee pay scales now include their PERS pickup added, which increases the pay scale between 8-12%.	April 2019 and ongoing in labor negotiations
To determine the correct level and mix of positions in the city, by June 2019, city staff should present a proposal to the city council for studying Montebello's staffing levels.	Human Resources Director	June 2019	City Council to review each department and determine which vacancies should be filled during the '19/'20 budget sessions	May 2019

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor Pro Tem and Members of the City Council
FROM: Paul Talbot, Interim City Manager
BY: David Sosnowski, Director of Recreation & Community Services
SUBJECT: Award Contract for Citywide Landscape Maintenance, RFP 19-14
DATE: April 10, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Award a three year contract to North Star Landscape for an initial year's total amount of \$133,606.74.
- 2) Authorize the Interim City Manager to execute the contract on behalf of the City.
- 3) Take such additional, related action that may be desirable.

BACKGROUND

On January 28, 2019 the City issued Request for Proposals (RFP) No. 19-14 for Citywide Landscape Maintenance. The solicitation was noticed in "The Wave" newspaper, the Greensheet, and Planet Bids (via the City Website).

On February 19, 2019, the City received eleven (11) proposals in response to RFP No. 19-14.

ANALYSIS

The notice inviting proposals was published in "The Wave" Newspaper on January 31st, on the Greensheet from 2/4/19 through 2/8/19 and on PlanetBids and the City Website from January 28th through February 19th. The City received eleven (11) responses to the RFP. The following companies submitted proposals to the RFP.

A staff member review panel evaluated the proposals based on the following scoring criteria:

- | | |
|--|-----|
| 1) Firm's experience with similar projects | 20% |
| 2) Responsiveness to Scope of Work | 15% |
| 3) Reference Checks | 20% |

- | | |
|----------------------|-----|
| 4) Fee/Price | 40% |
| 5) Community Benefit | 5% |

Below are the average panel scores for each firm:

Company	Average Score
North Star Landscape	89.0
ADCO Services	88.0
Nature Care Services	73.6
Azteca Landscape	72.6
Mariposa Landscape	72.0
Stay Green Inc.	69.3
Priority Landscape	69.0
Landscape West	68.0
Brightview Landscape	60.6
Far East Landscape	60.6
Greentech Landscape	n/a

Based on the proposals submitted by each firm, the review panel scores (including proposed fee/price), and references, the firm with the best qualifications and experience that meets the needs of the City is North Star Landscape.

FISCAL IMPACT

The three year contract with North Star Landscape would begin with an initial annual cost of \$133,606.74. The second year of the contract would be \$140,287.08 and the third year would be \$147,301.43. The charges for these services will be split between the Parks, Streets, Transit and Fire Divisions and the Natasha Lane landscaping services account and will not require any further appropriations beyond what is already budgeted for landscape services.

Account Numbers:

100-70-720-6040.20 – Parks Division
 100-30-310-6040.20 – Streets Division
 265-99-330-6040.20 – Natasha Lane
 100-85-850-6040.20 – Fire Department
 600-90-900-6040.20 – Transit Department
 605-99-6040.20 – Water Fund

SUMMARY

On January 28, 2019 the City issued Request for Proposal (RFP) No. 19-14 for City Wide Landscape Maintenance. There were eleven (11) respondents to the RFP. The City Council will consider awarding a contract for Citywide landscape maintenance and authorizing the Interim City Manager to execute the contract on behalf of the City.

ATTACHMENTS

Proof of Publication
Bid Summary
Draft Contract Agreement

CALIFORNIA NEWSPAPER SERVICE BUREAU

DAILY JOURNAL CORPORATION

Mailing Address : 915 E FIRST ST, LOS ANGELES, CA 90012
Telephone (800) 788-7840 / Fax (800) 464-2839
Visit us @ www.LegalAdstore.com

David Sosnowski
CITY OF MONTEBELLO/PLANNING
1600 W BEVERLY BLVD
MONTEBELLO, CA 90640

EWA# 3217376

NOTICE INVITING PROPOSALS/SEALED BIDS FOR VARIOUS LANDSCAPE MAINTENANCE AREAS

BID NO. 19-14

COPY OF NOTICE

PUBLIC NOTICE IS HEREBY GIVEN THAT THE City of Montebello as AGENCY, invites sealed bids for the above stated project and will receive such bids in the office of the City Clerk, 1600 West Beverly Boulevard, Montebello, California 90640 or via the PlanetBids vendor portal found on the City of Montebello's official website up to the hour of 2:00 p.m. on Monday, February 18, 2019.

Copies of the specifications and contract documents are available from the City of Montebello, 1600 West Beverly Boulevard, Montebello, California 90640.

A **non-mandatory pre-proposal meeting** will be held at the City Hall located at 1600 W. Beverly Blvd. at 11:00 a.m. on Tuesday, February 12, 2019. A brief tour of some of the job sites will be available to interested parties.

Any contract entered into pursuant to this notice will incorporate the provisions of the State Labor Code. In accordance with Labor Code Section 1770 et seq., the Project is a "public work". The selected Bidder (Contractor) and any Subcontractors shall pay wages in accordance with the determination of the Director of the Department of Industrial Relations ("DIR") regarding the prevailing rate of per diem wages. Copies of those rates are on file with the DIR, and are available to any interested party upon request. The Contractor shall post a copy of the DIR's determination of the prevailing rate of per diem wages at each job site. This Project is subject to compliance monitoring & enforcement by the DIR.

In accordance with Labor Code Sections 1725.5 and 1771.1, no contractor or subcontractor shall be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, unless currently registered and qualified to perform public work pursuant to Section 1725.5 [with limited exceptions for bid purposes only under Labor Code Section 1771.1(a)]. Contractors shall provide their DIR Contractor Registration Number.

Pursuant to the provisions of Section 1773.2 of the Labor Code of the State of California, the minimum prevailing rate of per diem wages for each craft, classification or type of workman needed to execute the contract shall be those determined by the Director of Industrial Relations of the State of California (DIR).

Attention is directed to the provisions of Section 1777.5 (Chapter 1411, Statutes of 1968) and 1777.5 of the Labor Code concerning the employment of apprentices by the CONTRACTOR or any such subcontractor under him. Affirmative action to ensure against discrimination in employment practices on the basis of race, color, national origin, ancestry, sex, religion or handicap will also be required.

In entering into a public works contract, or a subcontract, to supply goods, services, or materials pursuant to a public works contract, the CONTRACTOR, or subcontractor offers and agrees to assign to the awarding body all rights, title and interest in, and to, all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act

Notice Type: BID NOTICE INVITING BIDS

Ad Description: BID NO. 19-14

To the right is a copy of the notice you sent to us for publication in the MONTEBELLO NEWS. Please read this notice carefully and call us with any corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

01/31/2019

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an invoice.

Publication	\$445.20
Total	\$445.20



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(Chapter 2 commencing with Section 16700 of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services, or materials pursuant to the public works contract or the subcontract. This assignment shall be made and become effective at the time the awarding body tenders final payment to the CONTRACTOR, without further acknowledgement by the parties.

The AGENCY hereby affirmatively ensures that minority business enterprises will be afforded full opportunity to submit bids in response to this notice and will not be discriminated against on the basis of race, color, national origin, ancestry, sex, or religion in any consideration leading to the award of contract.

Bids must be prepared on the approved Proposal forms in conformance with the instructions to Bidders and submitted in a sealed envelope plainly marked on the outside.

The successful Contractor and his subcontractors will be required to possess business licenses from the City.

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

Questions should be directed to David Sosnowski, Director of Recreation & Community Services at (323) 887-4540.

THE DATE OF SOLICITATION: Monday, January 28, 2019
PRE-PROPOSAL MEETING: Tuesday, February 12, 2019 @ 11:00 a.m. – City Hall
SUBMITTAL DUE DATE: Monday, February 18, 2019 @ 2:00 p.m.
BID OPENING: Monday, February 18, 2019 @ 3:00 p.m. at City Council Chambers
AWARD DATE: February 27, 2019 City Council Meeting
1/31/19
EWA-3217376#
MONTEBELLO NEWS

CITY OF MONTEBELLO							
BID SUMMARY							
FY 2018-2019							
RFP 19-14							
		Bidder No. 1	Bidder No. 2	Bidder No. 3	Bidder No. 4	Bidder No. 5	Bidder No. 6
		Northstar Landscape	Priority Landscape	Azteca Landscape	Mariposa Landscape	Adco Services	BrightView
ITEM	BID ITEM	BID	BID	BID	BID	BID	BID
No.		PRICE	PRICE	PRICE	PRICE	PRICE	PRICE
1	Year 1 Annual Contract Price	\$ 133,606.74	\$ 222,000.00	\$ 424,035.00	\$ 221,736.00	\$ 126,780.00	\$ 267,146.16
2	Year 2 Annual Contract Price	\$ 140,287.08	\$ 233,100.00	\$ 436,756.05	\$ 234,816.00	\$ 130,583.40	\$ 275,160.48
3	Year 3 Annual Contract Price	\$ 147,301.43	\$ 244,755.00	\$ 449,858.73	\$ 250,848.00	\$ 134,500.20	\$ 283,415.30
4	Mowing (Hourly Rate)	\$ 55.00	\$ 28.00	\$ 35.00	\$ 150.00	\$ 35.00	\$ 38.00
5	Edging (Hourly Rate)	\$ 55.00	\$ 28.00	\$ 25.00	\$ 70.00	\$ 35.00	\$ 34.00
6	Irrigation Repair (Hourly Rate)	\$ 55.00	\$ 55.00	\$ 55.00	\$ 56+materials	\$ 40.00	\$ 55.00
7	Steam Pressure Washing (Hourly Rate)	\$ 55.00	\$ 75.00	\$ 35.00	\$ 60.00	\$ 60.00	\$ 60.00
8	General Landscape Labor (Hourly Rate)	\$ 55.00	\$ 30.00	\$ 25.00	\$ 50.00	\$ 35.00	\$ 38.00
9	Pesticide/Herbicide Application (Hourly Ra	\$ 55.00	\$ 85.00	\$ 75.00	\$ 65+materials	\$ 40.00	\$ 45.00
10	701 W. Whittier Blvd. (Bi-Weekly)	\$ 145.00	\$ 150.00	\$ 150.00	\$ 330.00	\$ 110.00	\$ 84.56
11	121 S. 7th Street (Bi-Weekly)	\$ 145.00	\$ 175.00	\$ 150.00	\$ 460.00	\$ 110.00	\$ 121.63
12	125 S. 7th Street (Bi-Weekly)	\$ 145.00	\$ 175.00	\$ 150.00	\$ 460.00	\$ 110.00	\$ 121.63
13	112-114 S. 6th Street (Bi-Weekly)	\$ 145.00	\$ 200.00	\$ 100.00	\$ 608.00	\$ 150.00	\$ 169.12
14	121 S. 6th Street (Bi-Weekly)	\$ 145.00	\$ 150.00	\$ 100.00	\$ 330.00	\$ 150.00	\$ 84.56
15	124 S. 6th Street (Bi-Weekly)	\$ 145.00	\$ 150.00	\$ 100.00	\$ 330.00	\$ 150.00	\$ 84.56
16	132 S. 6th Street (Bi-Weekly)	\$ 145.00	\$ 175.00	\$ 100.00	\$ 460.00	\$ 110.00	\$ 84.56

