



## County of Los Angeles CIVIL GRAND JURY

CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER  
210 WEST TEMPLE STREET • ELEVENTH FLOOR • ROOM 11-506 • LOS ANGELES, CALIFORNIA 90012  
TELEPHONE (213) 893-1047 • FAX (213) 229-2595  
<http://www.grandjury.co.la.ca.us/>

March 14, 2014

Honorable David S. Wesley, Presiding Judge  
Los Angeles Superior Court  
111 North Hill Street, Room 204  
Los Angeles, CA 90012

Dear Judge Wesley:

Pursuant to Penal Code Sections 933 and 933.05, we are submitting the responses of agencies and elected officials to the 2012-2013 Los Angeles County Civil Grand Jury Final Report, which was published on June 30, 2013.

At this time, two cities and one agency have not responded. The two cities which failed to fully comply with the "Fiscal Health, Governance, Financial Management and Compensation Investigative Report" are Baldwin Park and Inglewood. The Los Angeles Unified School District did not respond to the "Foster Care, Transitional Aged Youth Vocational Training" recommendations.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Nancy Coleman".

Nancy Coleman, Chairperson, Continuity Committee  
2013-2014 Los Angeles County Civil Grand Jury

A handwritten signature in cursive script that reads "Paulette B. Lang".

Paulette B. Lang, Foreperson  
2013-2014 Los Angeles County Civil Grand Jury







2012-2013 COUNTY AND CITY AGENCIES' RESPONSES															
Doc No.	TITLE	Agency Delivery Addresses	Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses											
				INVESTIGATIVE COMMITTEES											
				AGREE	DO NOT AGREE	IMPLEMENTED	WILL IMPLEMENT	WILL NOT IMPLEMENT	NO RESPONSE	WITH MODIFICATIONS	PARTIALLY IMPLEMENT	FURTHER STUDY NEEDED	NEED FUNDING	OTHER AGENCY RESPONSIBILITY	
7	Board of Supervisors	Office 1st Supervisorial District	7.2	Continue to keep workers' computers upgraded			X								
			7.3	Reps of each meet to share information				X							
			7.1	Parrot web form contents on submission				X							
		Office 2nd Supervisorial District	7.2	Continue to keep workers computers upgraded			X								
			7.3	Reps of each meet to share information					X						
			7.1	Parrot web form contents on submission					X						
		Office 3rd Supervisorial District	7.1	Parrot web form contents on submission					X						
			7.2	Continue to keep workers computers upgraded			X								
			7.3	Reps of each meet to share information					X						
		Office 4th Supervisorial District	7.1	Parrot web form contents on submission					X						
			7.2	Continue to keep workers computers upgraded					X						
			7.3	Reps of each meet to share information					X						
			7.4	Enter more requests into CRM					X						
		Office 5th Supervisorial District	7.1	Parrot web form contents on submission					X						
			7.2	Continue to keep workers computers upgraded			X								
7.3	Reps of each meet to share information						X								

2012-2013 COUNTY AND CITY AGENCIES' RESPONSES																
Doc No.	TITLE	Agency Delivery Addresses	Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	AGREE	DO NOT AGREE	IMPLEMENTED	WILL IMPLEMENT	WILL NOT IMPLEMENT	NO RESPONSE	WITH MODIFICATIONS	PARTIALLY IMPLEMENT	FURTHER STUDY NEEDED	NEED FUNDING	OTHER AGENCY RESPONSIBILITY	
<b>INVESTIGATIVE COMMITTEES</b>																
9	Parks	Los Angeles County Department of Parks and Recreation	9.1	Operations manual at all city and county Parks	X			X								
			9.2	US flag should be displayed at Bethune Park and Ted Wakens	X			X								
			9.3	Greater security at Kenneth Hahn State Rec. Area	X				X							
9	Parks	Los Angeles City Department of Recreation and Parks	9.1	Operations manual at all city and county Parks						X						
			9.2	US flag should be displayed at DeLongpre					X							
			9.4	Improve restrooms at Lincoln Park.					X							
10	Glendale Water & Power	City of Glendale	1	City should get independent opinion re Props. 218 & 26	X				X							
			2	City should hold special election re GWP rates					X							
			3	City should consider alternate sources of revenue					X							
11	El Segundo City	City of El Segundo	11.1	City should form a citizens committee for budget					X							
			11.2	City should annually audit Chevron utility use					X							



2012-2013 COUNTY AND CITY AGENCIES' RESPONSES																
Doc No.	TITLE	Agency Delivery Addresses	Recommendation	Brief 3 to 4 keyword Description of Recommendation Responses												
STANDING COMMITTEES				AGREE	DO NOT AGREE	IMPLEMENTED	WILL IMPLEMENT	WILL NOT IMPLEMENT	NO RESPONSE	WITH MODIFICATIONS	PARTIALLY IMPLEMENT	FURTHER STUDY NEEDED	NEED FUNDING	OTHER AGENCY RESPONSIBILITY		
15	Adult Detention Committee	L.A. Police Department	15.6	77th St Div-only use Sally Port for moving detainees	X						X					
			15.10	Hollywood-clean more often and repair flooring		X										
16	Juvenile Detention Committee	Department of Probation	16.1	Expand Advanced Path Academy credit recovery	X			X								
			16.2	Provide Vocational/Occupational training at all Camps	X			X								
			16.3	More rigorous assignment of Juveniles to Camps	X			X								
			16.4	Medical/educational needs available at assigned camp	X			X								
			16.5	Juveniles who attempt suicide assigned to psychiatric	X			X								
			16.7	Reduce staff on long term disabilities	X			X								
			16.8	Increase cameras to help investigate injury claims	X			X					X			
			16.9	Increase self defense and injury prevention training	X			X					X			
		LACOE	16.6	Implement innovative reading programs	X			X								







CITY OF GLENDALE, CALIFORNIA  
Office of the City Attorney

613 East Broadway, Suite 220  
Glendale, California 91206-4394  
(818) 548-2080 Fax (818) 547-3402  
www.ci.glendale.ca.us

September 23, 2013

*Via Certified Mail – Return Receipt Requested*

Nancy Coleman, Chairperson, Continuity Committee  
2013-2014 Los Angeles County City Grand Jury  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

**RE: City of Glendale Response to the March 25, 2013 Los Angeles County Civil Grand Report Entitled: “Glendale Water & Power and Propositions 218 and 26.”**

Dear Ms. Coleman:

Enclosed please find a **second** copy of the City of Glendale’s response to the above-referenced Los Angeles Civil Grand Jury Report (Report). As specified in California Penal Code section 933, and as instructed by Foreperson Frederick M. Piltz in his March 20, 2013 cover letter to the City of Glendale, Glendale sent the response to the presiding judge, the Honorable Charlaine Olmedo. The response was transmitted via Federal Express (Tracking Number 802901661514) on June 18, 2013 and signed for by S. Wright on June 19, 2013 at 2:02pm.

Please note that the Report was not delivered to the City “in early March, 2013,” as stated in your letter. The Report was delivered to the City of Glendale on March 20, 2013 and was formally released on March 25, 2013. Moreover, California Penal Code section 933 states that the response to a grand jury’s report is due “no later than 90 days after the grand jury submits a final report” and not “within 90 days of receipt by your office” as your letter states. Mr. Piltz’ March 20, 2013 cover letter stated that the response was due “within 90 days following the release of the Report to the public.” In any event, the City of Glendale’s response to the Report was timely.

Sincerely,

A handwritten signature in black ink that reads "Michael J. Garcia".

Michael J. Garcia  
City Attorney  
City of Glendale

Cc: Honorable Mayor and City Council Members, City of Glendale  
Scott Ochoa, City Manager, City of Glendale



CITY OF GLENDALE, CALIFORNIA  
Office of the City Attorney

613 East Broadway, Suite 220  
Glendale, California 91206-4394  
(818) 548-2080 Fax (818) 547-3402  
www.ci.glendale.ca.us

June 18, 2013

The Honorable Charlaine Olmedo  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

**RE: City of Glendale Response to the March 25, 2013 Los Angeles  
County Civil Grand Report Entitled: "Glendale Water &  
Power and Propositions 218 and 26."**

Dear Judge Olmedo:

Enclosed please find the City of Glendale's response to the above-referenced Los Angeles County Civil Grand Jury Report.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Ochoa", is written over a horizontal line.

Scott Ochoa  
City Manager  
City of Glendale

cc: Honorable Mayor and City Council Members, City of Glendale  
Robert Elliot, Director of Finance, City of Glendale  
Michael J. Garcia, City Attorney, City of Glendale  
Stephen M. Zurn, General Manager, Glendale Water & Power

Adopted  
6/11/13  
Quintero/Najarian  
Noes: Sinanyan

RESOLUTION NO. 13-85

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GLENDALE, CALIFORNIA, APPROVING A RESPONSE TO THE MARCH 25, 2013 LOS ANGELES COUNTY CIVIL GRAND JURY REPORT ENTITLED "GLENDALE WATER & POWER AND PROPOSITIONS 218 AND 26" AND DIRECTING THE CITY MANAGER, OR HIS DESIGNEE, TO SUBMIT SAID RESPONSE TO THE CIVIL GRAND JURY

WHEREAS, on March 25, 2013, the Los Angeles County Civil Grand Jury released an Interim Report entitled "Glendale Water & Power and Propositions 218 and 26"; and

WHEREAS, a response is required to civil grand jury reports by state statute; and

WHEREAS, a draft response has been prepared for approval by the City Council and is attached to this Resolution as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GLENDALE, CALIFORNIA:

SECTION 1. That the draft response attached hereto as Exhibit A, is hereby approved as the City of Glendale's official response to the March 25, 2013 Los Angeles County Civil Grand Jury Report entitled "Glendale Water & Power and Propositions 218 and 26."

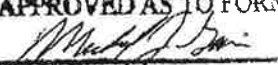
SECTION 2. The Council does hereby direct the City Manager, or his designee, to file the response, as substantially attached, for and on behalf of the City of Glendale with the Presiding Judge of the Los Angeles County Superior Court.

Adopted this 11th day of June, 2013.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM  
  
\_\_\_\_\_  
City Attorney  
DATE 6/6/13

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) SS.  
CITY OF GLENDALE )

I, Ardashes Kassakhian, City Clerk of the City of Glendale, certify that the foregoing Resolution No. 13-85 was adopted by the Council of the City of Glendale, California, at a regular meeting thereof held on the 11th day of June, 2013, by the following vote:

- AYES: Friedman, Najarian, Quintero, Weaver
- NOES: Sinanyan
- ABSENT: None
- ABSTAIN: None

  
\_\_\_\_\_  
City Clerk

## EXHIBIT A

### City of Glendale Response to March 25, 2013 Los Angeles County Civil Grand Jury Report Entitled "Glendale Water & Power and Propositions 218 and 26"

#### I. RESPONSE TO GRAND JURY FINDINGS

##### *Finding # 1: "The City argues that Propositions 218 and 26 do not apply."*

**Response to Finding # 1:** The City disagrees with this finding. This is a misstatement of the City's position. The City has never contended that Propositions 218 and 26 do not apply to water and electric rates, respectively.

##### Proposition 218

The crux of the Grand Jury's Report is that the City is illegally transferring revenue from the water and electric utility to the general fund in violation of Proposition 218 and 26. But the City discontinued its general transfer of water revenue to the General Fund, absent cost of service justifications, in February 2011. The City informed the Grand Jury of this critical fact. The City provided the Grand Jury with a copy of the February 8, 2011 City Attorney report addressing the application of Proposition 218 to water transfers and the accompanying Council resolution discontinuing the water transfer absent cost-of-service justification. Yet, the Report omits reference to these reports or to the fact that the City discontinued the water transfer due to concerns regarding Proposition 218 compliance.

In addition, the City complies with Proposition 218 with respect to water rates. When the City adjusted its water rates in 2012, the City prepared a comprehensive cost of service analysis to support such rate adjustments.

##### Proposition 26

The City also agrees that Proposition 26 applies and must be considered whenever an electric rate adjustment is proposed. The City has never contended otherwise, and the Civil Grand Jury's conclusion to the contrary is wrong and misleading.

The Interim Report states that the "City's transfer of electric revenue to its general fund is evidence that the electric fees exceed the reasonable to provide the service and would be impermissible unless legislation predating adoption of Proposition 26 permitted the transfer." Yet, Proposition 26 explicitly states that it is not retroactive for local governments.

Thus, the Civil Grand Jury's conclusion is wrong in two respects. First, Proposition 26 does not apply to current electric rates, but instead only applies when the City proposes to increase or adjust electric rates. It is worth noting that even the individual who initiated the complaint to the Civil Grand Jury (Harry Zavos) has acknowledged before the Council that Proposition 26 will not be triggered until there is a post-Proposition 26 adjustment to electric rates. The difference in opinion lies with the effect of the transfer.

Secondly, because Proposition 26 is not retroactive, transfer requirements such as the requirement in Article XI, Section 22 of Glendale's Charter – which was adopted by the voters in 1949 - are grandfathered under Proposition 26. As long as the transfer remains consistent with the charter-authorized amount, a future increase or adjustment in electric rates will not trigger Proposition 26's voter approval requirement as long as rates are justified by cost of service.

#### GWP Infrastructure Needs

The faulty logic and poor research of the Civil Grand Jury's report is exemplified by the following statement on page 2 of the Report: "No apparent effort has been made to determine the impact of these transfers on GWP's ability to fund needed repairs and enhancements to its infrastructure." The Civil Grand Jury provides no support for this assertion in the Report. More importantly, the Civil Grand Jury never posed this question to the City. In fact, the impact of the transfer on GWP's finances and infrastructure needs is considered annually by the Council when it reduces the amount of the transfer below the 25% mandated by the Charter and when it reviews its budget. The City could have provided budget documents, staff reports, consultant analyses and PowerPoint presentations to address this issue. The Civil Grand Jury never gave the City the opportunity to address this assertion.

***Finding # 2: "The City of Los Angeles lost in court making a similar argument as the City of Glendale."***

**Response to Finding # 2:** The City disagrees with this finding. Glendale disagrees with the statement that Glendale is "making a similar argument" as was made by the City of Los Angeles in the City of Los Angeles lawsuit referenced in the Report.

The Los Angeles lawsuit in question involved water transfers and Proposition 218. As noted above, the City of Glendale has discontinued transfers from its water enterprise to the General Fund except to the extent justified based upon cost. Therefore, the City of Glendale is not "making a similar argument" as the City of Los Angeles.

Additionally, Proposition 218 expressly states that it does not apply to electric rates. The Report cites the Los Angeles decision – a Proposition 218 trial court case involving a water transfer -- as "indicative of the judicial trend in interpreting Proposition 218 and 26." (Emphasis added). But it is not legally correct to rely on a Proposition 218 trial court case involving a water transfer as "indicative" of how a court might interpret and apply Proposition 26's unique provisions and requirements to electric rates – which are not subject to Proposition 218.

With regard to Proposition 26, to date, there has been only one court decision that has considered Proposition 26 in the context of electric rates and a general fund transfer. That case is a 2011 trial court case involving the City of Redding. In that case – a copy of which the City supplied to the Grand Jury – the trial court held that a city's transfer of electric funds to the general fund did not violate Proposition 26 as long as the requirement to transfer the funds predated November 3, 2010, when Proposition 26 became effective. This was the case even

though the transferred funds were a component of a post-Proposition 26 electric rate increase. That case is presently on appeal.

Like the City of Redding, the City maintains that Glendale's 1949 Charter provision requiring the transfer of electric funds to the general fund is a legal mandate that pre-dates Proposition 26's effective date. Therefore, the transfer of funds from GWP electric to the General Fund is grandfathered under Proposition 26.

***Finding # 3: "Fiscal challenges do not justify ignoring constitutional requirements."***

**Response to Finding # 3:** The City agrees with this general statement. However, the City disagrees with the Grand Jury's implication that Glendale is ignoring constitutional requirements. Contrary to the statements in the report, the City of Glendale is not in violation of the California Constitution and operates in accordance with the law.

## **II. RESPONSE TO GRAND JURY RECOMMENDATIONS**

### ***Grand Jury Recommendation # 1:***

***That the City of Glendale obtain an independent legal opinion from outside legal counsel specializing in municipal tax law regarding its compliance with Propositions 218 and 26.***

### **Response to Recommendation # 1:**

The City has retained outside legal counsel specializing in municipal tax law to ensure compliance with Proposition 26 in connection with amendments to the City's Electric Rate Ordinance that staff anticipates will be presented to the Council in the next few months. As noted above, the City Council has discontinued transfers of funds from the water utility to its General Fund, except to the extent justified based upon cost of service. If and to the extent the City transfers to the General Fund from its water utility, such transfers will be based upon the cost of service in compliance with Proposition 218.

### ***Grand Jury Recommendation # 2:***

***That the City of Glendale hold a special election and obtain the authorization by two thirds of those voting approving the utility rates charged by Glendale Water & Power and the transfer of funds from Glendale Water & Power to the City's general fund.***

### **Response to Recommendation # 2:**

The law does not require a special election or authorization of 2/3 of the voters for approval of the City's utility rates. The City does not transfer water revenue and Proposition 26 does not retroactively apply to the City's existing electric rates or to the transfer.

**Grand Jury Recommendation # 3:**

*That the City of Glendale consider alternative sources of revenue if it is unable or unwilling to obtain the requisite authorization of the City's voters as suggested in 2 above.*

**Response to Recommendation # 3:**

The City of Glendale continually reviews and analyzes its budget for additional source of revenue, even in light of the significant legal and political restrictions to obtaining said revenues. Given that it is the City's position that its actions are lawful, the City does not see the need at this time to replace the revenue received via the transfer.

[End of Document]





# City of El Segundo

## Office of the City Manager

September 19, 2013

**Elected Officials:**

*Bill Fisher,*  
Mayor  
*Carl Jacobson,*  
Mayor Pro Tem  
*Suzanne Fuentes,*  
Council Member  
*Dave Atkinson,*  
Council Member  
*Marle Fellhauer,*  
Council Member  
*Tracy Weaver,*  
City Clerk  
*Crista Binder,*  
City Treasurer

**Appointed Officials:**

*Greg Carpenter,*  
City Manager  
*Mark D. Hensley,*  
City Attorney

**Department Directors:**

*Deborah Cullen,*  
Finance  
*Kevin Smith,*  
Fire Chief  
*Martha Dijkstra,*  
Human Resources  
*Debra Brighton,*  
Library Services  
*Sam Lee,*  
Planning &  
Building Safety  
*Mitch Tavera,*  
Police Chief  
*Stephanie Katsouleas,*  
Public Works  
*Robert Cummings,*  
Recreation & Parks

[www.elsegundo.org](http://www.elsegundo.org)

Presiding Judge

Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street, Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Re: City of El Segundo 2012-2013 Civil Grand Jury Final Report "Chevron-El Segundo"

Honorable Presiding Judge:

Thank you for the above-referenced Civil Grand Jury Report ("Report") and the opportunity to respond thereto. The report contains no formal findings for the City of El Segundo ("City") to respond to but does contain two recommendations that require a City response.

While the Report contains no formal findings, it does state: that the Civil Grand Jury ("Grand Jury") found no evidence of conflicts of interest regarding City officials and their dealings with Chevron and no evidence of improprieties with regard to the City's negotiations with Chevron; that the City deserves recognition for being fiscally conservative even though it has faced budget challenges, like most cities, in the last few years; and that the City entering into the agreement with Chevron in April 2013 addresses many of the City's revenues issues and was probably the best decision for the City; and that the Grand Jury remains somewhat concerned about the City addressing long term fiscal issues and that the Grand Jury cannot entirely dismiss that the City's treatment of Chevron may impose a disproportionate burden on other businesses in the City.

The issue of taxes being fair and disproportionate is a subjective matter upon which reasonable minds can differ. Chevron is the City's single largest tax payer and the April 2013 agreement significantly increases the amount that Chevron will be paying the City over the next fifteen years. Whether taxes should be based upon acreage, number of employees, gross receipts, and burden on City services is, again, subjective and virtually every City in California weighs each of these factors differently and uses different factors in determining how to impose taxes. Moreover, with the passage of Proposition 218, it takes voter approval to change/increase taxes and so even if there were an objective

Page 2

September 19, 2013

Re: City of ElSegundo 2012-2013 Civil Grand Jury Final Report "Chevron-El Segundo"

standard by which to measure the fairness by and the imposition of taxes, your report recognizes the difficulty associated in getting such voter approval.

Your report also states that citizen participation in the budget process is minimal based upon the public attendance that the Grand Jury observed at the budget hearings which it attended in 2012. Based upon this observation the Grand Jury states that it believes the City should make more of an effort to increase the public's participation in the budget process. The City recognizes that there were not many members of the public in attendance at the budget meetings that the Grand Jury attended. However, the City wants to make sure that the Grand Jury is aware that prior to the public hearings that were attended by the Grand Jury that the City conducted two special Council Meetings which were Strategic Planning Budget Workshops. These Workshops did have a much higher level of attendance than the public hearings. These Workshops, which the City holds annually (this year the City held three budget workshops), generally last about three hours each and include a very detailed presentation by City staff regarding the City's budget. Members of the public are provided the opportunity to provide input at these meetings. Perhaps the in depth nature of these Workshops provides many members of the public with the information they are seeking which results in reduced attendance at the public hearings where the budget is finalized and formally adopted.

In addition to the Budget Workshops, and prior to the two public hearings the Council conducts at its Regular Council Meetings, the Council places an item on its agenda announcing the dates of the two public hearings regarding the budget. Accordingly, while the City welcomes and agrees with the Grand Jury that the budget process would be enhanced by more public participation, it is noteworthy that the City agendized the budget for discussion five times for fiscal year 2012/2013 and six times for fiscal year 2013/2014.

With regard to the Grand Jury's Formal Recommendations which do require a response by the City, the City responds as follows:

**Grand Jury Recommendation 11.1:** The City should form a citizen's committee of residents to recommend to the City manager long term financial planning that insures continued fiscal stability. Given the fifteen year term of the proposed agreement with Chevron and the resulting apparent fiscal health of the City, waiting until the end of the current Chevron agreement to plan for future budget stability would not best serve the City.

**City's Response:** The City agrees that it should not wait fifteen years, the end of the Chevron agreement, to plan for future budget stability. The City held an extra budget workshop to address this specific issue and to begin planning for potential budget issues in fiscal years 2014/2015 and beyond. The City is currently exploring potential tax increases and is scheduled to continue this discussion at its September 25, 2013, meeting and is committed to continuing to

explore long term fiscal stability over the coming months. The City's next opportunity to place tax increases before the voters is at the City's April 2014 general municipal election. This is the City's only near-term opportunity to place general taxes on an election, unless the Council declares that a fiscal emergency exists by a unanimous vote of the Council is on its general municipal elections which only occur every two years (see, California Constitution Article XIII C).

The City is not going to implement a citizens committee at this time but is open to reconsidering the recommendation in the future. Given that the Council is proactively addressing this issue and there is a limited time frame for the Council to take action to consider placing general taxes on the April 2014 election, it does not seem prudent or reasonable at this time to form such a committee as it will take time to educate such a committee and for the committee to develop recommendations. The discussion and action that needs to be taken by the Council needs to commence immediately and be concluded over the next sixty to ninety days to allow for the preparation and potential adoption of the various documents that are needed to place a tax measure on the ballot. Depending on the Council's decision regarding placing a tax measure on the election and, if it does, the voters' action on a proposed tax measure, the Council will further consider the advisability of forming a citizen's committee.

**Grand Jury Recommendation 11.2:** The City of El Segundo should conduct an annual audit of Chevron's utility use in order to better pursue revenues at the conclusion of the current agreement. This audit should be part of the public record as opposed to the confidential audit performed by a contractor prior to the negotiation of the current Chevron agreement.

**City's Response:** As the City previously communicated to the Grand Jury, it is unlawful and constitutes a criminal act for the City to release tax information to the public (see, California Civil Code Section 3426.1(d); Revenue and Taxation Code Sections 7284.6, 7284.7 and 21002; Business and Professions Code Section 11612; Public Utilities Code Section 394.4, and El Segundo's Municipal Code Section 4-1.34). It is not reasonable for City to implement this recommendation.

The City also declines to conduct an annual audit of Chevron's utility usage as such is not warranted or reasonable. The Chevron agreement is structured such that the additional payment made by Chevron is based upon deducting the taxes Chevron pays the City from the agreed upon total payment amount. Given that the additional payment by Chevron greatly exceeds the amount of taxes paid by Chevron and it is not projected that such will change for a number of years it is not warranted that the City audit Chevron utility usage every year. After a few or more years have passed it would seem more reasonable to undertake audits, although not necessarily annually, of Chevron's utility usage. The City conducts audits of its businesses from time to time, but not on an annual basis. It does not seem reasonable that Chevron should

Page 4

September 19, 2013

Re: City of ElSegundo 2012-2013 Civil Grand Jury Final Report "Chevron-El Segundo"

be subject to annual audits when no other business is subject to annual audits. It does seem reasonable that given that Chevron is the largest taxpayer in the City, that they and other significant taxpayers might be audited more frequently.

Again, the City would like to express its appreciation to the Grand Jury and its efforts in reviewing the City's budget and tax issues and the opportunity to respond to the Grand Jury. Please contact me if I can be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "Greg Carpenter". The signature is written in a cursive style with a large, sweeping initial "G".

Greg Carpenter,  
City Manager

Cc: City Council

# LOS ANGELES POLICE DEPARTMENT



**CHARLIE BECK**  
Chief of Police

**ERIC GARCETTI**  
Mayor

P. O. Box 30158  
Los Angeles, Calif. 90030  
Telephone: (213) 486-0150  
TDD: (877) 275-5273  
Ref #: 1.14  
OCOP ID # 3343

February 26, 2014

The Honorable David S. Wesley  
Judge of the Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

Dear Judge Wesley:

This correspondence will serve as the Los Angeles Police Department's (LAPD) response to the Los Angeles County Civil Grand Jury report dated June 28, 2013 "LAPD Skid Row Station." The three recommendations made by the Grand Jury do not fall within the jurisdiction of the LAPD. They have been forwarded to the appropriate City departments and copies have been transmitted to the relevant Council District. Thank you for your interest in public safety.

Recommendation number 2.1 – General Services and Bureau of Street Services

Provide rodent control so that officers and citizens have access to a pest free facility, and regular tree trimming.

Recommendation number 2.2 – Bureau of Street Services

Purchase and install of "Portland Loos," that are \$100,000 each and approximately \$1,200 per month to maintain.

Recommendation number 2.3 – Department of Water and Power

Repair and ensure that the drinking fountains are functioning properly.

Should you have any questions or require further information, please contact Mr. Arif Alikhan, Special Assistant for Constitutional Policing, at (213) 486-8730.

Very truly yours,

A handwritten signature in black ink, appearing to be "C. Beck".

**CHARLIE BECK**  
Chief of Police

# LOS ANGELES POLICE DEPARTMENT



**CHARLIE BECK**  
Chief of Police

**ERIC GARCETTI**  
Mayor

P. O. Box 30158  
Los Angeles, Calif. 90030  
Telephone: (213) 486-8730  
TDD: (877) 275-5273  
Ref #: 1.14

September 30, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Dear Presiding Judge:

The County of Los Angeles Civil Grand Jury final report dated June 28, 2013, provided numerous recommendations for the Los Angeles Police Department (LAPD or Department) regarding detention facilities at 77<sup>th</sup> Street Area (A1), and Hollywood Area (A46).

Note: The Civil Grand Jury identified 77<sup>th</sup> Street Area as 77<sup>th</sup> Street Division, and Hollywood Area as Hollywood PD. The LAPD's response will identify these entities with their official names.

The Department's responses to the Civil Grand Jury's recommendations are as follows:

## 77<sup>th</sup> Street Area (A1)

- *Police officers should only use the Sally port for moving detainees to and from the facility. During the Grand Jury inspection, three arrestees in handcuffs were escorted thru the main lobby of the station in the presence of jurors and civilians.*

The LAPD's response: 77<sup>th</sup> Street Jail facility is utilized by LAPD personnel from various Areas throughout the City. The jail facility is also utilized by numerous outside agencies including the California Highway Patrol. 77<sup>th</sup> Street Area will remind LAPD personnel and outside agencies that the primary method of transporting arrestees is through the Sally port.

There will be times when it is necessary to move arrestees through the lobby of the station, and they are as follows:

- Suspects who had been arrested then booked and were later released from 77<sup>th</sup> Street Station;

- Juveniles who had been arrested and booked and were later released to their guardian;
- Suspects who are aware they have outstanding warrants and surrendered to desk officers for booking;
- Suspects detained and moved to interview rooms by officers or detectives conducting a criminal investigation; and,
- Outside agencies that are not aware of the procedures.

Hollywood Area (A46)

- *This facility should be cleaned on a regular basis; the flooring should be repaired; and a safe and secure juvenile holding area should be provided.*

The LAPD's response: The Department disagrees with the above recommendations as the facility is cleaned regularly; this includes a routine mopping of the facility's floors and vacuuming of carpeted floors on an as needed basis.

The floor is old and not aesthetically pleasing. The floor, however, is functional and is not in need of any urgent repair. The Department is not aware of a specific area(s) that the audit is referring to as the description is too general (...“flooring should be repaired...”). Hollywood Area invites a follow-up visit to help identify specific areas that may need repair. The audit did not identify a specific area, but only gave a general indication that the flooring should be repaired.

Currently, there is no secure juvenile holding area that is enclosed and secured with a lock. The only secured holding areas (or detention tanks) are reserved for adult suspects/arrestees only. At this time, juveniles that need to be secured are handcuffed to a bench in the detective squad room (away from other adult suspects/arrestees) and closely monitored. This arrangement complies with the LAPD's procedures and ensures that juvenile detainees are safe and secure. At this time, the construction of a new juvenile holding area is cost prohibitive and funding is not available.

Should you have any questions or require further information, please contact Mr. Gerald L. Chaleff, Special Assistant for Constitutional Policing, at (213) 486-8730.

Very truly yours,



CHARLIE BECK  
Chief of Police

**BOARD OF RECREATION AND  
PARK COMMISSIONERS**

BARRY A. SANDERS  
PRESIDENT

W. JEROME STANLEY  
VICE PRESIDENT

LYNN ALVAREZ  
SYLVIA PATSAOURAS  
JILL T. WERNER

LATONYA D. DEAN  
COMMISSION EXECUTIVE ASSISTANT II

**CITY OF LOS ANGELES**  
CALIFORNIA



**ERIC GARCETTI**  
MAYOR

**DEPARTMENT OF  
RECREATION AND PARKS**

221 N. FIGUEROA STREET  
SUITE 1550  
LOS ANGELES, CA 90012

(213) 202-2633  
FAX: (213) 202-2614

**MICHAEL A. SHULL**  
GENERAL MANAGER

December 23, 2013

Clara Shortridge-Foltz, Criminal Justice Center  
Presiding Judge of the Los Angeles Superior Court  
Los Angeles County Civil Grand Jury  
210 West Temple Street, Room 11-506  
Los Angeles, CA 90012

Attention: Nancy Coleman

Dear Ms. Coleman:

This is in response to your letter dated December 4, 2013, from the County of Los Angeles Civil Grand Jury. We would like to thank you for your commendation on the general maintenance and the accessibility to our parks that were visited by the Grand Jury.

Both De Longpre Park and Bronson Canyon Park are unstaffed facilities that are maintained by maintenance routes. Due to the absence of staff to raise and lower the flag on a daily basis, unstaffed facilities are not designed with flag poles.

In regards to Lincoln Park, this facility is one of the busiest facilities within our City park system, and it is also one of the original City of Los Angeles parks dating back to the 1800's. The Department of Recreation and Parks (RAP) takes pride in providing a clean and safe environment for all park patrons. The restrooms are maintained on a daily basis and facility repairs resulting from vandalism or overall use are addressed in a timely manner. Restrooms are always available to park patrons during operating hours. We are currently working with the community to identify the scope of a pedestrian path lighting project; this project is scheduled to start in June 2015. As for the pool, we are also scheduled to start a complete replacement of the pool and bathhouse in February 2015. This project will include a new 3,400 square foot lap pool and a 1,360 square foot splash pad.



In the past three years, a significant number of improvements were made to the infrastructure at Lincoln Park such as:

- New Smart Irrigation system was installed throughout the park.
- New skate plaza.
- Concrete walkway, embankment and lake edge treatment was completed.
- Resurfaced and restriped basketball court.
- Installed new decomposed granite volleyball court.
- Ornate historic gateway was meticulously restored.

I am pleased to report that the drinking fountains at MacArthur Park identified in the report have been repaired and are in operable condition.

Per your recommendation 9.1, please note that Park Maintenance Supervisors (PMS) are responsible for the maintenance and operation of approximately 20 -25 park facilities throughout a geographical region. A PMS promotes within RAP and must achieve a minimum of 2 years full time paid experience with the City of Los Angeles as a Senior Gardener or in a class which is at least at that level that provides experience in supervision of employees engaging in gardening. They can substitute one year of experience by taking one year of college education with at least 12 semester or 18 quarter units in horticulture, botany, or a related field. Once a supervisor is appointed, they are also required to attend a mandatory core supervision course given by RAP. This course addresses the following topics; discipline process, safety, equal opportunity employment, grievance process, interviewing and selecting, financial management, and the rules of being a supervisor.

For any additional questions or concerns, please contact Assistant General Manager Ramon Barajas, at (818) 756-9404.

Sincerely,



MICHAEL A. SHULL  
General Manager

MAS:ls

cc: WA# 14058  
Reading File

**BOARD OF FIRE  
COMMISSIONERS**

DELIA IBARRA  
PRESIDENT

ANDREW GLAZIER  
VICE PRESIDENT

STEVEN R. FAZIO  
JIMMY H. HARA, M.D.  
JIMMIE WOODS-GRAY

LETICIA GOMEZ  
EXECUTIVE ASSISTANT II

**CITY OF LOS ANGELES**  
CALIFORNIA



ERIC GARCETTI  
MAYOR

**FIRE DEPARTMENT**

BRIAN L. CUMMINGS  
FIRE CHIEF

200 NORTH MAIN STREET  
ROOM 1800  
LOS ANGELES, CA 90012

(213) 978-3800  
FAX: (213) 978-3815

[HTTP://WWW.LAFD.ORG](http://www.lafd.org)

September 24, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Re: Response to the Civil Grand Jury Recommendations regarding the Los Angeles Fire Department Response Time Lag

Dear Honorable Presiding Judge:

On behalf of the Los Angeles Fire Department (LAFD), I have reviewed the Civil Grand Jury documents regarding the LAFD Response Time Lag. Below you will find each specific Grand Jury recommendation along with our response:

**Recommendation #1:** The City of Los Angeles should reinstate the funding to the LAFD that was cut in 2008.

**Response:** This recommendation has not been implemented. The City of Los Angeles continues to face budget deficits for years to come. Pending improved budgetary times, the LAFD would like to grow the staffing of the Department, both sworn and civilian, to the level necessary to provide for the current and anticipated public safety needs of the City. Utilizing accurate, timely data, our resource footprint will more closely match the type and frequency of calls for service in each district. Together, our purpose, aims and goals should shape a new business model for the LAFD and the Strategic Plan for 2013-18.

In fiscal year 2008-2009, the LAFD's budget was \$561 million. The daily field staffing was 1071. There were 101 Engine companies, 49 Light Forces, 89 Paramedic ambulances and 41 Basic Life Support (BLS) ambulances deployed each day. Field resources were supervised and administered by three Division Command Teams, 16 Battalion Command Teams and 16 Emergency Medical Services (EMS) Captains.

In fiscal year 2009-2010, the LAFD's budget was reduced to \$505 million. To meet \$39 million of the budget reduction, the LAFD instituted the Modified Coverage Plan (MCP). This rotating deployment plan closed ten Engine companies, five Light Forces, one Battalion Command Team, three EMS Captains and nine BLS ambulances daily. The 87 members from these closed companies were used each day to fill vacant positions created by compensated time off (CTO). The LAFD's daily staff was reduced to 984, an overall decrease of 8%. It was a reduction of 10% of the on duty Engines and Light Forces, 6.2% of the on duty Battalion Command Teams, 18.7% of the on duty EMS Captains and 22% of the on duty BLS ambulances.

In fiscal year 2010-2011 the LAFD's budget was reduced to \$495 million. The LAFD made several structural changes to reduce costs. These included converting two of the Hazardous Materials Squads from fully staffed to flex-staffing, reduction of 27 EMS Captain positions (9 per platoon) and the reduction of 28 sworn administrative positions.

In August of 2010, the MCP was expanded to include a Division Command Team, 33% of the on duty Division Commanders and a second Battalion Command Team, 12.5% of the on duty Battalion Commanders.

In January of 2011, in response to a projected budget shortfall, the LAFD expanded MCP to 14 Engine companies and eight Light Forces. The LAFD's daily staffing was reduced to 933, a decrease of 13.5% from full deployment. The expanded MCP allowed the LAFD to close its budget deficit by deploying 22 less fire companies and six less ambulances per day. This plan used the 122 personnel daily from the closed resources and moved them around to various work locations to offset CTO.

In fiscal year 2011-2012, to meet the budget deficit, the LAFD permanently closed seven Light Forces, eleven Engines, one Division office, two Battalion offices, and ten Staff Assistant positions daily for a total of 318 sworn positions. The closure of resources created a pool of 106 personnel daily that were used to fill vacancies and offset overtime costs.

In fiscal year 2012-2013, the LAFD received funding in our budget to restore one Engine company (12 positions) and nine administrative EMS Captain positions.

**Recommendation #2:** LAFD should incorporate civilians as call handlers.

**Response:** This recommendation has not been implemented. The City Administrative Office and the LAFD are currently negotiating transitioning the Firefighters and Captains from a 24-hour shift to a 40-hour workweek. Currently these employees work a 56-hour work week and are compensated with overtime after 40 hours of work per week. Former Mayor Antonio Villaraigosa along with City Administrative Officer Miguel Santana and the Chairs of both the City Council's Budget and Finance Committee and Public Safety Committee met on numerous occasions to discuss this issue. The United Firefighters of Los Angeles City (UFLAC) has been successful thus far lobbying elected officials to delay this implementation; hence the recommendation has not yet been implemented.

In the current fiscal year, the LAFD was funded for the following:

1. \$238,404 for four months funding for 12 Fire Service Representatives
2. \$200,000 for variable staffed overtime for the training of the new civilian call-takers
3. \$306,500 for the Fire Priority Dispatch System-Fire Protocol software and medical dispatch card sets.

The 12 Fire Service Representatives will augment the current sworn staffing at our dispatch center. To transition from sworn firefighters to civilian call handlers would require negotiating with the UFLAC, the labor organization representing the sworn firefighters currently working at our dispatch center.

Currently there are 78 Firefighter Resource Controller/Call-takers with a minimum of four years experience, nine Floor Captains and three Platoon Battalion Chiefs assigned to Metropolitan Fire Communications (MFC). These personnel are divided into three platoons working 24-hour shifts.