CITY OF MONTEBELLO							
BID SUMMARY							
FY 2018-2019							
RFP 19-14							
		Bidder No. 7	Bidder No. 8	Bidder No. 9	Bidder No. 10	Bidder No. 11	Bidder No.
		Landscape West	Far East Landscape	Stay Green Inc.	Nature Care Services	Greentech Landscape	
ITEM	BID ITEM	BID	BID	BID	BID	BID	BID
No.		PRICE	PRICE	PRICE	PRICE	PRICE	PRICE
1	Year 1 Annual Contract Price	\$ 214,141.00	\$ 226,010.00	\$ 169,680.00	\$ 303,378.12		
2	Year 2 Annual Contract Price	\$ 218,407.00	\$ 226,010.00	\$ 176,467.20	\$ 330,682.15		
3	Year 3 Annual Contract Price	\$ 226,051.00	\$ 226,010.00	\$ 183,525.13	\$ 360,443.54		
4	Mowing (Hourly Rate)	\$ 32.00	\$ 49.00	\$ 27.50	\$ 33.00		
5	Edging (Hourly Rate)	\$ 30.00	\$ 49.00	\$ 27.50	\$ 30.00		
6	Irrigation Repair (Hourly Rate)	\$ 45.00	\$ 69.00	\$ 55.00	\$ 55.00		
7	Steam Pressure Washing (Hourly Rate)	\$ 30.00	\$ 50.00	\$ 55.00	\$ 50.00		
8	General Landscape Labor (Hourly Rate)	\$ 30.00	\$ 49.00	\$ 35.00	\$ 30.00		
9	Pesticide/Herbicide Application (Hourly Ra	\$ 40.00	\$ 69.00	\$ 35.00	\$ 60.00		
10	701 W. Whittier Blvd. (Bi-Weekly)	\$ 115.00	\$ 3,600.00	\$ 50.00	\$ 127.30		
11	121 S. 7th Street (Bi-Weekly)	\$ 115.00	\$ 2,400.00	\$ 50.00	\$ 127.30		
12	125 S. 7th Street (Bi-Weekly)	\$ 115.00	\$ 2,400.00	\$ 50.00	\$ 254.60		
13	112-114 S. 6th Street (Bi-Weekly)	\$ 115.00	\$ 3,600.00	\$ 100.00	\$ 254.60		
14	121 S. 6th Street (Bi-Weekly)	\$ 115.00	\$ 3,600.00	\$ 50.00	\$ 254.60		
15	124 S. 6th Street (Bi-Weekly)	\$ 115.00	\$ 3,600.00	\$ 50.00	\$ 127.30		
16	132 S. 6th Street (Bi-Weekly)	\$ 190.00	\$ 1,200.00	\$ 50.00	\$ 277.52		

CITY OF MONTEBELLO
PROFESSIONAL SERVICES AGREEMENT NO. _____
BY AND BETWEEN
CITY OF MONTEBELLO
AND
NORTH STAR LANDSCAPE

THIS AGREEMENT ("Agreement") is made and entered into on April 1, 2019, by the CITY OF MONTEBELLO, a municipal corporation (hereinafter referred to as "CITY") and North Star Landscape. (hereinafter referred to as "CONTRACTOR"). CITY and CONTRACTOR are sometimes referred to herein individual as the "Party," and jointly as the "Parties."

RECITALS

WHEREAS, the CITY desires to retain a qualified professional contractor to provide Landscape Maintenance and Services at various city-owned properties in the CITY; and

WHEREAS, the CONTRACTOR represents that it is fully qualified to perform such 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:

SECTION 1. SERVICES / COMPENSATION.

A. All terms, conditions, requirements, and provisions of the Request for Proposals for Citywide Landscape Maintenance (January 28, 2019) ("Request for Proposals"), as such is set forth fully in **Exhibit "A"** hereto, are hereby incorporated fully herein by this reference and shall be binding on the Parties. To the extent of a conflict between the terms of this Agreement and that set forth in any exhibits or attachments hereto, the terms of this Agreement shall govern.

B. CONTRACTOR shall provide to CITY all labor, equipment, materials and incidental necessary for providing the landscape maintenance services as set forth fully in the Request for Proposals, as such is set forth fully in **Exhibit "A"** hereto and incorporated fully herein by this reference (hereinafter "Professional Services").

C. CONTRACTOR shall be compensated for performance of the Professional Services as set forth in the Schedule of Compensation attached hereto as **Exhibit "B"** and incorporated fully herein by this reference ("Compensation"). CONTRACTOR shall provide an itemized billing statement to the CITY each month for Professional Services performed. CONTRACTOR shall not incur fees or costs which exceed the Compensation without the prior written consent of the CITY.

SECTION 2. TERM.

This Agreement shall commence upon issuance of the Notice to Proceed by the City ("Effective Date"), and shall expire three (3) years from the Effective Date, unless terminated

earlier as hereinafter provided. This Agreement may be extended for up to two (2) additional years upon such terms and conditions mutually agreed upon by the Parties in writing.

SECTION 3. PERFORMANCE.

a. CONTRACTOR shall at all times, faithfully, competently, and to the best of its ability, experience and talent, perform all tasks described herein.

b. CONTRACTOR shall employ, at a minimum, generally accepted standards and practices utilized by companies engaged in providing similar services, as are required of Contractor hereunder, in meeting its obligations under this Agreement.

c. CONTRACTOR shall be knowledgeable of and subject to all CITY ordinances, rules and regulations, standard operating procedures, and the supervisory chain of command.

d. CONTRACTOR shall have the right to retain, subject to CITY's approval, additional individuals, consultants or subcontractors to assist in the completion of services as herein defined. Compensation for additional individuals, consultants or subcontractors shall be the sole and exclusive responsibility of CONTRACTOR.

e. CONTRACTOR shall retain all original reports, field and office notes, correspondence, calculations, maps, and other documents specifically related to the services provided by CONTRACTOR pursuant to this Agreement, other than documents which are exempt from disclosure pursuant to the attorney-client privilege or any other law. Said documents shall be made available for inspection by the CITY upon request.

SECTION 4. WORK PRODUCT.

a. CONTRACTOR hereby agrees that all work product produced pursuant to this Agreement, and provided to CITY during and upon completion of this Agreement, shall be the property of the CITY, and ownership of said work product shall be retained by the CITY. CONTRACTOR may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by CONTRACTOR.

b. All data, documents, discussion, or other information developed or received by CONTRACTOR or provided for performance of this Agreement are deemed confidential and shall not be disclosed by CONTRACTOR without prior written consent by the CITY. The CITY shall grant such consent if disclosure is legally required. All such written products shall be returned to the CITY upon the termination or expiration of this Agreement. CONTRACTOR agrees that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

SECTION 5. EXTRA SERVICES.

No extra services over and above the Compensation shall be rendered by CONTRACTOR under this Agreement unless such extra services first shall have been duly authorized in writing by the City Manager or his/her designee.

SECTION 6. CITY SUPERVISION.

The City Manager shall have the right of general supervision of all work performed by

CONTRACTOR and shall be the CITY agent with respect to obtaining CONTRACTOR's compliance hereunder. No payment for services rendered under this Agreement shall be made without the prior approval of the City Manager.

SECTION 7. TERMINATION.

In the event that either Party hereto fails or refuses to perform any of the provisions of this Agreement at the time and in the manner required, the non-defaulting party shall give the defaulting party written notice of the default, the nature of the default, and of the steps necessary to cure the default.

a. Termination for Cause. In the event that any of the provisions of the Agreement are violated by either party, the non-defaulting Party may terminate the Agreement by serving written notice upon the other Party, listing the violation(s) and its intent to terminate such Agreement unless within ten (10) days after the serving of such notice, such violation shall cease or be rectified, the contract shall upon the expiration of an additional thirty (30) days cease and terminate. Violations by Contractor which cannot be corrected within ten (10) days, said contract shall at the option of the City cease and terminate upon the giving of like notice. In the event of any such termination for default by Contractor, the City may take over the work and prosecute the same to completion by contract or otherwise for the account and at the expense of the Contractor. The Contractor and his sureties shall be liable to the City for any excess cost occasioned in the event of any such termination. This change shall not be construed to prevent the termination, for other causes authorized by law or other provisions of this contract. In the event of a termination for cause, CONTRACTOR shall only be entitled to the Compensation for those Professional Services satisfactory performed on or before the effective date of termination.

b. Termination For Convenience. The CITY shall have the option, at its sole discretion and without cause, to terminate this Agreement in whole, or in part, by giving ten (30) business days' written notice to CONTRACTOR. Upon the termination of this Agreement as provided herein, the CITY shall provide to CONTRACTOR the part of Compensation which would otherwise be payable to CONTRACTOR for services CONTRACTOR had completed as of the date of termination, less the amount of all previous payment with respect to the Compensation. Further, upon such a termination for convenience by CITY, the Parties agree that CONTRACTOR shall be reimbursed for any "non-refundable" costs that CONTRACTOR has incurred for its services under this Agreement, provided that: (1) such "non-refundable" costs were incurred by the CONTRACTOR prior to the date of termination, and (2) that CONTRACTOR provides the CITY with adequate proof that CONTRACTOR incurred the costs, and is unable to seek a refund for such costs. Such "non-refundable" costs may include, but are not limited to, travel reservations incurred by CONTRACTOR for its performance of services under this Agreement. CONTRACTOR agrees to cease all work under this Agreement on or before the effective date of any notice of termination.

SECTION 8. EMPLOYMENT OF CITY EMPLOYEES.

No regular employee of the CITY shall be employed by CONTRACTOR during the term of this Agreement.

SECTION 9. NON-LIABILITY OF CITY OFFICIALS AND EMPLOYEES.

No official or employee of the CITY shall be personally liable to CONTRACTOR in the event of

any default or breach by CITY, or for any amount which may become due to CONTRACTOR.

SECTION 10. INDEPENDENT CONTRACTOR.

a. The CONTRACTOR is and shall, at all times, remain as to the CITY a wholly independent contractor. Neither the CITY nor any of its elected officials, officers, employees or agents shall have control over the conduct of the CONTRACTOR except as expressly set forth in this Agreement. The CONTRACTOR shall not at any time or in any manner represent that he is in any manner an elected official, officer, employee or agent of the CITY. No employee benefits shall be available to CONTRACTOR in connection with the performance of this Agreement. Except as provided in this Agreement, CITY shall not pay salary, wages, or other compensation to CONTRACTOR for performance hereunder for CITY, CITY shall not be liable for compensation to CONTRACTOR, CONTRACTOR's employees or CONTRACTOR'S subcontractors for injury or sickness arising out of performing services hereunder.

b. The parties further acknowledge and agree that nothing in this Agreement shall create or be construed to create a partnership, joint venture, employment relationship or any other relationship except as set forth in this Agreement.

c. CITY shall not deduct from the Compensation paid to CONTRACTOR any sums required for Social Security, withholding taxes, FICA, state disability insurance or any other federal, state or local tax or charge which may or may not be in effect or hereinafter enacted or required as a charge or withholding on the compensation paid to CONTRACTOR. CITY shall have no responsibility to provide CONTRACTOR, its employees or subcontractors with workers' compensation insurance or any other insurance.

SECTION 11. PERS ELIGIBILITY INDEMNITY.

a. In the event that CONTRACTOR or any employee, agent, or subcontractor of CONTRACTOR 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, CONTRACTOR shall indemnify, defend, and hold harmless CITY for the payment of any employee and/or employer contributions for PERS benefits on behalf of CONTRACTOR or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of CITY.

b. Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, CONTRACTOR and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by CITY, including but not limited to eligibility to enroll in PERS as an employee of CITY and entitlement to any contribution to be paid by CITY for employer contribution and/or employee contributions for PERS benefits.

SECTION 12. LEGAL RESPONSIBILITIES.

CONTRACTOR shall at all times observe and comply with all applicable laws, ordinances, codes and regulations of the federal, state and local governments including, but not limited to the

Montebello Municipal Code. The CITY, and its appointed or elected officers, employees, or agents, shall not be liable at law or in equity occasioned by failure of the CONTRACTOR to comply with this section.

SECTION 13. INDEMNIFICATION.

The CONTRACTOR agrees to, and shall defend, indemnify, protect and hold harmless, the CITY, its elected and appointed boards, officers, officials, employees, agents and volunteers from and against any and all claims, demands, lawsuits, defense costs, civil, penalties, expenses, causes of action, and judgments at law or in equity, or liability of any kind or nature which the CITY, its elected and appointed boards, officers, officials, employees, agents and volunteers may sustain or incur or which may be imposed upon them for injuries or deaths of persons, or damage to property arising out of CONTRACTOR'S negligent or wrongful act, or omission under the terms of this Agreement, except only liability arising out of the sole negligence of the CITY.

SECTION 14. INSURANCE COVERAGE.

During the term of this Agreement, CONTRACTOR shall carry, maintain, and keep in full force and effect insurance against claims for death or injuries to persons or damages to property that may arise from or in connection with CONTRACTOR'S performance of this Agreement. Such insurance shall be of the types and in the amounts as set forth below:

- **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis for bodily injury and property damage, including products-completed operations, personal injury and advertising injury, with limits no less than \$2,000,000 per occurrence. If a general aggregate limit applies, the limit shall be twice the required occurrence limit.
- **Automobile Liability Insurance:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if CONTRACTOR has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage.
- **Worker's Compensation** insurance as required by the laws of the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
- **Professional Liability** insurance appropriate to the CONTRACTOR'S profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

If the CONTRACTOR maintains higher limits than the minimums shown above, the CITY requires and shall be entitled to coverage for the higher limits maintained by the CONTRACTOR.

CONTRACTOR shall require each of its subcontractors, if any, to maintain insurance coverage that meets all of the requirements of this Agreement.

The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a current rating of at least A:VII in the latest edition of Best's Insurance Guide.

Each insurance policy required above shall state that coverage shall not be canceled, except after thirty (30) days' prior written notice (ten (10) days for non-payment) has been given to the City. CONTRACTOR agrees that if it does not keep the aforesaid insurance in full force and effect CITY may either (i) immediately terminate this Agreement for Cause; or (ii) take out the necessary insurance and pay, at CONTRACTOR'S expense, the premium thereon.

At all times during the term of this Agreement, CONTRACTOR shall maintain on file with CITY's Risk Manager a certificate or certificates of insurance showing that the aforesaid policies are in effect in the required amounts and naming the CITY as an additional insured. CONTRACTOR shall, prior to commencement of work under this Agreement, file with CITY's Risk Manager such certificate(s).

CONTRACTOR shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished at least two weeks prior to the expiration of the coverages.

The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming CITY, its officers, employees, agents and volunteers as additional insureds. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty days' prior written notice to CITY. CONTRACTOR agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions.

The insurance provided by CONTRACTOR shall be primary to any coverage available to CITY. Any insurance or self-insurance maintained by CITY, its officers, employees, agents or volunteers, shall be in excess of CONTRACTOR'S insurance and shall not contribute with it.

All insurance coverage provided pursuant to this Agreement shall not prohibit CONTRACTOR, and CONTRACTOR'S employees, agents or subcontractors, from waiving the right of subrogation prior to a loss. CONTRACTOR hereby waives all rights of subrogation against the CITY.

Any deductibles or self-insured retentions must be declared to and approved by the CITY. At the option of CITY, CONTRACTOR shall either reduce or eliminate the deductibles or self-insured retentions with respect to CITY, or CONTRACTOR shall procure a bond guaranteeing payment of losses and expenses.

Procurement of insurance by CONTRACTOR shall not be construed as a limitation of CONTRACTOR'S liability or as fall performance of CONTRACTOR'S duties to indemnify, hold harmless and defend under Section 9 of this Agreement.

SECTION 15. SUBCONTRACT, ASSIGNMENT OR DELEGATION.

CONTRACTOR shall not subcontract, delegate or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of CITY. Any proposed subcontract, delegation, or assignment shall provide a description of the services to be covered, identification

of the proposed sub-contractor, delegee, or assignee, and an explanation of why and how the same was selected, including the degree of competition involved.

Any subcontract, delegation or assignment shall be made in the name of CONTRACTOR and shall not bind or purport to bind CITY and shall not release CONTRACTOR from any obligations under this Agreement including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegees or sub-contractors. No such subcontract, delegation or assignment shall result in any increase in the amount of total compensation payable to CONTRACTOR under the Agreement.

SECTION 16. NO WAIVER.

Waiver by any party hereto of any term, condition or covenant of this Agreement shall not constitute the waiver of any other term, condition or covenant hereof.

SECTION 17. DISPUTE RESOLUTION; GOVERNING LAW.

Disputes regarding the interpretation or application of any provision(s) of this Agreement shall, to the extent reasonably feasible, be resolved through good faith negotiations between the Parties. If any action at law or in equity is brought to enforce this Agreement or because of alleged dispute, breach, default or misrepresentation in connection with the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorney's fees, expert fees, costs and necessary disbursements incurred in that action or proceeding, in addition to such other relief as may be sought and awarded. The venue for any litigation shall be County of Los Angeles, California. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

SECTION 18. ATTORNEY'S FEES AND COSTS.

If litigation is reasonably required to enforce or interpret the provisions of this Agreement, the prevailing party in such litigation shall be entitled to an award of reasonable attorney's fees and costs in addition to any other relief to which it may be entitled.

SECTION 19. WARRANTIES.

Each of the parties represents and warrants to one another as follows:

- a. It has received independent legal advice from its attorneys with respect to the advisability of entering into and executing this Agreement;
- b. In executing this Agreement, it has carefully read this Agreement, knows the contents thereof, and has relied solely on the statements expressly set forth herein and has placed no reliance whatsoever on any statement, representation, or promise of any other party, or any other person or entity, not expressly set forth herein, nor upon the failure of any other party or any other person or entity to make any statement, representation or disclosure of any matter whatsoever; and
- c. It is agreed that each party has the full right and authority to enter into this Agreement, and that the person executing this Agreement on behalf of either party has the full right and authority to fully commit and bind such party to the provisions of this Agreement.

SECTION 20. MISCELLANEOUS.

- a. The descriptive paragraph headings of this Agreement are included for purposes of convenience only and shall not control or affect the construction of interpretation of any of its provisions.
- b. Whenever the context hereof shall so require, the singular shall include the plural, the male gender shall include the female gender, and the neuter and vice versa.
- c. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions had never been contained herein.
- d. The representations and warranties made by the parties to this Agreement shall survive the consummation of the transaction herein described.
- e. This Agreement may be signed in any one or more counterparts all of which taken together shall be but one and the same Agreement. Any signed copy of this Agreement or of any other document or agreement referred to herein, or copy or counterpart thereof, delivered by facsimile transmission, shall for all purposes be treated as if it were delivered containing an original manual signature of the party whose signature appears in the facsimile and shall be binding upon such party in the same manner as though an originally signed copy had been delivered.
- f. Each of the parties acknowledges that it has been represented by independent counsel of its own choosing, or if it has not been so represented, it has been admonished to obtain independent counsel and has freely and voluntarily waived and relinquished the right to counsel. Each party who has not obtained independent counsel acknowledges that the failure to have independent legal counsel will not excuse such party's failure to perform under this Agreement or any agreement referred to in this Agreement.

SECTION 21. NOTICE.

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States mail, postage prepaid, registered or certified, addressed as hereinafter provided. All notices, demands, requests, or approvals hereunder shall be given to the following addresses or such other addresses as the Parties may designate by written notice:

Danilo Batson, Assistant City Manager / Director of Public Works
Public Works Department
City of Montebello
1600 West Beverly Boulevard
Montebello, California 90640
E-mail: dbatson@cityofmontebello.com

SECTION 22. NON-DISCRIMINATION AND EQUAL OPPORTUNITY EMPLOYER.

In the performance of this Agreement, CONTRACTOR shall not discriminate against any employee, sub-contractor, or applicant for employment because of race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, mental condition or sexual orientation. CONTRACTOR will take affirmative action to ensure that sub-contractor and applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

SECTION 23. CONFLICT OF INTEREST.