Each 24-hour shift has 26 Firefighter Resource Controller/Call-takers, three captains, and one Battalion Chief on duty. All Firefighters and Captains are trained as Resource Controller/Call-takers, have field experience and are certified as Emergency Medical Technicians. The number of Resource Controller/Call-takers and Captains scheduled on the "dispatch floor" varies based upon the historical workload for that time of the day.

**Recommendation #3:** LAFD should use a customizable Emergency Medical Dispatch Protocol to allow for call handler flexibility in responding to 9-1-1 calls.

**Response:** The recommendation requires further analysis by the LAFD. The LAFD is researching the cost, staff, and time necessary to transition to a customized Emergency Medical Dispatch Protocols.

Currently the LAFD uses Medical Priority Dispatch System (MPDS). On January 18, 2001, MFC transitioned from a previous version of the MPDS to the National Academy of Emergency Medical Dispatch (NAED) MPDS Version 11. It is the world's most widely used 9-1-1-type Pre-Arrival Instructions and Dispatch Life Support protocol system. MPDS is translated into 9 different international languages. The Academy has established several International Standards Committees, which are responsible for translating, evaluating, approving and adopting changes approved by the Council of Standards. MPDS Version 11 contained nearly 300 "Determinant Descriptors," which were designed to categorizing prioritize emergency situations based upon caller interrogation and the presence or likelihood of priority symptoms and threat to life. All dispatch members are routinely evaluated, graded and reviewed on their Emergency Medical Dispatch skills using the MPDS. More recently, the LAFD has upgraded to MPDS Version 12.2.

The NAED/MPDS dispatch system that is currently used by the LAFD is a proven and sound dispatch system that is widely used in many other cities. However, it does not afford our Department the autonomy and flexibility needed in such a large and complex system as ours. The citizens we serve and our members providing emergency care in the field deserve a simple, fast, and efficient dispatch system that is catered to the unique needs of our City and one that is responsive to our needs and the changes in our EMS and local healthcare system.

**Recommendation #4:** LAFD must update the technical equipment in its vehicles and dispatch center as outlined in the November 2012 report from the task force on Information and Data Analysis (IDA).

**Response:** The LAFD has taken a number of steps towards meeting the recommendations as outlined from the IDA Task Force, they are the following:

1. The Fire Station Alerting System (FSAS) is a system that controls the fire station dispatch audio, signal lights, and other fire station alerting hardware and software. The LAFD has issued a Request for Proposals for a replacement system which will reduce response turnout time by pre-alerting units that a dispatch is about to occur within a station's geographic area of responsibility. The LAFD has received responses from prospective vendors and is currently in the review process.
2. The Computer Aided Dispatch (CAD) system is the core of the LAFD's day-to-day field operations. The CAD system is the principal application used by the LAFD to manage fire and EMS incidents from the initial time an incident is reported to the conclusion of the incident. To date, the LAFD has identified the requisite functionality and is

finalizing the Request for Proposals. More than \$12 million dollars has been appropriated for the development of the new CAD.

3. Implement Automatic Vehicle Locator (AVL) for all fire department apparatus; this includes software, hardware and training. To date, AVL hardware has been installed on 300 apparatus. AVL software installation commenced in June 2013, and full system implementation for all associated programs is projected to be completed by September 2014.
4. FIRESTATLA is a data driven performance and accountability system which will enable the LAFD to use leading-edge technology and innovative management techniques to identify gaps and enhance department performance. This fully redundant web-based system will monitor the LAFD CAD data in near real-time to provide summary and detailed information for performance and operational based measures. The tools are designed to assist the department with identifying operational inefficiencies in near real time, allowing the LAFD team to take action now.
5. LAFD Data Analysis Unit will be created to oversee the creation, analysis, dissemination and inspection of the LAFD's key data sources including but not limited to: CAD, Fire Prevention, Training, Logistics, Risk Management, and other data sources. The staffing will consist of Senior Fire Statistical Analyst and a Fire Stat Manager.

Thank you for the opportunity of participating in this vital report. If you have any questions or need additional information, please contact me directly at (213) 473-9989 or Chief Deputy David Yamahata at (213) 978-6300.

Sincerely,



BRIAN L. CUMMINGS  
Fire Chief



**STATEMENT OF PROCEEDINGS FOR THE  
REGULAR MEETING OF THE BOARD OF SUPERVISORS  
OF THE COUNTY OF LOS ANGELES HELD IN ROOM 381B  
OF THE KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, LOS ANGELES, CALIFORNIA 90012**

**Tuesday, August 27, 2013**

**9:30 AM**

- 19.** Recommendation: Approve the responses to the findings and recommendations of the 2012-13 Civil Grand Jury that pertain to County government matters under the control of the Board; and instruct the Executive Officer of the Board to transmit copies of the report to the Civil Grand Jury, and to file a copy of the report with the Superior Court upon approval by the Board. (13-3864)

**Dr. Genevieve Clavreul and Arnold Sachs addressed the Board.**

**On motion of Supervisor Knabe, seconded by Supervisor Antonovich, this item was approved.**

**Ayes:** 4 - Supervisor Yaroslavsky, Supervisor Knabe, Supervisor Antonovich and Supervisor Ridley-Thomas

**Absent:** 1 - Supervisor Molina

**Attachments:** [Board Letter](#)  
[Video](#)  
[Audio](#)

The foregoing is a fair statement of the proceedings for the meeting held August 27, 2013, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

Sachi A. Hamai, Executive Officer  
Executive Officer-Clerk  
of the Board of Supervisors

By Sachi A. Hamai

ATTEST: SACHI A. HAMAI  
EXECUTIVE OFFICER  
CLERK OF THE BOARD OF SUPERVISORS

Sachi A. Hamai  
Executive Officer

By Sachelle Smitherman, Deputy





WILLIAM T FUJIOKA  
Chief Executive Officer

County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

August 27, 2013

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

19 August 27, 2013

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

**RESPONSES TO THE 2012-13 CIVIL GRAND JURY FINAL REPORT  
(ALL AFFECTED) (3 VOTES)**

**SUBJECT**

This letter recommends that the Board: approve the responses to the findings and recommendations of the 2012-13 Civil Grand Jury Final Report; instruct the Executive Officer of the Board of Supervisors to transmit copies of this report to the Civil Grand Jury upon approval by the Board; and instruct the Executive Officer of the Board of Supervisors to file a copy of this report with the Superior Court upon approval by the Board.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve the responses to the findings and recommendations of the 2012-13 Civil Grand that pertain to County government matters under the control of the Board.
2. Instruct the Executive Officer of the Board of Supervisors to transmit copies of this report to the Civil Grand Jury upon approval by the Board.
3. Instruct the Executive Officer of the Board of Supervisors to file a copy of this report with the Superior Court upon approval by the Board.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Section 933 (b) of the California Penal Code establishes that the county boards of supervisors shall comment on grand jury findings and recommendations which pertain to county government matters under control of those boards.



On June 28, 2013, the 2012-2013 County of Los Angeles Civil Grand Jury released its Final Report containing findings and recommendations directed to various County and non-County agencies. County department heads have reported back on the Civil Grand Jury recommendations and these responses are attached as the County's official response to the 2012-2013 Civil Grand Jury Final Report.

The recommendations directed to all future Civil Grand Juries have been forwarded to the 2013-2014 Civil Grand Jury for consideration. Recommendations that make reference to non-County agencies have been referred directly by the Civil Grand Jury to those entities.

### **Implementation of Strategic Plan Goals**

The recommendations and responses are consistent with all three of the County Strategic Plan Goals:

- Goal No. 1 - Operational Effectiveness:  
Maximize the effectiveness of the County's processes, structure, and operations to support timely delivery of customer-oriented and efficient public services.
- Goal No. 2 – Fiscal Sustainability:  
Strengthen and enhance the County's capacity to sustain essential County services through proactive and prudent fiscal policies and stewardship.
- Goal No. 3 – Integrated Services Delivery:  
Maximize opportunities to measurably improve client and community outcomes and leverage resources through the continuous integration of health, community, and public safety services.

### **FISCAL IMPACT/FINANCING**

Certain Civil Grand Jury recommendations require additional financing resources. In some cases, financing has been approved by the Board in the current fiscal year's budget. Departments will assess the need for additional funding during the 2013-14 budget cycle, as appropriate.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In accordance with California Penal Code Section 933 (b), the following departments have submitted responses to the 2012-13 County of Los Angeles Civil Grand Jury Final Report.

ATTACHMENT	DEPARTMENT
A	Chief Executive Office
B	Chief Information Office
C	Children and Family Services
D	County Office of Education
E	District Attorney
F	Executive Office, Board of Supervisors
G	Mental Health (responding for Health Services)
H	Parks and Recreation
I	Probation
J	Sheriff

The Honorable Board of Supervisors

8/27/2013

Page 3

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Not applicable.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a long horizontal line extending to the right.

WILLIAM T FUJIOKA

Chief Executive Officer

WTF:BC:FC

JR:ib

Enclosures

c: Sheriff  
Executive Office, Board of Supervisors  
Auditor-Controller  
Chief Information Office  
Children and Family Services  
County Counsel  
County Office of Education  
District Attorney  
Health Services  
Mental Health  
Parks and Recreation  
Probation

# Attachment A

## **Chief Executive Office**



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

August 9, 2013

To: Supervisor Mark Ridley-Thomas, Chairman  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

### 2012-2013 CIVIL GRAND JURY - FINAL REPORT

Attached are this Office's responses to the 2012-2013 Civil Grand Jury Final Report. We are responding to specific recommendations dealing with the following sections:

- Dual Track and Training – The 2012 Citizen's Commission on Jail Violence Report
- Foster Care Hotline Investigation
- Detention: Adult Facilities

If you have any question regarding our responses, please contact me, or your staff may contact Frank Cheng of this Office at (213) 893-7938, or [fcheng@ceo.lacounty.gov](mailto:fcheng@ceo.lacounty.gov).

WTF:BC:FC  
JR:ib

Attachment

*"To Enrich Lives Through Effective And Caring Service"*

**Please Conserve Paper – This Document and Copies are Two-Sided  
Intra-County Correspondence Sent Electronically Only**

## RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT

COUNTY OF LOS ANGELES – Chief Executive Office, Public Safety Cluster

**SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
Dual Track and Training: 2012 Citizen's Commission on Jail Violence  
Report**

### **RECOMMENDATION NO. 1.2**

The Sheriff Department in conjunction with the Board of Supervisors must come to a decision about MCJ. Many of MCJ's issues are unique to this facility. If problems at MCJ have to do with architectural shortcomings, then funding needs to be provided to either rebuild or renovate the facility in accordance with current best practices. Different solutions may be needed for other large scale facilities like Pitchess Ranch or CRDF, as well as Court House Facilities.

### **RESPONSE**

The recommendation has not yet been implemented. The County is currently in the development stages of the capital improvements process for a replacement central jail facility. Any proposed improvements are contingent upon approval by the Board of Supervisors (Board).

Should the Board approve such project improvements and authorize pre-construction studies and design services, the County's project development team will engage justice partners such as the Sheriff's Department, the District Attorney, Alternate Public Defender, Public Defender, and the Department of Mental Health in the programming and design process to ensure operational requirements are addressed.

## **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – Chief Executive Office, Children and Families Well-Being Cluster

**SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
Foster Care Hotline Investigation**

### **RECOMMENDATION NO. 4.1**

DCFS should initiate in conjunction with the Los Angeles County Board of Supervisors, a separate crisis/information telephone number.

### **RESPONSE**

We are in agreement with this recommendation and will assist DCFS in exploring other Child Welfare jurisdictions to determine their approach to non-child abuse and neglect related calls.

# RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT

COUNTY OF LOS ANGELES – Chief Executive Office – Public Safety Cluster

**SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
DETENTION: ADULT FACILITIES**

## **RECOMMENDATION NO.15.1**

The Board of Supervisors and all affected County agencies should vigilantly monitor the additional cost to the detention system caused by AB 109 Realignment.

### **RESPONSE**

This recommendation has been implemented. The Auditor-Controller, CEO, Sheriff, Probation, DMH, DHS, Fire, PD, APD, DA are continuing their collaborative efforts to monitor the additional costs caused by the AB 109.

## **RECOMMENDATION NO.15.4**

The Board of Supervisors should promptly commit to replacing Men's Central Jail as soon as possible with a state of the art facility conforming to best practices in detention.

### **RESPONSE**

The recommendation has not yet been implemented. The County is currently in the development stages of the capital improvements process for a replacement central jail facility. Any proposed improvements are contingent upon approval by the Board of Supervisors (Board).

Should the Board approve such project improvements and authorize pre-construction studies and design services, the County's project development team will engage justice partners such as the Sheriff's Department, the District Attorney, Alternate Public Defender, Public Defender, and the Department of Mental Health in the programming and design process to ensure operational requirements are addressed.

# Attachment B

## **Chief Information Office**





RICHARD SANCHEZ  
CHIEF INFORMATION OFFICER

**COUNTY OF LOS ANGELES**  
**CHIEF INFORMATION OFFICE**  
Los Angeles World Trade Center  
350 South Figueroa Street, Suite 188  
Los Angeles, CA 90071

Telephone: (213) 253-5600  
Facsimile: (213) 633-4733

July 17, 2013

To: William T Fujioka  
Chief Executive Officer

From: Richard Sanchez  
Chief Information Officer

**2012-13 LOS ANGELES COUNTY CIVIL GRAND JURY FINAL REPORT**

In response to your memo dated July 1, 2013, attached is our response to the 2012-2013 Civil Grand Jury Report Recommendation 3.3.

Probation Department Employee Misconduct

Chief Information Office should organize a working group comprised of representatives from the Sheriff's Department, District Attorney, Probation Department, County Counsel and Civil Service Commission in order to establish data entry protocols that produce consistency in all data fields.

If you have any questions regarding this matter, please contact me at 213-253-5600 or [rsanchez@cio.lacounty.gov](mailto:rsanchez@cio.lacounty.gov).

RS:pg

Attachment

c: Scott Wiles, Chief Executive Office

P:\Grand Jury\2012-2013 Civil Grand Jury Response.docx

## **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – CHIEF INFORMATION OFFICE

**SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
PROBATION DEPARTMENT EMPLOYEE MISCONDUCT**

### **RECOMMENDATION NO. 3.3**

Chief Information Office should organize a working group comprised of representatives from the Sheriff's Department, District Attorney, Probation Department, County Counsel and Civil Service Commission in order to establish data entry protocols that produce consistency in all data fields.

### **RESPONSE**

The respondent agrees with the findings.

The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.

The Chief Information Office (CIO) has identified and will convene a working group comprised of representatives from departments listed below, as recommended by the Grand Jury, with the goal of establishing data entry protocols that produce consistency in all data fields.

1. Probation Department
2. Sheriff Department
3. District Attorney
4. County Counsel
5. Chief Information Office
6. Civil Service Commission

The initial Work Group meeting to discuss the concerns identified by the Grand Jury and possible solutions will be scheduled this summer. The Working Group will develop an action plan and timetable within 90 days of its first meeting to address data consistency issues.

# Attachment C

## **Children and Family Services**



**County of Los Angeles**  
**DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

425 Shatto Place, Los Angeles, California 90020  
(213) 351-5602

PHILIP L. BROWNING  
Director

FESIA A. DAVENPORT  
Chief Deputy Director

Board of Supervisors  
GLORIA MOLINA  
First District  
MARK RIDLEY-THOMAS  
Second District  
ZEV YAROSLAVSKY  
Third District  
DON KNABE  
Fourth District  
MICHAEL D. ANTONOVICH  
Fifth District

July 19, 2013

To: Supervisor Mark Ridley-Thomas, Chairman  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: Philip L. Browning, Director 

**RESPONSE TO THE 2012-2013 LOS ANGELES COUNTY CIVIL GRAND JURY  
RECOMMENDATIONS**

Enclosed please find the Department of Children and Family Services (DCFS) responses to each of the Civil Grand Jury's recommendations for year 2012-2013. The responses to the recommendations have been prepared for the following Civil Grand Jury report section topics: (1) Foster Care Hotline Investigation, (2) Foster Care Quality Assurance Training Foster Parents, and (3) Foster Care Transitional Aged Youth Vocational Training.

If you have any questions, please call me or your staff may call Aldo Marin, Manager, DCFS Board Relations Section, at (213) 351-5530.

PB:HB

c: Executive Officer, Board of Supervisors  
Chief Executive Officer  
County Counsel

Enclosures

*"To Enrich Lives Through Effective and Caring Service"*

## RECOMMENDATIONS TO THE 2012-2013 GRAND JURY REPORT

APPLICABLE SECTION	LEAD(S)	RECOMMENDATION NUMBER(S)	PAGE NUMBER(S)
Foster Care Hotline Investigation	Children and Family Services (DCFS)	4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10	23-33
Foster Care Quality Assurance Training Foster Parents	DCFS	5.1, 5.2, 5.3, 5.4, 5.5	35-41
Foster Care Transitional Aged Youth Vocational Training	DCFS	6.1, 6.2, 6.3, 6.4	43-50

# **Foster Care Hotline Investigation**

*"To Enrich Lives Through Effective and Caring Service"*

## **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – **DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
**SECTION 4. FOSTER CARE HOTLINE INVESTIGATION**

**RECOMMENDATION 4.1:** DCFS should initiate in conjunction with the Los Angeles County Board of Supervisors, a separate crisis/information telephone number.

**RESPONSE:** DCFS agrees with the recommendation and will explore other Child Welfare jurisdictions including San Francisco to determine their approach to non-child abuse and neglect related calls. Additionally, DCFS will explore changes that can be made to the existing telephone system to handle and redirect "crisis" calls.

**RECOMMENDATION 4.2:** DCFS Hotline needs to be reconfigured so that call handlers only take calls from specific regions, for example Pomona, Long Beach, or the San Fernando Valley, in order to be better able to identify local resources.

**RESPONSE:** DCFS needs further information about this recommendation. While DCFS recognizes the concern made by the Civil Grand Jury, regionalization may not accomplish the stated goal. Technology exists to have calls routed based on area codes or callers could self select based on their zip code but that is not a guarantee that the resources would be better identified. Since 80% or more of the calls are from mandated reporters, most are aware of community resources. Since the majority of the mandated reporters are teachers, followed second by law enforcement, reconfiguration may not achieve the desired outcome. Calls to the Child Protection Hotline by mandated reporters are often related to families who are already involved with community based organizations. However, a Business Plan Re-engineering (BPR) initiative is currently reviewing the Hotline operations and this recommendation will be considered during that process.

**RECOMMENDATION 4.3:** DCFS must find a method to recognize the specialized performance requirements of the Hotline employee. It must also enhance and reward the work experience for its productive Hotline employees. Most importantly, the Hotline must not be used to accommodate employees who cannot function adequately elsewhere.

**RESPONSE:** DCFS is in agreement that it is important that all staff assigned to the Child Protection Hotline (CPH) be efficient, effective and capable of handling a large number of calls each day. Additionally, it is recognized that it can be problematic to have staff who not able to perform adequately at the CPH; therefore, CPH managers work in collaboration with the Department's Human Resources Division to appropriately address personnel and performance issues. The Hotline has a process in place whereby all new staff assigned to the Hotline are interviewed and must have adequate computer skills prior to being accepted. Staff who demonstrate an aptitude for investigative skills are highly desirable. DCFS will explore how best to reward staff assigned at the Hotline, but the goal is that in time all CPH staff are rated as efficient, effective and able to handle a large number of calls.

## **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – DEPARTMENT OF CHILDREN AND FAMILY SERVICES

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
SECTION 4. FOSTER CARE HOTLINE INVESTIGATION

RECOMMENDATION 4.4: DCFS must reduce or streamline the policies, procedures and practices that Hotline employees are expected to master.

RESPONSE: DCFS agrees with the recommendation and is in the process of streamlining policies and procedures as part of the Department's Strategic Plan. Hotline staff currently receive an initial 6 to 8 weeks of training on both policy and hands-on training and thereafter continued to be monitored by the training supervisor for an additional 4 to 6 months to ensure the employee has a comprehensive understanding of the expectations and has demonstrated an understanding of the work duties. When new policies, procedures or changes to existing policies are introduced, the Hotline staff receive additional training commensurate with the new or modified policies and procedures.

RECOMMENDATION 4.5: DCFS management must become more directly involved with the actual Hotline calls system by directly experiencing real time calls.

RESPONSE: DCFS partially agrees with the recommendation since senior managers have had an opportunity to observe the Hotline operation, but have not actually handled live calls. All the Hotline managers have taken calls on an as needed basis and are proficient in inputting a report into CWS/CMS. There is a benefit to handling calls directly, but managers are also actively listening and observing the process and steps taken by the staff while multiple calls are handled simultaneously. The Department will encourage all senior managers to visit the Hotline to increase awareness of the volume of calls received and the processes involved in generating and documenting reported calls.

RECOMMENDATION 4.6: DCFS should create a separate phone number from the Hotline for calls involving children who are absent without leave (AWOL) from their foster home or those calls involving "re-placements".

RESPONSE: DCFS agrees with the recommendation and will explore the recommendation of a separate telephone number with the current telephone vendor, as well as, determine what changes can be made to the existing telephone system to accommodate reports that are not critical, but must be documented and require some action on the part of the Department such as AWOLs and request for replacements.



## RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT

COUNTY OF LOS ANGELES – DEPARTMENT OF CHILDREN AND FAMILY SERVICES

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
SECTION 4. FOSTER CARE HOTLINE INVESTIGATION

RECOMMENDATION 4.7: DCFS must reduce the number of unwarranted referrals, by which it is meant those referrals found to be “unfounded”. This can be aided by allowing the Hotline employee to deviate, if need be, from the Structured Decision Making (SDM) tool and rely more on their background and work experience. DCFS needs to allow for regional and cultural differences while ensuring consistency and efficiency.

RESPONSE: DCFS agrees with the recommendation and continues to examine the number of unwarranted referrals to determine if those labeled as “unfounded” truly meet the legal definition for abuse and neglect. Revisions are currently being developed to the SDM tools specific for the Hotline and once completed training will be provided. SDM allows for discretionary input by staff in order to take into account differences as part of the assessment criteria. DCFS management will continue to review and determine if approval is warranted when staff’s assessments include the use of discretionary features to ensure that the rationale for the input is properly documented.

RECOMMENDATION 4.8: DCFS must reduce the scope of the Child Welfare Service/Case Management System (CWS/CMS) applied to urgent Hotline issues. The Hotline should focus on how to respond quickly, gathering only as much information as necessary to make a determination for child abuse or neglect.

RESPONSE: DCFS agrees as the re-design of CWS/CMS at the State level has just started. Los Angeles County has a representative from DCFS assigned to the redesign team. The recommendation will be shared with the representative. Additionally, a recent business process re-engineering involving the Hotline narrative has been recommended and may help to streamline the steps for a quicker completion of the Screener Narrative document in CWS/CMS.

RECOMMENDATION 4.9: DCFS has to aggressively engage the community (e.g. churches, Alcoholic Anonymous, and the like) in its efforts to provide safety for the children in the County. The community’s resources have to be accessed to reduce the need to make “the call”. The Point of Engagement (POE) approach, which shows promise in Torrance, for example, should be deployed countywide.

RESPONSE: DCFS agrees and supports community engagement as part of its efforts to keep children safe. Families are encouraged to use community resources and only make “the call” when there is no other recourse. Currently regional offices are holding meetings with community partners and the Department continues to examine how to expand this effort, thereby decreasing the negative myths and stereotypes that exist in the community about DCFS.

*“To Enrich Lives Through Effective and Caring Service”*

## **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – **DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
**SECTION 4. FOSTER CARE HOTLINE INVESTIGATION**

**RECOMMENDATION 4.10:** DCFS should expand the pool of employees who are available to work at the Hotline to include those applicants without social work backgrounds. It must recognize the specialized nature of Hotline work and include persons with, for example, police backgrounds, in its applicant pool. This recommendation is similar to that made in 2012 by the CSIU.

**RESPONSE:** DCFS partially agrees as all employees at the Hotline must meet the same qualifications as all other Children's Social Workers (CSW) who work for the Department. Currently, the minimum educational qualification for a Children's Social Worker Trainee is a bachelor's degree in psychology, sociology, social work, child development, or a related human services field. DCFS would not exclude individuals with law enforcement backgrounds as long as they meet the basic required qualifications. DCFS does not actively recruit applicants with law enforcement or investigative backgrounds, but instead recruits candidates based on the required and desirable qualifications aforementioned. If DCFS were to move forward with this recommendation it would need to work closely with the County's Human Resources Division to determine how best to incorporate this group of applicants into the desired positions.

# **Foster Care Quality Assurance Training Foster Parents**

*"To Enrich Lives Through Effective and Caring Service"*

## **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – **DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
**SECTION 5. FOSTER CARE QUALITY ASSURANCE TRAINING FOSTER PARENTS**

**RECOMMENDATION 5.1:** DCFS must assess, upgrade, and standardize the scope and sequence of the foster parent training curriculum emphasizing evidence-based practices

**RESPONSE:** The Department agrees with the recommendation that trainings should encompass the topics of Post-Traumatic Stress Disorder (PTSD), coping behaviors, critical thinking and conflict management. Training skills practice must emphasize values, communication, behavior management, financial literacy, time management, peer pressure, nutrition and exercise to best prepare foster parents.

The Adoption and Permanency Resources Division of DCFS, Resource Family Assessment Units have a workgroup that has been reviewing the PS-MAPP curriculum for updates to provide the most up-to-date information and evidence-based concepts to prospective caregivers. Currently, the curriculum addresses the behaviors of PTSD in meeting 2, coping behaviors in meeting 3, all of meeting 5 is devoted to behavior management, critical thinking in meetings 2 through graduation, and conflict management is embedded in each meeting. Meetings 2 through graduation also have a skills practice with group interaction component, with values, communication, and behavior management woven into the curriculum. Practice for skills with peer pressure, time management, nutrition and exercise are included in meeting 7 and meeting 9. The PS-MAPP curriculum workgroup will examine ways to incorporate financial literacy into the six week program.

The PS-MAPP curriculum will be enhanced during the next year using the National Child Traumatic Stress Network's (NCTSN) Caring for Children Who Have Experienced Trauma curriculum. The NCTSN has collaborated closely with the National Crime Victims Research and Treatment Center at the Medical University of South Carolina. This curriculum has also been offered as continuing education for foster caregivers through the Foster Care Kinship Education program funded by the California Community College Chancellor's Office.

Additionally, the Kit for New Parents offered by First 5 California is now being given to all PS-MAPP participants after Meeting 3. The kit contains parenting advice and tips on nutrition, safety, discipline, early learning, and quality child care. A study published in the American Journal of Public Health in 2007 found that mothers who used the English or Spanish Kit demonstrated improved parenting skills.

## RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT

COUNTY OF LOS ANGELES – DEPARTMENT OF CHILDREN AND FAMILY SERVICES

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
SECTION 5. FOSTER CARE QUALITY ASSURANCE TRAINING FOSTER PARENTS

**RECOMMENDATION 5.2:** DCFS must train foster parents and a cadre of master teachers within the proposed DCFS Inter-University Consortium Training Academy.

**RESPONSE:** Licensed foster parents in Los Angeles County are required to complete annual renewal training hours to maintain their licenses. This training is available through the 14 local Community Colleges who offer a variety of renewal training classes for licensed foster parents. Additionally, the DCFS Training Section coordinates and provides an array of specialized in-service and large scale quality training events that are open to not only licensed foster parents but also open to related and non-related caregivers, adoptive parents and legal guardians. All Training Opportunities are aimed at promoting and achieving Departmental priorities of child safety, timely/legal permanency, and to reduce the reliance of out- of-home care.

The training section is currently working together with the PS-MAPP DCFS program manager on a contract that will allow direct contracting with the Community Colleges to deliver trainings on an as needed and on as requested basis. Please find below a partial list of the trainings, conferences and seminars offered over the past several years.

**Annual Conferences:**

Mi Casa Es Su Casa Training Conference	Annual Fatherhood Solutions Conference
National Foster Parent Association Education Conference	Latino Behavioral Health Conference

**In-Service/Specialized Trainings have included the following:**

Abuse and children with Development Disabilities	Obesity: The Physical Effects Obesity: Treatment
Cyber bullying & Sexting: What Caregivers Need to Know	Whole Family Foster Home
Healthy Child & Adolescent Sexuality	Anger Management
Signs and Symptoms of Diabetes	Respiratory Potpourri
Asthma Basics	Perinatal Drug and Alcohol Exposure
Strengthening Access to Dental Services for Children under DCFS Care	Teen Suicide
Multidisciplinary Assessment Team	Oppositional Defiant Disorder/Disruptive Behavior Disorder
Learning Disabilities	The Impact of Trauma on Children, Youth and Families
Helping Resource Families Navigate through the Educational System	Whooping Cough
Individualized Education Plans	Allergies
Suspensions, Truancies, and Absences	Impact Of Trauma On Neuro-Development In Early Childhood
Visitations	Guide to Learning Disabilities
Child & Adolescent Sexual Development	Prenatal Alcohol Exposure & Fetal Alcohol Spectrum Disorder
Sensory Processing	Understanding ADHD
Impulse Control	Failure to Thrive

## **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – **DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
**SECTION 5. FOSTER CARE QUALITY ASSURANCE TRAINING FOSTER PARENTS**

**RECOMMENDATION 5.3:** DCFS must quickly implement the Strategic Plan training objectives for foster parents.

**RESPONSE:** DCFS agrees since the Strategic Plan Objective I.2.2 requires that the Department recruit an additional 10% of qualified, committed and dedicated foster homes in proportion to the needs of each community; and provide these caregivers with training designed to promote child safety and address the needs of abused and neglected children.

The DCFS Strategic Plan Objective Team (SPOT) workgroup focusing on this objective is comprised of nine staff members representing eight different Regional Offices and Divisions. The workgroup has met monthly to address the recruitment of new Resource Parents who desire to provide foster care. As of July 15, 2013, 34 families who expressed interest in becoming foster parents have been approved and are eligible to take out of home placements. The National Resource Center for Diligent Recruitment at AdoptUSKids has been asked to provide technical assistance to Los Angeles County and is assisting the workgroup in examining recruitment and training strategies for new Resource Parents. As noted for Recommendation 5.1, there is a PS-MAPP curriculum workgroup, which will examine ways to reinvigorate the six week program curriculum.

As noted in Recommendation 5.1, the PS-MAPP curriculum will be enhanced during the next year using the National Child Traumatic Stress Network's (NCTSN) Caring for Children Who Have Experienced Trauma curriculum. The NCTSN has collaborated closely with the National Crime Victims Research and Treatment Center at the Medical University of South Carolina. This curriculum has also been offered as continuing education for foster caregivers through the Foster Care Kinship Education program funded by the California Community College Chancellor's Office.

## **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – DEPARTMENT OF CHILDREN AND FAMILY SERVICES

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
SECTION 5. FOSTER CARE QUALITY ASSURANCE TRAINING FOSTER PARENTS

RECOMMENDATION 5.4: DCFS must assign greater value to foster parent input within its multidisciplinary teams.

---

RESPONSE: DCFS agrees with the recommendation. Foster parents are currently included when a Multidisciplinary Assessment Team (MAT) assessment is conducted -- they are asked to participate during both the assessment process and at the summary of findings meeting. In addition, Child and Family Teams (CFT) are being piloted in four offices (Pomona, Compton, Wateridge and Torrance) with a tentative plan to implement in up to four additional offices by November. CFT members include everyone who is important to the child and family, including caregivers. The intent of the CFT is to function on an ongoing basis to develop the most appropriate plans and supports for the child and family. The caregivers are in a unique position as they know the child very well and their input is crucial in the development of an appropriate case plan.

RECOMMENDATION 5.5: DCFS must restructure its electronic data network to transmit client information on demand to all involved caregivers.

RESPONSE: DCFS agrees with the recommendation. On July 15, 2013, BIS implemented the Foster Care Search System - Caregiver Home Profile website through the DCFS Internet site. This website portal will allow licensed foster parents to access and input their basic information, including listing the number of foster children residing in the home, and the specific population they are licensed to serve in order to begin to provide DCFS staff on demand and up to date information of available foster homes.

# **Foster Care Transitional Aged Youth Vocational Training**

*"To Enrich Lives Through Effective and Caring Service"*



## **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – **DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
**SECTION 6. FOSTER CARE TRANSITIONAL AGED**

**RECOMMENDATION 6.1:** DCFS should assess all foster care youth under its jurisdiction, 16-24 years old who do not have a high school diploma to determine whether a dual track approach is beneficial. This would combine academic and vocational training in order to enhance opportunities for employment

**RESPONSE:** DCFS partially agrees with this recommendation. With the January 1, 2012 implementation of Assembly Bill 12 (AB12), the length of the DCFS' jurisdiction over foster youth extends up to the age of twenty-one. DCFS agrees to assess all foster youth under its jurisdiction between the ages of 16 years through 21, who do not possess a high school diploma to determine whether a dual track approach would be beneficial. DCFS jurisdiction does not extend to youth beyond the age of 21.

The recommendation has not been implemented by DCFS. By December 31, 2013, DCFS Training Section will develop curriculum and begin training in the utilization of case planning strategies developed in partnership with caregivers and youth that focus on enhancing the emancipation skills of adolescents and young adults. A specific focus of the training will be to ensure that all youth aging out of the public child welfare system without a high school diploma are on track to benefit from exposure to a vocational approach and existing opportunities, including YouthBuild (6.2) and the Los Angeles Unified School District's (LAUSD) Alternative Education and Work Center Program (AEWC).

## **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – **DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
**SECTION 6. FOSTER CARE TRANSITIONAL AGED**

**RECOMMENDATION 6.2:** DCFS should assign a coordinator to begin a pilot program to encourage a significant number of foster youth to participate in the YouthBuild Charter School of California (YouthBuild) or similar program.

**RESPONSE:** DCFS agrees with this recommendation. The recommendation was implemented by DCFS on May 29, 2013, one Children Services Administrator II has already been designated the DCFS coordinator for a pilot program designed to foster increased youth participation in YouthBuild Charter School of California, as well as, to promote collaborative work between DCFS and YouthBuild Charter School of California. The project strategies include the development of a YouthBuild Resource informational fact sheet, including site locations, to be posted on DCFS' intranet (LAKIDs), as well as, active through the active promotion and outreach of this alternate educational/vocational opportunity at general staff meetings, supervisory meetings and by DCFS' contracted Education Consultants.

**RECOMMENDATION 6.3:** DCFS should strive to enroll more students in the Los Angeles Unified School District's (LAUSD) Alternative Education and Work Center Program (AEWC). The foster parent, guardian or DCFS case worker should work directly with the AEWC consultant at each location to enroll youth in the AEWC program

**RESPONSE:** DCFS agrees with this recommendation. This recommendation has not been implemented. By December 31, 2013, DCFS will begin providing training for all social work staff on alternate vocational program opportunities for foster youth who have yet to graduate from high school. By educating DCFS social work staff on programs such as AEWC, foster youth enrollment into these programs should increase. In the interim, by November 1, 2013, DCFS will issue a For Your Information (FYI) staff informational notice that will inform all social work staff of alternate vocational program opportunities for their transition age foster youth and how to access these opportunities for eligible youth.

**RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – **DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
**SECTION 6. FOSTER CARE TRANSITIONAL AGED**

**RECOMMENDATION 6.4:** DCFS should begin training classes for case workers, group home supervisors, counselors and especially the foster parents to assure that all youth aging out without a high school diploma are on track to benefit from exposure to a vocational approach.

**RESPONSE:** DCFS agrees with this recommendation. This recommendation has not been implemented by DCFS. In addition to departmental training plans detailed in the response for Recommendation 6.1, the DCFS Training Section will concurrently develop and implement a training module by March 1, 2014. The proposed training will be equivalent to the "Train the Trainer" module and will be provided to all contracted Foster Family Agencies (FFAs) and Group Homes so they can in turn train their certified parents and staff.

# Attachment D

## **County Office of Education**



---

---

## Los Angeles County Office of Education

---

---

Leading Educators ▪ Supporting Students ▪ Serving Communities

Arturo Delgado, Ed.D.  
Superintendent

July 18, 2013

Los Angeles County  
Board of Education

Rebecca J. Turrentine  
President

Katie Braude  
Vice President

Douglas R. Boyd

José Z. Calderón

Rudell S. Freer

Thomas A. Saenz

To: Supervisor Mark Ridley-Thomas, Chairman  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: Arturo Delgado, Ed.D.  
Superintendent

Subject: RESPONSE TO THE 2012-2013 LOS ANGELES COUNTY  
CIVIL GRAND JURY FINAL REPORT

In accordance with the request from the Los Angeles County Chief Executive Officer dated July 1, 2013, attached is the Los Angeles County Office of Education (LACOE) response to the Civil Grand Jury recommendation that pertains to LACOE operations.

AD/CA/PW:sb  
Attachment

cc: Sachi A. Hamai, Executive Officer, Board of Supervisors  
William T Fujioka, Chief Executive Officer  
John Krattli, County Counsel  
Jerry Ramirez, Quality and Enrichment Program Services  
David Sommers, Public Information Officer

## **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – LOS ANGELES COUNTY OFFICE OF EDUCATION

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
DETENTION: JUVENILE FACILITIES

### **RECOMMENDATION NO. 16.6.**

The Department of Probation and the Los Angeles County Office of Education should implement innovative reading programs to increase the reading decoding and comprehension levels of juveniles at all of the Camps.

### **RESPONSE**

The Probation Department and the Los Angeles County Office of Education agree with this recommendation. The recommendation has been implemented and will continue to undergo improvements in implementation to maximize student performance outcomes. Below outlines innovative reading programs currently offered at Juvenile Camp Schools to increase reading decoding and comprehension levels. Each program offers a rich source of data instrumental to program monitoring and student-centered decision-making at each school site.

#### **Achieve3000**

Achieve3000 is a reading intervention program designed to improve student reading through core instruction in both state content standards and common core standards. Ongoing assessments are built into the daily instructional routine, which provide performance data to guide the decision-making process and facilitate progress monitoring.

#### **Scholastic READ 180**

READ 180 is a program designed for students whose reading achievement is two or more years below grade level. It is a reading intervention program that provides scientifically based, explicit, and systematic instruction that addresses individual needs through adaptive instructional software, high-interest literature, and direct instruction in reading and writing. The instructional model is set in three rotations: whole group direct instruction, small group instruction, and individualized computer instruction. Students receive constant feedback on their progress in both the computer work and teacher-led lessons. Students are formally reassessed every 60 days to monitor reading lexile growth and ensure proper progress in the program.

#### **Scholastic System 44**

System 44 is a component of the READ180 program and is designed for the most challenged older readers, whose achievements in reading range from non-reader through grade four. The program addresses the foundational elements of the English language, providing a strong base in phonemic awareness, phonics, decoding, morphology, and orthography, in a manner that is palatable to the older student. Students work through levels of instruction until all decoding gaps are filled and then move into the READ 180 program to further their instruction in academic vocabulary, comprehension, and writing.

2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
DETENTION: JUVENILE FACILITIES

Page 2

**After-School Extended Learning Opportunities (ELO) Program**

Students may extend their learning beyond the school day in the after-school ELO Program. This program includes a small student-to-teacher ratio. Students are offered CAHSEE Prep, GED Prep, and Language Arts intervention curriculum. Reading support is imbedded in the ELO curriculum to ensure student success.