CONTRACTOR covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which may be affected by the services to be performed by CONTRACTOR under this Agreement, or which would conflict in any manner with the performance of its services hereunder. CONTRACTOR further covenants that, in performance of this Agreement, no person having any such interest shall be employed by it. Furthermore, CONTRACTOR shall avoid the appearance of having any interest that would conflict in any manner with the performance of its services pursuant to this Agreement.

CONTRACTOR covenants not to give or receive any compensation, monetary or otherwise, to or from the ultimate vendor(s) of services to CITY as a result of the performance of this Agreement, or the services that may be procured by the CITY as a result of the recommendations made by CONTRACTOR. CONTRACTOR's covenant under this section shall survive the termination of this Agreement.

SECTION 24. ENTIRE AGREEMENT.

This Agreement contains the entire understanding between the CITY and CONTRACTOR. Any prior agreements, promises, negotiations or representations not expressly set forth herein are of no force or effect. Subsequent modifications to this Agreement shall be effective only if in writing and signed by each party. If any term, condition or covenant of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall be valid and binding.

CITY OF MONTEBELLO

CONTRACTOR

Paul Talbot
Interim City Manager

Name
Title of Representative

Dated: _____

Dated: _____

ATTEST:

Irma Barajas

City Clerk

APPROVED AS TO FORM:

Arnold Alvarez-Glasman
City Attorney

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor Pro Tem and Members of the City Council

FROM: Paul Talbot, Interim City Manager

BY: David Sosnowski, Director of Recreation & Community Services

SUBJECT: **Certification of Short Lists and Approval of Budget Appropriation for Grant Writing and Architectural Services**

DATE: April 10, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Certify a short list of the following qualified grant writing firms: Global Urban Strategies, Evans Brooks Associates and Townsend Public Affairs.
- 2) Certify a short list of the following qualified architectural firms: Nuvis Landscape Architecture, Hirsch & Associates and Richard Fisher Associates
- 3) Authorize the Interim City Manager to execute contracts as needed with each of the short-listed firms as needed, not to exceed \$50,000 for any one contract.
- 4) Authorize a budget appropriation of \$100,000 from the General Fund Reserve to the Recreation Administration's Outside Contracts Account for Grant Writing and Architectural needs.
- 5) Take such additional, related action that may be desirable.

BACKGROUND

On November 14, 2018, the City Council authorized the Department of Recreation & Community Services to pursue several grant opportunities that are forthcoming and issue a solicitation for Qualifications and Costs for Grant Writing and Architectural Design services for those grants.

It is estimated that a total of up to \$100,000 may be needed to successfully submit competitive grants for the upcoming Prop 68 and Measure A Grant cycles.

On January 29, 2019, the City issued a Request for Qualifications 19-26 (RFQ 19-26) for Grant Writing Services. RFQ 19-26 was advertised in The Wave Newspaper, Planet Bids and the City website. On February 19th, the City received six (6) responses to RFQ 19-26.

On January 30, 2019 the City issued Request for Qualifications 19-27 (RFQ 19-27) for as-needed Architectural services. RFQ 19-27 was advertised in the Wave Newspaper, Planet Bids and the City Website. On February 19th, the City received eleven (11) responses to RFQ 19-27.

ANALYSIS

RFQ 19-26 for Grant Writing Services

On February 19th, the City received six (6) proposals in response to RFQ 19-26 from the following firms:

Company Name

Global Urban Strategies, Inc.

Evan Brooks Associates

Townsend Public Affairs

Avant Garde

California Consulting

KTUA

A staff member review panel evaluated the proposals based on each of the firm's prior experience and qualifications in grant writing for park infrastructure, development and general improvement grants as well as their proposed costs for grant writing services. Based off of their qualifications and costs, staff are recommending that Global Urban Strategies, Evans Brooks Associates and Townsend Public Affairs be certified for the grant writing short list.

RFQ 19-27 for On-Call Architectural Services

On February 19th, the City received nine (9) responses to RFQ 19-27 from the following firms:

Company Name

Nuvis Landscape Architecture

Hirsch & Associates, Inc.

Richard Fisher Associates

KTUA

Infrastructure Engineers

Environ Architecture Inc.

The Albert Group Architects

TR Design Group, Inc

Villarruel Architects, Inc.

A staff member review panel evaluated the proposals based on each of the firm's prior experience and qualifications with architectural and landscape architectural services as well as their fees for service and recommend that Nuvis Landscape Architecture, Hirsch & Associates and Richard Fisher Associates be certified for the on-call architectural services short list.

Budget Appropriation

Many of the grants offered through Prop 68 funds will begin accepting proposals soon with final submittals due in the Summer of 2019. Some opportunities would allow for significant upgrades, improvements or development at existing parks and the City would be eligible to submit a grant proposal for each park/project. These opportunities would allow for the City to submit at least one grant opportunity per park. It is estimated that a total of up to \$100,000 may be needed to successfully submit competitive grants for the upcoming Prop 68 and Measure A Grant cycles.

FISCAL IMPACT

The Department of Recreation & Community Services is requesting a budget appropriation of \$100,000 from the City's General Fund Reserve for Grant Writing and Architectural Design services.

Transfer From Account:

100-2900
(Unassigned Funds)

Transfer To Account:

100-70-700-6040.10
(Rec. Administration Outside Contracts)

SUMMARY

The City Council will consider certifying the short list of qualified firms for both the Grant Writing Services and On-Call Architectural Services. The City Council will also consider the approval of a budget appropriation of \$100,000 from the City's General Fund Reserve for the aforementioned services.

ATTACHMENTS

Proof of Publication for RFQ 19-26
Proof of Publication for RFQ 19-27
Budget Appropriation Resolution

CALIFORNIA NEWSPAPER SERVICE BUREAU

DAILY JOURNAL CORPORATION

Mailing Address : 915 E FIRST ST, LOS ANGELES, CA 90012
Telephone (800) 788-7840 / Fax (800) 464-2839
Visit us @ www.LegalAdstore.com

David Sosnowski
CITY OF MONTEBELLO/PLANNING
1600 W BEVERLY BLVD
MONTEBELLO, CA 90640

COPY OF NOTICE

Notice Type: RFP REQUEST FOR PROPOSALS
Ad Description RFQ No 19 26

To the right is a copy of the notice you sent to us for publication in the MONTEBELLO NEWS. Please read this notice carefully and call us with any corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

02/07/2019

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an invoice.

Publication	\$210.00
Total	\$210.00

EWA# 3217784

NOTICE INVITING REQUEST FOR QUALIFICATIONS For Grant Writing Services

RFQ NO. 19-26

PUBLIC NOTICE IS HEREBY GIVEN THAT THE CITY OF MONTEBELLO, herein called Owner, invites sealed proposals from qualified companies to provide the required Grant Writing Services as specified by the City of Montebello.

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>) up to the hour of 1:00 p.m. on Tuesday, February 19, 2019.

Copies of the specifications and contract documents are available on PlanetBids Vendor Portal, accessed through the City of Montebello's official website at <http://www.cityofmontebello.com/rfp-bids/bid-opportunities.html>.

Any contract entered into pursuant to this notice will incorporate the provisions of the State Labor Code. Attention is directed to the provisions of Section 1777.5 (Chapter 1411, Statutes of 1968) and 1777.5 of the Labor Code concerning the employment of apprentices by the CONTRACTOR or any such subcontractor under him. Affirmative action to ensure against discrimination in employment practices on the basis of race, color, national origin, ancestry, sex, religion or handicap will also be required. The AGENCY hereby affirmatively ensures that minority business enterprises will be afforded full opportunity to submit bids in response to this notice and will not be discriminated against on the basis of race, color, national origin, ancestry, sex, or religion in any consideration leading to the award of contract.

Proposals must be prepared on the approved Proposal forms in conformance with the instructions to Bidders and submitted as required.

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

Questions during the solicitation period shall be submitted through PlanetBids. The contact person for this RFQ is David Sosnowski, Parks, Recreation & Community Services Director. He can be reached at (323) 887-4588 or by email at dsosnowski@cityofmontebello.com.

2/7/19
EWA-3217784#
MONTEBELLO NEWS



RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF COUNCIL OF THE CITY OF
MONTEBELLO AUTHORIZING THE APPROPRIATION OF
FUNDS FOR EXPENSES RELATED TO THE TEMPORARY
LABOR CONSULTING NEEDS OF THE CITY**

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

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

FROM		TO	
<u>Account Number</u>	<u>Amount</u>	<u>Account Number</u>	<u>Amount</u>
100-2900	\$100,000	100-70-700-6040.10	\$100,000
(Unassigned Funds)		(Recreation Admin. Outside Contracts)	

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

ADOPTED AND APPROVED this 10th day of April, 2019.

Jack Hadjinian, Mayor Pro Tem

ATTEST:

APPROVED AS TO FORM:

Irma Barajas
City Clerk

Arnold M Alvarez-Glasman
City Attorney

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 City Council Resolution No. _____ was duly and regularly approved and adopted by the City Council of the City of Montebello at their meeting held on the 27th day of March, 2019, as approved by law by the following vote:

AYES:

NOES:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City on the _____ day of _____, 2019.

IRMA BARAJAS, City Clerk

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Paul Talbot, Acting City Manager

BY: Tom Barrio, Director of Transportation

SUBJECT: **Adopt a Resolution for the Low Carbon Transit Operations Program**

DATE: April 10, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Adopt a resolution certifying the City's agreement to comply with all conditions and requirements of California's Low Carbon Transit Operations Program.
- 2) Approve an appropriation in the Transportation Department's Budget for Fiscal Year 2018-2019 for use of allocated LCTOP funding to Montebello Bus Lines' Route 70 Intracity Feeder Enhancement.
- 3) Take such additional, related action that may be desirable.

BACKGROUND

The City of Montebello ("City") is an eligible funding recipient from the Low Carbon Transit Operations Program ("LCTOP") provided by the California Department of Transportation, Division of Rail and Mass Transportation. The LCTOP is funded by the State of California with the goal of reducing greenhouse gas emissions and achieving other benefits. The program is funded with auction proceeds generated from the California Air Resource Board's Cap-and-Trade Program, and with proceeds deposited into the Greenhouse Gas Reduction Fund.

The City was allocated \$236,440 in LCTOP funds for Fiscal Year 2018-2019. Allocated funds are eligible for use in the Transportation Department's Budget for Fiscal Year 2018-2019. The State will appropriate future funds annually.

Projects that may be funded with LCTOP funds are as follows:

- a. Expenditures supporting new or expanded bus or rail services, including operations expenses.
- b. Expanded intermodal transit facilities.
- c. Other costs to operate services and facilities.

LCTOP key requirements are as follows:

- a. Must directly enhance or expand transit service to increase mode share.
- b. Shall demonstrate that it will achieve a reduction in greenhouse gas emissions.
- c. Maximize benefits to disadvantaged communities.

In FY 2018-2019, staff recommends that the City's allocation of LCTOP funds be used to fund Montebello Bus Lines' Route 70 Intracity Feeder Enhancement. The funding will be used to add two (2) cutaway buses to the City's fleet to improve ridership, decrease wait times and create a direct route to the Transportation facility which will potentially serve more customers and meet their transportation needs. This project meets all of the requirements set forth in the LCTOP guidelines.

FISCAL IMPACT

\$236,440 of LCTOP funds will be added to the Transportation Department's FY 2018-19 operating budget for use exclusively for the Montebello Bus Lines' Route 70 Intracity Feeder Enhancement. Account number 270-9002-2018-099-6040.10 Project # 600.100.10.

There is no impact on the General Fund.

SUMMARY

The City of Montebello is an eligible fund recipient for Low Carbon Transit Operations Program (LCTOP) funds allocated by the California Department of Transportation, Division of Rail and Mass Transportation. The City was allocated \$236,440 in LCTOP funds for Fiscal Year 2018 - 2019, and staff requests such funding be allocated to fund the Montebello Bus Lines' Route 70 Intracity Feeder Enhancement. The City Council will consider adopting a resolution agreeing to comply with all conditions and requirements of the LCTOP, and authorize the Acting City Manager to take certain actions with respect to the receipt and use of the City's FY 2018-2019 funding allocation.

ATTACHMENT

Resolution

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MONTEBELLO AGREEING TO COMPLY WITH THE
TERMS AND CONDITIONS OF CALIFORNIA'S LOW
CARBON TRANSIT OPERATIONS PROGRAM, AND
APPROVING ALLOCATION OF THE CITY'S PROGRAM
FUNDING FOR FISCAL YEAR 2018-19**

WHEREAS, the City of Montebello is an eligible recipient of funding from the California Low Carbon Transit Operations Program (LCTOP), and the City's LCTOP funding allocation for Fiscal Year 2018-2019 is \$236,440;

WHEREAS, the statutes related to state-funded transit projects require a local or regional implementing agency to abide by various regulations; and

WHEREAS, the Department of Transportation ("Department") is the statutorily designated administrative agency for the LCTOP;

WHEREAS, the Department has developed guidelines for the purpose of administering and distributing LCTOP funds to eligible project sponsors; and

WHEREAS, in accordance with applicable law and the Department's guidelines, the City Council of the City of Montebello desires to take the necessary and appropriate actions to receive and expend LCTOP funding.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONTEBELLO, AS FOLLOWS:

SECTION 1. That the City of Montebello, as the recipient of funding from the LCTOP, hereby agrees to comply with all conditions and requirements set forth in applicable statutes, regulations, and guidelines for all LCTOP funded transit projects.

SECTION 2. That the Acting City Manager, or his authorized designee, is hereby authorized and directed to take, for and on behalf of the City, any actions necessary for the purpose of obtaining LCTOP funds provided by the California Department of Transportation, Division of Rail and Mass Transportation.

SECTION 3. That the City Council hereby authorizes the submittal of the Montebello Bus Lines Route 70 Intracity Feeder Enhancement to Caltrans for consideration for LCTOP funding, and requests LCTOP funding be allocated to the City for Fiscal Year 2018-2019 in the amount of \$236,440 for the Project.

SECTION 4. That the City Council hereby authorizes the appropriation of LCTOP funds in the amount of \$236,440 for the Montebello Bus Lines Route 70

Intracity Feeder Enhancement in the Transportation Department's budget for Fiscal Year 2018-2019.

APPROVED AND ADOPTED THIS 10th DAY OF APRIL, 2019.

CITY OF MONTEBELLO

Jack Hadjinian, Mayor

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

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 City Council Resolution No. 19- was duly and regularly approved and adopted by the City Council of the City of Montebello at their meeting held on the 10th day of April, 2019, as approved by law by the following vote:

AYES:

NOES:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City on the _____ day of _____, 2019.

IRMA BARAJAS, City Clerk

CITY OF MONTEBELLO
CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council
FROM: Paul Talbot, Acting City Manager
BY: Bob Franco, Director of Human Resources
SUBJECT: **Memorandum of Understanding (MOU) Between the City of Montebello and SMART-TD**
DATE: April 10, 2019

RECOMMENDATION

It is recommended that the City Council:

- (1) Approve the attached resolution approving the Memorandum of Understanding with an effective date of April 10, 2019.
- (2) Take such additional, related action that may be desirable.

BACKGROUND / ANALYSIS

In July 2018, the City and SMART-TD began discussion for a new Memorandum of Understanding ("MOU"). The City has met and collectively bargained in good faith with SMART-TD regarding wages, hours, and working conditions. Based upon such collective bargaining, the City and SMART-TD have drafted an MOU.

On March 21, 2019, the terms and conditions of a tentative agreement were reached between the City and SMART-TD. The MOU attached to Resolution No. XXXX, incorporates the terms and conditions of the agreement. SMART-TD has accepted the terms, conditions and provisions set forth in the MOU and its authorized representatives have executed that MOU with the City. The term of the MOU is from January 1, 2019 through December 31, 2021.

FISCAL IMPACT

Approval of this resolution will have a budget impact of \$126,516 for SMART-TD for the remainder of FY 2018/19. In subsequent years, funds will be appropriated through the budget process.

SUMMARY

The City Council will consider approval of the attached resolution approving the MOU between the City and SMART-TD with an effective date of April 10, 2019.

ATTACHMENTS

1. Resolution to Approve MOU between the City and SMART-TD
2. MOU between the City and SMART-TD – 1/1/2019 through 12/31/2021

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO APPROVING MEMORANDUM OF UNDERSTANDING AND THE TERMS AND CONDITIONS OF EMPLOYMENT AFFECTING DESIGNATED THE INTERNATIONAL ASSOCIATION OF SHEET METAL, AIR, RAIL & TRANSPORTATION WORKERS (SMART-TD) EMPLOYEES FOR THE PERIOD OF JANUARY 1, 2019 THROUGH DECEMBER 31, 2021

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

WHEREAS, the City of Montebello values the work of all its employees and seeks to maintain fair and mutually beneficial terms and conditions of employment for the good of the City and the employees, and

WHEREAS, representatives of the City and representatives of the bargaining unit named above have met, conferred, and negotiated in good faith regarding wages, hours and working conditions. As a result of such good faith negotiations, the City and SMART-TD have developed the Memorandum of Understanding (MOU) attached here.

NOW, THEREFORE, BE IT RESOLVED THAT:

SECTION 1. The MOU between the City of Montebello and SMART-TD dated January 1, 2019 through December 31, 2021 and attached is hereby approved.

That the City Clerk shall certify to the adoption of this Resolution and distribute copies of the Resolution to the Director of Human Resources and Director of Finance and that the same shall be in full force and effect.

APPROVED AND ADOPTED this 10th day of April 2019.

Jack Hadjinian, Mayor

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold Alvarez-Glasman,
City Attorney

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
CITY OF MONTEBELLO
AND
THE INTERNATIONAL ASSOCIATION OF SHEET METAL, AIR, RAIL &
TRANSPORTATION WORKERS – TRANSPORTATION DIVISION (SMART-TD)**

JANUARY 1, 2019 through DECEMBER 31, 2021

Pursuant to Government Code section 3500 et seq., representatives of the City of Montebello (“City”) have met and conferred in good faith with representatives of The International Association of Sheet Metal, Air, Rail & Transportation Workers – Transportation Division (“Union”) and have reached agreement to recommend that the City Council take the actions identified in this Memorandum of Understanding (“MOU”). Upon adoption of this MOU by the City Council, all recommendations made herein shall become binding upon the City and Union (collectively the “Parties”) from January 1, 2019 through December 31, 2021.

1. TERM OF MOU

Three years: January 1, 2019 through December 31, 2021

2. COMPENSATION

A. Salary Increase

a. Classic CalPERS members

- i. 3% base salary increase effective first pay period after City Council adoption of this MOU
- ii. 4% base salary increase effective first pay period after January 1, 2020
- iii. 4% base salary increase effective first pay period after January 1, 2021

b. New CalPERS members (“PEPRA members”)

- i. 3% base salary increase effective first pay period after City Council adoption of this MOU
- ii. 4% base salary increase effective first pay period after January 1, 2020
- iii. 4% base salary increase effective first pay period after January 1, 2021

3. ONE-TIME SIGNING BONUS

The City shall provide all Classic CalPERS members employed by the City on the date of City Council adoption of this MOU with a one-time non-PERSable signing bonus in the gross amount of \$500, subject to all applicable taxes and withholdings.

4. EMPLOYEE CALPERS CONTRIBUTION

- A. The City agrees to contribute the entire employee member contribution equal to 8% of pensionable income to CalPERS for all classic members in the bargaining unit from July 1, 2018 to the first pay period after January 1, 2020. All such contributions shall be paid solely from funds from the Transportation Enterprise Fund. The parties agree that in no event shall General Fund revenues be obligated to pay the employee member contribution to CalPERS.
- B. Effective first pay period after January 1, 2020, the City agrees to pay a portion of the employee member contribution to CalPERS in the amount equal to 4% of pensionable income for all classic members in the bargaining unit. All such contributions shall be paid solely from funds from the Transportation Enterprise Fund. The parties agree that in no event shall General Fund revenues be obligated to pay the employee member contribution to CalPERS. Effective the first pay period after January 1, 2020, the classic members shall contribute the remaining amount of the employee member contribution, which is equal to 4% of pensionable income.
- C. Effective the first pay period after January 1, 2021, all classic members in the bargaining unit shall pay the entire amount of the employee member contribution equal to 8% of pensionable income to CalPERS. Effective the first pay period after January 1, 2021, the City will no longer make any contributions towards the employee member contribution to CalPERS, unless mutually agreed upon by the parties.
- D. Any new members in the bargaining unit considered “New CalPERS members” under the Public Employees’ Pension Reform Act (PEPRA), shall continue to pay their obligatory “half the normal cost.” The City is prohibited by PEPRA from paying any portion of the member contribution for New CalPERS members.
- E. This agreement shall supersede and entirely replace any and all effective side letter agreements between the City and SMART-TD regarding the payment of the employee member contribution.