**Freedom Schools**

Freedom Schools is a five-week reading enrichment program sponsored by the Children's Defense Fund. The program is designed to engage students in reading through a research-based and multicultural curriculum that supports children and families around five essential components: high quality academic enrichment; parent and family involvement; civic engagement and social action; intergenerational leadership development; and nutrition, health, and mental health. Freedom Schools is being piloted during the summer of 2013 at two LACOE schools, Afflerbaugh and Miller.

**Operation Read**

Operation Read is a Probation-operated tutoring program designed to build students' literacy skills in reading, comprehension, writing, and spelling. Academic mentors work with students one-to-one and in small groups, three to five hours per week, to provide a variety of instructional approaches that are individualized to each student.

During the 2012-13 school year, each intervention program went through a thorough study involving data analysis to determine the level of implementation and effectiveness of each program. A committee reviewed the findings, interpreted the data, and generated recommendations to improve program implementation and effectiveness. In efforts to ensure ongoing teaching and learning and, therefore, reading outcomes, a follow-up study for each reading intervention program will be conducted in the coming months to maintain program quality and integrity. In the interim, site leadership teams will continue to analyze reading achievement data within their Professional Learning Communities (PLCs). This PLC analysis informs teachers on student learning and allows them to develop innovative strategies to improve students' decoding and comprehension levels on a weekly basis.

Attachment E

**District Attorney**






JACKIE LACEY  
LOS ANGELES COUNTY DISTRICT ATTORNEY

---

18000 CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER  
210 WEST TEMPLE STREET LOS ANGELES, CA 90012-3210 (213) 974-3501

July 19, 2013

TO: Supervisor Mark Ridley-Thomas, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: Jackie Lacey   
District Attorney

SUBJECT: **RESPONSE TO THE 2012-2013 LOS ANGELES COUNTY CIVIL  
GRAND JURY FINAL REPORT**

Attached is my Department's response to the recommendation contained in the following section of the 2012-2013 Los Angeles County Civil Grand Jury Final Report:

*Detention Adult Facilities*

Your staff may contact Lynn Vodden, Director of the Bureau of Administrative Services at (213) 202-7616, if they have any questions or require additional information.

lv

Attachment

c: William T Fujioka  
Chief Executive Officer

**RESPONSE TO THE GRAND JURY FINAL REPORT**  
**COUNTY OF LOS ANGELES – DISTRICT ATTORNEYS OFFICE**

**SUBJECT: 2013-2014 CIVIL GRAND JURY RECOMMENDATION FOR  
DETENTION ADULT FACILITIES**

**RECOMMENDATION NO. 15.2:**

The Los Angeles County District Attorney should continue to identify and encourage alternatives to incarceration for low level offenders.

**RESPONSE**

We concur with the Civil Grand Jury's recommendations that the Los Angeles County District Attorney should continue to identify and encourage alternatives to incarceration for low level offenders, in a manner which is consistent with public safety.

The Los Angeles County District Attorney's Office currently sponsors six different alternative sentencing programs: Drug Court; Sentenced Offender Drug Court (SODC); Veterans Court; Second Chance Women's Re-Entry Court; Co-Occurring Disorders Court, and Homeless Court. The District Attorney's Office continues to actively assess the effectiveness of each program and consider possible expansion of the existing programs as well as the possible creation of new programs.

In addition, this Office continues to actively discuss alternative sentencing with other County departments, through the Countywide Criminal Justice Coordination Committee (CCJCC), including the Los Angeles County Sheriff's Department. This Office is committed to fully considering and implementing appropriate alternatives to jail incarceration.

# Attachment F

## **Executive Office, Board of Supervisors**



SACHI A. HAMAI  
EXECUTIVE OFFICER

# COUNTY OF LOS ANGELES BOARD OF SUPERVISORS

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 383  
LOS ANGELES, CALIFORNIA 90012  
(213) 974-1411 • FAX (213) 620-0636

MEMBERS OF THE BOARD

GLORIA MOLINA  
MARK RIDLEY-THOMAS  
ZEV YAROSLAVSKY  
DON KNABE  
MICHAEL D. ANTONOVICH

July 19, 2013

TO: William T Fujioka  
Chief Executive Officer

FROM: Sachi A. Hamai   
Executive Officer

SUBJECT: RESPONSES TO THE 2012-13 LOS ANGELES COUNTY CIVIL GRAND JURY  
FINAL REPORT

This is to provide you with our response to the recommendations made by the Los Angeles County Civil Grand Jury in their 2012-13 final report.

We are in agreement with the recommendations proposed in Section 7: Board of Supervisors – Request and Complaint Procedures. Please find attached our response to these items.

If you have any further questions, please contact Patrick Ogawa of my staff at (213) 974-1403.  
Thank you.

SAH:po:sg

Attachment

# **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – BOARD OF SUPERVISORS

**SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
SECTION 7 – REQUEST AND COMPLAINT PROCEDURES**

## **RECOMMENDATION NO. 7.1**

The offices of the Supervisors of the Second, Third, Fourth, and Fifth Districts of the Los Angeles County Board of Supervisors should modify their “web contact forms” to repeat the entire contents when submitted (see Finding 5). This is done on the “web contact form” of the First District. Currently, the other districts just acknowledge submission, but the First District provides a printable copy of everything entered into the form. This allows the Constituent to verify and save a copy of the request.

### **RESPONSE**

The Executive Office is working with each of the Board offices to establish a web contact form that is flexible and workable for each of their offices.

## **RECOMMENDATION NO. 7.2**

The offices of each of the Supervisors should continue to ensure that their staff has up to date computers so the staff can adequately use the Constituent Relationship Management system (CRM).

### **RESPONSE**

The Executive Office Information Resource Management (IRM) has an ongoing 3-year PC refresh cycle that has been in place for over 7 years. IRM continues to work with all Board offices to refresh their PCs as necessary due to the performance demand using the CRM application and web services by each Board office. From time to time, IRM will receive requests to replace PCs that are underperforming due to hardware and/or software issues. IRM has mitigated those requests usually within the same day or within a couple of days by either replacing the PC or parts under warranty, reloading software packages, or reinstalling windows operating systems, etc. All computers in the Board of Supervisors offices have been reviewed and inspected to confirm that they all have up to date systems. This office will continue to make sure all Board staff are equipped with high functioning computers that allow them to adequately use the CRM system.

**RECOMMENDATION NO. 7.3**

The offices of all the Supervisors should have staff representatives meet twice a year to share information on resources available for answering constituent requests. The districts would benefit from sharing process and procedures, and discussing use of CRM.

**RESPONSE**

Board offices will communicate and share information and resources between their respective offices. They will share ideas amongst themselves on how to promote and improve overall customer service for their constituencies. The Executive Office will continue to share updates on the CRM, so that Board staff can maximize their utilization of this system.

**RECOMMENDATION NO. 7.4**

The office of the Fourth Supervisorial District should enter all requests requiring follow-up into the CRM system. Logging requests should not be restricted to those submitted through letters; but include requests through email, web contact form, fax, personal contact, and phone.

**RESPONSE**

The Executive Office will continue to work in maximizing the usage of the CRM system. IRM staff has provided training and technical assistance for all district staff and will continue to assist Board offices on all hardware and software needs.

Attachment G

**Mental Health**



LOS ANGELES COUNTY DEPARTMENT OF MENTAL HEALTH  
550 S. VERMONT AVE., LOS ANGELES, CA 90020 HTTP://DMH.LACOUNTY.GOV



MARVIN J. SOUTHARD, D.S.W.  
Director

ROBIN KAY, Ph.D.  
Chief Deputy Director

RODERICK SHANER, M.D.  
Medical Director

July 24, 2013

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
Los Angeles, California 90012

Dear Members of the Civil Grand Jury:

**RESPONSE TO THE FINAL REPORT OF THE  
2012-13 LOS ANGELES COUNTY CIVIL GRAND JURY**

Attached is the Los Angeles County Department of Mental Health's response to the 2012-13 Civil Grand Jury Report recommendations. The Civil Grand Jury's area of the Dual Track and Training 2012 Citizen's Commission on Jail Violence Report, Recommendation 1.6.

Should you have questions regarding our response, please contact me, or your staff can contact Dr. Stephen Shea at (213) 974-9083.

Sincerely,

Marvin J. Southard, D.S.W.  
Director

MJS:tb:mb

Attachment



# **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES — DEPARTMENT OF MENTAL HEALTH

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
DUAL TRACK AND TRAINING

## **RECOMMENDATION No. 1.6**

The Sheriff's Department in conjunction with the Department of Health needs to significantly increase mental health training Department-wide. The Department needs to work with other entities (Department of Mental Health, the county's e-education system, non-profits and private enterprise) to come up with ways to disseminate this training without causing positions to be backfilled while officers attend the training. Specifically, more needs to be taught relating to Post Traumatic Stress Disorder (PTSD), trauma and the behaviors that may result as well as de-escalation techniques.

## **RESPONSE**

The Department agrees with this recommendation. Department of Mental Health (DMH) in coordination with the Sheriffs Custody Training Bureau currently provides mental health training to all newly assigned custody personnel. In addition, the Custody Training Bureau partnered with DMH to create a shared internet link that can be accessed by Sheriffs staff. The link has a series of videos that addresses basic mental health issues, mental health scenarios and information on how to deal with the mentally-ill population. Mental Health staff at the jail also provides training in Suicide Prevention, Jail Operations and Introduction to Mental Health and Custody Triage. Along with the Sherriff's Department, DMH will work to implement training in Post-Traumatic Stress Disorder (PTSD), trauma and de-escalation techniques.

# Attachment H

## **Parks and Recreation**



COUNTY OF LOS ANGELES  
DEPARTMENT OF PARKS AND RECREATION

"Parks Make Life Better!"

Russ Guiney, Director

John Wicker, Chief Deputy Director

---

July 19, 2013

TO: William T. Fujioka  
Chief Executive Officer

FROM: Russ Guiney *by Robert Maycumber*  
Director

SUBJECT: **RESPONSES TO THE 2012-13 LOS ANGELES COUNTY CIVIL GRAND  
JURY REPORT**

As requested, the Department of Parks and Recreation has reviewed the final 2012-13 Civil Grand Jury Report. Attached is the completed response document.

If your staff requires any additional information, please have them contact Monica Pollaccia of Management Services at (213) 738-3226.

RG:JW:RAM:MR:EM:mp

Attachment

## RESPONSE TO THE GRAND JURY FINAL REPORT

### COUNTY OF LOS ANGELES – PARKS AND RECREATION

SUBJECT: 2012-2013 GRAND JURY RECOMMENDATIONS FOR  
PARKS and RECREATION

#### RECOMMENDATION NO 9.1

County of Los Angeles Department of Parks and Recreation (Department) and the City of Los Angeles Department of Recreation and Parks should provide an operations manual to all park managers.

#### RESPONSE

The Department agrees with the finding. The Department plans on implementing this recommendation and will ensure that operation manuals are developed for all park managers in every Agency by July 1, 2014.

The Department Head sent out a memo on July 19, 2013, to *All Parks and Recreation Staff* making them aware of the recommendation and to ensure that corrective actions are followed.

#### RECOMMENDATION NO 9.2

County of Los Angeles Department of Parks and Recreation should display the United States flag at Bethune Park, DeLongpre Park and Ted Watkins Park.

#### RESPONSE

The Department agrees with the finding and has displayed the United States flag at Bethune Park and Ted Watkins Park, effective July 11, 2013. DeLongpre Park is not a Department Park. The facility is operated by the City of Los Angeles Department of Recreation and Parks.

#### RECOMMENDATION NO 9.3

County of Los Angeles Department of Parks and Recreation should provide greater security at Kenneth Hahn State Recreation Area.

#### RESPONSE

The Department agrees with the finding and has taken measures to improve the security at Kenneth Hahn State Recreation Area. The Department installed 11 security light poles from the kiosk extending up the road to the main office on May 13, 2013. In addition, the Department plans on installing a video security surveillance system at the entrance kiosk by December 15, 2013.

# Attachment I

## **Probation**



**JERRY E. POWERS**  
Chief Probation Officer

## COUNTY OF LOS ANGELES PROBATION DEPARTMENT

9150 EAST IMPERIAL HIGHWAY – DOWNEY, CALIFORNIA 90242  
(562) 940-2501



July 19, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: Jerry E. Powers *JEP for J.P.*  
Chief Probation Officer

SUBJECT: **RESPONSE TO THE 2012-2013 GRAND JURY'S FINAL REPORT**

Enclosed is the Probation Department's response to the Civil Grand Jury's recommendations contained in their 2012-2013 Final Report.

If you have any questions or need additional information, please contact Don Meyer, Assistant Chief Probation Officer at (562) 940-2851.

JEP:FC:ld:za

Enclosures

c: William T Fujioka, Chief Executive Officer  
Jerry Ramirez, Chief Executive Office



# COUNTY OF LOS ANGELES PROBATION DEPARTMENT

9150 EAST IMPERIAL HIGHWAY – DOWNEY, CALIFORNIA 90242  
(562) 940-2501



**JERRY E. POWERS**  
Chief Probation Officer

July 19, 2013

## RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT

COUNTY OF LOS ANGELES – PROBATION

**SUBJECT:** 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
PROBATION DEPARTMENT EMPLOYEE MISCONDUCT

### RECOMMENDATION NO. 3.1

The Probation Department should continue to hire new employees who only fall into Bands 1 and 2 of the applicant pool and increase recruiting at local colleges and universities.

### RESPONSE

Probation generally agrees with this recommendation; however, we believe that with the new safeguards that have been implemented in the background process we can hire candidates in band 3 and still ensure that the candidates meet our high expectations. In order to understand how this problem came to be, some historical context must be provided.

### ***PAST HIRING PRACTICES***

Within the past several years it has become clear to Probation Department management that past hiring practices and standards have resulted in the hiring of some employees who did not meet the high standards and expectations commensurate with a law enforcement agency. Several high profile arrests as well as an unacceptably high level of internal misconduct allegations have troubled the Department for the past several years.

### ***CURRENT BACKGROUND PROCESS***

As a result of AB 109 (Realignment), the Department has recently embarked upon a new campaign to bring in a large number of staff in a short amount of time. Reminiscent of aforementioned problems that occurred with the last "mass hiring," there is a great deal of external pressure on the Department to rapidly fill vacant positions. AB 109 clientele have been released from State custody and are now under the supervision of the Probation Department. Unlike the previous hiring campaign, the department has implemented a comprehensive and rigorous background process to include the following:

***Rebuild Lives and Provide for Healthier and Safer Communities***

- More comprehensive personal history review to include credit history checks and social media review
- Field reviews on potential candidates, where Probation staff canvass a candidate's neighborhood to gather information from neighbors
- Polygraph exams – Probation has contracted with the Los Angeles County Sheriff's Department to provide polygraph services for potential candidates
- Better collaboration with our contract Psychiatrist to ensure that all information including polygraph results, is presented to and considered

This more stringent process has resulted in a delay in filling critical vacancies. Hundreds of candidates have been processed and placed into bands 1, 2 and 3; however, less than 50 candidates have made it into the 2 academy classes held this year. Of those, several candidates have dropped out of the academy for various reasons.

## **RECRUITMENT**

Over the past decade Probation's recruitment efforts have been sporadic and inconsistent. There have been outreach efforts in the past whereby Probation staff have manned booths at various hiring events. However, the majority of candidates for recent exams appear to be "word of mouth" referrals and an unusually high number of candidates appear to have relatives or friends within the Department. Also, during periods where other law enforcement agencies are hiring, Probation has had to compete for candidates with other agencies such as Los Angeles Police Department (LAPD) and the Los Angeles Sheriff's Department (LASD); agencies that have very robust recruitment and outreach efforts. Probation has historically dedicated very little in the way of resources to market the Department. Additionally, the Department has limited college outreach to community colleges; due in part to the fact that entry level positions require either a high school diploma or 60 units of college. Four year universities were not consistently targeted for outreach.

In the past several months the Department has embarked upon a multi-faceted approach to address the recruitment issue. The Department's Media Consultant has spearheaded a campaign to create a more robust message delivery system, which will include a multi-media approach. In July 2013, Probation management and Human Resources staff met with the Los Angeles County Fire Department Training Division to learn about their Turnout and Blackboard web campaigns. Probation is considering contracting with a video production company to create video vignettes, featuring a variety of staff from different functions in an effort to educate the public about Probation and the varied assignments that make up the Department.

Additionally, the Department has begun to reach out to local universities and will attempt to recruit not only traditional candidates with a criminal justice background, but candidates who have backgrounds in sociology or other related interests. By expanding outreach and seeking a broader candidate base, it is anticipated that the quality of candidates will increase dramatically and give Probation the ability to choose the "best of the best".



**RECOMMENDATION NO. 3.2**

The Probation Department should use its best efforts to retain experienced supervisory staff at its juvenile halls and camps while otherwise meeting the staffing needs mandated by AB 109 Realignment.

**RESPONSE**

On January 10, 2006, the authorized Management Representative of the County of Los Angeles (hereinafter "County") and American Federation of State, County and Municipal Employees Local 685 (AFSME or "Union") approved and ordered implemented by the County's Board of Supervisor enacts necessary amendments to all County ordinances, including the Los Angeles County Code required to implement the full provisions of articles. Article 16 – Reassignments and Promotions/Probation sets forth reassignment procedure.

*Section G of the Article states:*

Employees seeking reassignments to other work locations will, providing that the last three Performance Evaluation of record is at least competent and provided that the employee has a minimum of two years in the current work location, submit to the Personnel Services Office (Human Resources (HR) Division) a bid or bids by the last working day of any given month.

As a result of this agreement between County and the Union, the retention of the most highly skilled peace officers in the Department's juvenile halls and camps is difficult to achieve and maintain.

Also, it should be noted that the Executive Summary, No. 2 of the Grand Jury Report (page 19) states in pertinent part: "Further, a balance must be struck so that the experienced probation officers in the camps are not the sole of hire into these positions." To that end, the Probation Department has been able to recruit and select candidates from the open list that are hired directly from the community and placed into probation officer positions in the community. As an example, on the most recent DPO II list, five (5) staff was hired into the positions from the community.

**SUBJECT:** 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
**DETENTION: JUVENILE FACILITIES**

**RECOMMENDATION NO. 16.1**

**The Department of Probation should expand** the Advanced Path Academy credit recovery program to all Camps.

**RESPONSE**

The Probation Department agrees with this recommendation. The Advanced Path Academy uses software provided by Apex Learning in their academies. The Los Angeles County Office of Education (LACOE) has licensed the credit recovery software directly from Apex Learning. By doing this, LACOE is able to provide the same rigorous standards-based credit recovery program offered in the Advanced Path Academy, at a significant cost savings. The Probation Department is supporting LACOE's rollout of the Apex Learning Labs at all of the Probation camps and Halls. The plan is to have these labs in operation at all of the Los Angeles County Probation Camps and Halls by early 2014.

**RECOMMENDATION NO. 16.2.**

**The Department of Probation should provide** vocational/occupational training programs at all Juvenile Camps without further delay.

**RESPONSE**

The Probation Department agrees with this recommendation. Vocational/ occupational training programs are currently offered at eleven of the fourteen Juvenile Camps. Both the Probation Department and LACOE will work collaboratively during the 2013-2014 school year to offer vocational/occupational training programs at the three remaining camps. In addition, both agencies plan to expand the vocational/occupational training programs that are currently in operation.

**RECOMMENDATION NO. 16.3.**

**The Department of Probation should rigorously monitor** the assignment of juveniles to lessen and prevent youth-on-youth violence by eliminating multiple members of the same gang or competing gangs being assigned to the same Camp.

**RESPONSE**

The Probation Department agrees with this recommendation. Approximately 2,400 youth receive camp placement orders annually. A large proportion of these youth have gang affiliations. When a youth is ordered to camp, the Probation Department provides a

comprehensive assessment to determine the most appropriate housing location for that youth. A number of factors determine the camp selection, including, but not limited to:

- The gender of the youth
- The medical needs of the youth
- The mental health needs of the youth
- The educational needs of the youth
- Programming needs including the Youth Opportunity Block Grant (YOBG)
- Security concerns (Codes)
- Court ordered or identified keep-away youth, including victims
- Age
- Treatment needs
- Family reunification concerns
- Court recommendations

The first four criteria are concrete in nature and are not open to interpretation. The medical needs of the youth override other housing considerations, including gang affiliation. However, the youths' gang ties and associations are still considered in reviewing criminal partnerships, and are factored into the decision making process.

The camps utilize the Multi-Disciplinary Team (MDT) approach to identify the elements impacting each youth's behavior and needs. This is the forum to address gang issues and interventions tailored to the individual youth, and in relation to the camp community as a whole. The staff at every camp identifies their gang members, and has an understanding of the gang dynamics at their camp. If they conclude that the intake of a specific gang should be curtailed, the Probation Department will move to accommodate that request. The Probation Department also holds a monthly meeting to discuss matters of intake concern with the camps and probation partners. Gang concerns are an ongoing item of discussion. Information that assists the camps in adjusting to the issues of gang conflict in camps and the community is shared. However, it is not possible to limit gang representation to single youth in any one camp, nor is it appropriate to segregate based on gang affiliation. Such segregation by gangs would ultimately lead to racial and/or geographic segregation. The best practice for reducing gang violence is to understand the population, provide appropriate social therapy and interventions, and manage the population based on the specific dynamics of the camp.

#### **RECOMMENDATION NO. 16.4.**

**The Department of Probation should assign juveniles to Camps offering the specialized medical, psychiatric and educational services required by the minor.**

## **RESPONSE**

The Probation Department agrees with this recommendation. Evidenced-based practices have shown the critical value of quality assessments in ensuring the appropriate housing and delivery of services to incarcerated youth. The camp system is designed to provide services to the greatest range of youth within the open dorm environment. The Probation Department, working in collaboration with its county partners, provides a comprehensive assessment for all youth receiving Camp Community Placement (CCP) orders. Probation officers review court reports, court orders, criminal histories, and histories of prior detention or camp placements, community placements, and Department of Children and Family Services databases.

Additionally, the Probation Department reviews Department of Public and Social Services databases to ensure Medi-Cal coverage for youth upon their transition to the community. Assessment deputies administer the Los Angeles Risk and Resiliency Check-up (LARRC) to all youth, providing a validated measure of the youths' criminogenic factors, and appropriate evidenced-based interventions.

LACOE has provided the Probation Department with an in-house Senior Program Specialist at the Assessment Center to act as a liaison with the assessment team. The liaison provides insight into the educational needs of youth, the level of special education interventions required, and the credit status of youth awaiting camp assignment. The Department of Mental Health (DMH) has allocated a team of clinicians working out of the Assessment Office. The clinicians provide insight into the mental health needs of youth with camp orders. They also identify the levels of substance abuse intervention appropriate to those youth in need. Additionally, the clinicians identify which camps can provide the appropriate services to specific youth, including psychiatric monitoring of medication. While camps strive to provide the most services to the largest spectrum of those youth having CCP orders, some youth exhibit needs that cannot be met at camp. Typically, these youth will have profound medical or mental health needs requiring an alternative disposition other than open camp. Working with our partners, the Probation Department will prepare the petitions required, and provide alternatives that better meet the needs of these youth to the courts.

All camps provide substance use counseling and evidenced-based cognitive behavioral interventions. All camps also provide mandated educational services, and 10 camps provide special day class educational instruction. Camps Paige and Kilpatrick provide out-of-camp forestry work crews and sports programming, respectively. The assessment process identifies youth most appropriate to each of these locations and the specific services that they offer.

## **RECOMMENDATION NO. 16.5.**

**The Probation Department should refer** all juveniles who have attempted suicide to a dedicated psychiatric facility or other Camp with mental health specialist for evaluation and treatment.

## **RESPONSE**

The Probation Department agrees with this recommendation. Currently, the Probation Department has a suicide prevention policy in place to ensure that all youth receive the appropriate mental health evaluation and treatment. All Probation facility staff members have been trained, and receive annual refresher training in enhanced supervision protocols to proactively address self-injurious and/or suicidal behavior. All staff members are required to be aware of the various indicators of these behaviors in order to implement appropriate supervision precautions for affected minors, as well as the importance of timely referrals to DMH for initial and ongoing assessments and treatment for the youth.

The training includes an understanding as to the reasons that the environments of juvenile correctional facilities are conducive to suicidal behavior, potential pre-disposing factors to suicide, high-risk suicide periods, warning signs and symptoms, identifying suicidal minors despite the denial of risk, a review of the Probation Department's policy for suicide prevention, suicide prevention policy, the use of emergency cut down tools, and the liability issues associated with successful suicides within custodial environments.

## **RECOMMENDATION NO. 16.6.**

**The Department of Probation and Los Angeles County Office of Education should implement** innovative reading programs to increase the reading decoding and comprehension levels of juveniles at all of the Camps.

## **RESPONSE**

The Probation Department and the LACOE agree with this recommendation. This recommendation has been implemented. The following innovative reading programs are currently offered at Juvenile Camps to increase reading decoding and comprehension levels:

### ***Achieve 3000***

Achieve 3000 is a reading intervention program that not only improves students' reading levels, but also delivers content aligned with state content and common core standards. Ongoing assessments are built into the daily instructional routine, enabling continual progress monitoring and data-driven decision making.

### ***English Language Arts Intensive Intervention: READ 180***

READ 180 is a reading program designed for students whose reading achievement is below the proficient level. The goal of READ 180 is to address gaps in students' skills through the use of a computer program, literature and direct instruction in reading skills. The software component of the program aims to track and adapt to each student's progress.

### ***Operation READ***

Operation READ is a tutoring program for youth at the camps. The program goals are to build the youth's literacy skills to include reading, comprehension, writing, and spelling. Academic mentors work with the youth one-to-one and in small groups three to five hours per week to provide a variety of instructional approaches individualized to the learner.

### ***After School Extended Learning Opportunities (ELO) Program***

Students may extend their learning beyond the school day in the after-school ELO Program. This program includes a small student-to-teacher ratio. Students are offered CAHSEE Prep, GED Prep, and Language Arts intervention curriculum.

Data will be gathered during the 2013-14 school year to monitor and determine the level of implementation and effectiveness of each program. Teachers also analyze reading achievement data regularly within their Professional Learning Communities (PLCs). This analysis allows teachers to develop innovative strategies to improve students' decoding and comprehension levels.

### **RECOMMENDATION NO. 16.7.**

**The Department of Probation must aggressively reduce** the staff on long-term disability and light duty unable to carry out the duties for which they were originally hired.

### **RESPONSE**

The Probation Department agrees with this recommendation. In an effort to return staff members to work as quickly as possible, the Probation Department implemented an adaptation of the Los Angeles County Sheriff's Department's Return To Work Unit practices in November of 2011. It is a decentralized approach, which has allowed the Probation Department to successfully reduce the number the staff out on industrial or medical leave by 48% in the camps and 12% in the juvenile halls. It also allowed the Probation Department to save a total \$6.02 million in workers compensation claims. This coincides with the reduction in the RTW Caseload, and demonstrates that the Probation Department is getting employees back to work faster. These savings are occurring despite a state-wide trend of increased medical costs.

### **RECOMMENDATION NO. 16.8.**

**The Department of Probation must increase** the number of cameras placed throughout the Camps to assist investigating the high percentage of injury claims resulting in long-term disability or light duty dispositions.

### **RESPONSE**

The Probation Department agrees with this recommendation. The Probation Department is in the process of finalizing the Security Enhancement Project, which includes the installation of

cameras, microphones and panic buttons in four Probation Department facilities: Barry J. Nidorf, Central and Los Padrinos Juvenile Halls, and Challenger Memorial Youth Center (CMYC). At CMYC, surveillance equipment has been installed in dayrooms, corridors and bedrooms in the boys and girls Special Handling Units. The equipment is computer-based, and recordings are electronic so there is no need to change tapes or disks.

Officers working in the units have real time access to the system, and are responsible for monitoring the cameras and responding to intercom calls. Supervisors and directors have a higher level of access, and may view real time activity, as well as review recordings. Investigative units are able to view real time activity, and review past events, as well as export and make copies. As of July 12, 2013, the system is installed and operational at Los Padrinos and Central Juvenile Halls. It is expected that installation will be complete and the system operational at Barry J. Nidorf and CMYC by August 1, 2013. In addition, the Department will continue to seek funding to enhance the video surveillance systems for the remaining facilities.

#### **RECOMMENDATION NO. 16.9.**

**The Department of Probation should increase** training in self-defense and injury prevention along with setting stringent strength and fitness requirements for all new hires.

#### **RESPONSE**

The Probation Department agrees with this recommendation. Currently, all institutional staff receives Probation Department approved training in Safe Crisis Management. The training is designed to provide staff with the ability to identify and safely manage various "acting out" behaviors. The staff is trained to safely manage crisis situations using non-verbal, para-verbal, verbal, and physical intervention techniques. This intervention process is constructed on a continuum, moving from lower to higher levels of restriction or intervention, ensuring the use only of that level of intervention appropriate for the situation encountered, and preventing escalation beyond that point absent exigent circumstances supporting such action. These levels, from least to most restrictive were implemented to reduce instances of injury to youth and staff members.

In addition, the Probation Department's Risk Management section is:

1. Collaborating with the Chief Executive Office's Emergency Coordinator, Jeff Terry, to develop a Facility Emergency Coordinator Training program. It is expected that the specialized training will result in a more proactive approach to ensuring a safe and secure facility, and reducing instances of accidents. The class outline, which includes a module on general facility safety, will be certified by the state.
2. Increasing inspection of the Probation Department's 52 facilities to every 3 months, rather than annually. This allows the Risk Management Bureau to increase its presence in the facilities, and allows staff an opportunity to voice health, safety and security concerns. In turn, the Risk Management Bureau will elevate and address the concerns as necessary.

3. Conducting an inquiry in to each industrial accident claim. The inquiry serves to identify and address physical plant issues, such as cracks in sidewalks and/or other issues. The Risk Management Bureau then works with the facility, and Management Services Bureau to correct these concerns.



# Attachment J

## **Sheriff**



LEROY D. BACA, SHERIFF

**County of Los Angeles**  
**Sheriff's Department Headquarters**  
**4700 Ramona Boulevard**  
**Monterey Park, California 91754-2169**



July 18, 2013

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
Los Angeles, California 90012

Dear Members of the Civil Grand Jury:

**RESPONSE TO THE FINAL REPORT OF THE  
2012-13 LOS ANGELES COUNTY CIVIL GRAND JURY**

Attached is the Los Angeles County Sheriff's Department's (Department) response to the 2012-13 Civil Grand Jury Report recommendations. The Civil Grand Jury's areas of interest specific to the Department included: the Dual Track Career Path, training regarding the handling of mentally ill inmates, and improvements to our court lockups and station jails.

Should you have questions regarding our response, please contact Division Director Glen Dragovich at (323) 526-5191.

Sincerely,

LEROY D. BACA  
SHERIFF

*A Tradition of Service*

## **RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT**

COUNTY OF LOS ANGELES – SHERIFF

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
DUAL TRACK AND TRAINING

### RECOMMENDATION NO. 1.1

The Sheriff's Department leadership must counter the negative bias of Patrol officers towards those officers assigned to custody. This will also be critical if large numbers of women stay in custody positions.

### RESPONSE

The Department agrees with this recommendation. It is anticipated that upon full implementation of the Dual Track Career Path, morale in both the Custody and the Patrol Divisions will improve, primarily due to the increase in opportunities for promotion and advancement into specialized units within Custody Division, and due to the significantly shorter time spent in a custody assignment by those deputies choosing to transfer to a patrol assignment.

### RECOMMENDATION NO. 1.2

The Sheriff's Department in conjunction with the Board of Supervisors must come to a decision about MCJ. Many of MCJ's issues are unique to this facility. If problems at MCJ have to do with the architectural shortcomings, then funding needs to be provided to either rebuild or renovate the facility in accordance with current best practices. Different solutions may be needed for other large scale facilities like Pitchess Ranch or CRDF, as well as Court House Facilities.

### RESPONSE

The Department agrees with this recommendation; a comprehensive review of the Department's current and future inmate housing needs is underway. In addition to the significant structural and design issues associated with MCJ, there is also a need for appropriate medical and mental health inmate housing.

### RECOMMENDATION NO. 1.3

The Sheriff's Department should focus on keeping time spent in custody assignments to ideally no more than two years (for those wishing to go on Patrol) while increasing the learning opportunities while on custody assignment.

## RESPONSE

The Department agrees with this recommendation. It is anticipated that full implementation of the Dual Track Career Path will result in a significantly shorter mandatory custody assignment for those newly hired deputies who wish to transfer to a patrol assignment. The newly created Custody Training Bureau will enhance and standardize training opportunities throughout the division, and new job rotation policies limiting the length of time a deputy can remain in a specialized assignment will afford deputies the opportunity to gain greater job knowledge, experience, and expertise.

## RECOMMENDATION NO. 1.4

The Sheriff's Department must increase training for Custody positions (post Academy). But assuming limited resources, leadership should receive increased training before new deputies. The Department must look for ways to break down training into smaller units and possibly encourage through incentives or promotion consideration, having deputies seek out education on their own time. The Department needs to resolve any labor issues that may hinder this goal.

## RESPONSE

The Department agrees with this recommendation. The newly established Custody Training Bureau offers a wide range of State approved classes, which address a myriad of training topics and areas. Classes are routinely updated or created to address identified issues within Custody Division. In addition, a large number of two hour Intensified Training Format (ITF) classes are taught at the facility level, negating the costs related to sending students to training off site for a full day. Custody Division policy mandates newly assigned sergeants and lieutenants attend Custody Incident Command School within the first three months of assignment to the division. The Custody Training Bureau is currently in the process of revising curriculum to formalize training for line supervisors on subjects such as handling mentally ill inmates, inmate extractions, and jail specific restraint techniques training.

## RECOMMENDATION NO. 1.5

The Sheriff's Department needs to mentor and model behavior more effectively. Custody assignment is an opportunity to learn more about gangs, criminal techniques, and criminal networks outside of the jails and how to cultivate potential informants.

## RESPONSE

The Department agrees with this recommendation. The Custody Training Bureau currently provides training related to jail gangs and their criminal behavior to newly graduated custody personnel during State mandated Jail Operation's School. In addition, the unit offers State certified Jail Gangs and Jail Intelligence Gathering classes on a regular basis.

#### RECOMMENDATION NO. 1.6

The Sheriff's Department in conjunction with the Department of Health needs to significantly increase mental health training Department-wide. The Department needs to work with other entities (Department of Mental Health, the county's e-education system, non-profits and private enterprise) to come up with ways to disseminate this training without causing positions to be backfilled while officers attend the training. Specifically, more needs to be taught relating to Post Traumatic Stress Disorder (PTSD), trauma and the behaviors that may result as well as de-escalation techniques.

#### RESPONSE

The Department agrees with this recommendation. In conjunction with the Department of Mental Health (DMH), the Custody Training Bureau currently provides mental health training to all newly assigned custody personnel. In addition, the Custody Training Bureau partnered with DMH to create and upload e-learning mental health training videos, which are available to personnel without having to leave their workstations. The Custody Training Bureau is currently participating in a Custody Division-wide process that is focusing on the expansion of our training curriculum and partnering with mental health professionals.

#### RECOMMENDATION NO. 1.7

The Sheriff's Department must provide deputies who work directly with the mentally ill extensive, specialized training. This training should emphasize recognizing, reacting to, de-escalating and preventing aggressive and hostile behavior that can occur in these settings.

#### RESPONSE

The Department agrees with this recommendation. The Custody Training Bureau is currently participating in a Custody Division-wide process that is focusing on the expansion of our mental health training curriculum and partnering with mental health professionals.

#### RECOMMENDATION NO. 1.8

The Sheriff's Department needs to use more Custody Assistants and investigate possibly contracting with private security forces for Type I facilities. It should also investigate using orderlies and specialized health care workers when dealing with mentally ill inmates.

#### RESPONSE

The Department generally agrees with this recommendation. For years, the Sheriff's Department has utilized Custody Assistants in Type I facilities (station jails),

incorporating them into all available positions within the scope of their classification. Some of these positions include duties such as: booking, processing, providing security, and ensuring compliance with Title 15 standards. The Sheriff's Department has studied the feasibility of further civilianization since the late 1990s, and in conjunction with employee bargaining units, continues to explore additional responsibilities for this classification.

The Sheriff's Department continues to work toward providing the best resources and care available to its inmate population. Most recently, members from Custody Division and the Department of Mental Health reviewed methods of improving the care provided to the mentally ill population. In August 2012, these Department members met with staff from Patton State Hospital to discuss means of improving our assessments, training, force, and prevention plans. Improvement has been achieved with the application of some of the information that was shared related to assessments and prevention plans. The feasibility of utilizing non-Department members to deal with the mentally ill population is not under consideration.

# RESPONSE TO THE CIVIL GRAND JURY FINAL REPORT

COUNTY OF LOS ANGELES – SHERIFF

SUBJECT: 2012-2013 CIVIL GRAND JURY RECOMMENDATIONS FOR  
DETENTION: ADULT FACILITIES

## RECOMMENDATION NO. 15.3

The Sheriff's Department should provide Sheriff's deputies with additional training for dealing with prisoners with mental health issues as detailed in this Grand Jury's Dual Track report.

## RESPONSE

The Department agrees with this recommendation. In conjunction with Department of Mental Health (DMH) personnel, the Custody Training Bureau currently provides mental health training to all newly assigned custody personnel. In addition, the unit partnered with DMH to create and upload e-learning mental health training videos, which are available to personnel without having to leave their workstations. The Custody Training Bureau is currently participating in a Custody Division-wide process that is focusing on the expansion of training curriculum and partnering with mental health professionals.

## RECOMMENDATION NO. 15.5

The Sheriff's Department should take steps to insure that Courthouse facilities' video surveillance systems and cell doors that impair sightlines and visibility are upgraded.

## RESPONSE

The Department agrees with this recommendation. Courthouse facilities needing video surveillance systems and retrofitting of cell doors require a feasibility proposal, as well as a proposed cost from the Department of Public Works. Facilities Planning Bureau will initiate this process.

## RECOMMENDATION NO. 15.7

### **East Los Angeles Station – (LASD) (A32)**

Padded flooring should be installed in the sobering cell and a separate telephone line should be installed for jailers.

## RESPONSE

The Department agrees with this recommendation. East Los Angeles Station's proposed sobering cell does not meet the Board of State and Community Corrections requirements, due to safety concerns regarding bars. The project scope must be expanded to include the installation of a solid wall and a door with view panel, as well as padding and a fire sprinkler system. Facilities Planning Bureau will initiate this process.

## RECOMMENDATION NO. 15.8

### **Edelman Children's Dependency Court (LASD) (A33)**

This adult facility has outer doors leading to the cells that have been inoperative for the past five years. This endangers the deputies every time they remove prisoners.

## RESPONSE

The Department agrees with this recommendation; however, repairs to the Children's Court are the responsibility of the State courts. Facilities Planning Bureau will make contact with the State regarding this issue.

## RECOMMENDATION NO. 15.9

### **El Monte (Rio Hondo) Courthouse (LASD) (A34)**

Cells should be painted with anti-vandalism paint, enhanced video surveillance equipment should be installed, and cell doors should be retrofitted to improve visibility.

## RESPONSE

The Department agrees with this recommendation. Courthouse facilities needing video surveillance and anti-vandalism paint will be reviewed by Facilities Planning Bureau and renovations will commence when funding is available.

## RECOMMENDATION NO. 15.11

### **Mental Health Courthouse (LASD) (A67)**

This facility was well maintained for an older facility. Although 100% of the prisoner population had mental health issues, only one deputy had received more formal specialized training in mental health. All custody deputies at this and other facilities that deal with mental health issues should have such training.

## RESPONSE

The Department agrees with this recommendation. Court Services Division is working with DMH to provide additional training to the personnel assigned to this court. Court supervisors have conducted a review of each employee's experience and training in order to place them in the most appropriate assignment.



RECOMMENDATION NO. 15.12

**San Fernando Court (North Valley District) (LASD) (A98)**

The holding cells should be painted with anti-vandalism paint and improved surveillance equipment should be installed.

RESPONSE

The Department agrees with this recommendation. Courthouse facilities needing video surveillance and anti-vandalism paint will be reviewed by Facilities Planning Bureau and renovations will commence when funding is available.

RECOMMENDATION NO. 15.13

**Santa Clarita Valley Station (LASD) (A102)** Adequate surveillance equipment should be installed; the video equipment for detainee-visitor visits should be repaired; and the facility should be upgraded to meet current Title 24 standards.

RESPONSE

The Department agrees with this recommendation. A plan to replace Santa Clarita Valley Station is being developed. The new facility will contain appropriate surveillance equipment, video visiting for inmate visitors, as well as meeting all Title 24 standards. A survey for solutions to the aging infrastructure has been conducted; however, implementation requires funding.

**2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES**

City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
<b>1</b>	Agoura Hills	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Governance Practices Financial Management	1	adopt a strategic plan		X						
			2	develop and report on performance measures				X				
			5	require financial procedures annual review & 3yr update					X			
			8	competitive selection independent auditor every 5 yrs				X				
		Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund				X				
<b>2</b>	Alhambra	Governance Practices	4	City councils conduct annual evaluations of executive		X						
			5	require financial procedures annual review & 3yr update		X						
		Financial Management	6	policies and procs for anonymously reporting fraud		X						
			8	competitive selection independent auditor every 5 yrs				X				

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
3	Arcadia	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Financial Management	1	adopt a strategic plan		X						
			2	develop and report on performance measures		X						
			1	establish an audit committee for independent auditor					X			
			3	If auditor provides non-audit services ensure review		X						
Artesia	Financial Management	5	require financial procedures annual review & 3yr update		X							
		6	policies and procs for anonymously reporting fraud		X							
		8	competitive selection independent auditor every 5 yrs		X							
		1	adopt financial planning for balanced budgets				X					
4	Artesia	Fiscal Health	2	commit to operate in budget constraints			X					
			3	not use one time revenues for on-going expenses			X					
			4	have a rainy day fund				X				
			8	competitive selection independent auditor every 5 yrs				X				

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
5		Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Governance Practices	1	adopt a strategic plan		X						
			2	develop and report on performance measures		X						
			3	develop specific annual goals for the city's executive		X						
			3	If auditor provides non-audit services ensure review		X						
Governance Practices	5	require financial procedures annual review & 3yr update		X								
	6	policies and procs for anonymously reporting fraud		X								
	8	competitive selection independent auditor every 5 yrs		X								
	1	adopt financial planning for balanced budgets		X								
6		Fiscal Health	2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
			1	adopt a strategic plan		X						
		Governance Practices	2	develop and report on performance measures		X						
			1	establish an audit committee for independent auditor		X						
			5	require financial procedures annual review & 3yr update		X						
			6	policies and procs for anonymously reporting fraud		X						
8	competitive selection independent auditor every 5 yrs		X									

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES													
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
8	Bell	Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses		X							
			4	have a rainy day fund		X							
		Governance Practices	1	adopt a strategic plan					X				
			2	develop and report on performance measures						X			
			1	establish an audit committee for independent auditor									
			7	internal control procedures for financial management				X					
9	Bell Gardens	Fiscal Health	8	competitive selection independent auditor every 5 yrs		X							
			1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints				X					
			3	not use one time revenues for on-going expenses					X				
		Governance Practices	4	have a rainy day fund				X					
			1	adopt a strategic plan					X				
			2	develop and report on performance measures					X				
			1	establish an audit committee for independent auditor						X			
Financial Management	5	require financial procedures annual review & 3yr update				X							
	6	policies and procs for anonymously reporting fraud				X							
	8	competitive selection independent auditor every 5 yrs				X							

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES													
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
<b>10</b>		Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses		X							
			4	have a rainy day fund		X							
		Bellflower	Financial Management	1	establish an audit committee for independent auditor				X				
				2	select the auditor through a competitive process		X						
				3	If auditor provides non-audit services ensure review				X				
				5	require financial procedures annual review & 3yr update				X				
<b>11</b>		Fiscal Health	6	policies and procs for anonymously reporting fraud		X							
			8	competitive selection independent auditor every 5 yrs		X							
			1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
		Beverly Hills	Financial Management	3	not use one time revenues for on-going expenses		X						
				4	have a rainy day fund		X						
				3	If auditor provides non-audit services ensure review		X						
				4	accounting pol and proc define duties of employees		X						
			8	competitive selection independent auditor every 5 yrs		X							

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES													
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
<b>12</b>		Fiscal Health	1	adopt financial planning for balanced budgets									
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses		X							
			4	have a rainy day fund		X							
		Governance Practices	2	develop and report on performance measures				X					
			1	establish an audit committee for independent auditor				X					
			5	require financial procedures annual review & 3yr update				X					
			6	policies and procs for anonymously reporting fraud				X					
<b>13</b>	Burbank	Fiscal Health	8	competitive selection independent auditor every 5 yrs		X							
			1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints				X					
			3	not use one time revenues for on-going expenses				X					
		Financial Management	4	have a rainy day fund				X					
			4	accounting pol and proc define duties of employees				X					
			5	require financial procedures annual review & 3yr update				X					
			6	policies and procs for anonymously reporting fraud				X					
			8	competitive selection independent auditor every 5 yrs		X							

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
14	Calabasas	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Governance Practices Financial Management	1	adopt a strategic plan		X						
			2	develop and report on performance measures		X						
			1	establish an audit committee for independent auditor		X						
			8	competitive selection independent auditor every 5 yrs		X						
15	Carson	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Governance Practices Financial Management	1	adopt a strategic plan		X						X
			2	develop and report on performance measures		X						
			1	establish an audit committee for independent auditor		X						
			3	If auditor provides non-audit services ensure review		X						
Financial Management	4	accounting pol and proc define duties of employees		X								
	5	require financial procedures annual review & 3yr update		X								
	8	competitive selection independent auditor every 5 yrs		X						X		



<b>2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES</b>												
<b>City No.</b>	<b>Agency Delivery Addresses</b>	<b>Recommendation Topic</b>	<b># Recommendations</b>	<b>Brief 3 to 4 keyword Description of Recommendation Responses</b>	<b>PENDING</b>	<b>IMPLEMENTED</b>	<b>TO BE IMPLEMENTED</b>	<b>WILL NOT IMPLEMENT</b>	<b>NON RESPONSIVE</b>	<b>FURTHER STUDY</b>	<b>FAILED TO RESPOND</b>	
<b>16</b>	Cerritos	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
<b>17</b>	Claremont	Financial Management	1	establish an audit committee for independent auditor		X						
			8	competitive selection independent auditor every 5 yrs		X						
		Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
<b>18</b>	Commerce	Fiscal Health	3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
			1	establish an audit committee for independent auditor			X					
			3	If auditor provides non-audit services ensure review		X						
<b>19</b>	Commerce	Fiscal Health	8	competitive selection independent auditor every 5 yrs		X						
			1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
<b>20</b>	Commerce	Fiscal Health	4	have a rainy day fund		X						

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES													
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
18	Commerce	Governance Practices	2	develop and report on performance measures						X			
			3	If auditor provides non-audit services ensure review	X								
		Financial Management	4	acctg policy and procedures define duties of employees			X						
			5	require financial procedures annual review & 3yr update				X					
		8	competitive selection independent auditor every 5 yrs			X							
19	Compton	Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses			X						
			4	have a rainy day fund				X					
		Governance Practices	1	adopt a strategic plan				X					
			2	develop and report on performance measures				X					
			3	develop specific annual goals for the city's executive			X						
			4	City councils conduct annual evaluations of executive				X					
		Financial Management	1	establish an audit committee for independent auditor			X						
			8	competitive selection independent auditor every 5 yrs				X					

<b>2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES</b>												
<b>City No.</b>	<b>Agency Delivery Addresses</b>	<b>Recommendation Topic</b>	<b># Recommendations</b>	<b>Brief 3 to 4 keyword Description of Recommendation Responses</b>	<b>PENDING</b>	<b>IMPLEMENTED</b>	<b>TO BE IMPLEMENTED</b>	<b>WILL NOT IMPLEMENT</b>	<b>NON RESPONSIVE</b>	<b>FURTHER STUDY</b>	<b>FAILED TO RESPOND</b>	
<b>20</b>		Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses					X			
			4	have a rainy day fund				X				
		Financial Management	6	policies and procs for anonymously reporting fraud					X			
			8	competitive selection independent auditor every 5 yrs				X				
			1	adopt financial planning for balanced budgets					X			
			2	commit to operate in budget constraints					X			
<b>21</b>	Cudahy	Fiscal Health	3	not use one time revenues for on-going expenses			X					
			4	have a rainy day fund				X				
			1	adopt a strategic plan				X				
			2	develop and report on performance measures				X				
		Governance Practices	3	develop specific annual goals for the city's executive				X				
			4	City councils conduct annual evaluations of executive				X				
			5	publish CAFR on city's website				X				
			1	establish an audit committee for independent auditor				X				
Financial Management	4	accounting pol and proc define duties of employees				X						
	5	require financial procedures annual review & 3yr update					X					
	6	policies and procs for anonymously reporting fraud					X					
			7	internal control procedures for financial management			X					

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
<b>22</b>	Culver City	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
<b>23</b>	Diamond Bar	Financial Management	8	competitive selection independent auditor every 5 yrs		X						
			1	adopt financial planning for balanced budgets		X						
		Fiscal Health	2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses				X				
			4	have a rainy day fund				X				
			2	develop and report on performance measures							X	
		Governance Practices	3	develop specific annual goals for the city's executive				X				
			1	establish an audit committee for independent auditor								X
Financial Management	3	If auditor provides non-audit services ensure review						X				
	5	require financial procedures annual review & 3yr update					X					
			8	competitive selection independent auditor every 5 yrs		X						

<b>2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES</b>												
<b>City No.</b>	<b>Agency Delivery Addresses</b>	<b>Recommendation Topic</b>	<b># Recommendations</b>	<b>Brief 3 to 4 keyword Description of Recommendation Responses</b>	<b>PENDING</b>	<b>IMPLEMENTED</b>	<b>TO BE IMPLEMENTED</b>	<b>WILL NOT IMPLEMENT</b>	<b>NON RESPONSIVE</b>	<b>FURTHER STUDY</b>	<b>FAILED TO RESPOND</b>	
<b>24</b>	Downey	Fiscal Health	1	adopt financial planning for balanced budgets								
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses				X				
			4	have a rainy day fund			X					
<b>25</b>	Duarte	Governance Practices	3	develop specific annual goals for the city's executive					X			
			8	competitive selection independent auditor every 5 yrs			X					
		Financial Management	1	adopt financial planning for balanced budgets						X		
			2	commit to operate in budget constraints						X		
<b>25</b>	Duarte	Fiscal Health	3	not use one time revenues for on-going expenses					X			
			4	have a rainy day fund					X			
			1	establish an audit committee for independent auditor						X		
			8	competitive selection independent auditor every 5 yrs						X		

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES													
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
26	El Monte	Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses		X							
			4	have a rainy day fund			X						
		Governance Practices	2	develop and report on performance measures				X					
			1	establish an audit committee for independent auditor				X					
			4	accounting pol and proc define duties of employees					X				
			5	require financial procedures annual review & 3yr update					X				
Financial Management	6	policies and procs for anonymously reporting fraud				X				X			
	8	competitive selection independent auditor every 5 yrs				X							
	1	adopt financial planning for balanced budgets				X							
	2	commit to operate in budget constraints						X					
27	El Segundo	Fiscal Health	3	not use one time revenues for on-going expenses				X					
			4	have a rainy day fund			X						
			1	establish an audit committee for independent auditor						X			
			8	competitive selection independent auditor every 5 yrs				X					

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
<b>28</b>	Gardena	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
<b>29</b>	Glendale	Governance Practices	2	develop and report on performance measures		X						
			1	establish an audit committee for independent auditor		X						
		Financial Management	8	competitive selection independent auditor every 5 yrs		X						
			1	adopt financial planning for balanced budgets		X						
<b>29</b>	Glendale	Fiscal Health	2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
			3	If auditor provides non-audit services ensure review		X						
<b>29</b>	Glendale	Financial Management	8	competitive selection independent auditor every 5 yrs		X						

**2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES**

City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
<b>30</b>		Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Financial Management	1	establish an audit committee for independent auditor					X			
			2	select the auditor through a competitive process				X				
			5	require financial procedures annual review & 3yr update				X				
			6	policies and procs for anonymously reporting fraud				X				
<b>31</b>	Hawaiian Gardens	Fiscal Health	8	competitive selection independent auditor every 5 yrs		X						
			1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints			X					
			3	not use one time revenues for on-going expenses					X			
		Financial Management	4	have a rainy day fund				X				
			1	establish an audit committee for independent auditor					X			
			4	accounting pol and proc define duties of employees				X				
			5	require financial procedures annual review & 3yr update				X				
			8	competitive selection independent auditor every 5 yrs		X						



2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
32	Hawthorne	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Governance Practices Financial Management	1	adopt a strategic plan				X				
			2	select the auditor through a competitive process				X				
			5	require financial procedures annual review & 3yr update				X				
			8	competitive selection independent auditor every 5 yrs				X				
33	Hermosa Beach	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Governance Practices Financial Management	1	adopt a strategic plan				X				
			2	develop and report on performance measures				X				
			1	establish an audit committee for independent auditor								X
			8	competitive selection independent auditor every 5 yrs				X				

**2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES**

City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
<b>34</b>		Fiscal Health	1	adopt financial planning for balanced budgets				X					
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses				X					
			4	have a rainy day fund		X							
	Hidden Hills	Governance Practices	1	adopt a strategic plan					X				
			2	develop and report on performance measures					X				
			3	develop specific annual goals for the city's executive						X			
			4	City councils conduct annual evaluations of executive						X			
			Financial Management	1	establish an audit committee for independent auditor		X						
				2	select the auditor through a competitive process					X			
				4	accounting pol and proc define duties of employees						X		
				5	require financial procedures annual review & 3yr update						X		
Huntington Park		Fiscal Health	8	competitive selection independent auditor every 5 yrs				X					
			1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints			X						
			3	not use one time revenues for on-going expenses			X						
			4	have a rainy day fund		X							

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	Recommendations #	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
35	Huntington Park	Governance Practices	1	adopt a strategic plan		X		X				
			2	develop and report on performance measures								
		Financial Management	1	establish an audit committee for independent auditor							X	
			3	If auditor provides non-audit services ensure review							X	
			6	policies and procs for anonymously reporting fraud			X					
			8	competitive selection independent auditor every 5 yrs			X					
			1	adopt financial planning for balanced budgets			X					
			2	commit to operate in budget constraints			X					
Fiscal Health			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
			1	adopt a strategic plan				X				
			2	develop and report on performance measures				X				
36	Industry	Governance Practices	3	develop specific annual goals for the city's executive		X						
			4	City councils conduct annual evaluations of executive		X						
		Financial Management	5	publish CAFR on city's website			X					
			1	establish an audit committee for independent auditor			X					
			2	select the auditor through a competitive process			X					
			4	accounting pol and proc define duties of employees		X						
			5	require financial procedures annual review & 3yr update		X						
			6	policies and procs for anonymously reporting fraud		X						
			7	internal control procedures for financial management		X						

<b>2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES</b>												
<b>City No.</b>	<b>Agency Delivery Addresses</b>	<b>Recommendation Topic</b>	<b># Recommendations</b>	<b>Brief 3 to 4 keyword Description of Recommendation Responses</b>	<b>PENDING</b>	<b>IMPLEMENTED</b>	<b>TO BE IMPLEMENTED</b>	<b>WILL NOT IMPLEMENT</b>	<b>NON RESPONSIVE</b>	<b>FURTHER STUDY</b>	<b>FAILED TO RESPOND</b>	
<b>38</b>	Irwindale	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Financial Management	1	establish an audit committee for independent auditor								
			2	select the auditor through a competitive process				X				
			6	policies and procs for anonymously reporting fraud				X				
			7	internal control procedures for financial management							X	
<b>39</b>	La Canada Flintridge	Fiscal Health	8	competitive selection independent auditor every 5 yrs		X						
			1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
		Financial Management	4	have a rainy day fund		X						
			2	select the auditor through a competitive process		X						
			5	require financial procedures annual review & 3yr update				X				
			8	competitive selection independent auditor every 5 yrs		X						

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES													
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
40	La Habra Heights	Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses		X							
			4	have a rainy day fund		X							
		Governance Practices Financial Management	1	adopt a strategic plan					X			X	
			2	develop and report on performance measures									
			5	require financial procedures annual review & 3yr update					X				
			8	competitive selection independent auditor every 5 yrs				X					
41	La Mirada	Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses		X							
			4	have a rainy day fund		X							
		Financial Management	1	establish an audit committee for independent auditor					X				
			2	select the auditor through a competitive process				X					
			5	require financial procedures annual review & 3yr update					X				
			6	policies and procs for anonymously reporting fraud				X					
			8	competitive selection independent auditor every 5 yrs		X							

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES													
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
42	La Puente	Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses		X							
			4	have a rainy day fund		X							
		Financial Management	1	establish an audit committee for independent auditor								X	
			5	require financial procedures annual review & 3yr update								X	
			8	competitive selection independent auditor every 5 yrs				X					
			1	adopt financial planning for balanced budgets				X					
43	La Verne	Fiscal Health	2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses		X							
			4	have a rainy day fund		X							
			1	establish an audit committee for independent auditor				X					
		Financial Management	3	If auditor provides non-audit services ensure review				X					
			4	accounting pol and proc define duties of employees				X					
			8	competitive selection independent auditor every 5 yrs				X					

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES													
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
44	Lakewood	Fiscal Health	1	adopt financial planning for balanced budgets									
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses		X							
			4	have a rainy day fund		X							
		Financial Management	1	establish an audit committee for independent auditor								X	
			2	select the auditor through a competitive process								X	
			6	policies and procs for anonymously reporting fraud								X	
			8	competitive selection independent auditor every 5 yrs								X	
45	Lancaster	Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints				X					
			3	not use one time revenues for on-going expenses			X						
			4	have a rainy day fund						X			
		Governance Practices Financial Management	2	develop and report on performance measures				X					
			4	City councils conduct annual evaluations of executive				X					
			5	require financial procedures annual review & 3yr update							X		
			8	competitive selection independent auditor every 5 yrs				X					

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES													
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
46	Lawndale	Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses						X			
			4	have a rainy day fund		X							
		Financial Management	2	develop and report on performance measures					X				
			3	If auditor provides non-audit services ensure review						X			
			5	require financial procedures annual review & 3yr update				X					
			8	competitive selection independent auditor every 5 yrs				X					
47	Lomita	Fiscal Health	1	adopt financial planning for balanced budgets									
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses				X					
			4	have a rainy day fund				X					
		Governance Practices	1	adopt a strategic plan				X					
			2	develop and report on performance measures				X					
			4	accounting policy and procedures define duties of employees					X				
			5	require financial procedures annual review & 3yr update				X					
Financial Management	6	policies and procs for anonymously reporting fraud				X							
	7	internal control procedures for financial management							X				
	8	competitive selection independent auditor every 5 yrs											



2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
48	Long Beach	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
49	Los Angeles	Fiscal Health	8	competitive selection independent auditor every 5 yrs		X						
			1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
50	Lynwood	Financial Management	4	have a rainy day fund		X						
			5	require financial procedures annual review & 3yr update		X						
			8	competitive selection independent auditor every 5 yrs		X						
			1	adopt financial planning for balanced budgets		X						
50	Lynwood	Fiscal Health	2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
			6	policies and procs for anonymously reporting fraud								X
50	Lynwood	Financial Management	8	competitive selection independent auditor every 5 yrs			X					

**2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES**

City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
<b>51</b>		Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Governance Practices Financial Management	1	adopt a strategic plan		X						
			2	develop and report on performance measures		X						
			2	select the auditor through a competitive process			X					
			8	competitive selection independent auditor every 5 yrs			X					
<b>52</b>	Manhattan Beach	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X				X		
			3	not use one time revenues for on-going expenses							X	
			4	have a rainy day fund							X	
		Financial Management	1	establish an audit committee for independent auditor							X	
			4	accounting pol and proc define duties of employees			X					
			5	require financial procedures annual review & 3yr update				X				
			6	policies and procs for anonymously reporting fraud				X				
8	competitive selection independent auditor every 5 yrs			X								

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES													
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
53	Maywood	Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses				X					
			4	have a rainy day fund				X					
		4	City councils conduct annual evaluations of executive				X						
54	Monrovia	Governance Practices	5	publish CAFR on city's website			X						
			1	establish an audit committee for independent auditor			X						
		Financial Management	8	competitive selection independent auditor every 5 yrs			X						
			1	adopt financial planning for balanced budgets			X						
			2	commit to operate in budget constraints			X						
Financial Management	3	not use one time revenues for on-going expenses			X								
	4	have a rainy day fund			X								
	1	establish an audit committee for independent auditor			X								
	3	If auditor provides non-audit services ensure review				X							
			8	competitive selection independent auditor every 5 yrs			X						

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
55		Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses					X			
			4	have a rainy day fund		X						
		Financial Management	2	develop and report on performance measures				X				
			3	If auditor provides non-audit services ensure review				X				
			6	policies and procs for anonymously reporting fraud				X				
			7	internal control procedures for financial management				X				
56	Monterey Park	Fiscal Health	8	competitive selection independent auditor every 5 yrs		X						
			1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints				X				
			3	not use one time revenues for on-going expenses				X				
		Financial Management	4	have a rainy day fund				X				
			1	establish an audit committee for independent auditor						X		
			8	competitive selection independent auditor every 5 yrs				X				

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
57	Norwalk	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses			X					
			4	have a rainy day fund		X						
		Financial Management	3	develop specific annual goals for the city's executive		X						
			1	establish an audit committee for independent auditor				X				
			4	accounting pol and proc define duties of employees				X				
			5	require financial procedures annual review & 3yr update				X				
Palmdale	Fiscal Health	6	policies and procs for anonymously reporting fraud			X						
		8	competitive selection independent auditor every 5 yrs			X						
		1	adopt financial planning for balanced budgets		X							
		2	commit to operate in budget constraints		X							
58	Palmdale	Financial Management	3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
			3	If auditor provides non-audit services ensure review		X						
			8	competitive selection independent auditor every 5 yrs		X						

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES													
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
59	Palos Verdes Estates	Fiscal Health	1	adopt financial planning for balanced budgets					X				
			2	commit to operate in budget constraints					X				
			3	not use one time revenues for on-going expenses							X		
			4	have a rainy day fund							X		
		Governance Practices	1	adopt a strategic plan							X		
			3	develop specific annual goals for the city's executive				X					
			4	City councils conduct annual evaluations of executive				X					
			1	establish an audit committee for independent auditor						X			
Financial Management	2	select the auditor through a competitive process				X							
	6	policies and procs for anonymously reporting fraud						X					
	8	competitive selection independent auditor every 5 yrs				X							
	1	adopt financial planning for balanced budgets				X							
60	Paramount	Fiscal Health	2	commit to operate in budget constraints					X				
			3	not use one time revenues for on-going expenses						X			
			4	have a rainy day fund							X		
			2	develop and report on performance measures				X					
		Governance Practices	4	City councils conduct annual evaluations of executive				X					
			1	establish an audit committee for independent auditor				X					
			3	If auditor provides non-audit services ensure review				X					
			8	competitive selection independent auditor every 5 yrs									X

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
61	Pasadena	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Financial Management	5	require financial procedures annual review & 3yr update		X						
			8	competitive selection independent auditor every 5 yrs		X						
			1	adopt financial planning for balanced budgets				X				
			2	commit to operate in budget constraints				X				
62	Pico Rivera	Fiscal Health	3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
			1	adopt a strategic plan				X				
			1	establish an audit committee for independent auditor				X				
		Financial Management	8	competitive selection independent auditor every 5 yrs		X						

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
63	Pomona	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints			X					
			3	not use one time revenues for on-going expenses				X				
			4	have a rainy day fund			X					
64	Rancho Palos Verdes	Financial Management	1	establish an audit committee for independent auditor				X				
			8	competitive selection independent auditor every 5 yrs		X						
		Fiscal Health	1	adopt financial planning for balanced budgets				X				
			2	commit to operate in budget constraints				X				
			3	not use one time revenues for on-going expenses				X				
			4	have a rainy day fund			X					
		Financial Management	1	establish an audit committee for independent auditor			X					
			3	If auditor provides non-audit services ensure review policies and procs for anonymously reporting fraud			X					
6	competitive selection independent auditor every 5 yrs			X								



2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES													
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
65	Redondo Beach	Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses		X							
			4	have a rainy day fund		X							
		Financial Management	8	competitive selection independent auditor every 5 yrs		X							
			Fiscal Health	1	adopt financial planning for balanced budgets		X						
				2	commit to operate in budget constraints		X						
				3	not use one time revenues for on-going expenses		X						
4	have a rainy day fund			X									
66	Rolling Hills	Governance Practices	1	adopt a strategic plan			X						
			2	develop and report on performance measures			X						
		Financial Management	4	City councils conduct annual evaluations of executive				X					
			1	establish an audit committee for independent auditor			X						
			3	If auditor provides non-audit services ensure review				X					
			6	policies and procs for anonymously reporting fraud			X						
		8	competitive selection independent auditor every 5 yrs				X						

**2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES**

City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
<b>67</b>	Rolling Hills Estates	Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses		X							
			4	have a rainy day fund		X							
		Financial Management	1	adopt a strategic plan								X	
			3	If auditor provides non-audit services ensure review			X						
			5	require financial procedures annual review & 3yr update			X						
			8	competitive selection independent auditor every 5 yrs								X	
<b>68</b>	Rosemead	Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses					X				
			4	have a rainy day fund			X						
		Financial Management	1	establish an audit committee for independent auditor					X				
			5	require financial procedures annual review & 3yr update					X				
			6	policies and procs for anonymously reporting fraud					X				
			8	competitive selection independent auditor every 5 yrs			X						

<b>2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES</b>												
<b>City No.</b>	<b>Agency Delivery Addresses</b>	<b>Recommendation Topic</b>	<b># Recommendations</b>	<b>Brief 3 to 4 keyword Description of Recommendation Responses</b>	<b>PENDING</b>	<b>IMPLEMENTED</b>	<b>TO BE IMPLEMENTED</b>	<b>WILL NOT IMPLEMENT</b>	<b>NON RESPONSIVE</b>	<b>FURTHER STUDY</b>	<b>FAILED TO RESPOND</b>	
<b>69</b>	San Dimas	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
	Financial Management	1	adopt a strategic plan		X							
		2	develop and report on performance measures		X							
		2	select the auditor through a competitive process			X						
		8	competitive selection independent auditor every 5 yrs			X						
<b>70</b>	San Fernando	Fiscal Health	1	adopt financial planning for balanced budgets			X		X			
			2	commit to operate in budget constraints			X					
			3	not use one time revenues for on-going expenses				X				
			4	have a rainy day fund							X	
	Governance Practices	1	adopt a strategic plan							X		
		2	develop and report on performance measures							X		
		3	develop specific annual goals for the city's executive			X						
		4	City councils conduct annual evaluations of executive							X		
Financial Management	1	establish an audit committee for independent auditor					X					
	5	require financial procedures annual review & 3yr update				X						
	6	policies and procs for anonymously reporting fraud					X					
	8	competitive selection independent auditor every 5 yrs				X						

<b>2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES</b>												
<b>City No.</b>	<b>Agency Delivery Addresses</b>	<b>Recommendation Topic</b>	<b># Recommendations</b>	<b>Brief 3 to 4 keyword Description of Recommendation Responses</b>	<b>PENDING</b>	<b>IMPLEMENTED</b>	<b>TO BE IMPLEMENTED</b>	<b>WILL NOT IMPLEMENT</b>	<b>NON RESPONSIVE</b>	<b>FURTHER STUDY</b>	<b>FAILED TO RESPOND</b>	
<b>71</b>	San Gabriel	Fiscal Health	1	adopt financial planning for balanced budgets			X					
			2	commit to operate in budget constraints			X					
			3	not use one time revenues for on-going expenses				X				
			4	have a rainy day fund				X				
	San Marino	Financial Management	1	establish an audit committee for independent auditor				X				
			3	If auditor provides non-audit services ensure review								
			6	policies and procs for anonymously reporting fraud					X			
			8	competitive selection independent auditor every 5 yrs				X				
<b>72</b>	San Gabriel	Fiscal Health	1	adopt financial planning for balanced budgets			X					
			2	commit to operate in budget constraints			X					
			3	not use one time revenues for on-going expenses				X				
			4	have a rainy day fund				X				
	San Marino	Governance Practices	2	develop and report on performance measures				X				
			3	develop specific annual goals for the city's executive				X				
			1	establish an audit committee for independent auditor					X			
			2	select the auditor through a competitive process						X		
San Marino	Financial Management	6	policies and procs for anonymously reporting fraud						X			
		8	competitive selection independent auditor every 5 yrs					X				

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
73	Santa Clarita	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Governance Practices	2	develop and report on performance measures			X					
			1	establish an audit committee for independent auditor					X			
			5	require financial procedures annual review & 3yr update					X			
			8	competitive selection independent auditor every 5 yrs			X					
Fiscal Health	1	adopt financial planning for balanced budgets			X							
	2	commit to operate in budget constraints			X							
	3	not use one time revenues for on-going expenses			X							
	4	have a rainy day fund			X							
74	Santa Fe Springs	Governance Practices	2	develop and report on performance measures		X						
			1	establish an audit committee for independent auditor		X						
		Financial Management	2	select the auditor through a competitive process								X
			3	If auditor provides non-audit services ensure review			X					
			5	require financial procedures annual review & 3yr update			X					
			6	policies and procs for anonymously reporting fraud								X
		8	competitive selection independent auditor every 5 yrs								X	

**2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES**

City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
<b>75</b>		Fiscal Health	1	adopt financial planning for balanced budgets		<input checked="" type="checkbox"/>						
			2	commit to operate in budget constraints		<input checked="" type="checkbox"/>						
			3	not use one time revenues for on-going expenses		<input checked="" type="checkbox"/>						
			4	have a rainy day fund		<input checked="" type="checkbox"/>						
	Santa Monica	Financial Management	1	establish an audit committee for independent auditor		<input checked="" type="checkbox"/>						
			3	If auditor provides non-audit services ensure review		<input checked="" type="checkbox"/>						
			4	accounting pol and proc define duties of employees		<input checked="" type="checkbox"/>						
			5	require financial procedures annual review & 3yr update		<input checked="" type="checkbox"/>						
<b>76</b>		Fiscal Health	6	policies and procs for anonymously reporting fraud		<input checked="" type="checkbox"/>						
			8	competitive selection independent auditor every 5 yrs		<input checked="" type="checkbox"/>						
			1	adopt financial planning for balanced budgets		<input checked="" type="checkbox"/>						
			2	commit to operate in budget constraints		<input checked="" type="checkbox"/>						
	Sierra Madre	Financial Management	3	not use one time revenues for on-going expenses		<input checked="" type="checkbox"/>						
			4	have a rainy day fund		<input checked="" type="checkbox"/>						
			1	establish an audit committee for independent auditor					<input checked="" type="checkbox"/>			
			4	accounting pol and proc define duties of employees				<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
			6	policies and procs for anonymously reporting fraud								
			8	competitive selection independent auditor every 5 yrs		<input checked="" type="checkbox"/>						

<b>2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES</b>													
<b>City No.</b>	<b>Agency Delivery Addresses</b>	<b>Recommendation Topic</b>	<b># Recommendations</b>	<b>Brief 3 to 4 keyword Description of Recommendation Responses</b>	<b>PENDING</b>	<b>IMPLEMENTED</b>	<b>TO BE IMPLEMENTED</b>	<b>WILL NOT IMPLEMENT</b>	<b>NON RESPONSIVE</b>	<b>FURTHER STUDY</b>	<b>FAILED TO RESPOND</b>		
<b>77</b>	Signal Hill	Fiscal Health	1	adopt financial planning for balanced budgets		X							
			2	commit to operate in budget constraints		X							
			3	not use one time revenues for on-going expenses		X							
			4	have a rainy day fund		X							
			Financial Management	1	establish an audit committee for independent auditor						X		
				8	competitive selection independent auditor every 5 yrs			X					
				1	adopt financial planning for balanced budgets	X							
				2	commit to operate in budget constraints		X						
<b>78</b>		Fiscal Health	3	not use one time revenues for on-going expenses		X							
			4	have a rainy day fund		X							
			1	adopt a strategic plan		X							
			2	develop and report on performance measures		X							
	South El Monte		Governance Practices	3	develop specific annual goals for the city's executive		X						
				1	establish an audit committee for independent auditor			X					
				7	internal control procedures for financial management			X					
				8	competitive selection independent auditor every 5 yrs		X						

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES													
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND		
79		Fiscal Health	1	adopt financial planning for balanced budgets			X						
			2	commit to operate in budget constraints			X						
			3	not use one time revenues for on-going expenses				X					
			4	have a rainy day fund				X					
		Financial Management	1	establish an audit committee for independent auditor				X					
			3	If auditor provides non-audit services ensure review				X					
			4	accounting pol and proc define duties of employees				X					
			5	require financial procedures annual review & 3yr update				X					
80	South Pasadena	Fiscal Health	8	competitive selection independent auditor every 5 yrs						X			
			1	adopt financial planning for balanced budgets			X						
			2	commit to operate in budget constraints			X						
			3	not use one time revenues for on-going expenses			X						
		Governance Practices	4	have a rainy day fund				X					
			2	develop and report on performance measures			X						
			3	develop specific annual goals for the city's executive			X						
			1	establish an audit committee for independent auditor						X			
Financial Management	5	require financial procedures annual review & 3yr update			X								
	8	competitive selection independent auditor every 5 yrs					X						



**2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES**

City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
<b>81</b>	Temple City	Fiscal Health	1	adopt financial planning for balanced budgets			X					
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
<b>82</b>	Torrance	Financial Management	1	establish an audit committee for independent auditor		X						
			6	policies and procs for anonymously reporting fraud		X						
			8	competitive selection independent auditor every 5 yrs		X						
			1	adopt financial planning for balanced budgets		X						
<b>83</b>	Vernon	Fiscal Health	2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
			8	competitive selection independent auditor every 5 yrs		X						

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
<b>84</b>		Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Financial Management	2	select the auditor through a competitive process		X						
			5	require financial procedures annual review & 3yr update		X						
			8	competitive selection independent auditor every 5 yrs		X						
			1	adopt financial planning for balanced budgets		X						
<b>85</b>	West Covina	Fiscal Health	2	commit to operate in budget constraints			X					
			3	not use one time revenues for on-going expenses			X					
			4	have a rainy day fund			X					
			2	develop and report on performance measures			X					
		Governance Practices	1	establish an audit committee for independent auditor					X			
			2	select the auditor through a competitive process					X			
			4	accounting pol and proc define duties of employees					X			
			5	require financial procedures annual review & 3yr update					X			
Financial Management	6	policies and procs for anonymously reporting fraud					X					
	8	competitive selection independent auditor every 5 yrs					X					

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
<b>86</b>	West Hollywood	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
<b>87</b>	Westlake Village	Financial Management	1	establish an audit committee for independent auditor			X					
			8	competitive selection independent auditor every 5 yrs				X				
		Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Financial Management	1	establish an audit committee for independent auditor		X						
			8	competitive selection independent auditor every 5 yrs		X						

2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES												
City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses	PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND	
88	Whittier	Fiscal Health	1	adopt financial planning for balanced budgets		X						
			2	commit to operate in budget constraints		X						
			3	not use one time revenues for on-going expenses		X						
			4	have a rainy day fund		X						
		Financial Management	1	establish an audit committee for independent auditor		X						
			2	select the auditor through a competitive process		X						
			4	accounting pol and proc define duties of employees		X						
			8	competitive selection independent auditor every 5 yrs		X						

**CITIES THAT HAVE FAILED TO RESPOND**

**2012-2013 RECOMMENDATIONS SUMMARY FOR THE CITIES**

City No.	Agency Delivery Addresses	Recommendation Topic	# Recommendations	Brief 3 to 4 keyword Description of Recommendation Responses										
				PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON RESPONSIVE	FURTHER STUDY	FAILED TO RESPOND				
<b>7</b>	Baldwin Park	Fiscal Health	1	adopt financial planning for balanced budgets										
			2	commit to operate in budget constraints										
			3	not use one time revenues for on-going expenses										
			4	have a rainy day fund										
<b>37</b>	Inglewood	Governance Practices	1	adopt a strategic plan										
			3	If auditor provides non-audit services ensure review										
		Financial Management	8	competitive selection independent auditor every 5 yrs										
			1	adopt financial planning for balanced budgets										
		Fiscal Health	2	commit to operate in budget constraints										
			3	not use one time revenues for on-going expenses										
			4	have a rainy day fund										
			1	adopt a strategic plan										
Governance Practices	2	develop and report on performance measures												
	3	develop specific annual goals for the city's executive												
Financial Management	1	establish an audit committee for independent auditor												
	3	If auditor provides non-audit services ensure review												
	5	require financial procedures annual review & 3yr update												
	6	policies and procs for anonymously reporting fraud												
			7	internal control procedures for financial management										
			8	competitive selection independent auditor every 5 yrs										

**ANALYSIS OF CITIES' RESPONSES \***

**FISCAL HEALTH**

FH-1 Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.					
<b>85 OF 88 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
2 <b>2%</b>	57 <b>67%</b>	20 <b>24%</b>	2 <b>2%</b>	3 <b>4%</b>	1 <b>1%</b>

FH-2 Cities should develop a balanced budget and commit to operate within the budget constraints.					
<b>86 OF 88 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
0 <b>0%</b>	70 <b>81%</b>	13 <b>15%</b>	1 <b>1%</b>	2 <b>2%</b>	0 <b>0%</b>

FH-3 Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.					
<b>86 OF 88 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
0 <b>0%</b>	61 <b>71%</b>	13 <b>15%</b>	8 <b>9%</b>	4 <b>5%</b>	0 <b>0%</b>

FH-4 Cities should adopt a method and practice of saving into a reserve or "rainy-day" fund to supplement operating revenue in years of short fall.					
<b>86 OF 88 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
0 <b>0%</b>	69 <b>80%</b>	13 <b>15%</b>	0 <b>0%</b>	4 <b>5%</b>	0 <b>0%</b>

\* all percentages are approximate due to rounding

**ANALYSIS OF CITIES' RESPONSES \*****GOVERNANCE PRACTICES**

GP-1 Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.					
<b>25 OF 27 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
0 0%	11 44%	6 24%	1 4%	3 12%	4 16%

GP-2 Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.					
<b>35 OF 36 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
0 0%	13 37%	14 40%	4 11%	2 6%	2 6%

GP-3 City councils should develop specific annual goals for the city's executive.					
<b>13 OF 15 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
1 8%	9 69%	1 8%	1 8%	1 8%	0 0%

GP-4 City councils should conduct meaningful evaluations of the city's executive at least annually.					
<b>11 OF 11 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
0 0%	7 64%	2 18%	1 9%	1 9%	0 0%

GP-5 Cities should publish the financial reports (CAFR) on their city's website.					
<b>3 OF 3 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
0 0%	2 67%	1 33%	0 0%	0 0%	0 0%

\*all percentages are approximate due to rounding

**ANALYSIS OF CITIES' RESPONSES \***

**FINANCIAL MANAGEMENT**

FM-1 Cities should formally establish an audit committee making it directly responsible for the work of an independent auditor.					
<b>54 OF 57 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
2 4%	18 33%	12 22%	14 26%	4 7%	4 7%

FM-2 Cities that do not currently select the auditor through a competitive process should do so.					
<b>18 OF 18 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
0 0%	11 61%	3 17%	3 17%	0 0%	1 6%

FM-3 Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.					
<b>22 OF 25 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
1 5%	13 59%	4 18%	3 14%	0 0%	1 5%

FM-4 Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.					
<b>18 OF 18 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
0 0%	10 56%	7 39%	1 6%	0 0%	0 0%

\* all percentages are approximate due to rounding



**ANALYSIS OF CITIES' RESPONSES \***

**FINANCIAL MANAGEMENT**

FM-5 Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.					
<b>40 OF 41 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
1 3%	17 43%	16 40%	4 10%	0 0%	2 5%

FM-6 Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.					
<b>34 OF 35 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
0 0%	13 38%	14 41%	2 6%	1 3%	4 12%

FM-7 Cities should periodically review and update internal control procedures over financial management.					
<b>8 OF 8 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
0 0%	2 25%	3 38%	0 0%	2 25%	1 13%

FM-8 Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.					
<b>85 OF 88 CITIES RESPONDED</b>					
PENDING	IMPLEMENTED	TO BE IMPLEMENTED	WILL NOT IMPLEMENT	NON-RESPONSIVE	FURTHER STUDY
1 1%	63 74%	14 16%	3 4%	1 1%	3 4%

\* all percentages are approximate due to rounding



---

*"Gateway to the Santa Monica Mountains National Recreation Area"*

---

September 26, 2013

**VIA CERTIFIED MAIL**

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

**Re: The City of Agoura Hills' Response to the 2012-13 Los Angeles County Civil Grand Jury Report**

Dear Presiding Judge:

The City of Agoura Hills submits this letter in response to the 2012-2013 Los Angeles County Civil Grand Jury Report ("Report"). The Grand Jury has asked for a written response to the following Findings and Recommendations in the Report, pursuant to Penal Code Section 933.05.