5. RETIREE HEALTH BENEFITS

The City agrees to continue to provide the Retiree Health Benefit, with qualifying prerequisites, terms and provisions as outlined in Resolution 04-08A, to all full-time members in the bargaining unit that are currently employed by the City as of the date that the MOU is adopted. Eligible members of the bargaining unit must have completed a minimum of 15 years of service as a full-time employee to receive the Retiree Health Benefit. Years of City service in a part-time position do not count toward the prerequisite years of service or eligibility and will

not be considered as qualifying. Upon implementation of the Retiree Health Benefit, the City ceased all contributions to the 401(a)(h) Plan for all members in the bargaining unit.

All part-time employees in the bargaining unit that are currently employed by the City as of the date that the MOU is adopted shall be eligible to receive the Retiree Health Benefit, with qualifying prerequisites, terms and provisions as outlined in Resolution 04-08A, in the event that they become full-time employees in the future without a break in service. Those eligible part-time employees in the bargaining unit must have completed a minimum of 15 years of service as a full-time employee to receive the Retiree Health Benefit. Years of City service in a part-time position do not count toward the prerequisite years of service or eligibility and will not be considered as qualifying.

All full-time employees in the bargaining unit that are hired after the date that this MOU is adopted shall only receive the minimum health premium contribution as set forth in Government Code section 22892.

6. SENIORITY, RANK and RIGHTS

1. Seniority for all SMART-TD bargaining unit members (full-time or part-time) is based on position. Position seniority governs the choice of bidding, shake-ups, vacations, and fixed holidays.
2. For full-time employees, position seniority is defined as the effective date an employee is assigned to a full-time position in a given job classification. If a full-time employee is transferred from one job classification to another full-time position, the employee's new position seniority date shall be the date the employee was assigned to the new job classification.
3. For part-time employees, position seniority is defined as the effective date an employee is assigned to a part-time position in a given job classification. If a part-time employee is promoted from part-time status to full-time status, the new full-time employee's position seniority date shall be the effective date of the promotion.
4. If an employee leaves a job classification to take an assignment in another job classification within the City, works in the new classification for more than six months, and returns back to the original job classification, the employee's position seniority shall be the date the employee returned to the job classification.
5. When a full-time position is advertised to employees within a Division, employees within that Division will be given seniority over an employee outside of the Division if the effective date of the assignment is the same date.

Example of order of seniority for a position within the Maintenance Division if the effective date of the assignment is the same date:

- a. Maintenance Division employees

- b. Operations Division employees
- c. Other City employees
- d. Outside applicants

Example of order of seniority for a position within the Operations Division if the effective date of the assignment is the same date:

- a. Operations Division Employees
- b. Maintenance Division Employees
- c. Other City Employees
- d. Outside applicants

- 6. When two or more part-time employees are hired from outside the City and have the same effective date of assignment, they shall draw numbers in a lottery to determine their positions on the seniority roster. The lottery shall be conducted by the Union at a City facility. A Montebello Transit representative must be present at the drawing. The Union will inform Montebello Transit of its determinations of seniority ranking in writing.
- 7. Montebello Transit shall prepare a list of all classifications with seniority ranking and submit the list to the Union once every six (6) months.

7. OPERATION OF REVENUE EQUIPMENT

A. Operation of revenue equipment when in revenue service

Except as expressly provided herein, all revenue equipment operated by Montebello Transit shall be operated by Bus Operators in the bargaining unit when in revenue service. Operations supervisory staff may operate revenue equipment in revenue service in cases of emergency or when Bus Operators are not available to operate the revenue equipment.

B. Operation of revenue equipment when not in revenue service

Except as expressly provided herein, all revenue equipment operated by Montebello Transit shall be operated by vendors for purposes of maintenance, Maintenance staff or Bus Operators when in not in revenue service. Operations supervisory staff may operate revenue equipment not in revenue service in cases of emergency or when no Maintenance staff or Bus Operators are available to operate the revenue equipment.

8. FULL TIME SPLIT SHIFTS

The City will not seek to mandate split shifts for full-time SMART-TD bargaining unit members.

9. UNION INSIGNIA ON UNIFORMS

SMART-Union represented members shall be allowed to wear no more than one SMART emblem or insignia on their uniforms while on duty. A uniform committee, consisting of up to two SMART members and up to two members of Management will designate the type and placement of such emblems or insignia.

10. CONSIDERATION FOR FULL TIME EMPLOYMENT AS BUS OPERATOR

When considering a part-time City employee applicant for full-time employment as bus operator, the Transit Department shall use a 12-month look back period from the date that it receives the eligibility list from Human Resources to assess the following criteria:

- City Service
- Safety
- Punctuality
- Attendance
- Discipline

Following the pre-trip inspection and oral interview components of the promotional process, the Transit Department shall utilize a scoring matrix in which the remaining eligible part-time City employee applicants shall be scored on a scale of 0 points to 5 points for each of the above criteria.

The City reserves the right to modify these criteria and their application during the term of the MOU through the meet and confer process with SMART-TD.

[Signatures on Following Page]

CITY OF MONTEBELLO

By: _____

Paul Talbot
Interim City Manager

Date: _____

SMART-TD

By: _____

Tommy G. Pate
General Chairman

Date: _____

By: _____

Cecilia Lopez

By: _____

Javier Olverra

By: _____

Beatriz Vasquez

By: _____

Antonio Herrera

By: _____

Don Holguin

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. 1466, consisting of nine pages, and
including**

Warrant No. 582601 through 582808;

Warrant No. 1427 and 1428

**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 10th DAY OF APRIL, 2019.

JACK HADJINIAN, Mayor

ATTEST:

IRMA BARAJAS, City Clerk



City of Montebello
Register of Demands No. 1466
From Payment Date: 3/20/19 - To Payment Date: 4/3/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
4331 - General Account					
582601	03/21/2019	\$510.07	UTILITY SERVICES	39550	AT&T
582602	03/21/2019	\$1,647.91	UTILITY SERVICES	39550	AT&T
582603	03/21/2019	\$88.94	UTILITY SERVICES	47580	CALIFORNIA WATER SERVICE COMPANY
582604	03/21/2019	\$37.06	UTILITY SERVICES	36610	CITY OF PICO RIVERA
582605	03/21/2019	\$212.60	PERMITS AND FEES	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
582606	03/21/2019	\$131.79	PERMITS AND FEES	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
582607	03/21/2019	\$1,054.10	PERMITS AND FEES	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
582608	03/21/2019	\$66,239.56	UTILITY SERVICES	45630	SOUTHERN CALIFORNIA EDISON
582609	03/21/2019	\$692.90	UTILITY SERVICES	72570	U.S. TELEPACIFIC CORP
582610	03/21/2019	\$1,271.99	UTILITY SERVICES	23610	VERIZON WIRELESS
582611	03/21/2019	\$2,021.41	UTILITY SERVICES	23610	VERIZON WIRELESS
582612	03/21/2019	\$3,413.39	UTILITY SERVICES	23610	VERIZON WIRELESS
582613	03/21/2019	\$5,284.22	FUEL	19700	SYNCHRONY BANK/PHILLIPS-76-CONOCO-76
582614	03/26/2019	\$1,515.94	SUPPLIES	62880	AMERICAN EMBLEMATIC, LLC
582615	03/26/2019	\$638.72	UTILITY SERVICES	657	BIRCH COMMUNICATIONS
582616	03/26/2019	\$638.72	UTILITY SERVICES	657	BIRCH COMMUNICATIONS
582617	03/26/2019	\$638.72	UTILITY SERVICES	657	BIRCH COMMUNICATIONS
582618	03/26/2019	\$945.74	UTILITY SERVICES	657	BIRCH COMMUNICATIONS
582619	03/26/2019	\$427.38	UTILITY SERVICES	657	BIRCH COMMUNICATIONS
582620	03/26/2019	\$283.09	UTILITY SERVICES	55830	CHARTER COMMUNICATIONS
582621	03/26/2019	\$4,167.00	CONTRACT SERVICES	21260	FLAIR DATA SERVICES, INC.
582622	03/26/2019	\$304.19	VEHICLE MAINTENANCE/EXPENSES	30190	I.B. AUTO PARTS, INC./HARDY AUTO PARTS
582623	03/26/2019	\$1,750.00	CONTRACT SERVICES	48120	HINDERLITER, DE LLAMAS & ASSOCIATES
582624	03/26/2019	\$9,789.39	CONTRACT SERVICES	2318	PAUL TALBOT



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582625	03/26/2019	\$54.09	UTILITY SERVICES	23610	VERIZON WIRELESS
582626	03/26/2019	\$56.03	UTILITY SERVICES	23610	VERIZON WIRELESS
582627	03/26/2019	\$498.50	UTILITY SERVICES	23610	VERIZON WIRELESS
582628	03/26/2019	\$142.79	UTILITY SERVICES	23610	VERIZON WIRELESS
582629	03/26/2019	\$112.24	UTILITY SERVICES	23610	VERIZON WIRELESS
582630	03/26/2019	\$3,922.23	WATER PURCHASE	20060	WATER REPLENISHMENT DISTRICT
582631	03/28/2019	\$6,833.90	UTILITY SERVICES	39550	AT&T
582632	03/28/2019	\$44.00	UTILITY SERVICES	39550	AT&T
582633	03/28/2019	\$98.15	UTILITY SERVICES	55830	CHARTER COMMUNICATIONS
582634	03/28/2019	\$27.44	UTILITY SERVICES	55830	CHARTER COMMUNICATIONS
582635	03/28/2019	\$1,350.84	SUPPLIES	21690	COLUMBIA BUSINESS FORMS, INC.
582636	03/28/2019	\$966.20	ADVERTISING/PRINTING SERVICES	1354	DAILY JOURNAL CORPORATION
582637	03/28/2019	\$783.00	CONTRACT SERVICES	49400	U.S. MOBILE WIRELESS
582638	03/28/2019	\$47,521.03	INSURANCE	4110	DELTA DENTAL OF CALIFORNIA
582639	03/28/2019	\$120.00	CONTRACT SERVICES	74240	GLOBAL CTI GROUP, INC.
582640	03/28/2019	\$116.16	VEHICLE MAINTENANCE/EXPENSES	22560	H & H AUTO PARTS WHOLESALE
582641	03/28/2019	\$260.17	UNIFORM EXPENSE	1106	GRP2 UNIFORMS, INC.
582642	03/28/2019	\$13,845.00	POLICE RELATED FEES	692	LOS ANGELES COUNTY SUPERIOR COURT
582643	03/28/2019	\$1,615.21	REIMBURSEMENTS	790	CITY OF MONTEBELLO PETTY CASH
582644	03/28/2019	\$378.19	CONTRACT SERVICES	1665	MONTEBELLO SPEAKER REPAIR CENTER, INC.
582645	03/28/2019	\$33,832.52	UTILITY SERVICES	45630	SOUTHERN CALIFORNIA EDISON
582646	03/28/2019	\$10,262.03	UTILITY SERVICES	40520	SOUTHERN CALIFORNIA GAS CO.
582647	03/28/2019	\$2,765.35	UTILITY SERVICES	72570	U.S. TELEPACIFIC CORP
582648	03/28/2019	\$243.53	SUPPLIES	6390	ZOLL MEDICAL CORPORATION GPO
582649	03/28/2019	\$6,915.00	CONTRACT SERVICES	11820	ADCO SERVICES, INC.
582650	03/28/2019	\$114.98	ADVERTISING/PRINTING SERVICES	24200	AAT, INC./ALL AMERICAN TROPHY