The City of Agoura Hills has continually demonstrated excellent leadership and management over its fiscal health. The City Council has adopted policies for minimum General Fund reserve levels, established a Debt Limit policy and adopted policies to fund as many projects as possible on a pay-as-you-go basis. The annual strategic planning process involves goal setting workshops with the City Council, a 5-year Capital Improvement Plan and long-range financial planning. The City has been awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the past two years.

## **Fiscal Health Findings**

1. Most cities expended more than they received in revenues during FY 2011-12.

**Response:** The City of Agoura Hills (“City”) is unable to comment on whether or not most cities expended more than they received in revenues during FY 2011-12.

**As it pertains, specifically, to the City of Agoura Hills, the City agrees with this finding. In FY 2011-12, total expenditures, exceeded total revenues by \$51,689 or .3% for the City of Agoura Hills. The City saved revenues in prior years and set them aside to pay for projects, such as the Recreation Center Capital Project, and Traffic Improvement Funds to pay for the Reyes Adobe Interchange in FY 2011-12. These set-aside reserves (fund balances) were a planned source of funding.**

2. Most cities’ total net assets and general fund balances declined during FY 2011-12, and several cities’ ratios of total net assets to total liabilities are lower than desirable.

**Response:** The City is unable to comment on whether or not most cities total net assets and general fund balances declined during FY 2011-12, or that their ratios of total net assets to total liabilities are lower than desirable.

**As it pertains to the City of Agoura Hills, we partially disagree with this finding. The City’s total net assets and general fund balances did decline during FY 2011-12, due to the dissolution of the Redevelopment Agency (RDA) by the State of California. This is documented in Note 6 of the City’s FY 2011-12 Comprehensive Annual Financial Report (CAFR).**

**However, as recognized by the Grand Jury, on page 109 of the Grand Jury’s Report, our ratio of total net assets to total liabilities was 7.54, which is well above the average ratio of 5.45, and, therefore, is not lower than desirable.**

## **Fiscal Health Recommendations**

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

**Response:** This recommendation has already been implemented. The City has already adopted policies for financial planning, revenue, and expenditure policies. These include City Council Resolution No. 05-1378, a reserve fund policy adopted in June 2005. A Fund Balance Policy for the General Fund was adopted in June 2011, and a Debt Management Policy was adopted in June 2012. We remain vigilant in updating policies to ensure fiscal health. Please see the attached policies.

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

**Response:** The City already has been implementing this policy for many years. Operating expenses and operating transfers are covered by current year revenues. The City's budget is balanced by utilizing planned set-aside revenues from prior years (fund balance) to pay for one-time capital projects, such as road improvements, or the purchase of the recreation center. The City Council reviews fund balances (set-aside revenues from prior years) to ensure that they meet minimum policy levels.

3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

**Response:** The City has always implemented this recommendation. The City Council is committed to not using one-time revenues to fund on-going operational expenses, including debt service, and the City ensures that the ending fund balance meets minimum policy levels.

4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.

**Response:** The City already officially implemented this recommendation by adopting City Council Resolution No. 05-1378, in June 2005, which provides that the City Council and City staff will endeavor to designate an amount equal to or greater than forty percent (40%) of each year's proposed General Fund Operating Budget as the City's unobligated General Fund Reserve. The City Council recognizes that the unobligated General Fund reserves are needed for cash flow requirements and contingencies, such as exposure to natural disasters, exposure to economic impacts, and vulnerability to actions of the State. Resolution 05-1378 requires that if, in any budget year, the City Council determines that the public interest requires expending any amount remaining in General Fund Reserves causing it to fall below forty percent (40%) of that year's General Fund Operating Budget, the City Council and City staff shall, in the following budget year, present a plan for returning the General Fund Reserve to the 40% level, as soon as practicable, based on the City's then-current budget circumstances.

The City has been in compliance with the policy each year since adoption. For the budget year FY 2013-14, the fund balance in the General Fund is projected to be \$7.8 million or 65% of operating expenditures and transfers at June 30, 2014. This fund balance will increase 1% from the FY 2012-13 level.

## **Governance Practices Findings**

1. Most cities have developed strategic plans to provide appropriate strategic focus and direction for the city.

**Response: The City cannot respond as to whether most cities have developed strategic plans to provide appropriate strategic focus and direction for their cities.**

**As it pertains, specifically, to the City of Agoura Hills, the City agrees with this finding. The City conducts long-range planning sessions regarding the betterment of the community. This annual strategic planning process involves goal setting workshops with the City Council, a 5-year Capital Improvement Plan and long-range financial planning. Furthermore, the Council and City Manager establish annual goals, consistent with the City's long-range plans and financial resources.**

2. Most cities have developed performance measures to demonstrate the results of their organizational activities and goals.

**Response: The City cannot respond as to whether most cities have developed performance measures to demonstrate the results of their organizational activities and goals.**

**As it pertains, specifically, to the City of Agoura Hills, the City agrees with this finding. While the City does measure performance, there has not been a formalized process established. The City will formalize the performance measures in to its FY 2014-15 budget document which will be adopted in June, 2014.**

3. All cities stated they have a formal policy agreement, or other documents that define the roles of city council and city executive.

**Response: The City cannot respond as to whether most cities have developed a formal policy agreement, or other documents that define the roles of city council and city executive.**

**As it pertains, specifically, to the City of Agoura Hills, the City agrees with this finding. The City has developed a formal policy agreement, or other documents that define the roles of City Council and City executive staff.**

4. Most city councils have established goals for executives at least annually.

**Response: The City agrees with this finding. While the City cannot comment on whether most city councils have established goals for executives, at least annually, the City establishes goals for its executives annually.**

5. Most cities have adopted a “conflict of Interest” code.

**Response:** The City agrees with this finding. While the City cannot comment on whether most cities have adopted a “conflict of Interest” code, the City has adopted one.

6. Most cities have adopted an “investment’ policy.

**Response:** The City agrees with this finding. While the City cannot comment on whether most cities have adopted an “investment’ policy, the City adopts one annually.

7. Most cities published their financial reports or CAFR to their website.

**Response:** The City agrees with this finding. While the City cannot comment on whether most cities publish their financial reports of CAFR to their website, the City publishes their CAFR to their website.

### **Governance Practices Recommendations**

1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.

**Response:** In August 2007, the City adopted a mission statement that articulates the mission, vision, and core values of the City. The adopted document is included as an attachment to this report. Furthermore, the City conducts annual long-range planning sessions regarding the betterment of the community. This annual strategic planning process involves goal setting workshops with the City Council, a 5-Year Capital Improvement Plan and long-range financial planning. Furthermore, the Council and City Manager establish annual goals, consistent with the City’s long-range plans and financial resources.

2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.

**Response:** Although the City has already developed informal performance measures, the City will incorporate formalized performance measures into the City’s FY 2014-15 budget document.

## **Financial Management Findings**

1. Few cities formally established an audit committee responsible for monitoring and overseeing financial reporting.

**Response: The City disagrees with this finding. While the City cannot comment on whether few cities have formally established an audit committee, the City established an audit committee (otherwise known as the City's Finance Committee) many years ago.**

2. All cities required their auditors to comply with independence standards and most selected their auditors through a competitive process. Most also precluded the auditor from providing non-audit services.

**Response: The City agrees with this finding. The City cannot comment on whether all cities required their auditors to comply with independence standards and select auditors through a competitive process or preclude their auditor from providing non-audit services.**

**The City requires its auditors to comply with independence standards and selects their auditors through a competitive process. It also precludes the auditor from providing non-audit services.**

3. Many cities could improve their documentation and maintenance of accounting policies and procedures.

**Response: The City partially agrees with this finding. The City cannot comment on whether many cities could improve their documentation and maintenance of accounting policies and procedure.**

**The City already maintains accounting policies and procedures, but will now formally review annually and update at least every three years all financial policies and procedures.**

4. Many cities could improve their policies and procedures for reporting fraud, abuse, and questionable practices.

**Response: The City disagrees with this finding. While the City cannot comment on whether many cities could improve their policies and procedures for reporting fraud, abuse, and questionable practices, the City has these policies and procedures in place.**

5. Many cities could improve their internal control procedures over financial management.

**Response:** The City disagrees with this finding. While the City cannot comment on whether many cities could improve their internal control procedures over financial management, the Grand Jury did not have any recommendations for improvement in this area for the City.

6. Most cities did not have a formal internal audit function.

**Response:** The City agrees with this finding. While the City cannot comment on whether most cities do not have a formal internal audit function, the City does not. The City relies on review by its independent Treasurer and external auditors and upon stated internal controls.

7. Many cities' policies and procedures governing general fund unrestricted fund balance could be improved.

**Response:** The City disagrees with this finding. While the City cannot comment on whether many cities' policies and procedures governing general fund unrestricted fund balance could be improved, the City has in place Resolution 05-1378, adopted in June 2005, which states a minimum fund balance threshold as well as a fund balance policy for the general fund adopted in June 2011, in compliance with Government Accounting Standard Board ("GASB") No. 54.

8. All cities maintained an adequate accounting system. Most issued timely financial statements and a CAFR in compliance with standards, and most made the CAFR readily accessible to the general public on their website.

**Response:** The City agrees with this finding. The City cannot respond as to whether all cities maintained an adequate accounting system, issued timely financial statements, a CAFR in compliance with standards, or made their CAFR readily accessible to the general public on their website.

However, the City maintains an adequate accounting system, issued timely financial statements and a CAFR in compliance with standards and made their CAFR readily accessible to the general public on the City website.

### **Financial Management Recommendations**

1. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

**Response:** This recommendation has not yet been implemented, but will be implemented in June 2014. The City will implement a policy requiring financial



**policies and procedures to be reviewed annually and updated at least once every three years in June 2014, when our next budget is adopted.**

2. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

**Response: The City has already implemented this recommendation. The City last undertook a full-scale competitive process for independent external auditors in 2010. Our current agreement calls for a three-year term, with two extensions – for a five-year total term. The City plans on undertaking a full-scale competitive RFP process again in 2015.**

In conclusion, this completes the City of Agoura Hills' response to the Report. The City trusts that the information provided adequately responds to the Grand Jury's Findings and Recommendations.

If you have any additional questions, please do not hesitate to contact me.

Sincerely,

THE CITY OF AGOURA HILLS



Greg Ramirez,  
City Manager

Attachments:

- Note 6, Successor Agency Trust for Assets of Former Redevelopment Agency, of City of Agoura Hills Comprehensive Annual Financial Report for the year ended June 30, 2012
- Resolution No. 05-1378; A Resolution of the City Council of the City of Agoura Hills Establishing a General Fund Reserve Policy
- City of Agoura Hills Fund Balance Policy for the General Fund
- City of Agoura Hills Debt Management Policy
- City of Agoura Hills Mission Statement

**CITY OF AGOURA HILLS, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**

***NOTE 6 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY***

On December 29, 2011, the California Supreme Court upheld AB 1X 26 that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Agoura Hills that previously had reported a redevelopment agency as a blended component unit. The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On February 22, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-1661.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary item in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary item.

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary item recognized in the governmental funds was not the same amount as the extraordinary item that was recognized in the fiduciary fund financial statements.

**CITY OF AGOURA HILLS, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**

***NOTE 6 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY***  
***(Continued)***

The difference between the extraordinary item recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental funds - increase to net assets of the Successor Agency Trust Fund	\$ 16,650,956
Deferred charges, net of accumulation amortization reported in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	779,571
Accrued bond interest reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	(293,283)
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	<u>(14,988,622)</u>
Net increase to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary loss reported in the government-wide financial statements of the City)	<u>\$ 2,148,622</u>

The City via Resolution Number SA12-10, approved the transfer of housing assets which allowed creation of the Successor Housing Agency. The City retained all housing activities and assets of the former redevelopment agency's low and moderate income housing fund. As a result, the new governmental fund incurred an extraordinary gain of \$206,968. This amount is included in the total extraordinary loss in the governmental funds of \$16,650,956.

**RESOLUTION NO. 05-1378**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS  
ESTABLISHING A GENERAL FUND RESERVE POLICY**

**WHEREAS**, a prudent General Fund reserve policy should be an integral part of municipal financial operations; and

**WHEREAS**, the City Council of the City of Agoura Hills is dedicated to ensure maintaining fiscal responsibility and accountability in the expenditure of City funds; and,

**WHEREAS**, sound fiscal planning and management practices dictate the need for flexibility and liquidity in the use and maintenance of the City's General Fund reserve; and

**WHEREAS**, unobligated General Fund reserves are needed for cash flow requirements; and contingencies such as exposure to natural disasters, exposure to economic impacts, and vulnerability to actions of the State; and

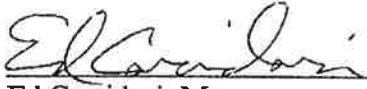
**WHEREAS**, the City Council of the City of Agoura Hills desires to establish a policy of allocating and maintaining a specified percentage of the City's General Fund Operating Budget as an unobligated General Fund reserve each year.

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Agoura Hills does hereby establish a General Fund Reserve Policy, as follows:

1. The City Council and City staff will endeavor to designate an amount equal to or greater than forty percent (40%) of each year's proposed General Fund Operating Budget as the City's unobligated General Fund Reserve.
2. This policy shall not prohibit any City Council from expending amounts from the General Fund Reserve to further the public interest.
3. If, in any budget year, the City Council determines that the public interest requires expending any amount from the General Fund Reserve that would cause the amount remaining in General Fund Reserves to fall below forty percent (40%) of that year's General Fund Operating Budget, the City Council and City staff shall, in the following budget year, present a plan for returning the General Fund Reserve to the 40% level as soon as practicable based on the City's then-current budget circumstances.
4. The City Manager shall be responsible for implementing this policy.

**PASSED, APPROVED, and ADOPTED** this 22<sup>nd</sup> day of June, 2005, by the following vote:

AYES: (3) Corridori, Kuperberg, Reinhardt  
NOES: (0)  
ABSENT: (2) Weber, Edelston  
ABSTAIN: (0)

  
Ed Corridori, Mayor

ATTEST:

  
Kimberly M. Rodrigues, City Clerk

# CITY OF AGOURA HILLS FUND BALANCE POLICY FOR THE GENERAL FUND

## POLICY

This Fund Balance Policy establishes the procedures for reporting unrestricted fund balance in the General Fund financial statements. Certain commitments and assignments of fund balance will help ensure that there will be adequate financial resources to protect the city against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. The policy also authorizes and directs the Finance Director to prepare financial reports which accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

## PROCEDURES

Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent.

- Nonspendable fund balance (inherently nonspendable)
- Restricted fund balance (externally enforceable limitations on use)
- Committed fund balance (self-imposed limitations on use)
- Assigned fund balance (limitation resulting from intended use)
- Unassigned fund balance (residual net resources)

The first two components listed above are not addressed in this policy due to the nature of their restrictions. An example of nonspendable fund balance is prepaid expenses. Restricted fund balance is either imposed by law or constrained by grantors, contributors, or laws or regulations of other governments. This policy is focused on financial reporting of unrestricted fund balance, or the last three components listed above. These three components are further defined below.

### **Committed Fund Balance**

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the city Council removes or changes the specified use

through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period; however the amount can be determined subsequently.

### **Assigned Fund Balance**

Amounts that are constrained by the City's *intent* to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the Finance Director for the purpose of reporting these amounts in the annual financial statements. A few examples of assigned fund balance follow:

- Continuing Appropriations

Fund balance levels must be sufficient to meet funding requirements for projects approved in prior years and which must be carried forward into the new fiscal year.

- Debt Service

Established to provide for future debt service obligations.

- Budget Balancing Measures

Funds set aside for the purpose of stabilizing the delivery of city services during periods of operational budget deficits and to mitigate the effects of major economic uncertainties resulting from unforeseen changes in revenues and/or expenditures.

### **Unassigned Fund Balance**

These are residual positive net resources of the general fund in excess of what can properly be classified in one of the other four categories. An example of unassigned fund balance would be the following:

#### Minimum Fund Balance Policy

In June 2005, the City of Agoura Hills passed Resolution No. 05-1378 stating that the City Council and City Staff will endeavor to designate an amount equal to or greater than forty percent (40%) of each year's proposed General Fund

Operating Budget as the City's unobligated General Fund Reserve. The City Council recognizes that the unobligated General Fund reserves are needed for cash flow requirements; and contingencies such as exposure to natural disasters, exposure to economic impacts, and vulnerability to actions of the State. This resolution requires that if, in any budget year, the City Council determines that the public interest requires expending any amount remaining in General Fund Reserves to fall below forty percent (40%) of that year's General Fund Operating budget, the City council and City staff, shall, in the following budget year, present a plan for returning the General Fund Reserve to the 40% level, as soon as practicable, based on the City's then-current budget circumstances.

### **Fund Balance Classification**

The accounting policies of the city consider restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the city considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

This policy is in place to provide a measure of protection for the city against unforeseen circumstances and to comply with GASB Statement No. 54. No other policy or procedure supersedes the authority and provisions of this policy.





---

## **DEBT MANAGEMENT POLICY**

---

### **I. PURPOSE**

This policy establishes the proper and orderly issuance of debt for the purpose of achieving the City Council's goals and objectives. The purpose of this Debt Policy is to ensure that the City's bonded indebtedness is incurred and administered in a prudent financial manner. A decision by the City Council to incur bonded indebtedness is one of its most important decisions. Bond investors are going to purchase the City's bonds with the absolute expectation that the City will honor its promise to pay the annual debt service without exception for the 25-to-30 year life of the bonds. Conduit bonds, for which the City has no financial responsibility, will require the same level of scrutiny prior to bond issuance. A decision to incur bonded indebtedness, also incurs the ongoing annual responsibility for the payment of debt service, annual State and Federal reporting requirements and the obligation to address any problems which may arise for as long as the bonds are still in existence.

Although this policy addressed bonded indebtedness, these same policy concerns can be directed to a bank loan or an internal inter-fund loan.

### **II. GENERAL MANAGEMENT POLICIES**

The City will provide for a periodic review of its financial performance, and review its performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, and budgeting process.

- In recognition of periodic changes in the cost of providing service to citizens, service costs and fees will be reviewed annually and adjusted commensurately.
- The City will present any proposed adjustments to existing fees and charges at public meetings, and will consider recommendations and input from the public as it relates to such proposed changes.
- Necessary appropriations for annual debt service requirements will be routinely included in the City's annual budget.
- The City will maintain proactive communication with the investment community, including rating agencies, credit enhancers and investors, to ensure future capital market access at the lowest possible rates.

## II. FINANCIAL MANAGEMENT POLICIES

- The City will evaluate financing for each capital project on a case-by-case basis. The City will seek to pay for all capital projects from current revenues and available reserves prior to or in combination with the use of debt. The evaluation should include (a) determination that the capital project is eligible for bond financing, (b) identification of the sources of financing for the project other than bond financing, (c) identification of the total cost of the capital project including its construction cost, cost of furnishings fixtures and equipment (d) analysis of the municipal bond market, including economic and interest rate trends, (e) identification of alternative bond structures, option to use bond insurance and the information needed by rating agencies and the disclosure requirements of the Official Statement (f) the timing of when the City should enter the bond market.
- The term of a bond issue is not-to-exceed the useful life of the capital project that is being financed. The bonds are to be sold at competitive Sale; however, the city reserves the option of pursuing a Negotiated Sale if the proposed financing of the Capital Project is unusual or complex. The overall objective is to obtain the lowest possible interest costs. The City is to remain cognizant of fluctuations in interest rates for the purpose of identifying Refunding opportunities. Refund of existing bonds should be undertaken to reduce overall debt service expense or to remove restrictive covenants in the existing Indenture.
- The City is to retain professional consultants including Bond Counsel, Underwriter, Financial Advisor, Trustee, and arbitrage analyst. The city will consider the professional qualifications and experience of these consultants as it relates to the particular bond issue under consideration. In certain instances, the City will conduct a request for proposal/qualification process to select such consultants.
- The City will carefully monitor its levels of general-purpose debt. Because our general purpose debt capacity is limited, it is important that we only use general purpose debt financing for high-priority projects where we cannot reasonably use other financing methods for two key reasons: (A) Funds borrowed for a project today are not available to fund other projects tomorrow. (B) Funds committed for debt repayment today are not available to fund operations in the future.
- In evaluating debt capacity, general-purpose annual debt service payments should generally not exceed 10% of General Fund revenues; and in no case should they exceed 15%. Further, direct debt will not exceed 2% of assessed valuation.



## Mission Statement

Agoura Hills is a unique suburban community exemplified by a commitment to the preservation of its history, a high quality of life, a vibrant business community, and environmental sensitivity.

We are a city steeped in a rich historical past through which we have emerged as a vital, prosperous community committed to excellence, innovation, and sound fiscal policies. Our neighborhoods are safe, healthy, and as unique as the individuals who inhabit them.

We believe the City's greatest asset is our people and we welcome the involvement of all those who live and work in the City of Agoura Hills to partner with us in making this community one of excellence.

We are committed to preserving the unique character, historical and rural fabric, and environmental beauty that defines Agoura Hills to its residents. We will accomplish this through the values of Service, Integrity, Positive Solutions, and Cooperation.

## Core Values

*SERVICE* – Commitment to attentiveness and genuine concern. Being always courteous, helpful, professional, and exceeding client expectations.

*INTEGRITY* – This includes:

- a) Accountability – Commitment to being accountable to the community we serve.
- b) Fiscal Responsibility – Commitment to practicing sound fiscal policies.

*POSITIVE SOLUTIONS* – Commitment to providing firm, fair, creative, timely and flexible solutions while encouraging partnerships and strong relationships with the community.

*COOPERATION* – This includes:

- a) Commitment to working hand-in-hand with our residents and businesses.
- b) Commitment to working co-operatively with one another to accomplish the mission of the City.
- c) Empowerment in dealing with a myriad of clients and taking responsibility for our actions.

**City of Alhambra**  
Office of the Mayor and City Council

October 1, 2013



Gateway  
to the  
San Gabriel Valley

111  
South First Street  
Alhambra  
California  
91801

626  
570-5010

FAX  
281-2248

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 W. Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

**RE: Response to Civil Grand Jury Report Regarding Cities of Los Angeles  
County Fiscal Health, Governance, Management and Compensation.**

To the Honorable Presiding Judge:

The City of Alhambra has reviewed the Civil Grand Jury's June 17, 2013 report and recommendations regarding the Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation. The items in Exhibit 12, Recap of Recommendations and Required Responses, for the City of Alhambra are shown as "*response required*". After reviewing the items, we believe the City provided a response in our letter dated September 25, 2012 to the Civil Grand Jury Report Regarding Charter Cities, as evidenced in Appendix D, Progress Implementing Prior Recommendations, where all items for the City of Alhambra are shown in the table as "*Implementation Complete*".

In order to assist you further in clarifying these responses, we have provided you with each of the recommendations listed in Exhibit 12 as "*response required*" and the response provided in the September 25, 2012 letter along with any update where appropriate.

On September 30, 2013, the City Council of the City of Alhambra considered all of the attached responses to the Civil Grand Jury's recommendations.

If you have any questions regarding this clarification or need any additional information, please feel free to contact our staff at (626) 570-5090.

Sincerely,



Steven Placido, D.D.S.  
Mayor



Response to Grand Jury Report

**Fiscal Health**

Recommendation No. 1 - Cities should adopt financial planning, revenue and expenditure policies to guide cities' officials to develop sustainable, balanced budgets.

Response - The City of Alhambra agrees with the recommendation and has implemented a Revenue and Expenditure Management Policy to provide guidance for management decisions to ensure consistency and quality control in revenue and expenditure management and to provide guidance in developing sustainable budgets.

Recommendation No. 2 - Cities should develop a balanced budget and commit to operate within budget constraints.

Response - The City of Alhambra agrees with this recommendation and has implemented a balanced budget for fiscal year 2013-14 and, consistent with prior years, is committed to operating within the budget constraints set by the City Council in the adopted budget.

Recommendation No. 3 - Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

Response - The City of Alhambra agrees with this recommendation and has adopted and implemented a balanced budget for fiscal year 2013-14 that does not commit one-time revenue to fund recurring or on-going expenditures. This commitment is further stated in the Revenue and Expenditure Management Policy for the City.

Recommendation No. 4 - Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to be supplement operating revenue in years of short fall.

Response - The City of Alhambra agrees with this recommendation and has amended the City's Fund Balance Policy to include provisions for a "Rainy Day" Fund. It is important to note, that the City's existing Fund Balance Policy is compliant with GASB 54. Additionally, for the fiscal year 2013-14, City of Alhambra has a projected General Fund Balance of \$11.9 million or roughly 22% of its annual operating budget.

October 1, 2013

Page 3

### **Governance Practices**

Recommendation No. 4 - City councils should conduct meaningful evaluations of the city's executive at least annually.

Response – The City of Alhambra agrees with this recommendation and the City Council completed its evaluation of the City Manager on August 26, 2013.

### **Financial Management**

Recommendation No. 1 - Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

Response – The City of Alhambra agrees with this recommendation and has established an Audit Committee

Recommendation No. 5 - Cities should establish a policy requiring policies and procedures to be reviewed annually and updated at least once every three years.

Response – The City of Alhambra agrees with this recommendation and has implemented a policy to provide guidance for updating accounting policies and procedures to ensure they are appropriately detailed to define specific authority and responsibility of employees.

Recommendation No. 6 - Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hotline, to permit the confidential, anonymous reporting of concerns.

Response - The City of Alhambra agrees with this recommendation and has implemented a formal fraud reporting policy to provide a mechanism to permit the confidential, anonymous reporting of concerns.

Recommendation No. 8 - Cities should undertake a full-scale competitive process every five years for the selection of an independent external auditor.

Response - The City of Alhambra agrees with this recommendation and recently completed a competitive bidding process, as has been the practice, for the City's auditing services. Alhambra's auditor is required to adhere to the Generally Accepted Accounting Practices (GAAP), Government Auditing Standards (GAS) and the Governmental Accounting Standards Board (GASB).

**City of Alhambra**  
Office of the Mayor and City Council

October 1, 2013



Gateway  
to the  
San Gabriel Valley

111  
South First Street  
Alhambra  
California  
91801

626  
570-5010

FAX  
281-2248

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 W. Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

**RE: Response to Civil Grand Jury Report Regarding Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation.**

To the Honorable Presiding Judge:

The City of Alhambra has reviewed the Civil Grand Jury's June 17, 2013 report and recommendations regarding the Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation. The items in Exhibit 12, Recap of Recommendations and Required Responses, for the City of Alhambra are shown as "*response required*". After reviewing the items, we believe the City provided a response in our letter dated September 25, 2012 to the Civil Grand Jury Report Regarding Charter Cities, as evidenced in Appendix D, Progress Implementing Prior Recommendations, where all items for the City of Alhambra are shown in the table as "*Implementation Complete*".

In order to assist you further in clarifying these responses, we have provided you with each of the recommendations listed in Exhibit 12 as "*response required*" and the response provided in the September 25, 2012 letter along with any update where appropriate.

On September 30, 2013, the City Council of the City of Alhambra considered all of the attached responses to the Civil Grand Jury's recommendations.

If you have any questions regarding this clarification or need any additional information, please feel free to contact our staff at (626) 570-5090.

Sincerely,

Steven Placido, D.D.S.  
Mayor



October 1, 2013

Page 2

Response to Grand Jury Report

**Fiscal Health**

Recommendation No. 1 - Cities should adopt financial planning, revenue and expenditure policies to guide cities' officials to develop sustainable, balanced budgets.

Response - The City of Alhambra agrees with the recommendation and has implemented a Revenue and Expenditure Management Policy to provide guidance for management decisions to ensure consistency and quality control in revenue and expenditure management and to provide guidance in developing sustainable budgets.

Recommendation No. 2 - Cities should develop a balanced budget and commit to operate within budget constraints.

Response - The City of Alhambra agrees with this recommendation and has implemented a balanced budget for fiscal year 2013-14 and, consistent with prior years, is committed to operating within the budget constraints set by the City Council in the adopted budget.

Recommendation No. 3 – Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

Response - The City of Alhambra agrees with this recommendation and has adopted and implemented a balanced budget for fiscal year 2013-14 that does not commit one-time revenue to fund recurring or on-going expenditures. This commitment is further stated in the Revenue and Expenditure Management Policy for the City.

Recommendation No. 4 - Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to be supplement operating revenue in years of short fall.

Response - The City of Alhambra agrees with this recommendation and has amended the City's Fund Balance Policy to include provisions for a “Rainy Day” Fund. It is important to note, that the City's existing Fund Balance Policy is compliant with GASB 54. Additionally, for the fiscal year 2013-14, City of Alhambra has a projected General Fund Balance of \$11.9 million or roughly 22% of its annual operating budget.



October 1, 2013

Page 3

### **Governance Practices**

Recommendation No. 4 - City councils should conduct meaningful evaluations of the city's executive at least annually.

Response - The City of Alhambra agrees with this recommendation and the City Council completed its evaluation of the City Manager on August 26, 2013.

### **Financial Management**

Recommendation No. 1 - Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

Response - The City of Alhambra agrees with this recommendation and has established an Audit Committee

Recommendation No. 5 - Cities should establish a policy requiring policies and procedures to be reviewed annually and updated at least once every three years.

Response - The City of Alhambra agrees with this recommendation and has implemented a policy to provide guidance for updating accounting policies and procedures to ensure they are appropriately detailed to define specific authority and responsibility of employees.

Recommendation No. 6 - Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hotline, to permit the confidential, anonymous reporting of concerns.

Response - The City of Alhambra agrees with this recommendation and has implemented a formal fraud reporting policy to provide a mechanism to permit the confidential, anonymous reporting of concerns.

Recommendation No. 8 - Cities should undertake a full-scale competitive process every five years for the selection of an independent external auditor.

Response - The City of Alhambra agrees with this recommendation and recently completed a competitive bidding process, as has been the practice, for the City's auditing services. Alhambra's auditor is required to adhere to the Generally Accepted Accounting Practices (GAAP), Government Auditing Standards (GAS) and the Governmental Accounting Standards Board (GASB).



# City of Arcadia

October 1, 2013

## Administrative Services Department

Hue C. Quach  
*Director of  
Administrative Services*

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple, Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Dear Presiding Judge:

Attached you'll find the City of Arcadia's responses to the Civil Grand Jury report dated June 17, 2013.

Should you have any questions or need further assistance, please feel free to contact me at 626-574-5425 or [hquach@ci.arcadia.ca.us](mailto:hquach@ci.arcadia.ca.us).

Respectfully,

Hue C. Quach  
Administrative Services Director

Finance  
(626) 574-5424  
(626) 821-0092 Fax

Human Resources  
(626) 574-5405  
(626) 445-4918 Fax

240 West Huntington Drive  
Post Office Box 60021  
Arcadia, CA 91066-6021  
[www.ci.arcadia.ca.us](http://www.ci.arcadia.ca.us)

**Responses to recommendations from the County of Los Angeles Civil Grand Jury**

**Report of June 17, 2013 (page 156):**

**Fiscal Health:**

1. Cities should adopt financial planning, revenue and expenditure policies to guide cities' officials to develop sustainable, balanced budgets.

The City has developed an interactive 5 year financial model that has allowed for city officials and staff to assess financial impacts, sustainability, and the City's ability to attain a balanced budget yearly.

2. Cities should develop a balanced budget and commit to operate within budget constraints.

The City is in compliance.

3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

The City agrees and has put in practice to not using one-time revenues to fund recurring or on-going expenditures.

4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to be supplement operating revenue in years of short fall.

The City has adopted the practice of saving into a reserve when surpluses are achieved from the Operating Budget. As of Fiscal Year ending June 30, 2013, our General Fund's Un-audited Fund Balance totals \$25,093,586, approximately 51% of the City's Annual Operating Budget.

### **Governance Practices:**

1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities (goals and objectives) for the City.

Though the City does not have a long-term strategic plan in place, annually through the City's budget adoption process, the City's mission and core values are incorporated into the goals of the budget years. The City adopts a biennial budget and provides performance updates on an annual basis.

2. Cities should develop and report on performance measures or indicators to evaluate outcomes or progress on priorities. These performance measures should be quantified, focused on outcomes or results, and information should be provided for several years to allow evaluation of progress over time.

The City is in compliance. Through the City's budget adoption process, every department establishes goals for the year and these are evaluated for their effectiveness to the community as a whole. Additionally, each department has their respective criteria for measuring effectiveness of services provided to the public throughout the year. Financially, there is the annual Comprehensive Annual Financial Report that summarizes the City financial position at the end of each fiscal year. Adding, twice annually, a mid-year budget presentation and a year ending result financial report are presented to the City Council providing the status and evaluation of the City's ability in meeting budgeted goals.

### **Financial Management:**

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

The City opines that an establish audit committee may not be necessary. The basis for an external independent auditor provides for the impartiality and objectivity without undue influence of a committee or City staff. The City's external auditors are required to meet and comply with Government Auditing Standards. These standards, often referred to as generally accepted government auditing standards (GAGAS), are followed by auditors and audit organizations as prescribed by law, regulation, agreement, contract, or policy. The standards pertain to auditors' professional qualifications, the quality of audit effort, and the characteristics of professional and meaningful audit reports.

Additionally, the City Charter under Section 1217 provides that a final certified audit and report shall be submitted by such auditing firm to the Council, City Manager, Treasurer, City Attorney, and three additional copies to be placed on file in the office of the City Clerk where they shall be available for inspection by the general public.

2. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.

The City is in compliance. Presently, the city's external auditing firm does not provide any non-auditing services.

3. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

The City is in compliance. We have established well rounded financial policies. These financial policies and procedures are in practice daily. As such, through the daily operations and processes, these policies are reviewed for weakness and effectiveness and as such are updated whenever findings govern that they should be updated.

4. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hotline, to permit the confidential, anonymous reporting of concerns.

The City has developed a process to which employees can report fraud, abuse, and questionable practices. Numerous steps of internal controls are in place that enables employees to ensure that abuses are not occurring. As an example, we created procedure and practice for the separation of responsibilities with personnel receiving cash and balancing at the end of the day for daily deposits. Invoices are received by the respective department heads and are further reviewed by the Accounts Payable Clerk, Accounting Supervisors, Administrative Services Directors, and finally the City Manager. Additionally, we have opinion and suggestion boxes in various parts of City Hall to allow for anonymous reporting of concerns.

5. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

The City is in compliance.



---

## THE CITY OF ARTESIA, CALIFORNIA

---

18747 CLARKDALE AVENUE, ARTESIA, CALIFORNIA 90701

Telephone 562 / 865-6262

FAX 562 / 865-6240

"Service Builds Tomorrow's Progress"

October 28, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shorridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, Ca 90012

**Re: City of Artesia response to the Civil Grand Jury Report - Cities of Los Angeles County – Fiscal Health, Governance, Financial Management and Compensation**

---

Dear Presiding Judge,

This letter is sent as the City's response under California Penal Code §933.05 to the Report. The City has provided a detailed response to the five Civil Grand Jury recommendations and required responses under exhibit 12.

Civil Grand Jury Recommendation #1

- 1) *Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.*

The City partially agrees with the finding to adopt a financial planning policy for guiding city officials on developing and maintaining sustainable balanced budgets. The City utilizes a budget policy for establishing best practices for planning and reviewing operations, however, the City agrees that augmenting the current policy will provide more clarity for developing sustainable budgets.

- The City will establish an amended written budget policy addressing financial planning for sustainable budgets in the next eight months.

Civil Grand Jury Recommendation #2

- 2) *Cities should develop a balanced budget and commit to operate within the budget constraints.*

The City does not agree wholly with the finding. As shown on Exhibit 4 of the Report, the City is listed with a negative net revenue for 2010-11 and 2011-12. With the Report being reflective of all funds of the City, it does not recognize the General Fund as a separate component with its own budget. Therefore, Exhibit 4 would not show A) that the General Fund overall net change in fund balances for 2010-11 experienced a positive change B) During 2011-12, the General Fund experienced a negative net change due to advancing funds for paying the obligations of the dissolved Redevelopment Agency, and C) The CAFR, noted as the source for Exhibit 4 of the Report, shows all revenues, including restricted funds, to be *less* than expenditures. It is material to note that restricted fund expenditures sometimes rely on grant reimbursements, which may not show up until the subsequent fiscal year. In addition, some restricted funds may use prior year fund balance to support the expenditures in a subsequent fiscal year, thereby being misunderstood as an unbalanced expense.

- The City will continue to develop balanced budgets and commit to operate within the budgetary policies.

#### Civil Grand Jury Recommendation #3

- 3) *Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.*

The City agrees with the finding to establish policies that dissuade use of one-time revenues for on-going expenditures.

- The City will establish an amended written budget policy to provide further clarification for use of one-time revenues in the next eight months.

#### Civil Grand Jury Recommendation #4

- 4) *Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.*

The City agrees partially with the finding because past practice has shown the City to increase reserves consistently through the budgetary policies in place. In March 2013 and again with the budget adoption for 2013/14, the City took action to set aside contingency and designated reserve amounts and designating remaining reserve fund balance for cash flow purposes. As of June 30, 2013, the 2012/13 "rainy day" action alone established 44% of reserves for contingency and designated accounts.

The 2013/14 adopted budget also increased funds in the contingency and designated reserve accounts up to 40% more.

- The City will establish a written policy on general fund reserves in the next eight months.

Civil Grand Jury Recommendation #5

- 5) *Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.*

The City agrees wholly with this final finding and has already implemented a 5 year cycle. However, the City does understand the need to memorialize in the internal controls policy.

- The City will establish a written policy into the internal controls over the next eight months.

The City of Artesia appreciates the efforts of the Civil Grand Jury in their careful review of looking at General Law cities fiscal health and providing valuable feedback for optimal governance and financial management.

Please do not hesitate to contact me if the Civil Grand Jury has any additional questions. I can be reached at (562) 865-6262 or [jmenzel@cityofartesia.us](mailto:jmenzel@cityofartesia.us).

Sincerely,



Justine Menzel  
Deputy City Manager

JM/s

cc: City Attorney  
Interim City Manager





# City of Avalon

## Santa Catalina Island

January 9, 2014

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

Re: The City of Avalon's Response to the 2012-13 Los Angeles County Civil Grand Jury Report's Recommendations

Honorable Presiding Judge:

Pursuant to California Penal code section 933(c ) and 933.05, the City is required to send in responses for the 2012-2013 Grand Jury Final Report's recommendations. The City received a 30 day extension effective November 4, 2013 and due December 4, 2013. The City has been delayed in responding due to the restructuring of new processes, projects and citywide priorities. The recommendations applicable to the City of Avalon will be implemented within the FY 14/15 budget and will be effective July 1, 2014.

### FISCAL HEALTH

Four Recommendations Addressed to all Cities

1. Cities should adopt financial planning, revenue and expenditure policies to guide officials to develop sustainable, balanced budgets.

*The City of Avalon agrees with the Grand Jury Report. The City is in the process of developing updated financial policies for the FY 14/15 budget which will include the essential components of financial planning, revenue and expenditure policies. The recommendation will be effective July 1<sup>st</sup>, 2014.*

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

*The City of Avalon agrees with the Grand Jury Report. The City is in the process of developing updated financial policies which will include those that address budget balancing and a commitment to operate within budget constraints. The updated financial policies will be included in the FY 14/15 budget process and adoption. The recommendation will be effective July 1<sup>st</sup>, 2014.*

---

**Administration/  
Public Works**  
P.O. Box 707  
Avalon, CA 90704  
310 510-0220  
Fax 310 510-0901

**Finance**  
P.O. Box 707  
Avalon, CA 90704  
310 510-0220  
Fax 310 510-0765

**Harbor Department**  
P.O. Box 1085  
Avalon, CA 90704  
310 510-0535  
Fax 310 510-2640

**Fire Department**  
P.O. Box 707  
Avalon, CA 90704  
310 510-0203  
Fax 310 510-0104

**Recreation  
Department**  
P.O. Box 1980  
Avalon, CA 90704  
310 510-1987  
Fax 310 510-9528

**Planning/Building  
Capital Improvements**  
P.O. Box 707  
Avalon, CA 90704  
310 510-0220  
Fax 310 510-2608

3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

*The City of Avalon agrees with the Grand Jury Report. The City is in the process of developing updated financial policies which will include guidance on the the use of one-time revenues. The updated financial policies will be included in the FY 14/15 budget process and adoption. The recommendation will be effective July 1<sup>st</sup>, 2014.*

4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.

*The City of Avalon agrees with the Grand Jury Report. The City is in the process of developing updated financial policies which will include a reserve policy with a stated methodology. The City has been diligent in creating reserves over the years. The updated financial policies will be included in the FY 14/15 budget process and adoption. The recommendation will be effective July 1<sup>st</sup>, 2014.*

## GOVERNANCE PRACTICES

1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities of the city. ( Addressed to 27 cities)

*The City of Avalon agrees with the Grand Jury Report. The City initiated a goal setting process in 2013 and will continue the foundational processes of developing an updated mission, vision and priority process. The community of Avalon has worked together over the years to create a community wide mission or vision. The current Avalon Vision 2020 was adopted August 19, 2003. The Avalon Vision 2020 is also in the General Plan discussion as well.*

*Avalon Vision 2020: A healthy, small town island community, A quality cultural resort, a model ecological town.*

- Population & Living Conditions: Population density is in balance with available resources. Land use planning, zoning and building code enforcement carry out goals of the vision, Adequate affordable, dignified housing without overcrowding, Adequate property functioning infrastructure, A harmonious bicultural community
- The Environment: Environmental awareness and stewardship, Excellent bay water quality at all times, Aesthetically pleasing, non-polluting, safe community, Minimal vehicle congestion and noise, As energy efficient as technology allows.
- Education and Recreation: Adequate recreational facilities and high-quality programs, Adequate school facilities and excellent educational opportunities, Opportunities for adult education

- Business and Tourism: Efficient cross-channel transportation, Stable, healthy economic performance, Focus on high-quality visitor experience
  - Health: Excellent medical and veterinary services, No drug and alcohol abuse.
2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time. (Addressed to 37 cities)

*The City of Avalon agrees with the Grand Jury Report. The City is in the process of updated budget process as well as departmental performance measures. We anticipate this process will require several years to be fully implemented. The City will initiate preliminary performance measures in the FY 14/15 budget process and adoption.*

3. City councils should develop specific annual goals for the city's executive. (Addressed to 13 cities.)

*The City of Avalon agrees with the Grand Jury Report. The City Council has recently hired a new City Manager. The City Council informed the City Manager of what the goals are for the 2013/2014 and the City Manager is working on achieving those goals.*

## FINANCIAL MANAGEMENT

1. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services. (Addressed to 25 cities)

*The City of Avalon agrees with the Grand Jury Report. The City will present any proposals for auditors providing non-audit services to City Council for approval. Currently, the City engages the services of an independent CPA to review the audit processes and work product of our auditors and any other accounting services. All review and approval processes are documented in the form of agreements and/or engagement letters. The updated financial policies associated with auditor's services will be included in the FY 14/15 budget process and adoption. The recommendation will be effective July 1<sup>st</sup>, 2014.*

2. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years. ( Addressed to 42 cities)

*The City of Avalon agrees with the Grand Jury Report. The City is in the process of developing updated financial policies which will include a requirement that all policies and procedures be reviewed annually and updated at least once every three years. The updated financial policies will be included in the FY 14/15 budget process and adoption.*

*The recommendation will be effective July 1<sup>st</sup>, 2014.*

3. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns. (Addressed to 35 cities)

*The City of Avalon agrees with the Grand Jury Report. The City will address the policies and procedures associated with reporting fraud, abuse and questionable practices after a survey of comparable cities. The updated financial policies, which will include procedures for reporting fraud, abuse and questionable practices, will be documented in the FY 14/15 budget process and adoption. The recommendation will be effective July 1<sup>st</sup>, 2014.*

4. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.(Addressed to all cities)

*The City of Avalon agrees with the Grand Jury Report. The City went out to bid in 2013 and initiated a three year agreement with our current auditors. The City is in the process of developing updated financial policies which will include a requirement that the City should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor. The updated financial policies will be included in the FY 14/15 budget process and adoption.*

The City of Avalon expresses its deepest appreciation for the Grand Jury's recommendations and is confident that the City's responses have met your requirement.

Sincerely,

Ben Harvey  
City Manager

A handwritten signature in black ink, appearing to read 'Ben Harvey', with a large, stylized flourish extending from the bottom right.

Attached please find a one page response from the City of Azusa.

# **LA COUNTY GRAND JURY REPORT ON FISCAL HEALTH, GOVERNANCE, FINANCIAL HEALTH and COMPENSATION**

## **FISCAL HEALTH RECOMMENDATIONS**

1. Azusa is in the process of developing such policies.
2. Azusa's General Fund is balanced, revenue to expenditures.
3. Azusa only uses one-time funds for projects that are of limited duration or that do not exceed the one-time revenue.
4. As part of developing comprehensive financial policies, Azusa plans to develop a policy addressing the establishment of appropriate reserve levels.

## **GOVERNANCE RECOMMENDATIONS**

1. City Staff is considering this recommendation
2. City Staff is considering measures and indicators that could be used and if the City has the appropriate staff to implement such measures.

## **FINANCIAL MANAGEMENT RECOMMENDATIONS**

1. May consider this recommendation at a later date.
5. That will be addressed as part of "Financial Health Recommendation" number 1.
6. The public has numerous outlets/opportunities to report such concerns now.
8. Azusa's current purchasing ordinance requires all contracts to go out to bid every five years.

City of Bell  
6330 Pine Avenue  
Bell, California 90201  
383-588-6211  
383-771-9473 (fax)



*Violeta Alvarez, Mayor*  
*Ana Maria Quintana, Mayor Pro Tem*  
*Alicia Romero, Council Member*  
*Ali Saleh, Council Member*  
*Nestor E. Valencia, Council Member*

November 19, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

**Re: City of Bell Response to Recommendations of 2012-2013 Los Angeles County Civil Grand Jury Report on Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation**

Presiding Judge:

In accordance with California Penal Code Section 933.05, the following is the City of Bell's response to the above-referenced Civil Grand Jury report.

#### **Fiscal Health**

- 1. Cities should adopt financial planning, revenue and expenditure policies to guide officials to develop sustainable balanced budgets.**

PC 933.05 The City agrees with this finding.

This recommendation has been implemented through a combination of City Council-adopted Budget and Fiscal Policies, utilization of a 5-year financial forecasting model, an adopted fund balance reserve policy of 25% and an organizational commitment to adopting balanced budgets. The City of Bell has adopted balanced annual budgets for two consecutive years.

**2. The City should develop a balanced budget and commit to operate within the budget constraints.**

PC 933.05 The City agrees with this finding.

This recommendation has been implemented through the City Council's commitment to adopting balanced budgets in the years following the Bell scandal.

**3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.**

PC 933.05 The City agrees with this finding.

The City's adopted Budget and Fiscal Policies, in the section entitled General Revenue Management, make explicit statement against the use of current revenues for current services and one-time revenues for one-time purposes.

**4. Cities should adopt a method and practice of saving into a reserve of "rainy day" fund to supplement operating revenue in years of short fall.**

PC 933.05 The City agrees with this finding.

The City's adopted Budget and Fiscal Policies not only stipulate that the City will strive to maintain 25% of operating expenditures as reserves, but also offer discussion on restoration of reserves in the event that circumstances reduce reserve levels.

**Governance Practices**

**2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.**

PC 933.05 The City agrees with this finding.

The City's last two adopted budgets have advanced the organization considerably in terms of creating financial stability in the aftermath of the Bell scandal. The quality of our published document reflects this. It is expected that over the next two budget cycles that the City will employ and publish a uniform system of performance measures and performance reporting.



### Financial Management

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

PC 933.05 The City disagrees with this finding.

This recommendation will not be implemented as the City of Bell currently does not see a need for an audit committee based on the fact that the City Council, City Manager and the auditors have the ability to directly communicate with each other for any and all material audit issues and findings. The City's Comprehensive Annual Financial Reports (CAFRs) are also distributed annually to the Council for review, discussed in public session, posted to the City's website, and made available to the general public and other interested parties.

7. Cities should periodically review and update internal control procedures over financial management.

PC 933.05 The City agrees with this finding.

The City of Bell recently published its first-ever Financial Management Policies and Procedures Manual. Policies and procedures cover all aspects of financial management within the organization generally and the Finance Department in particular. There is also a policy for fraudulent or unethical behavior.

8. Cities should undertake a full-scale competitive process every 5-years for the selection of an independent external auditor.

PCC 933.05 The City agrees with this finding.

The City has exercised the first one-year renewal with its new, post-scandal auditor after the completion of a three-year contract. In the event that a fifth year is not renewed, the City will undertake a thorough competitive process in 2014. In the event a fifth year is renewed, the City will undertake a thorough competitive process in 2015.

Sincerely,



Doug Willmore  
City Manager

# The City of Bellflower

*Families. Businesses. Futures.*

16600 Civic Center Drive, Bellflower, CA 90706

Tel 562.804.1424 Fax 562.925.8660 www.bellflower.org



September 19, 2013

The Honorable David S. Wesley  
Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

**Re: City of Bellflower Response to Recommendations of 2012-2013 Los Angeles County Civil Grand Jury Report on Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation**

Dear Judge Wesley:

In accordance with California Penal Code Section 933(c) and 933.05, the following is the City of Bellflower's response to the subject Civil Grand Jury report.

## **Fiscal Health**

**1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.**

**Response:** This recommendation has not yet been implemented, and the City plans to adopt such policies when the City Council reviews and adopts the next biennial operating budget for fiscal years 2015-17. However, please note the City already has an adopted balanced budget policy and for approximately 20 years, the City had adopted responsible, balanced operating budgets and reported actual annual General Fund operating surpluses ranging from \$396 thousand to \$3.9 million, except small operating deficits during the two early years of the recent recession of \$113 thousand and \$486 thousand. Even with the tough economic challenges caused by the recession and the State's revenue shifts including the dissolution of redevelopment agencies, the City Council took responsible actions with significant budget cuts promptly to turn the operating deficits into surpluses for all succeeding years.

**Page 1 of 5**

Ray Dunton  
Mayor

Sonny R. Santa Ines  
Mayor Pro Tem

Dan Koops  
Council Member

Scott A. Larsen  
Council Member

Ron Schnablegger  
Council Member

**City of Bellflower**

**Re: Response to 2012-2013 Civil Grand Jury Report on Cities of Los Angeles County  
September 19, 2013**

**Page 2 of 5**

**2. Cities should develop a balanced budget and commit to operate within the budget constraints.**

**Response:** This recommendation has already been satisfied by the City's Balanced Budget Policy, adopted biennial budget, and also by its operational history.

The City's Balanced Budget Policy states:

"The City will adopt a balanced budget. The General Fund's budget is considered balanced when the budget year appropriation total for the General Fund does not exceed the sum of the budget year estimated revenues and the Unassigned Fund Balance. For other Funds, a budget is considered balanced when the budget year appropriation total for a Fund does not exceed the sum of the Fund's budget year estimated revenues and any available Fund Balance other than the Nonspendable Fund Balance.

Since a Fund Balance is not a revenue stream which the City can rely on to fund ongoing operational costs, it will only be used to fund non-recurring Council-approved expenditures, such as capital outlay, non-recurring operating costs and contract services, emergency services, and other non-recurring services and costs."

The City Council has continually adopted balanced operating budgets consistent with the Balanced Budget Policy. The adopted biennial 2013-15 operating budget is also balanced.

General Fund Budget:

2014-15	\$	49 surplus per adopted budget
2013-14	\$	67 surplus per adopted budget

Surplus equals estimated revenues less appropriations.

General Fund Operating History:

2012-13	\$ 177,000 surplus anticipated
2011-12	\$ 396,407 surplus
2010-11	\$ 629,072 surplus

Surplus equals actual revenues less actual expenditures.

**City of Bellflower**

**Re: Response to 2012-2013 Civil Grand Jury Report on Cities of Los Angeles County**

**September 19, 2013**

**Page 3 of 5**

General Fund Budgetary Constraints:

	Budget	Actual	Note
2011-12	\$24,032,199	\$22,816,147	Expenditures under budget
2010-11	\$25,089,661	\$22,488,247	Expenditures under budget

**3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.**

**Response:** This recommendation has already been satisfied by the City's Balanced Budget Policy and budgeting practices. The City's Balanced Budget Policy states "Since a Fund Balance is not a revenue stream which the City can rely on to fund ongoing operational costs, it will only be used to fund non-recurring Council-approved expenditures, such as capital outlay, non-recurring operating costs and contract services, emergency services, and other non-recurring services and costs." While the Policy refers to only the "Fund Balance", both the City Council and management are fully aware that "one-time revenues" are also not a revenue stream and, therefore, cannot fund recurring or ongoing expenditures.

**4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.**

**Response:** This recommendation has already been satisfied by the City's Fund Balance Policy and budgeting practices. The Fund Balance Policy stipulates "The City will maintain a General Fund Contingency Reserve equal to not less than 30% of the appropriation budget total within the General Fund. This reserve can only be used with City Council approval and is committed to meet cash flow needs and unforeseen contingencies such as emergencies, revenue shortfalls, mandates, or unanticipated inflation. It is not intended for routine capital projects or general operations."

The General Fund Contingency Reserve of 30% has been approximately \$8 million and the following were the unassigned/undesignated General Fund balances for the prior three fiscal years:

*Unassigned/Undesignated General Fund Balances from Comprehensive Annual Financial Reports*

2009-10	\$15,085,456
2010-11	\$15,735,669
2011-12	\$14,376,492

## Financial Management

- 1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.**

**Response:** This recommendation will not be implemented as the City of Bellflower currently does not see a need for an audit committee based on the fact that the City Council, City Manager and the auditors have the ability to directly communicate with each other for any material audit issues and findings. The City's Comprehensive Annual Financial Reports (CAFRs) are also distributed annually to the Council for review, posted to the City's website, and made available to the general public and other interested parties. The City's operating results are also presented annually to the Council at a public meeting.

- 2. Cities that do not currently select the auditor through a competitive process should do so.**

**Response:** This recommendation has already been satisfied by the City Council's recent selection of a new auditor for a five year period through a competitive process at its regular meeting of May 13, 2013. The City will initiate another competitive process in five years to determine whether to retain or replace the current auditor.

- 3. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.**

**Response:** This recommendation stems from the Government Finance Officers Association's recommended best practice regarding audit procurement which states, in part:

"Professional standards allow independent auditors to perform certain types of non-audit services for their audit clients. Any significant non-audit services should always be approved in advance by a governmental entity's audit committee. Furthermore, governmental entities should routinely explore the possibility of alternative service providers before making a decision to engage their independent auditors to perform significant non-audit services."

This recommendation had not been applicable to the City of Bellflower because there had not been any significant non-audit services performed by the City's auditor. However, this recommendation will be considered in the future should there be any applicable significant non-audit services to be performed.

City of Bellflower

Re: Response to 2012-2013 Civil Grand Jury Report on Cities of Los Angeles County  
September 19, 2013

Page 5 of 5

**5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.**

**Response:** The City plans to implement this recommendation but with modifications to review the policies and procedures biennially coincident with the biennial budget adoption and update the policies and procedures at that time, as deemed necessary.

**6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.**

**Response:** This recommendation has been implemented by the City's adoption of a Fraud Policy.

**8. Cities should undertake a full-scale competitive process every 5-years for the selection of an independent external auditor.**

**Response:** This recommendation has already been satisfied based on the City Council's recent selection of a new auditor for a five year period through a competitive process. The City will initiate another competitive process in five years to determine whether to retain or replace the current auditor.

Should you have any questions, please direct them to City Manager Jeffrey L. Stewart at the above address or 562-804-1424, extension 2207 or [jstewart@bellflower.org](mailto:jstewart@bellflower.org).

Sincerely,



Ray Dunton  
Mayor

Cc: City Council  
City Manager  
City Attorney



September 30, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Los Angeles, CA 90012

RE: CITIES OF LOS ANGELES Fiscal Health, Governance, Management and Compensation

Dear Honorable Presiding Judge:

We have received the Los Angeles County Grand Jury report on the review of the 88 incorporated cities in Los Angeles County to determine the fiscal health of those cities and also to determine if the 88 cities were following the 'best practices' for governance and financial management as established by the Government Financial Officers Association. Based on this review, you had recommendations to the 88 cities that were reviewed including recommendations for the City of Bell Gardens. Below are our responses to the recommendations for the City of Bell Gardens.

## **FISCAL HEALTH**

1. Grand Jury Recommendation: Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

City's Response: The City of Bell Gardens has established policies and procedures in place that help guide city officials to develop sustainable, balanced budgets. The City has an established policy on contributions to a fund balance reserve. The fund balance reserve policy requires that \$200,000 on an annual basis be placed in a reserve with a goal of reaching a general fund reserve of 10%. The City has been diligent about placing this \$200,000 in reserve and is very close to reaching the reserve goal of 10%. Secondly, the City has a documented budget preparation and administration policy that states in part, "Ongoing operating costs should be supported by ongoing, stable revenue sources."

In practice, the City begins the budget process nearly 6 months prior to the start of the fiscal year. During this period, revenue estimates are developed by the finance department and appropriation requests are made by City departments. Strategic meetings are conducted which are led by the City Manager's office and decisions are made based on the context of the period. Over the past several years as we have weathered this difficult financial period, a major focus has been devoted towards strategizing areas in which to reduce expenditures to match falling revenues.

The budget review process continues with workshop sessions conducted with City Council Members. The City Council is updated on the current financial climate and presented details of the current year budget including program decreases or changes. The goal of this budget process is to adopt a balanced budget while maintaining as many services as possible.

2. Grand Jury Recommendation: Cities should develop a balanced budget and commit to operate within the budget constraints.

City's Response: The City agrees with the importance of developing balanced budgets and operating within the budget constraints; however, the City feels the Grand Jury's recommendation is already in place based on the following:

On an annual basis, the City's goal is to bring a balanced budget to the City Council for approval. However, during the period of the Grand Jury review, the City was feeling the worst effects of the economic downturn. Therefore, although furloughs were implemented and all employees were required to pay for the employee portion of PERS, the City expended more than the revenue it received. Over the past few years, the City has been working hard to eliminate the deficits through cost cutting. In fiscal 2013, the hard work is expected to pay off as revenues are expected to exceed expenditures.

When the City Council adopts the budget, the amounts are entered into the City's general ledger system. Before any disbursements are made, there is a required review process to ensure there are available funds. If there are no available funds, the disbursement is held until available funds are identified and a transfer is made. This ensures the City is operating within the budget constraints.

3. Grand Jury Recommendation: Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

City's Response: The City agrees for the most part that it is poor practice to use one-time revenues to fund recurring or on-going expenditures. In the City's policy on budget preparation, one-time revenues are directed to only be used for capital equipment and improvements or deposited to a contingency fund. However,



during the economic crises, the City was forced to run short-term deficits while it was negotiating long term savings such as caps on the health insurance contributions and employees paying their portion of PERS.

4. Grand Jury Recommendation: Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement revenue in years of short fall.

City’s Response: The City has an established reserve fund policy. The policy directed that \$1,000,000 be placed into a reserve at the outset of the policy and \$200,000 be placed in the reserve in subsequent years. The established goal of the policy is to bring fund balance reserve to 10% of the general fund operating budget.

## **GOVERNANCE PRACTICES**

1. Grand Jury Recommendation: Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.

City’s Response: The City has defined a vision statement, mission statement and its core values. The City has been in the process of documenting its strategic plan. However, as the City has had to deal with a difficult financial period, the expenditure cuts and budget decisions were guided by the City’s established mission, vision and core values.

2. Grand Jury Recommendation: Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.

City’s Response: To a certain degree, this recommendation is implemented. During the budget process, revenue estimates are developed by the finance department and appropriation requests are made by City departments. The department appropriation requests are based on specific objectives that each respective department is working on or would like to achieve during the fiscal year. Strategic meetings are conducted which are led by the City Manager’s office and decisions are made based on the funding available for the period. After these budget meetings are conducted, additional meetings, and/or workshops, are held with the City Council. The City Council is provided with detailed information on the current financial climate and current year’s budget, including recommended program decreases or changes.

The department objectives are documented in the budget book along with the result of the prior year objectives or ongoing objectives. The City does agree that

the documentation in the budget book can provide for a better evaluation over time and to provide more quantified objectives which will be implemented as part of the fiscal 2015 budget process.

## **FINANCIAL MANAGEMENT**

1. Grand Jury Recommendation: Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

City's Response: The City recognizes that it does not have a formal audit committee. However, we feel establishing a formal audit committee is not warranted at this time. We understand the main purpose for an audit committee is to ensure the quality of financial reporting. The three main groups responsible for the quality of financial reporting are the governing body, financial management and the independent auditors.

The independent auditors are evaluated and recommended by the financial management staff. The governing body is responsible for a review of the evaluation process of the auditors and the appointment of the auditors. Financial management staff handles the day-to-day oversight of the audit process. The independent auditor issues a financial report including an opinion on the financial information. The financial information is provided to the governing body along with making the auditor's report publicly available.

2. Grand Jury Recommendation: Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

City's Response: Our City operates within established policies and procedures. Those policies and procedures are reviewed on an as needed basis to ensure the policy is being followed appropriately. This review happens many more times than once per year. During these reviews, if a certain procedure or policy does not make sense or the cost for implementation outweighs the benefit, then the policy or procedure will be reevaluated. On a continuous basis, the City is constantly assessing the implementation of new policies and procedures to ensure a strong financial foundation for the organization. Although, there is no formal timeline for policy and procedure review, staff feels that the current practice functions well.

3. Grand Jury Recommendation: Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a

practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.

City's Response: As previously described, the City is constantly evaluating the policies that are in place and assessing new policies to ensure the strong financial foundation of the organization. The City does not currently have a dedicated "fraud hot line" to permit an interested party to submit a confidential, anonymous reporting of concerns regarding allegations of fraud and questionable accounting and auditing practices. However, an interested or concerned party can submit or report an anonymous concern via the City's website or telephone system. As previously stated, the City will continuously review its current policies and procedures, including this specific issue as well.

4. Grand Jury Recommendation: Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

City's Response: The City agrees with this recommendation. After the completion of the City's auditors fifth year, the City plans on completing a full-scale competitive RFP (Request for Proposals) process for auditor services. However, the confusion caused by the uncertainty of the dissolution of all California redevelopment agencies moved the City to maintain their auditors for an additional year with two option years. We felt maintaining the present auditors during that period was in the best interests of the City. Either at the completion of the first or second option year with the current auditors, the City will conduct a competitive search for independent auditor services and plans to rotate auditors at least every five years.

Respectfully,



Philip Wagner  
City Manager

- c. Honorable Mayor and City Council Members  
Will Kaholokula, Director of Finance and Administrative Services



Don Rhoads, Director  
Administrative Services

September 12, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Re: 2012-2013 Civil Grand Jury Final Report  
City of Beverly Hills Responses to Findings

Attached please find the City of Beverly Hills' responses to the findings outlined in the 2012-2013 Civil Grand Jury Final Report, as approved by the City Council at its September 10, 2013 meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Rhoads". The signature is fluid and cursive, written over a light blue horizontal line.

Don Rhoads, CPA  
Director of Administrative Services and  
Chief Financial Officer

**City of Beverly Hills**  
**Responses to Grand Jury Findings and Recommendations**

**Introduction**

The Los Angeles County Civil Grand Jury requested information to determine the fiscal health of all 88 incorporated cities within the County. The Grand Jury made seventeen general findings, four recommendations directed to several cities, including Beverly Hills regarding its fiscal health and three recommendations to Beverly Hills regarding its financial management. In accordance with Penal Code Section 933, listed below are the City of Beverly Hills' responses to the general findings as well as the seven more specific recommendations. Note that because of the very general nature of the Grand Jury's findings (i.e. often applicable to many or most cities in the County), the City of Beverly Hills responded based on the practices of the City of Beverly Hills and had no basis for commenting on the practices of other cities. However, where applicable and appropriate the City's policies or actions related to the finding are described. Also, though no finding or recommendation was made regarding compensation, a description of why the number reported for Beverly Hills employees making over \$200,000 in 2010-11 was, if not technically overstated, at least somewhat misleading is also included in this report.

**Grand Jury Findings**

**Fiscal Health**

1. **Finding:** Most cities expended more than they received in revenues during FY 2011-12.

**Response:** The City of Beverly Hills has generated a surplus of revenues over expenditures for many years (including 2011-12) as described more fully in our response to Fiscal Health Recommendation #2 below. The City of Beverly Hills has not studied whether or not most cities in Los Angeles County expended more than they received in fiscal year 2011-12 and, therefore, has no basis for commenting further on this finding.

2. **Finding:** Most cities' total net assets and general fund balances declined during FY 2011-12, and several cities' ratios of total net assets to total liabilities are lower than desirable.

**Response:** The City of Beverly Hills's net assets (ratio of assets to liabilities) was above the ideal ratio of 2.0 noted in the Grand Jury report (page 108) in both 2010-11 (2.55 ratio) and 2011-12 (2.83). Furthermore, the City of Beverly Hills has a very healthy General Fund balance as noted in the Grand Jury report (starting on page 122). The City's General Fund balance increased \$9.2 million, or 9.4%, from 2010-11 to 2011-12 to

\$107.2 million. It is important to point out that Exhibit 8 on page 123 of the Grand Jury report shows an incorrect amount for the City's beginning General Fund balance. The Exhibit shows \$39.8 million as a beginning balance, however the correct beginning balance is \$98.0 million, with a change in balance of \$9.2 million rather than the reported \$67.4 million. The City of Beverly Hills has not studied the net assets and fund balances of other cities in Los Angeles County and, therefore, has no basis for commenting further on this finding.

### **Governance Practices**

1. **Finding:** Most cities have developed strategic plans to provide appropriate strategic focus and direction for the city.

**Response:** The City of Beverly Hills has developed such plans. The City of Beverly Hills has not studied whether or not most cities in Los Angeles County have developed strategic plans and, therefore, has no basis for further commenting on this finding.

2. **Finding:** Most cities have developed performance measures to demonstrate the results of their organizational activities and goals.

**Response:** The City of Beverly Hills has developed performance measures to demonstrate the results of City activities and goals. The City of Beverly Hills has not studied whether or not most cities in Los Angeles County have developed performance measures and, therefore, has no basis for further commenting on this finding.

3. **Finding:** All cities stated they have a formal policy agreement, or other documents that define the roles of city council and city executive.

**Response:** The City of Beverly Hills Municipal Code defines the roles of the City Council and the City manager. The City of Beverly Hills has not studied whether or not all cities in Los Angeles County have a formal policy defining the roles of city council and city executive and, therefore, has no basis for further commenting on this finding.

4. **Finding:** Most city councils have established specific goals for executives at least annually.

**Response:** The City of Beverly Hills does establish such goals. The City of Beverly Hills has not studied whether or not most cities in Los Angeles County have established specific annual goals for executives and, therefore, has no basis for further commenting on this finding.

5. **Finding:** Most cities have adopted a "Conflict of Interest" code.

**Response:** The City of Beverly Hills has adopted a “Conflict of Interest” code. It is important to note that the City also has a formal Ethics Policy even though the Grand Jury report (pg 133) does not so indicate. It is possible there was a problem with the upload of the policy document to the website provided by the Grand Jury earlier this year, but a formal policy does exist. The City of Beverly Hills has not studied whether or not most cities in Los Angeles County have adopted a “Conflict of Interest” code and, therefore, has no basis for further commenting on this finding.

6. **Finding:** Most cities have adopted an “Investment” Policy.

**Response:** The City of Beverly Hills has adopted an Investment Policy. The City of Beverly Hills has not studied whether or not most cities in Los Angeles County have adopted an Investment Policy and, therefore, has no basis for further commenting on this finding.

7. **Finding:** Most cities published their financial reports or CAFR to their website.

**Response:** The City of Beverly Hills has published its CAFR to its website. The City of Beverly Hills has not studied whether or not most cities in Los Angeles County publish their financial reports or CAFR to their website and, therefore, has no basis for further commenting on this finding.

#### **Financial Management Practices**

1. **Finding:** Few cities formally established an audit committee responsible for monitoring and overseeing financial reporting.

**Response:** The City of Beverly Hills does have a formally established audit committee. The City of Beverly Hills has not studied whether or not other cities in Los Angeles County have formally established an audit committee and, therefore, has no basis for further commenting on this finding.

2. **Finding:** All cities required their auditors to comply with independence standards and most select their auditors through competitive process. Most also precluded that auditor from providing non-audit services.

**Response:** The City of Beverly Hills requires its auditors to comply with independence standards, selects its auditors through competitive process, and precludes that auditor from providing non-audit services as more fully discussed in the “Recommendations and Required Responses” section of this report. The City of Beverly Hills has not studied whether or not other cities in Los Angeles County require their auditors to comply with independence standards, select their auditors through competitive process, or preclude

the auditor from providing non-audit services and, therefore, has no basis for further commenting on this finding.

3. **Finding:** Many cities could improve their documentation and maintenance of accounting policies and procedures.

**Response:** The City of Beverly Hills does maintain its accounting policies and procedures as discussed in our response to Financial Management Recommendation #2 on page 8 of this report. The City of Beverly Hills has not studied whether or not cities in Los Angeles County could improve their documentation and maintenance of accounting policies and procedures and, therefore, has no basis for further commenting on this finding.

4. **Finding:** Many cities could improve their policies and procedures for reporting fraud, abuse, and questionable practices.

**Response:** The City of Beverly Hills has not studied whether or not cities in Los Angeles County could improve their policies and procedures for reporting fraud, abuse, and questionable practices and, therefore, has no basis for commenting on this finding.

5. **Finding:** Many cities could improve their internal control procedures over financial management.

**Response:** The City of Beverly Hills has not studied whether or not cities in Los Angeles County could improve their internal control procedures over financial management and, therefore, has no basis for commenting on this finding.

6. **Finding:** Most cities did not have a formal internal audit function.

**Response:** The City of Beverly Hills does not currently have a formal internal audit function. The City of Beverly Hills has not studied whether or not other cities in Los Angeles County have a formal internal audit function and, therefore, has no basis for further commenting on this finding.

7. **Finding:** Many cities' policies and procedures governing general fund unrestricted fund balance could be improved.

**Response:** The City of Beverly Hills has not studied whether or not cities in Los Angeles County have policies and procedures governing general fund unrestricted fund balance that could be improved and, therefore, has no basis for commenting on this finding.



8. **Finding:** All cities maintained an adequate accounting system. Most issued timely financial statements and a CAFR in compliance with standards, and most made the CAFR readily accessible to the general public on their website.

**Response:** The City of Beverly Hills maintains an adequate accounting system, issues timely financial statements and a CAFR in compliance with standards, and makes its CAFR readily accessible to the general public on its website. The City of Beverly Hills has not studied whether or not other cities in Los Angeles County maintain an adequate accounting system, issue timely financial statements and a CAFR in compliance with standards, and make the CAFR readily accessible to the general public on their website and, therefore, has no basis for commenting on this finding.

### **Grand Jury Recommendations and Required Responses:**

#### **Fiscal Health**

1. **Recommendation:** Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets. (pg 156)

**Response:** The City of Beverly Hills disagrees with this recommendation because the City has already implemented these policies. The Beverly Hills City Council has adopted financial policies that have guided the operation, management, budgeting, auditing and reservation of the City's finances for many years. Included in these policies are the following statements:

- The City will endeavor to avoid budgetary and accounting procedures that balance the current budget at the expense of future budgets.
- Budget development will use strategic multi-year fiscal planning, conservative revenue forecasts, and program-based cost accounting that require every program to be justified annually in terms of meeting intended objectives ("effectiveness criteria").

2. **Recommendation:** Cities should develop a balanced budget and commit to operate within the budget constraints. (pg 157)

**Response:** The City of Beverly Hills disagrees with the finding because the City has been adopting only balanced budgets for more than a decade. As the table below shows, the City has operated within those constraints and has ended each year with a surplus of revenues over expenditures.

City of Beverly Hills  
Schedule of Year-End Surpluses

Fiscal Year	Operating Revenues	Operating Expenditures	Year-End Surplus
2011/12	\$172,228,304	\$153,507,998	\$18,720,306
2010/11	165,096,982	146,012,553	19,084,429
2009/10	159,166,971	146,100,497	13,066,474
2008/09	161,340,585	156,260,911	5,079,674
2007/08	169,725,461	145,603,960	24,121,501
2006/07	158,319,543	143,822,591	14,496,952
2005/06	142,171,929	128,580,467	13,591,462
2004/05	128,538,660	121,336,134	7,202,526
2003/04	122,202,883	113,112,150	9,090,733
2002/03	115,583,328	106,157,443	9,425,885
2001/02	115,401,032	106,589,263	8,811,769

In addition, the City's financial policies address this Grand Jury recommendation with the following statements:

- The City will endeavor to avoid budgetary and accounting procedures that balance the current budget at the expense of future budgets.
- Current revenues will fund current expenditures and a diversified and stable revenue system will be developed and maintained to protect programs from short-term fluctuations in any single revenue source.

3. **Recommendation:** Cities should commit to not using one-time revenues to fund recurring or on-going expenditures. (pg 157)

**Response:** The City of Beverly Hills disagrees with this recommendation because it is already addressed by the City's financial policies, which include the following statement:

- One-time revenue windfalls should be designated as a reserve or used for one-time expenditures. The funds are not to be used for on-going operations.

4. **Recommendation:** Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenues in years of shortfall. (pg 157)

**Response:** The City of Beverly Hills disagrees with this recommendation because the City's policies have already resulted in the accumulation of substantial "rainy day" reserves. The City of Beverly Hills budgets expenditures at full cost for the year and budgets revenues conservatively. This combination has allowed the City to grow its reserves and invest in

reducing long-term unfunded liabilities. Currently, the City's General Fund cash reserve exceeds 45% of the FY 2013/14 General Fund projected revenues.

The City's financial policies include the following statement addressing this concern:

- It is a goal of the City to obtain and maintain a general operating reserve in the form of cash, of at least 40% of operating revenues.

### **Financial Management**

1. **Recommendation:** Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services. (pg 159)

**Response:** The City of Beverly Hills disagrees with this recommendation because the City already has a history of not allowing auditors to provide non-audit services.