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582651	03/28/2019	\$2,671.50	CONTRACT SERVICES	40670	ALL CITY MANAGEMENT SERVICES
582652	03/28/2019	\$76,770.39	CONTRACT SERVICES	16120	ALVAREZ-GLASMAN & COLVIN
582653	03/28/2019	\$1,622.98	SUPPLIES	2363	AMERICAN ACE SUPPLY ANAHEIM INC.
582654	03/28/2019	\$61.32	ADVERTISING/PRINTING SERVICES	35980	SAEED RADMEHR/ARTE PRINTING
582655	03/28/2019	\$966.25	SUPPLIES	74990	AUTOZONE, INC
582656	03/28/2019	\$2,595.46	CONTRACT SERVICES	299	BALLARD & BALLARD INVESTIGATIONS
582657	03/28/2019	\$40.00	REFUND	2376	AMY BARSEKIAN
582658	03/28/2019	\$1,000.00	REFUND	2377	GEORGE AND JESSIE BRODKA
582659	03/28/2019	\$75.00	REFUND	2373	DANIELA CARATCHEA
582660	03/28/2019	\$250.00	REFUND	2375	LYDA PAOPLA GONZALEZ CASTANO
582661	03/28/2019	\$1,100.17	NOTES PAYABLE	19120	CENTRAL BASIN MUNICIPAL WATER DISTRICT
582662	03/28/2019	\$813.40	CONTRACT SERVICES	2057	CIGNA BEHAVIORAL HEALTH
582663	03/28/2019	\$7,576.83	CONTRACT SERVICES	52710	CLEAN ENERGY FUELS
582664	03/28/2019	\$1,548.60	SUPPLIES	10000	CLEAN SWEEP SUPPLY CO. INC
582665	03/28/2019	\$929.50	CONTRACT SERVICES	18840	COOPERATIVE PERSONNEL SERVICES
582666	03/28/2019	\$605.83	CONTRACT SERVICES	11990	CUMMINS-ALLISON CORP
582667	03/28/2019	\$231.00	ADVERTISING/PRINTING SERVICES	1354	DAILY JOURNAL CORPORATION
582668	03/28/2019	\$15,199.93	CONTRACT SERVICES-TRANSIT	70920	DECALS BY DESIGN, INC.
582669	03/28/2019	\$656.26	SUPPLIES	13360	DELL MARKETING L.P.
582670	03/28/2019	\$2,645.26	SUPPLIES	27910	DOOLEY ENTERPRISES INC.
582671	03/28/2019	\$276.31	CONTRACT SERVICES	25660	E-Z GO DIVISION OF TEXTRON
582672	03/28/2019	\$60.00	CONTRACT SERVICES	43720	ERGOMETRICS & APPLIED PERSONNEL RESEARCH, INC
582673	03/28/2019	\$2,391.15	CONTRACT SERVICES	1760	SCOTT FAZEKAS & ASSOCIATES, INC.
582674	03/28/2019	\$120,616.17	CONTRACT SERVICES-DIAL A RIDE	75950	FIESTA TAXI COOPERATIVE, INC.
582675	03/28/2019	\$436.56	CONTRACT SERVICES	52770	FIRST IMPULSE
582676	03/28/2019	\$23,644.32	VEHICLE MAINTENANCE/EXPENSES	29160	FORD OF MONTEBELLO



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582677	03/28/2019	\$200.00	TRAVEL & MEETINGS	2380	RUTH GARCIA
582678	03/28/2019	\$37,806.33	JAIL SERVICES - POLICE	76070	GEO CORRECTIONS & DETENTION, INC.
582679	03/28/2019	\$2,154.63	CONTRACT SERVICES	1979	GLASS DOCTOR OF MONTEBELLO
582680	03/28/2019	\$2,291.00	TRAINING	32140	GOLDEN WEST COLLEGE
582681	03/28/2019	\$55.00	REFUND	2369	ADELA GONZALES
582682	03/28/2019	\$1,401.07	SUPPLIES	9470	GRAINGER, INC.
582683	03/28/2019	\$300.00	TRAINING	568	JUAN M HERNANDEZ
582684	03/28/2019	\$434.76	SUPPLIES	43860	MYERS & SONS HI-WAY SAFETY INC.
582685	03/28/2019	\$250.00	GENERAL GOVERNMENT	2366	MICHAEL HIDALGO
582686	03/28/2019	\$2,328.26	CONTRACT SERVICES	48120	HINDERLITER, DE LLAMAS & ASSOCIATES
582687	03/28/2019	\$7.47	VEHICLE MAINTENANCE/EXPENSES	15440	HOSE-MAN, INC.
582688	03/28/2019	\$32.85	SUPPLIES	10400	HOUSE OF TROPHIES & AWARDS, INC
582689	03/28/2019	\$2,200.00	CONTRACT SERVICES - WATER	384	HOUSTON ENGINEERING, INC.
582690	03/28/2019	\$340.96	CONTRACT SERVICES	1079	INDUSTRIAL CLEANING SYSTEM, INC.
582691	03/28/2019	\$860.76	SUPPLIES	79	INNOVATIVE PLAYGROUNDS COMPANY, LLC
582692	03/28/2019	\$20.59	SUPPLIES	1612	JCL TRAFFIC SERVICES
582693	03/28/2019	\$999.00	EDUCATION REIMBURSEMENT	18760	FEDERICO JIMENEZ
582694	03/28/2019	\$8.48	TRAINING	35540	BRAD KELLER
582695	03/28/2019	\$75.00	REFUND	2216	EUN SUK LIM
582696	03/28/2019	\$2,106.31	CONTRACT SERVICES	4810	LOS ANGELES COUNTY PUBLIC WORKS
582697	03/28/2019	\$75,628.26	NOVEMBER 2018 ELECTION EXPENSE	58760	COUNTY OF LOS ANGELES REGISTRAR-RECORDER
582698	03/28/2019	\$200.00	TRAVEL & MEETINGS	2379	ABIGAIL MARIN
582699	03/28/2019	\$400.00	TRAVEL & MEETINGS	32910	JOSE MEDRANO
582700	03/28/2019	\$29.31	TRAVEL & MEETINGS	35830	JOSE MELENDEZ
582701	03/28/2019	\$661.04	CONTRACT SERVICES	74640	MISSION LINEN SUPPLY
582702	03/28/2019	\$500.00	DUES & SUBSCRIPTIONS-FIRE	2355	MONTEBELLO ROTARY



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582703	03/28/2019	\$4,575.15	VEHICLE MAINTENANCE/EXPENSES	54300	SHAK ENTERPRISES, INC./MONTEBELLO TIRE PROS
582704	03/28/2019	\$14,326.81	CONTRACT SERVICES	26880	SEBASTIAN WATERWORKS, INC./MR. ROOTER
582705	03/28/2019	\$5,177.48	VEHICLE MAINTENANCE/EXPENSES	1385	MUNCIE RECLAMATION AND SUPPLY COMPANY
582706	03/28/2019	\$272.18	SUPPLIES	15620	OFFICE DEPOT
582707	03/28/2019	\$34,464.00	CONTRACT SERVICES-METROLINK TRANSIT	42180	PCAM, LLC
582708	03/28/2019	\$104.03	MACHINERY & EQUIPMENTS	538	PCMG, INC.
582709	03/28/2019	\$14,200.00	FENCING SERVICES - ASHIYA PARK	2326	QUALITY FENCE CO., INC.
582710	03/28/2019	\$185.34	CONTRACT SERVICES	69730	DE LAGE LANDEN FINANCIAL SERVICES INC./RICOH
582711	03/28/2019	\$400.00	TRAVEL & MEETINGS	259	FERNIE RIVERA
582712	03/28/2019	\$250.00	DUES & SUBSCRIPTIONS	3710	SAN GABRIEL VALLEY POLICE CHIEF'S ASSOC.
582713	03/28/2019	\$6,489.00	CONTRACT SERVICES	1248	BIZODO INC.
582714	03/28/2019	\$542.66	CONTRACT SERVICES	51850	SECURITY SIGNAL DEVICES INC.
582715	03/28/2019	\$350.00	TRAVEL & MEETINGS	24280	MARTIN SOLANO
582716	03/28/2019	\$1,120.00	CONTRACT SERVICES	1811	SPEEDY BOARD-UP
582717	03/28/2019	\$113.77	VEHICLE MAINTENANCE/EXPENSES	171	ARIZONA MACHINERY
582718	03/28/2019	\$326.31	CONTRACT SERVICES	1963	SUEZ WTS SERVICES USA, INC.
582719	03/28/2019	\$1,675.00	CONTRACT SERVICES	71210	STAR-DUST TOURS, INC.
582720	03/28/2019	\$317.55	VEHICLE MAINTENANCE/EXPENSES	610	THE JANEK CORPORATION
582721	03/28/2019	\$538.50	CONTRACT SERVICES	183	WECK LABORATORIES ENVIRONMENTAL SERVICES, INC.
582722	03/28/2019	\$469.10	ADVERTISING/PRINTING SERVICES	61850	X-IGENT PRINTING, INC.
582723	04/03/2019	\$838.06	CARPPOOL INCENTIVE	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
582724	04/03/2019	\$89,500.02	RADIO SYSTEM MAINTENANCE - FIRE	807	FOOTHILL COMMUNICATIONS, LLC
582725	04/03/2019	\$589.82	SUPPLIES	67210	AIR SOURCE INDUSTRIES
582726	04/03/2019	\$1,647.40	CONTRACT SERVICES	26390	APPLE ONE EMPLOYMENT SERVICES
582727	04/03/2019	\$553.36	UTILITY SERVICES	38380	AT&T
582728	04/03/2019	\$463.61	UTILITY SERVICES	39550	AT&T