2. **Recommendation:** Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees. (pg 159)

**Response:** The City of Beverly Hills disagrees with this recommendation because the City already reviews its accounting policies and procedures annually, along with its financial policies, including the adoption of all current Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) reporting requirements in its financial reports. The City of Beverly Hills has been an early implementer of GASB pronouncements for more than 25 years and was recognized for our leadership with a special citation by the Government Finance Officer's Association (GFOA) for our implementation of GASB Statement 34. In addition, our Accounting Manager was recently asked to participate on a GFOA panel discussing our implementation of GASB Statement 54. Due, in part, to its strong financial reporting, the City has been recognized with an underlying AAA rating by all three bond rating agencies as a leader in financial management and planning.

3. **Recommendation:** Cities should undertake a full-scale competitive process every five years for the selection of an independent external auditor. (pg 160)

**Response:** The City of Beverly Hills disagrees with this recommendation because the City already routinely undertakes a competitive Request for Proposal process for audit services at least every five years and has worked with three different audit services firms in the past ten years.

### **Employees Making Over \$200,000**

The City would also like to address the area in the Grand Jury Report which notes that there are 64 employees in 2011 that made over \$200,000. (pg 94) While the reported number is correct, it is important to clarify that in 2011 thirty-eight of those employees received one-time payout amounts that were unusual in nature. When allowance is made for these one-time payouts, this leaves 26 employees (21 safety employees, 5 non-safety) that received \$200,000 or more in pay in 2011, notwithstanding the one-time amounts.

The difference in the numbers can be largely attributed to a unique and innovative program designed to reduce the City's unfunded OPEB (Other Post-Employment Benefits) retiree health liability. This program "bought out" existing retiree health benefits for participants, thereby reducing the City's exposure to the related unfunded liabilities. As a result of this program, there were several cash payouts for these benefits that gave the appearance that these employees were paid a salary of over \$200,000.

In addition to the retiree health payouts, most of the safety officers included in this list were retirees that had accumulated significant amounts of banked sick and vacation time throughout their long careers with the City. When they left service with the City, they received substantial one-time cash-outs of their banked time off which also contributed to the appearance of a larger number of employees listed as making over \$200,000.

Because of the above one-time pay factors in 2011, the City believes a better count of employees receiving more than \$200,000 in pay in 2011 is 26 employees rather than the 64 reported. This is a better measure of the number of employees paid at this level on an ongoing basis.

### **Discussion of Fiscal Health Ratios**

The Grand Jury report detailed several financial ratios for each city in Los Angeles County as a way to study and rank their relative "fiscal health." The following comments and corrections relate to the fiscal health ratios reported for the City of Beverly Hills.

#### Total Revenues, Expenditures and Net Revenues (pg 104)

Comment: The City of Beverly Hills had a very strong showing in this category with a ratio of net revenue to total revenues of 5.7% in 2010-11 (#6 ranking of all incorporated cities in Los Angeles County) rising to 8.5% in 2011-12 (#3 ranking).

#### Ratio of Assets to Liabilities (pg 110)

Comment: According to the Grand Jury report, an ideal Assets to Liabilities ratio would be at least 2.0. As noted earlier, the City of Beverly Hills ratio in this category was 2.55 in 2010-11 (#51 ranking) rising to 2.83 in 2011-12 (#61 ranking). The City's Asset to Liability ratio, while strong and above 2.0, ranked lower than many cities because of the City's substantial amount of bonded debt.

#### Change in Net Assets (pg 114)

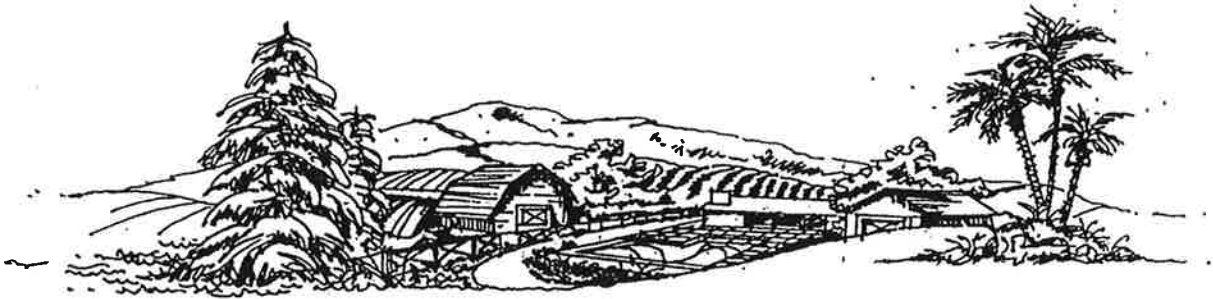
Comment: The City of Beverly Hills had a strong positive change in net assets in 2010-11 of 6.6% (#8 ranking) and even stronger in 2011-12 at 8.2% (#38 ranking). Note that even though the City's change in net assets was stronger in 2011-12 than in 2010-11, the ranking amongst all other cities in the County slipped from #8 to #38. This appears to be largely due to the impact of the elimination of Redevelopment Agencies, which shifted assets from a city's Agency to the city's newly formed Successor Agency, pending distribution of the assets. The City of Beverly Hills did not have a Redevelopment Agency so this impact did not apply in our case.

#### General Fund Revenues, Expenditures and Net Revenues (pg 118)

Comment: The City of Beverly Hills had a very strong ratio of net revenues to total revenues in the General Fund of 11.8% in 2010-11 (#11 ranking) and another strong showing of 11.1% (#9 ranking) in 2011-12.

#### Change in General Fund Balance (pg 123-124)

Comment: The City of Beverly Hills's General Fund balance changed only +0.4% in 2010-11, giving the City a ranking of #44 in the County for this category. However, the City's fund balance only increased by this relatively small amount due to a large payment that year (\$9.7 million) to reduce its unfunded retiree medical (OPEB) liability. The Grand Jury report shows the City of Beverly Hills moving to the #1 spot in the County for this fiscal health category in 2011-12. This ranking is in error, however, due to an incorrect number being used for the beginning General Fund balance (see further description of this on page 2 of this report under the response to Fiscal Health Finding #2). Error aside, the City of Beverly Hills still had a very strong increase in General Fund balance of 9.4% in 2011-12, or +\$9.2 million, to a total fund balance of \$107.2 million.



## **CITY OF BRADBURY**

*Incorporated July 26, 1957*

January 28, 2014

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

### **RE: The City of Bradbury's Response to the 2012-2013 Los Angeles County Civil Grand Jury Report**

Dear Presiding Judge:

The City of Bradbury submits this letter in response to the 2012-2013 Los Angeles County Civil Grand Jury Report. The Grand Jury has asked for a written response to the following Findings and Recommendations in the Report pursuant to Penal Code Section 933.05. I believe that Bradbury was designated the second worst City in the County – behind Vernon, in terms of expenditures to revenues based upon the grand jury's failure to understand the budgeting and expenditure process in the City. That is, in 2010-2011, the City spent substantially more than it collected. That was by design. The City renovated its City Hall in accordance with plans to do so that were several years in the making. We saved up the money, just as a family might save up to buy a car rather than incurring debt. Bradbury is as fiscally responsible as any City, and more so than most.

### ***Responses for the City of Bradbury***

#### Fiscal Health

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

*The City of Bradbury agrees with the Grand Jury Report. City Staff will prepare for the City Council as part of the upcoming budget process a policy to adopt annual budgets where recurring expenditures do not exceed recurring revenues, which has been the City's practice with adoption of a balanced budget for the past five years. The proposed policy will be presented to the City Council by April 2014.*

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

*The City of Bradbury has been implementing this policy for many years. The City has a long history of adopting budgets that balance expenditures against revenues. Operating expenses and operating transfers are covered by current year revenues. The City's budget is balanced by utilizing planned set-aside revenues from prior years (fund balance) to pay for one-time capital projects such as the building the new Civic Center.*

3. Cities should commit to not using onetime revenues to fund recurring or ongoing expenditures.

*The City of Bradbury has always implemented this recommendation. The City Council is committed to not using one-time revenue to fund on-going operational expenses. The proposed policy described in the first recommendation above would include a provision that on-going program expenditures shall not be funded with one-time revenue sources.*

4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.

*The City of Bradbury has always implemented this recommendation. The City Council of Bradbury has previously adopted a Reserve Policy that provides a "rainy day" reserve for the General Fund. Staff reports the balance to the City Council monthly as part of the City's financial reports.*

#### Governance Practices

2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.

*The City of Bradbury agrees with the Grand Jury Report. Although the City has already developed informal performance measures, the City will incorporate formalized measures into the City's 2014-2015 budget document.*

#### Financial Management

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

*The City of Bradbury agrees with the Grand Jury Report regarding the importance of committees to oversee the City's fiscal position. Beginning in 2013 the City appointed an independent 7 member committee to review annually the city's budget and audit including the City's voter approved UUT expenditures and revenue. The committee meets several times a year and provides its findings to the City Council, The first report will be made in April 2014.*

4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.

*The City of Bradbury is in the process of implementing this recommendation. As part of the implementation of new financial software, staff and City Treasurer are working on new policies for the City Council's approval. This should be completed by May 2014.*

5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

*The City of Bradbury has always implemented this recommendation. The City of Bradbury agrees that these policies are important. They are a regular part of the annual budget process.*

6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism such as a fraud hot line, to permit the confidential anonymous reporting of concerns.

*The City of Bradbury agrees with the Grand Jury Report. City staff will work on updating its existing Ethics and Code of Conduct policy to outline the practice already in place to report fraud to the City Manager, City Attorney or City Treasurer. To the extent practicable for such a small city of only 3 employees it may be beyond the city's means to contract for a hotline provider to administer such a program.*

8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

*The City of Bradbury has implemented this recommendation by awarding its first three year contract in 2012 to a new audit firm. At the end of the contract term, the City will issue a Request for Proposals to qualified independent certified public accounting firms. Proposals are evaluated and a recommendation is presented to the City Council during a public meeting.*

## **CONCLUSION**

Bradbury's fiscal practices have been responsible, and the characterization of us as the second worst in terms of revenues to expenditures was extremely unfair. The City of Bradbury continually demonstrates leadership and management over its fiscal health. The City Council has adopted policies for minimum General Fund Reserve levels, has no Debt and has adopted policies to fund projects on a pay-as-you-go basis.

This completes the City of Bradbury's response to the Report. The City trusts that the information provided adequately responds to the Grand Jury's Findings and Recommendations.

If you have any additional questions please do not hesitate to contact me.

Sincerely,  
The City of Bradbury

Michelle Keith  
City Manager





**CITY OF BURBANK**  
**OFFICE OF THE CITY MANAGER**  
**(818) 238-5800**  
**FAX (818) 238-5804**

September 25, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

To whom it may concern,

On behalf of the City of Burbank, enclosed you will find the City's response to the findings of the 2012-2013 Civil Grand Jury's Final Report.

The City Council reviewed these responses at its meeting on Tuesday, September 24, 2013. Per the instructions provided by your agency, the City has responded to the findings and recommendations listed in the report. Upon review of the City's responses please feel free to contact me with any additional questions.

Thank you,

Mark Scott  
City Manager

Enclosure

## 2012-2013 Civil Grand Jury Final Report Findings and Recommendations (pgs. 130-160)

### City of Burbank's Responses

#### Location of Findings and Recommendations within the Final Report:

The findings and recommendations pertinent to the City of Burbank are located on pages 130 - 160 of the 2012-2013 report. Specifically, the recommendations are located on the same page of the findings AND a summary of the recommendations, indicating the recommendation Burbank is required to respond to, is listed on pages 156 – 160.

#### **FINDINGS:**

##### **Finding Key\*:**

1. The respondent agrees with the finding.
2. The respondent disagrees wholly with or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reason therefore.

*\*Per the request of the Civil Grand Jury, Cities' responses to the findings of the Final Report must use one of the numbered actions listed above and subsequent rationale (i.e., the respondent agrees with the finding). Accordingly, staff's responses to the findings below are on behalf of the City of Burbank (i.e., **the responses reflect the current policies, practices, accomplishments, etc., of the City of Burbank and, therefore, do not speak for the practices of other cities**) and will include the appropriate number from the key above and supporting rationale/ comments.*

##### **Fiscal Health (pg. 130):**

1. Most cities expended more than they received in revenues during FY 2011-12.
  1. The respondent agrees with the finding.
2. Most cities' total net assets and general fund balances declined during FY 2011-12, and several cities' ratios of total net assets to total liabilities are lower than desirable.
  2. The respondent disagrees wholly with or partially with the finding.

The City of Burbank net assets increased by almost \$106 million. The City of Burbank's general fund balance did decline by \$14.3 million. The City of Burbank

improved its ratio of net assets to total liabilities in FY 2011-12 to 4.98 from 3.52 in the prior fiscal year.

**Governance (pg. 141):**

1. Most cities have developed strategic plans to provide appropriate strategic focus and direction for the city.

1. The respondent agrees with the finding.

2. Most cities have developed performance measures to demonstrate the results of their organizational activities and goals.

1. The respondent agrees with the finding.

3. All cities stated they have a formal policy agreement, or other documents that define the roles of city council and city executive.

1. The respondent agrees with the finding.

4. Most city councils have established specific goals for executives at least annually.

1. The respondent agrees with the finding.

5. Most cities have adopted a "Conflict of Interest" code.

1. The respondent agrees with the finding.

6. Most cities have adopted an "Investment" policy.

1. The respondent agrees with the finding.

7. Most cities published their financial reports or CAFR to their website.

1. The respondent agrees with the finding.

**Financial Management Practices (pg. 153):**

1. Few cities formally established an audit committee responsible for monitoring and overseeing financial reporting.

2. The respondent disagrees wholly with or partially with the finding.

The City of Burbank maintains an active audit committee which meets regularly throughout each fiscal year. One of the various functions of this committee is to review the City's financial reports in conjunction with the audit results.

2. All cities required their auditors to comply with independence standards and most selected their auditors through a competitive process. Most also precluded the auditor from providing non-audit services.

1. The respondent agrees with the finding.

3. Many cities could improve their documentation and maintenance of accounting policies and procedures.

1. The respondent agrees with the finding.

4. Many cities could improve their policies and procedures for reporting fraud, abuse, and questionable practices.

1. The respondent agrees with the finding.

5. Many cities could improve their internal control procedures over financial management.

2. The respondent disagrees wholly with or partially with the finding.

As part of the City's annual audit, independent external auditors review the financial management control environment. The City of Burbank has always worked and will continue to work diligently to implement any suggestions or recommendations provided by the auditors.

6. Most cities did not have a formal internal audit function.

2. The respondent disagrees wholly with or partially with the finding.

The City of Burbank has maintained an internal audit function for many years. This function is currently outsourced to the audit firm of Lance, Soll and Lunghard, LLP.

7. Many cities' policies and procedures governing general fund unrestricted fund balance could be improved.

2. The respondent disagrees wholly with or partially with the finding.

The City of Burbank has maintained a formal working capital reserve and an emergency reserve totaling 20% of the General Fund annual appropriations. These reserves have always been maintained in compliance with the City's financial policies and have never been used to fund regular City operations.

8. All cities maintained an adequate accounting system. Most issued timely financial statements and a CAFR in compliance with standards, and most made the CAFR readily accessible to the general public on their website.

1. The respondent agrees with the finding.

### **RECOMMENDATIONS:**

#### **Recommendation Key\*:**

1 - The recommendation has been implemented, with a summary regarding the implementation action.

2 - The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.

3 – The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency where applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.

4 - The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefore.

*\*Per the request of the Civil Grand Jury, Cities' responses to the recommendations of the Final Report must use one of the numbered actions listed above and subsequent rationale (i.e., the recommendation has been implemented, with a summary of the implemented action). Accordingly, staff's responses to the recommendations below will include the appropriate number from the key above and supporting rationale/comments. Again, the responses reflect the current policies, practices, accomplishments, etc., of the City of Burbank and, therefore, do not speak for the practices of other cities.*

#### **Fiscal Health – Burbank is required to answer numbers 1 - 4**

1. Cities should adopt financial planning, revenue and expenditure policies to guide cities' officials to develop sustainable, balanced budgets.

1 – Implemented per the City’s Financial Policies (all of which are available on the City’s website: burbankca.gov or burbankusa.com).

2. Cities should develop a balanced budget and commit to operate within budget constraints.

1 – Implemented per the City’s Financial Policies.

3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

1 – Implemented per the City’s Financial Policies

4. Cities should adopt a method and practice of saving into a reserve or “rain day” fund to be supplement operating revenue in years of short fall.

1 – Implemented per the City’s Financial Policies.

**Governance Practices** – The City of Burbank engages in all practices listed within the section and is subsequently not required to respond.

**Financial Management – Burbank is required to respond to numbers 4, 5, 6 & 8**

4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.

2- The City is engaging in a Request for Proposal (RFP) process to finalize an accounting internal controls, policies and procedures manual to be implemented in Calendar Year (CY) 2014. – Accounting Policy Documentation RFP has been issued (on target)

5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

1 – The recommendation has been implemented. Each year the City of Burbank Finance department reviews the City’s Financial Polices with the City’s auditors. Any recommendations resulting from this review would be taken to the City Council for approval and subsequent integration into the City’s Financial Policies.

6. Charter cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hotline, to permit the confidential, anonymous reporting of concerns.

2 – The City is scheduled to adopt a formal fraud policy in CY 2014.

8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

1 – The recommendation has been implemented. The City of Burbank just completed a competitive Request for Proposal and has selected White, Nelson, Diehl, Evans LLP as the new independent external audit firm.



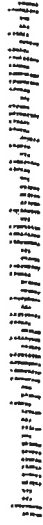
CITY of CALABASAS

SANTA CLARITA CA 91302  
07/22/2013  
US POSTAGE  
02 JUN 2013 PM 5 L  
ZIP 91302  
041L11237855

JUN 24 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

90012316861





**CITIES OF LOS ANGELES COUNTY**  
**FISCAL HEALTH, GOVERNANCE, FINANCIAL MANAGEMENT AND COMPENSATION**

-----  
**CITY OF CALABASAS – GRAND JURY RESPONSES**

- 1. Cities should adopt financial planning, revenue, and expenditure policies to guide city officials to develop sustainable, balanced budgets.**

*The City of Calabasas establishes a balanced bi-annual budget every year, and each budgeted account is time-phased and input into the City's financial system, FundBalance. In accordance with set policies and procedures, actual revenue and expenditure amounts are recorded timely and accurately within FundBalance. Data from this on-going process is used to prepare monthly Budget Performance Reports (BPRs) which helps management stay within the allowed budget limits.*

- 2. Cities should develop a balanced budget and commit to operate within the budget constraints.**

*Calabasas prepares a balanced budget each fiscal year. Historically, the City has operated within Council-approved budget constraints, and often times, due to effective management oversight, the City ends the fiscal year in a stronger financial position than what was planned and approved in the budget.*

- 3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.**

*The City of Calabasas maintains a Management Reserve (MR) fund to account for one-time receipts of revenue, as well as one-time uses of those funds. In this light, the City's General Fund is neither artificially inflated due to one-time receipts, or artificially deflated due to one-time expenditures. The City has maintained a separate Management Reserve fund for nearly a decade now.*

- 4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.**

*Calabasas has maintained a Management Reserve fund for nearly a decade. The purpose of this fund is to account for one-time sources and uses of money. Since these funds are not specifically*

*dedicated or set aside for any particular project, they can be used to supplement operating revenue, should the need to do so occur.*

### Government Practices

- 1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values, and priorities for the city.**

*The City's strategic plan is prepared by the City Manager in conjunction with City Council input, and re-emphasized during each budget presentation delivered by the City's Chief Financial Officer. As part of the annual Comprehensive Annual Financial Report (CAFR) which the City prepares, the City's Finance Department's mission and value statements are presented. These statements articulate and emphasize excellence, integrity, and dedication to providing timely, accurate, clear, and complete information and support to City departments, citizens, and the community at large.*

*Calabasas' list of core values include quality, integrity, leadership, and teamwork.*

- 2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes, and information should be provided for several years to allow evaluation of progress over times.**

*Calabasas relies heavily on financial performance measurements derived from regular reporting mechanisms to determine program, staffing, and operational success. The Budget Performance Report (BPR) is the most widely utilized performance tracking tool employed by the City.*

*Additionally, the City issues and encourages the completion of customer satisfaction surveys. Attention to inputs received from these surveys help direct management's attention to providing heightened public service.*

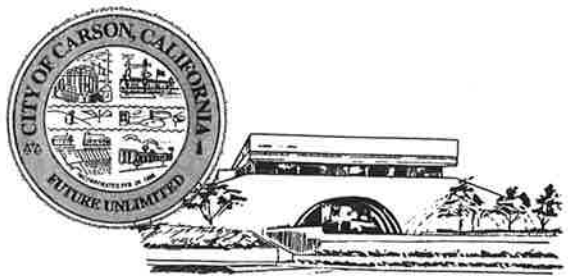
### Financial Management

- 1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.**

*Generally speaking, the audit committee consists of a board (City Council and City Manager), and the Finance Department, headed by the City's Chief Financial Officer. All work conducted by the independent auditor is indeed the responsibility of the CFO, however proper independence is maintained so as not to influence any findings/recommendations the auditor might present.*

- 8. Cities should undertake a full-scale competitive process every five (5) years for the selection of an independent external auditor.**

*It has been the practice of the City of Calabasas to seek proposal inputs from independent external auditors every three years. The purpose for this effort is to ensure proficient work and competitive pricing. The City will engage in a Request for Proposal (RFP) process to find a new independent, external auditor within the next three years.*



# CITY OF CARSON

December 3, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Honorable Presiding Judge:

Attached, please find the City of Carson's responses to the 2012-2013 Final Report of the Los Angeles County Civil Grand Jury entitled "Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation." Kindly let me know if additional information or documents are required so we may forward to your office.

Please feel free to reach me at my office phone number: (310) 952-1729 or cell phone: (310) 738-1691 for any questions you may have.

Very respectfully yours,

A handwritten signature in black ink that reads "Jackie Acosta". The signature is fluid and cursive.

Jackie Acosta  
Acting City Manager

Attachment: As stated

**LOS ANGELES COUNTY GRAND JURY REPORT FY 2012/13  
RECOMMENDATIONS AND REQUIRED RESPONSES  
SUBMITTED BY THE CITY OF CARSON, CALIFORNIA**

<b>Exhibit 12: Recap of Recommendations and Required Responses</b>	
<b>Recommendation</b>	<b>Responses From Carson</b>
<b>Fiscal Health</b>	
<p>1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.</p>	<p>Carson agrees with this recommendation. On January 18, 2012, the City Council of the City of Carson adopted the City’s Financial Principle and Guidelines under Resolution No. 12-014, a resolution setting forth certain financial principles upon which the City shall operate, and adopting certain implementing guidelines to accomplish same. Section 2 (a) of the resolution states that it shall be the policy of the City of Carson to adopt a balanced operating budget by June 30<sup>th</sup> of each year for the following fiscal year without using General Fund undesignated fund balance or reserves.</p>
<p>2. Cities should develop a balance budget and commit to operate within the budget constraints.</p>	<p>Carson agrees with this recommendation. The Fiscal Year 2012/13 budget of the City of Carson was balanced and represented a commitment from the City Council, City management and Staff to operate within the budget constraints.</p>
<p>3. Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.</p>	<p>Carson agrees with this recommendation. Consistent with the City’s Financial Principle and Guidelines, Carson commits to not using one-time revenues to fund recurring or ongoing expenditures. Fiscal Year 2012/13 budget was formulated with the goal of matching ongoing expenditures with recurring revenues to the best degree possible.</p>

**Exhibit 12: Recap of Recommendations and Required Responses**

<b>Recommendation</b>	<b>Responses From Carson</b>
<b>Fiscal Health</b>	
<p>4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenues in years of shortfall.</p>	<p>Carson agrees with this recommendation. On June 2, 1998, the Carson City Council approved the establishment of a prudent reserve that would allow the city to set a reservation requirement in order to respond to unexpected economic circumstances. The approved threshold, effective fiscal year 1997/98, was 20% of the subsequent year’s operating budget. On March 16, 2011, the City Council approved a decrease of the percentage of the prudent reserve from 20% to 10% due to the financial challenges that have resulted in decreases to the undesignated General Fund balance. On January 18, 2012, the reserve policy was reinstated to effect the establishment and then maintenance of a minimum reserve for economic uncertainties equal to 20% of expenditures of the current year General Fund Budget, exclusive of Nonspendable, Restricted, and Assigned fund balance.</p>

**Exhibit 12: Recap of Recommendations and Required Responses**

Recommendation	Responses From Carson
<b>Governance Practices</b>	
<p>1. Cities should develop and adopt a strategic plan that articulated the mission, vision, core values and priorities for the City.</p>	<p>The City agrees with this recommendation but has not developed and adopted a strategic plan. Staff will discuss this recommendation of the Grand Jury with the City Council with the goal of coming up with a timeline for implementation.</p>
<p>2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.</p>	<p>The City agrees with this recommendation but has not implemented same because of the unexpected changes in leadership in City Management. This will be part of the programs for implementation once a permanent City Manager and the Directors are appointed.</p>
<p>3. City Councils should develop specific annual goals for the city's executive.</p>	<p>No response required from the City of Carson.</p>
<p>4. City Councils should conduct meaningful evaluations of the city's executive at least annually.</p>	<p>No response required from the City of Carson.</p>
<p>5. Cities should publish their financial reports or CAFR on their city's website.</p>	<p>No response required from the City of Carson</p>

<b>Exhibit 12: Recap of Recommendations and Required Responses</b>	
<b>Recommendation</b>	<b>Responses From Carson</b>
<b>Financial Management</b>	
<p>1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.</p> <p>2. Cities that do not currently select the auditor through a competitive process should do so.</p> <p>3. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.</p> <p>4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.</p>	<p>Carson agrees with this recommendation.. On May 7, 2013. The Carson City Council approved the formation of an Ad Hoc Audit Committee, in keeping with the best practices in the public sector. The Committee will be provided with opportunities to meet with the auditors, with or without the presence of management, as appropriate, throughout the audit.</p> <p>No response required from the City of Carson.</p> <p>The Successor Agency and the Housing Authority of the City of Carson engaged the services of its current auditor to comply with the State Department of Finance requirement to submit a report on the Due Diligence Review of the former Carson Redevelopment Agency (CRA) and the Low Moderate Housing funds of the then CRA. Prior to hiring the auditor to perform the Due Diligence Review, the City got approval from the Los Angeles County Auditor Controller. In other instances, if the City were considering hiring the auditor to provide non-audit services, it would ensure that the decision had gone through appropriate review and approval.</p> <p>The City agrees with this recommendation. It has accounting policies and procedures which are appropriately detailed and likewise define the specific authority and responsibility of employees. Some of the policies and procedures will have to be revised to conform to the citywide reorganization which is currently in the process of being finalized and will subsequently be presented to the City Council for approval.</p>



**Exhibit 12: Recap of Recommendations and Required Responses**

<b>Recommendation</b>	<b>Responses From Carson</b>
<b>Financial Management</b>	
<p>5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.</p>	<p>Carson agrees with the recommendation but the recommendation has not been implemented. Staff will present the proposed policy to the City Council by the end of fiscal year 2013/14.</p>
<p>6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as confidential, anonymous reporting of concerns.</p>	<p>No response required from the City of Carson.</p>
<p>7. Cities should periodically review and update internal control procedures over financial management.</p>	<p>No response required from the City of Carson.</p>
<p>8. Cities should undertake full-scale competitive process every 5 years for the selection of an independent external auditor.</p>	<p>Carson agrees with this recommendation. Its current auditor was awarded the contract through a competitive bid process on July 10, 2010. This contract, as amended, will expire at the completion of the audit for the fiscal year ended June 30, 2014.</p>



# CITY OF CERRITOS

CIVIC CENTER • 18125 BLOOMFIELD AVENUE  
P.O. BOX 3130 • CERRITOS, CALIFORNIA 90703-3130  
PHONE: (562) 916-1301 • FAX: (562) 468-1095  
WWW.CI.CERRITOS.CA.US



OFFICE OF THE CITY MANAGER  
**ART GALLUCCI**

September 18, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

**RE: City of Cerritos Response to Recommendations of Civil Grand Jury Report**

Dear Presiding Judge:

In response to the request of the County of Los Angeles Civil Grand Jury, and pursuant to California Penal Code Section 933.05(f), the City of Cerritos provides the following responses to the Civil Grand Jury's recommendations dated June 17, 2013, regarding fiscal health, governance, management and administration.

The responses are organized to correspond to the format provided by the Grand Jury.

Fiscal Health (page 156)

1. *"Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets"*

**The respondent agrees with the finding; and the recommendation has been implemented.**

During recent years, the City of Cerritos has incorporated specific financial planning, revenue and expenditure policies into the annual Budget resolution that is adopted by the City Council. These policies include specific direction regarding appropriations into contingency funds (Budget Resolution sections 9 and 10); advances of monies from the General Fund to the Water, Sewer and Electric Utility Funds, and loan repayment requirements (Sections 11 through 13); and overhead charges (Section 15). The Budget Resolution also includes and references the City's Investment Policy.

2. *"Cities should develop a balanced budget and commit to operate within the budget constraints."*

**The respondent agrees with the finding; and the recommendation has been implemented (economic and legislative conditions permitting).**

The City of Cerritos enters each annual budget cycle with the intent (and past practice) of developing a balanced budget. In addition, through its budget adoption, mid-year review and ongoing budget adjustment processes, the City implements procedures to ensure that budget allocations are observed and followed.

During the past five years, the City of Cerritos has reduced its annual expenditures by approximately \$15.1 million. However, these expenditure reductions were necessitated by two factors: 1) the prolonged economic downturn, which reduced City revenues significantly, and 2) the State of California's action to dissolve redevelopment agencies, effective February 1, 2012.

Although the City reduced its expenditures significantly as a result of these unprecedented challenges, the City also has been compelled to utilize reserves to maintain the services and programs expected by our residents. The City anticipates that the use of reserves may not be necessary given a full economic recovery and a resolution of various issues regarding redevelopment dissolution.

3. *"Cities should commit to not using one-time revenues to fund recurring or on-going expenditures."*

**The respondent agrees with the finding; and the recommendation has been implemented (economic and legislative conditions permitting).**

The City of Cerritos' budgetary practice is to refrain from using one-time revenues to fund recurring or on-going expenditures, as recommended by the Grand Jury.

During the economic downturn of the past five years, the City has been compelled to utilize reserves to maintain the services and programs expected by our residents. It is possible that these reserves contained some one-time revenues from prior years. Once again, the City anticipates that the use of reserves may not be necessary given a full economic recovery and a resolution of various issues regarding redevelopment dissolution.

4. *"Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of shortfall."*

**The respondent agrees with the finding; and the recommendation has been implemented.**

The City of Cerritos has maintained significant reserves throughout most of its history. In fact, this fortunate fiscal position has enabled the City to maintain its customary level of services during the prolonged economic downturn, as explained above.

Financial Management (page 158)

1. *"Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor."*

**The respondent agrees with the finding; and the recommendation has been implemented.**

The City of Cerritos has established a formal internal Budget/Finance committee, which consists of the Mayor, one Councilmember, the City Manager, and the Director of Administrative Services. As recommended by the Grand Jury, this committee assumes direct responsibility for the work of the independent auditor.

**2 - 7. No responses requested.**

8. *"Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor."*

**The respondent agrees with the finding; and the recommendation has been implemented.**

This recommendation reflects the current practice of the City of Cerritos.

We hope that this response is helpful. If you have any questions or need additional information, please contact me by telephone at (562) 916-1301 or by e-mail at [agallucci@cerritos.us](mailto:agallucci@cerritos.us).

Sincerely,



Art Gallucci  
CITY MANAGER

gd



City Hall  
207 Harvard Avenue  
P.O. Box 880  
Claremont, CA 91711-0880  
Phone (909) 399-5346  
Fax (909) 399-5366  
[www.ci.claremont.ca.us](http://www.ci.claremont.ca.us)

September 30, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Dear Sir/Madam:

**City of Claremont Responses to Civil Grand Jury Report on Cities of  
Los Angeles County Fiscal Health, Governance, Management and Compensation**

Please find enclosed the City of Claremont's required responses to the recommendations made in the Civil Grand Jury's Final Report on Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation.

Should you have any questions, please feel free to contact me.

Sincerely,

Adam Pirrie  
Finance Director

**CITY OF CLAREMONT  
RESPONSES TO CGJ FINAL REPORT RECOMMENDATIONS**

**Fiscal Health**

<b>Recommendation</b>	<b>Response</b>
<p>1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.</p>	<p>The recommendation has been implemented.</p> <p>The City has adopted Fiscal Policies (Attachment A) that provide guidance to staff and the City Council to achieve sustainable, balanced budgets.</p> <p>The City has also developed an Economic Sustainability Plan (Attachment B), which addresses the City's long term fiscal sustainability.</p>
<p>2. Cities should develop a balanced budget and commit to operate within the budget constraints.</p>	<p>The recommendation has been implemented.</p> <p>The City has strived to develop operating budgets that balance expenditures with available revenues, even during periods where revenue shortfalls exist. As a practice, the City Council has not used reserves to balance the budget, and has rather implemented cost cutting measures as a means of maintaining reserve balances.</p>
<p>3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.</p>	<p>The recommendation has been implemented.</p> <p>The City has a demonstrated philosophy of utilizing budget surpluses that have resulted from unanticipated and one-time revenues to bolster reserves, rather than utilizing them for on-going operating expenditures.</p>
<p>4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.</p>	<p>The recommendation has been implemented.</p> <p>The City of Claremont has an established Reserve Policy (Attachment C) that requires that a minimum of 25% of annual General Fund operating expenditures be set aside to provide for continued City operations in the event of a natural or fiscal emergency. The current General Fund Reserve balance stands at 29%, exceeding current policy requirements.</p>

**CITY OF CLAREMONT  
RESPONSES TO CGJ FINAL REPORT RECOMMENDATIONS**

**Financial Management**

<b>Recommendation</b>	<b>Response</b>
<p>1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.</p>	<p>The recommendation has not yet been implemented, but will be implemented in the future.</p> <p>The City Manager will recommend that the City Council establish an audit committee to review the work of the City's independent auditor. It is anticipated that the committee should be established within six months, should the City Council approve its establishment.</p>
<p>3. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.</p>	<p>The recommendation has been implemented.</p> <p>In order to preserve auditor independence, the City of Claremont does not contract with its auditor to provide non-audit services.</p>
<p>8. Cities should undertake a full-scale competitive process every five years for the selection of an independent external auditor.</p>	<p>The recommendation has been implemented.</p> <p>The City of Claremont undertakes a competitive process every five years to obtain audit services.</p>

## FISCAL POLICIES

The budget document allocates City resources such as personnel, materials, and, equipment in tangible ways to achieve the general goals of the community. It is prudent, therefore, for the City to have in place adopted fiscal policies to guide the City Manager and City Council through the budget decision-making process. These policies are:

### **Operational Efficiencies**

- To implement internal operating efficiencies wherever possible.
- To utilize private contractors when the same or higher level of service can be obtained at lower total cost.
- To staff each department according to adopted service levels, and to utilize consultants and temporary help instead of hiring staff for special projects or peak workload periods.
- To develop agreements with the Claremont Unified School District to combine certain operations and provide program assistance where appropriate.
- To enter into joint operating arrangements with other agencies so as to provide services more cost effectively.
- To increase the use of volunteers.

### **Voter Approved Revenues**

- To utilize revenues derived from the Utility Users Tax (UUT) and Landscape and Lighting District (LLD), both of which were ratified in the March 1997 municipal election, to fund programs and services that are important to the community.
- To use the LLD assessments to sustain the current level of maintenance and street lighting Citywide and not to add new services or projects.
- To use the Consumer Price Index as a guide for determining increases in LLD assessments. In no case will the annual increase exceed ten percent.



### **Reserves**

- To develop a balanced budget that preserves existing reserves, and provides the opportunity to commit additional funds to reserves when budget surpluses are identified. A balanced budget is defined as one where the outflow of funds from expenditures is met or exceeded by the inflow of funds from revenues.
- To maintain an amount equal to 25 percent of the General Fund operating expenditures in an Operating and Environmental Emergency Reserve account by annually committing the funds necessary to achieve this objective.
- To maintain a Maintenance of Operations Reserve account to address City Council-directed projects, capital projects, liability costs not covered by City insurance, unanticipated increases in PERS or other benefit costs, cyclical revenue downturns or temporary operating cost increases, and other municipal purposes deemed necessary by the City Council.
- To maintain an Equipment and Facility Revolving Reserve account to fund renovation projects pertaining to City buildings, replacement and refurbishment of furniture and other equipment, safety equipment, emergency response equipment, and recreation facilities equipment.
- To have sufficient revenues in the Enterprise Funds for current operation and equipment replacement.

### **Infrastructure**

- To provide sufficient routine maintenance each year to avoid a deferred maintenance backlog.

### **Employee Development**

- To attract and retain competent employees by providing a professional work environment, safe working conditions, adequate training opportunities, and competitive salaries.

### **Economic Development**

- To aggressively pursue new developments and businesses that add to the City's economic base, particularly those that generate sales tax.
- To promote a mix of businesses that contributes to a balanced community.
- To develop programs that enhance and retain existing businesses.

**New Services**

- To add new services only when a need has been identified and a permanent funding source developed.
- To provide money to community-based organizations offering to provide needed services to the community, and not to become the primary funding source.
- To require agreements for specific services and monitor effectiveness on an ongoing basis.

**Fiscal Management**

- To generate additional revenue by marketing City services to other agencies on a contract basis.
- To maximize revenues by utilizing grants from other agencies to the fullest extent possible.
- To charge fees for services that reflect the true cost of providing such services and to review fee schedules on a regular basis.
- To fully account for the cost of enterprise operations to avoid any subsidy by the General Fund, and to charge Enterprise Funds their fair share of the cost of City support services.
- To maintain accurate accounting records to keep the City Manager and City Council informed of the financial condition of the City at all times.
- To file a quarterly report of investments that adheres to both State law and City policy, and which follows reasonable and prudent guidelines for investment of the City's investable cash.
- To provide service level performance indicators for prior years.

**Investments**

- To manage all public funds and securities belonging to or under the control of the City and for the deposit and investment of those funds in accordance with principles of sound treasury management and with applicable laws and ordinances.
- To accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible.

- To maintain the level of investment of all funds as near to 100 percent as possible through current and projected cash flow management.
- To submit within 30 days of the close of each quarter, a written Investment Report to the City Council at a regularly scheduled Council meeting.
- To seek safety and liquidity in all investments; yield is a secondary criterion for selecting investments.

### **Capital Improvement Management**

- To establish a five-year plan that systematically plans, schedules, and finances capital projects to ensure cost-effectiveness as well as conformance with established policies.
- To designate a project manager who will prepare the project proposal, ensure that required phases are completed on schedule, authorize all project expenditures, ensure that all regulations and laws are observed, and periodically report project status.
- To maintain a committee that will review project proposals, determine project phasing, recommend project managers, review and evaluate the draft CIP budget document, and report CIP projects progress on an ongoing basis.
- To plan for new facilities only if construction and maintenance costs will not adversely impact the operating budget.