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582729	04/03/2019	\$780.00	CONTRACT SERVICES	1237	AZTECA LANDSCAPE
582730	04/03/2019	\$57.04	PERMITS AND FEES	2307	CALIFORNIA DEPARTMENT OF TAX AND FEES
582731	04/03/2019	\$398.57	UTILITY SERVICES	47580	CALIFORNIA WATER SERVICE COMPANY
582732	04/03/2019	\$1,279.48	UTILITY SERVICES	55830	CHARTER COMMUNICATIONS
582733	04/03/2019	\$1,278.00	UTILITY SERVICES	55830	CHARTER COMMUNICATIONS
582734	04/03/2019	\$26,485.50	LEASE PAYMENT - POLICE VEHICLES	73470	ENTERPRISE FM TRUST
582735	04/03/2019	\$224.92	MAIL/ POSTAL EXPENSE	22400	FEDERAL EXPRESS CORPORATION
582736	04/03/2019	\$125.37	REIMBURSEMENT	2348	RUBEN HERNANDEZ
582737	04/03/2019	\$189.05	REIMBURSEMENT	10340	LARRY JACKSON
582738	04/03/2019	\$4,873.78	UNIFORM EXPENSE	1106	GRP2 UNIFORMS, INC.
582739	04/03/2019	\$8,582.17	WATER PURCHASE RESALE	4760	MONTEBELLO LAND & WATER CO.
582740	04/03/2019	\$42,381.61	UTILITY SERVICES	14730	SAN GABRIEL VALLEY WATER CO.
582741	04/03/2019	\$4,184.99	UTILITY SERVICES	51430	SOUTH MONTEBELLO IRRIGATION DISTRICT
582742	04/03/2019	\$12,898.34	UTILITY SERVICES	45630	SOUTHERN CALIFORNIA EDISON
582743	04/03/2019	\$216.32	UTILITY SERVICES	40520	SOUTHERN CALIFORNIA GAS CO.
582744	04/03/2019	\$260.37	INSURANCE	1990	STANDARD INSURANCE COMPANY
582745	04/03/2019	\$850.58	CONTRACT SERVICES	1443	TECH 24 COMMERCIAL FOODSERVICE REPAIR INC.
582746	04/03/2019	\$1,170.30	INSURANCE	58990	VISION SERVICE PLAN
582747	04/03/2019	\$1,400.00	ADVERTISING/PRINTING SERVICES	1293	923 MEDIA GROUP INC.
582748	04/03/2019	\$191.63	FUEL	2186	ACEGAS LLC
582749	04/03/2019	\$225.00	CONTRACT SERVICES	11820	ADCO SERVICES, INC.
582750	04/03/2019	\$144.00	CONTRACT SERVICES	1352	ADR SECURITY SYSTEMS, INC.
582751	04/03/2019	\$626.56	SUPPLIES	1730	ALLIED 100, LLC.
582752	04/03/2019	\$180.00	CONTRACT SERVICES	1287	ALTA LANGUAGE SERVICES, INC.
582753	04/03/2019	\$44,761.92	LEGAL SERVICES	16120	ALVAREZ-GLASMAN & COLVIN
582754	04/03/2019	\$183.96	ADVERTISING/PRINTING SERVICES	35980	SAEED RADMEHR/ARTE PRINTING



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582755	04/03/2019	\$236,254.40	CONTRACT SERVICES - RUBBISH	40970	ARAKELIAN ENTERPRISES/ATHENS
582756	04/03/2019	\$131.26	SUPPLIES	74990	AUTOZONE, INC
582757	04/03/2019	\$70.00	CONTRACT SERVICES	45540	BENNY'S OIL FILTER RECYCLING
582758	04/03/2019	\$300.00	CONTRACT SERVICES	2102	JOHN P BEROKOFF
582759	04/03/2019	\$191.05	CONTRACT SERVICES	27170	BEVERLY HOSPITAL
582760	04/03/2019	\$533.95	SUPPLIES	45580	BISHOP SUPPLY COMPANY, INC.
582761	04/03/2019	\$20,736.14	CONTRACT SERVICES - GOLF	52070	TOM CAMACHO
582762	04/03/2019	\$187.54	SUPPLIES	10000	CLEAN SWEEP SUPPLY CO. INC
582763	04/03/2019	\$140.00	CONTRACT SERVICES	742	COMMUNITY VETERINARY HOSPITAL INC.
582764	04/03/2019	\$1,978.13	VEHICLE MAINTENANCE/EXPENSES	46290	DON'S BODY SHOP
582765	04/03/2019	\$4,750.00	CONTRACT SERVICES	71570	CLAMPETT INDUSTRIES LLC
582766	04/03/2019	\$60.00	CONTRACT SERVICES	23660	DAIOHS USA
582767	04/03/2019	\$1,263.32	VEHICLE MAINTENANCE/EXPENSES	2368	5 STAR COLLISION
582768	04/03/2019	\$63.29	CONTRACT SERVICES	2346	GLOBAL EQUIPMENT COMPANY INC.
582769	04/03/2019	\$90.14	SUPPLIES	455	GOLDEN STATE FASTENERS & SUPPLY, INC.
582770	04/03/2019	\$296.71	VEHICLE MAINTENANCE/EXPENSES	29680	INLAND KENWORTH, INC.
582771	04/03/2019	\$2,446.25	UNIFORM EXPENSE	1106	GRP2 UNIFORMS, INC.
582772	04/03/2019	\$319.00	CONTRACT SERVICES	16760	LIEBERT CASSIDY WHITMORE
582773	04/03/2019	\$4,800.00	CONTRACT SERVICES	1585	DR. ANGELICA LOZA-GOMEZ, M.D., PC
582774	04/03/2019	\$2,142.00	CONTRACT SERVICES	2144	MARIPOSA LANDSCAPES, INC.
582775	04/03/2019	\$4,350.00	CONTRACT SERVICES	1797	MARTINEZ CONSULTING SERVICE LLC
582776	04/03/2019	\$8,289.01	CONTRACT SERVICES	19040	MUNICIPAL CONTRACT ADMINISTRATORS, INC
582777	04/03/2019	\$99.24	SUPPLIES	479	MCMASTER-CARR SUPPLY COMPANY
582778	04/03/2019	\$38.63	CONTRACT SERVICES	74640	MISSION LINEN SUPPLY
582779	04/03/2019	\$13,633.12	VEHICLE MAINTENANCE/EXPENSES	11490	MONTEBELLO AUTOCRAFT
582780	04/03/2019	\$2,576.25	CONTRACT SERVICES	26880	SEBASTIAN WATERWORKS, INC./MR. ROOTER



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582781	04/03/2019	\$389.60	VEHICLE MAINTENANCE/EXPENSES	1385	MUNCIE RECLAMATION AND SUPPLY COMPANY
582782	04/03/2019	\$793.84	CONTRACT SERVICES	53120	NATIONAL CONSTRUCTION RENTALS
582783	04/03/2019	\$225.00	CONTRACT SERVICES	26370	NAVARRO'S TOWING SERVICE
582784	04/03/2019	\$5,592.19	SUPPLIES	60710	THE AFTERMARKET PARTS COMPANY, LLC
582785	04/03/2019	\$1,239.82	SUPPLIES	15620	OFFICE DEPOT
582786	04/03/2019	\$230.00	CONTRACT SERVICES	23340	ORANGE COUNTY TANK TESTING INC
582787	04/03/2019	\$511.48	REIMBURSEMENT	42490	LINDA PAYAN
582788	04/03/2019	\$458.82	SUPPLIES	523	PC INDUSTRIAL PRODUCTS LLC
582789	04/03/2019	\$1,350.00	MACHINERY & EQUIPMENTS	538	PCMG, INC.
582790	04/03/2019	\$66.97	CONTRACT SERVICES	56260	PRUDENTIAL OVERALL SUPPLY
582791	04/03/2019	\$10,671.98	COPIER REPAIR/SERVICES	69730	DE LAGE LANDEN FINANCIAL SERVICES INC./RICOH
582792	04/03/2019	\$600.00	CONTRACT SERVICES	1928	S & A SYSTEMS, INC.
582793	04/03/2019	\$616.00	CONTRACT SERVICES	36350	SHRED-IT USA
582794	04/03/2019	\$1,733.67	REIMBURSEMENT	9340	GEORGE S. SIMONIAN
582795	04/03/2019	\$149.52	SUPPLIES	14350	SUN BADGE COMPANY
582796	04/03/2019	\$641.58	CONTRACT SERVICES	2004	TABORDA SOLUTIONS, INC.
582797	04/03/2019	\$9,329.66	CONTRACT SERVICES	2318	PAUL TALBOT
582798	04/03/2019	\$163.60	CONTRACT SERVICES	387	TRANSUNION RISK AND ALTERNATIVE DATA SOLUTIONS, INC.
582799	04/03/2019	\$480.43	FRINGE BENEFITS	27300	ROBERT C. TUFANO
582800	04/03/2019	\$6,240.00	CONTRACT SERVICES	74850	UNIQUE GENERAL SERVICES
582801	04/03/2019	\$483.25	CONTRACT SERVICES	131	UNITED SITE SERVICES, INC.
582802	04/03/2019	\$854.10	SUPPLIES	59290	UNIVAR USA INC.
582803	04/03/2019	\$2,834.16	CONTRACT SERVICES	37	U.S. SECURITY ASSOCIATES, INC.
582804	04/03/2019	\$1,230.18	CONTRACT SERVICES	22290	WESTERN ALLIED CORPORATION
582805	04/03/2019	\$10,813.66	VEHICLE MAINTENANCE/EXPENSES	51730	WESTRUX INTERNATIONAL INC.
582806	04/03/2019	\$1,077.48	SUPPLIES	67320	WINZER CORPORATION



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582807	04/03/2019	\$300.00	CONTRACT SERVICES	328	ANNE L. DONOFRIO/WRITERANNE
582808	04/03/2019	\$21,000.00	FIRE SAFETY COMMUNICATION SYSTEM	69970	COMMLINE, INC.
Subtotal		\$1,351,913.71			
6093 - Successor Agency					
1427	03/28/2019	\$2,050.00	CONTRACT SERVICES	15180	STEARNS, CONRAD AND SCHMIDT CONSULTING ENG.
1428	04/03/2019	\$3,357.77	LEGAL SERVICES	16120	ALVAREZ-GLASMAN & COLVIN
Subtotal		\$5,407.77			
Total		<u>\$1,357,321.48</u>			