### **Debt Management**

- To consider the use of debt financing only for one-time capital improvement projects and only under the following circumstances:
  1. When the project's useful life will exceed the term of the financing.
  2. When project revenues or specific resources will be sufficient to service the long-term debt.
- To carefully monitor the City's level of general-purpose debt.
- To obligate the General Fund to secure long-term financings only when marketability can be significantly enhanced.
- To prepare an internal feasibility analysis for each long-term financing which analyzes the impact on current and future budgets for debt service and operations. This analysis will also address the reliability of revenues to support debt service.

- To generally conduct financing on a competitive basis. However, negotiated financings may be used due to market volatility or the use of an unusual or complex financing or security structure.
- To monitor all forms of debt annually in conjunction with the City's Financial Plan preparation and review process and report concerns and remedies, if needed, to the Council.
- To diligently monitor compliance with bond covenants and ensure the City adherence to Federal arbitrage regulations.
- To maintain good, ongoing communications with bond rating agencies about the City condition.



# Final Report



## Mayor's Ad Hoc Committee on Economic Sustainability

Report to Council  
February 8, 2011

## Contents

Executive Summary .....	2
Section 1: Introduction and Charge .....	4
Section 2: City of Claremont 2010: The “New Normal” Financial Environment .....	7
Section 3: Is the City of Claremont’s Current Financial Model Sustainable? .....	8
Section 4: Revenue: Where Do the City of Claremont’s Economic Resources Come From Today? .....	11
Section 5: Expenses: Where Do the City of Claremont’s Economic Resources Currently Go? .....	12
Section 6: Changing the Economic Model: Possible Options for Increasing Revenue .....	15
Section 7: Conclusions & Recommendations .....	18
Appendices .....	23

## Executive Summary

### Background and Charge.

In July 2010, Mayor Linda Elderkin established the Mayor's Ad Hoc Committee on Economic Sustainability, a committee comprised of nine citizens with research support provided by professional City staff. The Committee was convened to examine the long term economic sustainability of the City of Claremont. They did extensive research into all aspects of our existing economic situation. They then proceeded to analyze a financial model of revenue changes and expenditure reductions that would move the City of Claremont toward economic and budget stability through fiscal year (FY) 2015-16 and beyond. The Committee completed the study in four months, providing recommendations to the City Council regarding revenue enhancements and expense reductions that will achieve economic sustainability in a manner that is focused and well-balanced.

### The City's Challenge: Is The Status Quo Economically Sustainable?

The Committee launched its study initially by defining the scope of the challenge: given the likely conditions of the national and state economy, what would be the net budget result if all existing City revenue sources and expenses were to remain unchanged? Based on comprehensive analysis of the future impact the economy and service use patterns would have on City expenditures and revenues through FY 2015-16, the Committee unanimously concluded that the City's current financial model is ***not economically sustainable*** (detailed in Sections 2 and 3 of this report).

Since the adoption of the balanced budget for FY 2010- 11 and FY 2011-12 it is anticipated that increases in retirement costs will begin to appear in FY 2011-12. The increase for FY 2011-12 will be offset by increases in revenues beyond what was originally budgeted. This will result in a balanced budget for FY 2011-12, but will eventually result in **annual budget shortfalls of \$2.3 million in FY 2015-16 and beyond.**

Even more challenging, the findings of this study were based on "likely" (not best case or pessimistic case, but a reasonably likely case) assumptions of the economy; should the Committee's assumptions tilt toward the more negative projections, the City's annual budget shortfall could very realistically approach a \$4.0 million annual deficit within five years.

The purpose of the Committee's analysis was to clearly document the areas of "likely" financial weakness and to then recommend appropriate financial solutions that will result in a balanced budget by FY 2015-16, thereby preventing the anticipated \$2.3 million annual deficit.

### The Analysis.

The Committee studied the key revenue and expense categories of the City budget and examined numerous alternatives for both revenue initiatives and expenditure reductions. No key, economically feasible option was omitted (even when generally viewed by some members of the Committee as distasteful) and a wide range of alternative actions were identified, analyzed and debated extensively, as described in Sections 4 through 7. It is important to note that the Committee's analysis was based on a "status quo" budget model that was already significantly reduced due to cuts to the operating budget and reduced staff positions implemented during the past two budget cycles, all of which are summarized in the

attachments to this report. Ultimately, the Committee arrived at a focused set of rational and practical recommendations to the City Council that are presented in this report.

### Committee Findings.

1. The recommendations to the City Council regarding revenue enhancements and expense reductions should meet the goal of being sustainable (recurring revenue or recurring expense reductions as opposed to one time changes in the budget that do not provide future year benefit) and be implemented, wherever possible, without excessive reductions in City services.
2. The net outcome of revenue enhancing and expenditure reduction measures needs to be implemented as soon as possible to head off intermediate term deficits anticipated in the FY 2011-12 budget year and to achieve sustainable budget changes in excess of \$2.3 million annually by 2016 in order to meet the realistic future fiscal needs of the community.
3. Due to the “New Normal” economic environment for Claremont, should the City Council choose to maintain—or should political stalemate force the City to maintain—the status quo economic model, unacceptable degradations in City services and resources will be inevitable; the status quo, therefore, is not an option.
4. The City should adopt additional budgeting policy and practices, as presented herein, to provide for more sustainable economic planning and to prepare the City in future generations for the next economic downturn.

### Committee’s Consensus Recommendations (Synopsis).

1. The City should end the policy and practice of paying the employee contribution (in addition to the City’s share) to the PERS retirement system. Each employee should pay the entire “employee contribution” portion to PERS. This policy should be phased in, with City employees’ assuming their contribution at 2% per year until the phase-in is completed. Further details are provided in Section 8.
2. The council should submit to the voters a measure calling for a 1.5% increase in the Utility Users Tax. Furthermore, in five years the Council should convene a committee to review the 1.5% UUT increase to determine whether it may be repealed. Absent such a review, the increase should automatically be sunsetted after year five. Certain conditions of this plan are detailed in Section 8.
3. The Committee further presented for formal council adoption, 18 specific policy recommendations in the following areas: reducing and, conservatively managing employee costs; future commercial development in Claremont; and basic value statements to guide the City Council regarding economic sustainability. (See Section 8).
4. The Committee urges the City to act immediately and not delay making essential revenue or expense decisions and policy changes until the outlying years when deficits begin to appear. The council should begin now to implement recommended changes to the City’s financial practices.

### Postscript.

The Committee acknowledges, and expresses appreciation to the City staff for partnering with the citizens of Claremont and accepting the significant new economic realities in the City’s budget that would result from the Committee recommendations.



## Section 1: Introduction and Charge

On June 22, 2010, Mayor Linda Elderkin announced to the City Council her intent to establish a Mayor's Ad Hoc Committee on Economic Sustainability. Mayor Elderkin stated that "the goal of economic sustainability is to protect, nurture and sustain our community as we have it right now. Citizens love the town as it is and the primary goal is to maintain what we have in the face of rising costs. Thus we must work to retain the character of this Claremont community as we seek any and all ways to balance the budget."

Mayor Elderkin recruited nine citizens who comprised the Committee:

Michael Shea, Committee Chair	
Amy Fass	Roberto Flores
Paul Held	Jack Meek
Opanyi Nasiali	Larry Schroeder
Bob Tener	Bob Walton

The Committee held 10 meetings from September 8, 2010 to January 24, 2011.

During initial deliberations, the Committee concluded that to execute its charge it would be essential to start with a comprehensive examination of current revenue and expense patterns, which would serve as a baseline from which to explore various budget models and options. With assistance from City staff, the Committee defined all major sources of current City revenues and expenses (see Appendices A and B). Using these baseline values and calculations, the Committee then projected anticipated future revenue and expense streams based on varying scenarios of both the general economy and changes in behavior of users of City services; using "optimistic case," "pessimistic case," and "likely case" scenarios, the Committee analyzed the projected future financial shortfalls should no proactive measures be undertaken (see Appendix C).

The fundamental challenge facing the Committee was to answer one key question: "What would be the result to the City budget if we did nothing different?"

Finally, the Committee explored revenue enhancement opportunities and structural expense containment or reduction strategies to quantify the "financial tools" available to the current and future leaders of the City (Appendix D). It is hoped that this analysis will provide useful data and economic models to guide the City to attain balanced City budgets through FY 2015-16, and hopefully beyond. The Committee's consensus on this balanced approach was based on two compelling reasons:

- The severity of current and forecasted economic realities mandated a holistic approach for strategically managing both revenues and expenditures to attain balanced future budgets.

- The Committee became convinced that to recommend only increased taxes and other burdens on the populace, without recommending concomitant structural (reoccurring) reductions in City expenditures, would be neither politically nor economically viable.

Over 16 weeks, the Committee requested, received and studied a wide range of detailed background information from City staff. Believing that the baseline “status quo” economic model is not feasible, the Committee examined numerous alternatives for revenue initiatives and expenditure reductions. Even if unlikely, each option was put forward, analyzed, and debated. Many options were discarded during this process as they were determined to be economically insufficient or politically questionable. Ultimately, the Committee agreed upon a set of rational, feasible courses of action and, by consensus, approved the conclusions and recommendations to the City Council that are presented in this report.

The remainder of this report presents the Committee’s findings, the data and supporting documentation of these examinations and deliberations, and the rationale for the Committee’s final recommendations.

#### Notes About the Report.

- A. The Committee considered the following nine categories of revenues, identified and analyzed by staff using assumptions provided in consultation with the Committee. Each category is described in detail in Appendix C, Revenue Options Analysis.
  - Transaction and Use Tax (Sales Tax)
  - Utilities User Tax (UUT)
  - Transient Occupancy Tax (TOT)
  - City Fees
  - Assessment Districts
  - Parcel Tax
  - Residential Development/Property Tax
  - Commercial Development/Sales Tax
  - Light Industrial Development
- B. To provide transparency regarding the Committee’s decision-making process, this report includes the information that the Committee received from staff, including prospective revenue enhancements that the Committee considered but ultimately rejected when they were determined to be politically infeasible, structurally problematic or too marginal in terms of revenue levels generated.
- C. Readers are urged to examine the charts and accompanying narrative throughout the report to familiarize themselves with the present financial status of the City. These charts provide current budget figures as well as future projections. Understanding this background financial data and the revenue/expenditure projections through FY 2015-16 will clarify the rationale for the financial and policy recommendations that follow.
- D. No organizational changes or revisions to budget figures are included in the numbers. Organizational changes that were implemented January 1, 2011 resulted in changes in the distribution of expenditures within the General Fund; overall expenditure levels due to these changes remained constant.

E. It should be noted, however, that the Committee does *not* believe that the City should delay making important revenue or expense changes until the years when deficits begin to appear; it is imperative that the City begin to implement changes to the City's economic budget model as soon as possible.

## Section 2: City of Claremont 2010: The “New Normal” Financial Environment

With the nation and the State of California facing the worst financial crisis since the Great Depression, the City of Claremont (like most other local governments) has experienced severe reductions in General Fund revenue over the course of the last two years. To date, the budget shortfalls the City has sustained in fiscal years 2008-09 and 2009-10 have been addressed through a number of management actions, including reductions in operating costs, negotiated employee salary and benefit concessions, and the elimination of positions across all City departments (see Appendix J). However, the continuing effects of the depressed economy and the uncertainties about its future recovery leave Claremont in an unstable financial position, one in which revenue sources that could once be relied upon to sustain desired levels of service will no longer be sufficient. Claremont must prepare itself to weather these economic challenges for the foreseeable future; the economic conditions we face constitute Claremont’s “new normal.”

The assumptions on which this report is based include a projection of marginal growth in revenue sources due to incremental growth that is anticipated to occur with general improvements in the regional and national economy. In order for revenues to recover to pre-recession levels, sales tax—and specifically sales tax from auto sales—would need to increase to FY 2005-06 levels. Based upon the analyses of economists both regionally and nationwide, the City is not anticipating a significant recovery in auto sales; therefore, sales tax revenue is not projected to recover to FY 2005-06 levels for many years.

Over the past several years, the City has experienced dramatic revenue reductions totaling nearly \$2 million annually. In response, the City has reduced the budget in an effort to keep expenditures in line with current revenues. The cost-cutting measures have included decreases in employee salaries and benefits, closure of City facilities on Fridays, contracting out for City services, reduction in the City work force and elimination of various positions in the organization, and reducing certain jobs in the City from full-time to part-time. These efforts have allowed the City to maintain a balanced budget with minimal impact on the community. The Committee anticipates that the City’s revenues will remain at the current levels, with only a modest increase projected over the course of the next six years; at the same time, it recognizes that our expenditures will continue to increase at a greater pace over the same time period.

**If current levels of service are maintained, without any major adjustments to increase the City’s revenues, the City will face a projected budget deficit of \$2.3 million by the FY 2015-16.**

The Committee regards these projected revenue and expenditure streams as the norm for the City or, better categorized, as the “new normal” financial environment in which we live. The City of Claremont must learn to adjust its operations to live within this new normal. In the event that expenditures continue to increase without any significant new sources of revenue, the City will have to make additional cuts that will lead to further personnel adjustments, reduction in services to the community and/or contracting out for additional services.

### Section 3: Is the City of Claremont's Current Financial Model Sustainable?

This Committee's first task was to establish the determinates of financial sustainability and to address the central question: Is the City of Claremont's current financial model sustainable?

After examining the evidence, the Committee responded with a conclusive "No." The rationale for this answer was based on the methodology described below.

#### Time Frame

The Committee agreed to use a six-year time frame, ending in FY 2015-16. This time frame allowed sufficient space for recommendations to reach full effect with a reasonable level of confidence; it also coincided with the City's current two-year budget system.

#### Status Quo "Business as Usual" Financial Performance

In order to fully understand the current financial model, the committee requested that staff prepare an analysis illustrating three different economic scenarios based on the status quo. This analysis is presented below as Figure 1 (page 8). The **black line** shows projected expenditures. This projection includes an estimated 5% increase in salaries and benefits in FY 2012-13, FY 2013-14, and FY 2014-15; and, a 4% increase in FY 15-16. Services and supplies, capital expenditures, and transfers out all assume a 3% increase each year. The **green line** shows the *optimistic* revenue scenario, the **blue line** shows the *likely* scenario, and the **red line** shows the *pessimistic* scenario. In all three cases the projections are an aggregation of the assumptions listed for each revenue type in Exhibit D. The revenue gap between the projected expenditure levels and each of the revenue scenarios in each budget year is noted in corresponding color to the scenario illustrated.

The Committee considered the three different financial scenarios and their underlying assumptions and decided to use the "likely revenue" assumption as a basis for assessing policy alternatives. Under this scenario, the revenue shortfall progresses from \$637,000 in FY 2012-13 to **\$2.3 million in FY 2015-16**.

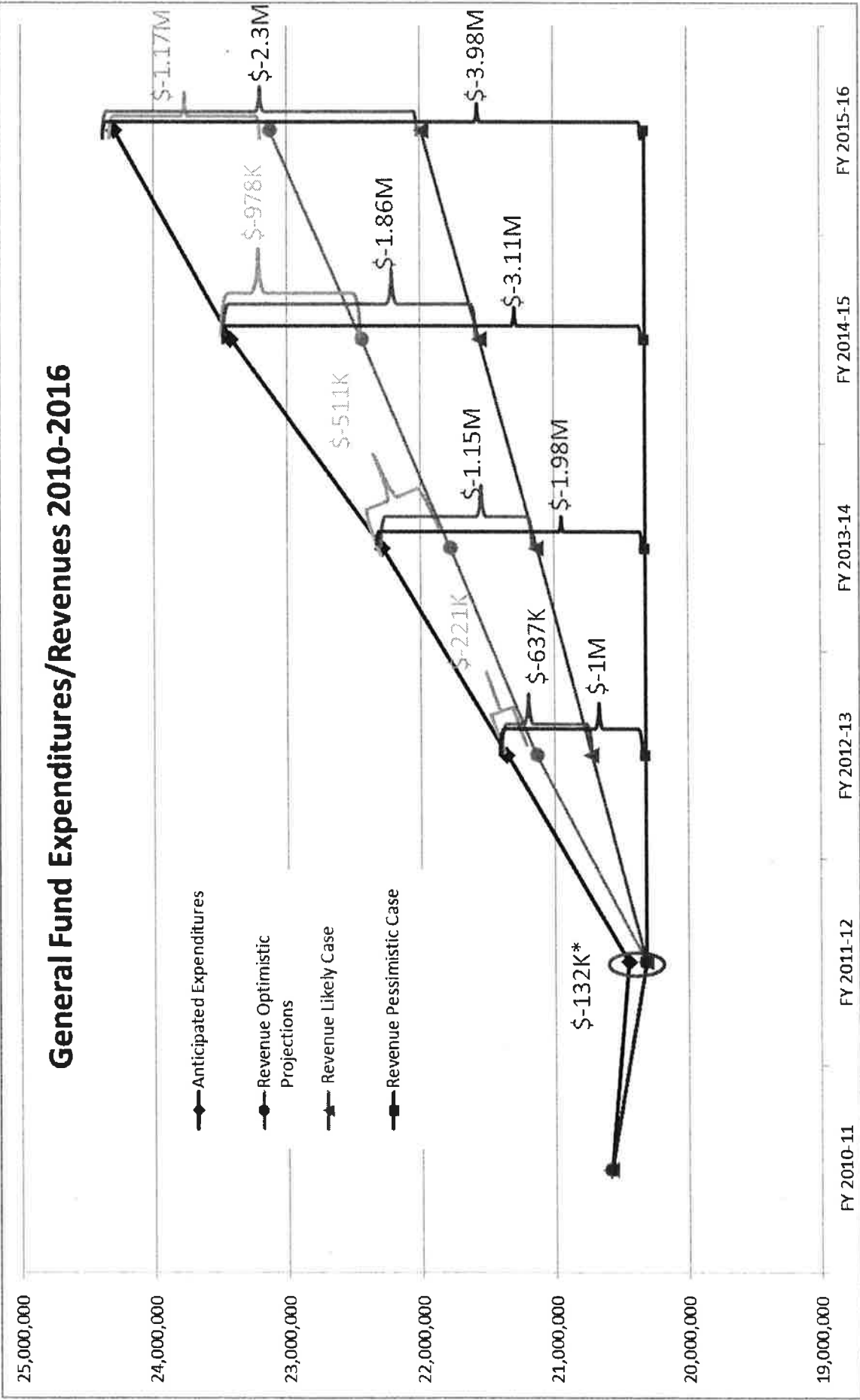
While the Committee chose to work with the likely scenario, it is important to emphasize that even if the optimistic projections are reached, the City will still face a shortfall of more than **\$1 million** in FY 2015-16. Further explanation of the assumptions made for each major funding source can be found in Section 6 of this report.

#### Assumptions

Each of the economic scenarios described above is based on zero growth in terms of new programs or new staff positions. The expenditure growth is based on known increases in operational and staff costs based on anticipated, contractually obligated salary and benefit increases.

The Committee's unanimous conclusion that the current financial model is NOT sustainable is based upon a shortfall between expected revenues and expenditures, using the assumptions

listed above: zero program growth and realistic likely revenues. A breakdown of likely revenues and expenditures appears in Section 4 and Section 5 of this report respectively.



**Figure 1 (as of 1/24/11)**

\*Additional PERS costs have increased projected expenditures for FY 2011-12. It is anticipated that revenues will increase at a similar level and maintain a balanced budget in FY2011-12.

## Section 4: Revenue: Where Do the City of Claremont's Economic Resources Come From Today?

General Fund Revenue projections for FY 2010-11 and FY 2011-12 are shown below by type of revenue.

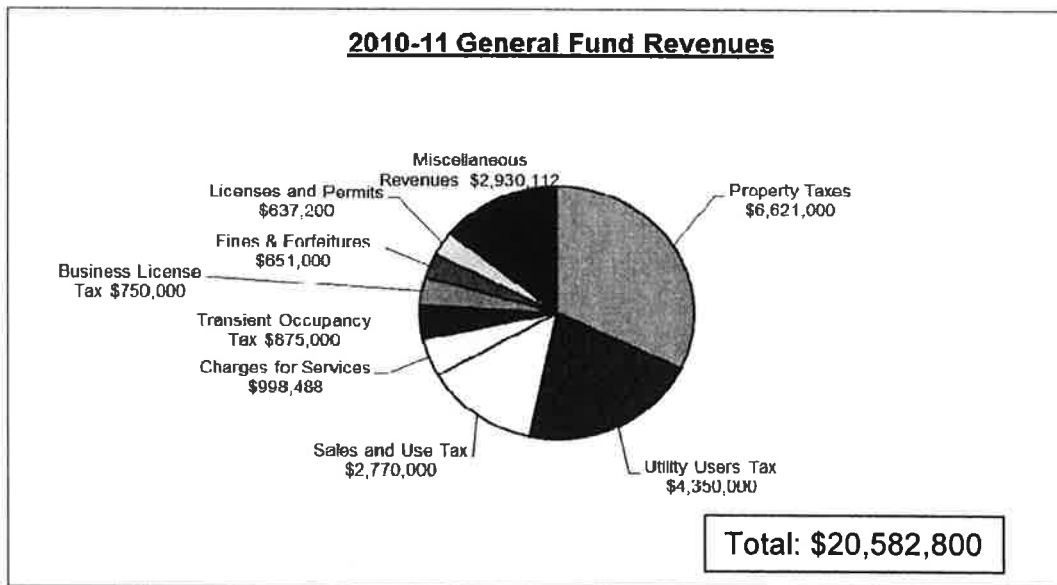


Figure 2

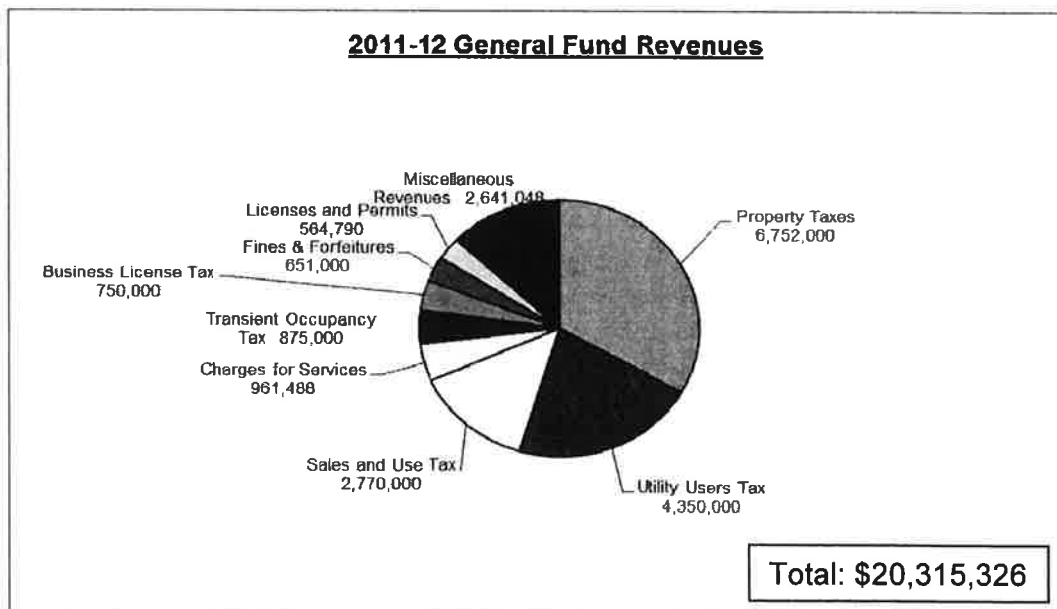


Figure 3

\*Descriptions and historical data on revenue sources can be found in Appendix A.

\*\*All Figures 2 and 3 are based on the adopted budget (7/1/10).



## Section 5: Expenses: Where Do the City of Claremont's Economic Resources Currently Go?

General Fund expenditures by City department are illustrated below.

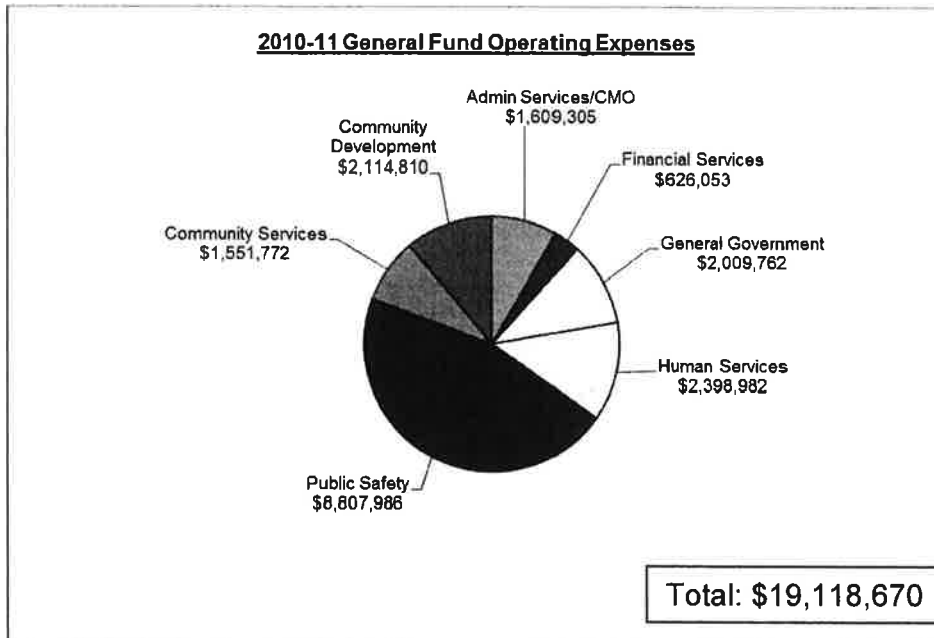


Figure 4

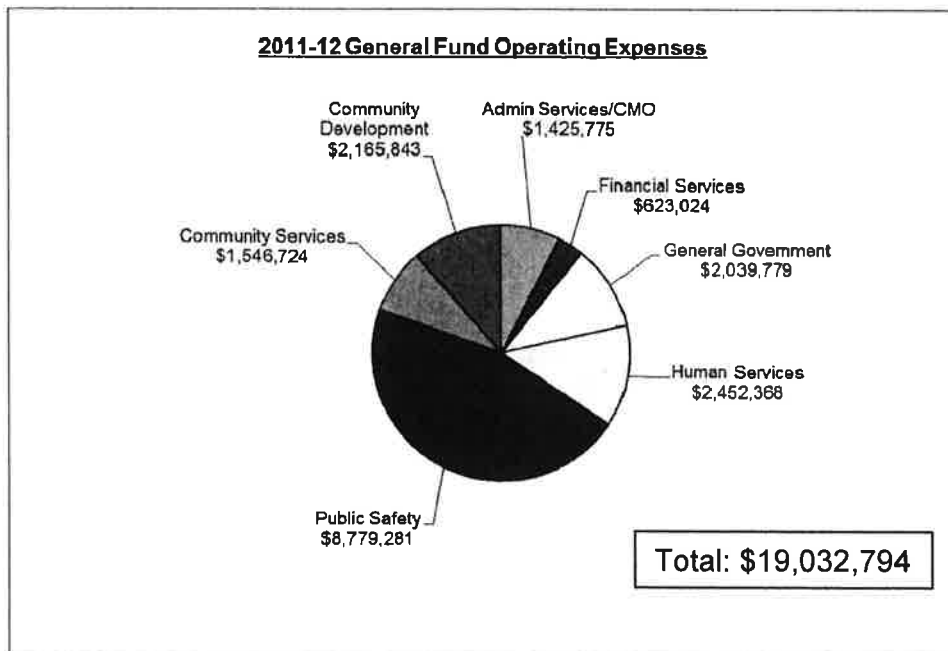


Figure 5

\*Descriptions of the City departments can be found in Appendix B.

\*\*All Figures 4 and 5 are based on the adopted budget (7/1/10). FY2011-12 expenditures listed above do not include an additional estimated \$132,068 in PERS costs.

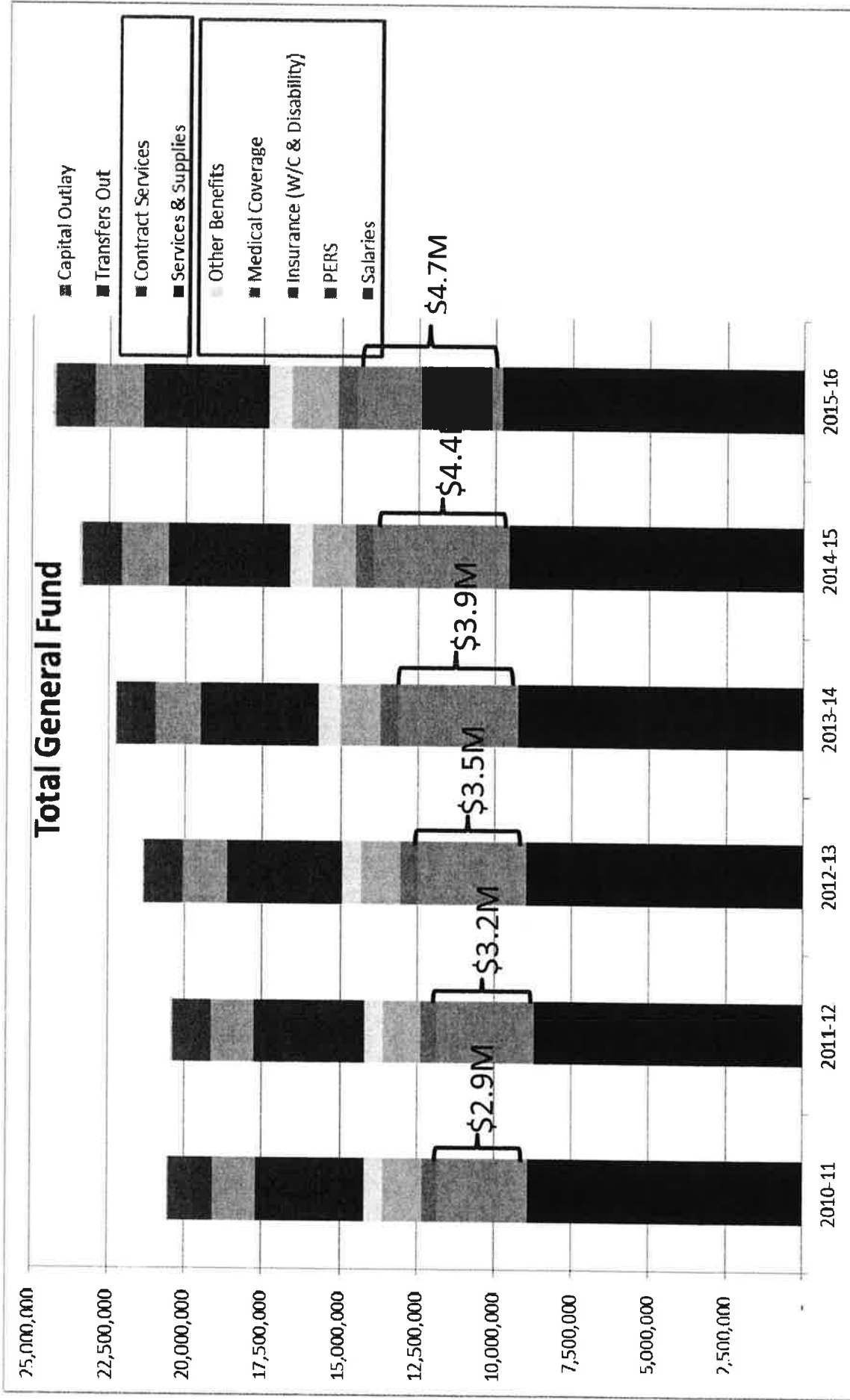


Figure 6 (as of 1/24/11)

Figure 6 shows the current and projected expenditures City-wide, detailed by types of expenditures. The red sections reflect costs that are paid to outside contractors for labor or supplies. The blue sections represent employee salary and benefit costs broken down by major categories.

The City's contribution to PERS (Public Employee Retirement System) is shown in the aqua colored section, just above the dark blue salary section. The bracketed numbers indicate the anticipated cost of PERS organization-wide. These increases are due to structural changes in the rate being charged by PERS to account for stock market losses in 2008, and for new assumptions based on the changing demographics of PERS retirees. Based on updated EMPLOYER rates from PERS, the projected cost for PERS has been adjusted to reflect the most up-to-date figures available (as of January 24, 2011). These numbers are subject to change based on actions taken by PERS.

### **Budget Expenditure Reductions**

Over the last two years, the City of Claremont made significant cuts to the operating budget. Five major categories of budget cuts are detailed below.

1. Elimination of 35 Full-Time Positions (\$3.25 Million)—A list of eliminated positions is provided as Appendix J.
2. Negotiated Salary and Benefit Reductions (\$949,000)—A detailed breakdown of salary and benefit reductions provided as Appendix K.
3. Departmental Operating Budget Reductions (\$530,000).
4. Implementation of a 38-Hour Workweek (5% salary reduction for all non-safety employees) (\$377,000).
5. Other (\$81,000).

The expenditure reduction dollar amounts presented above are cumulative reductions made in FY 2008-09, FY 2009-10 and FY 2010-11; they have been grouped into categories in a configuration that has not been previously used. The financial figures represent the scale of magnitude of reductions in each broad category, not specific savings from any one particular reduction.

## **Section 6: Changing the Economic Model: Possible Options for Increasing Revenue**

Figure 7 summarizes revenue sources considered by the Committee as possible strategies to increase revenues in order to sustain City expenditures for programs. Revenue strategies are assessed according to the following categories:

- type of revenue
- impact on the shortfall
- who is impacted
- political feasibility
- scalability (ability for the revenue source to adjust to future cost increases)
- projected revenue each could generate

The revenue strategies were examined by the Committee and created a framework to assess possible “revenue tools” that would be included in the final Committee recommendations. The Committee decided to rank only its recommendations; all other possible revenue sources would be listed without bias. Figure 7 lists the potential revenue sources in alphabetical order.

## Tool Kit of Potential Revenue Increase (alphabetical order)

A	B	C	D	E	F	G	H	I
Revenue Type	Financial impact on shortfall	Who Pays vs. Who Enacts	implementation requirements	Scalability	FY12-13	FY13-14	FY14-15	FY15-16
<b>1</b>	Assessment District	Property Owners vote and Pay	50%+1 of affected owners Votes are weighted by assessed value. \$1 = 1 vote	Variable. Depending on structure of the district, annual increases are likely to be set at a maximum of CPI and may be less. Responsibility of scaling rates with CPI rests with the City Council.	if structured like the LLD up to \$2.1M	if structured like the LLD up to \$2.1M	if structured like the LLD up to \$2.1M	if structured like the LLD up to \$2.1M
<b>2</b>	Commercial Development	Council and Commissions must approve development: Customers pay sales tax	Approval of additional commercial development is required	Yes, but volatile. In a strong economy, revenue will scale up with spending. In a weak economy, revenue will scale back.	revenue could not be forecasted with confidence			
<b>3</b>	Fees	Council or General Municipal Election depending on Prop 26 implementation: User/developers pay	Based on Prop 26 passage in Nov. 2010 voter approval may be required for some or all fee increase	Very limited. Based on pending legislation, the market, and efforts to keep internal costs down, scalability is limited to increase in pure costs to provide the service.	N/A	N/A	N/A	N/A
<b>4</b>	Landscaping & Lighting District Assessment Increase	Property Owners vote and Pay	50%+1 of affected owners Votes are weighted by assessed value. \$1 = 1 vote	Variable. Depending on structure of the district, annual increases are likely to be set at a maximum of CPI and may be less. Responsibility of scaling rates with CPI rests with the City Council.	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
<b>5</b>	Light Industrial	Council and Commissions must approve: No significant revenue generated.	N/A	N/A	N/A	N/A	N/A	N/A
<b>6</b>	Parcel Tax	General Election: Property Owners Pay	2/3 super majority vote in a general municipal election	Variable. Depending on structure of the district, annual increases are likely to be set at a maximum of CPI and may be less. Responsibility of scaling rates with CPI rests with the City Council.	At \$100 per parcel \$1.43M	At \$100 per parcel \$1.43M	At \$100 per parcel \$1.43M	At \$100 per parcel \$1.43M

Figure 7

## Tool Kit of Potential Revenue Increase Cont. (alphabetical order)

A	B	C	D	E	F	G	H	I
Revenue Type	Financial impact on shortfall	Who Pays vs. Who Enacts	Implementation requirements	Scalability	FY12-13	FY13-14	FY14-15	FY15-16
<b>7</b>	Residential Development  Insufficient Impact	Council and Commissions must approve development: Property owners pay	Approval of additional housing units is required.	Very limited. While property values will increase overtime, it is unlikely dramatic increases will be seen with new development within the window of analysis.	\$ 27,374	\$ 55,295	\$ 83,775	\$ 112,824
<b>8</b>	Sales Tax Increase of .25%	General Municipal Election: General Public Pays	Requires voter approval (50%+1 for general purpose and 2/3 for specific use)	Yes, but volatile. In a strong economy, revenue will scale up with spending. In a weak economy, revenue will scale back. Also subject to additional leakage to other surrounding communities.	\$ 519,375	\$ 630,106	\$ 748,068	\$ 873,658
<b>9</b>	TOT Increase of 2%	General Municipal Election: General Public Pays	Requires voter approval (50%+1 for general purpose and 2/3 for specific use)	Yes. As room rates increase over time, TOT revenue will go up proportionately. However, on the short term, loss of room nights to neighboring communities could negate some or all of the gains made in the increased rate.	\$ 178,500	\$ 182,070	\$ 185,711	\$ 189,426
<b>10</b>	UUT 1%	General Municipal Election: General Public Pays	Requires voter approval (50%+1) General Municipal Election	Yes. Conservation may reduce consumption but it is unlikely that conservation will outpace increases in rates charged by the utilities. There is no City Council control over utility rates.	\$ 807,534	\$ 823,685	\$ 840,158	\$ 856,962
<b>11</b>	UUT 1.5%	General Municipal Election: General Public Pays	Requires voter approval (50%+1) General Municipal Election	Yes. Conservation may reduce consumption but it is unlikely that conservation will outpace increases in rates charged by the utilities. There is no City Council control over utility rates.	\$ 1,211,301	\$1,235,528	\$1,260,237	\$ 1,285,433
<b>12</b>	UUT 2%	General Municipal Election: General Public Pays	Requires voter approval (50%+1) General Municipal Election	Yes. Conservation may reduce consumption but it is unlikely that conservation will outpace increases in rates charged by the utilities. There is no City Council control over utility rates.	\$ 1,615,068	\$1,647,369	\$1,680,317	\$ 1,713,923

Figure 7 (cont.)

## Section 7: Conclusions & Recommendations

### Conclusions

The Committee reached consensus that any set of recommendations to the Mayor and City Council regarding revenue enhancements must be reasonable and balanced with expense reductions that can be implemented without excessive decreases in City services.

Further, the Committee concurred that the net outcome of revenue enhancing and expenditure reduction measures will need to exceed \$2.3 million annually by FY 2015-16 in order to realistically be able to meet the future fiscal needs of the community.

As the discussions began to distill into recommendations, the Committee focused on specific financial actions to generate revenue increases and to decrease ongoing expenses, as well as on policy recommendations to address long term economic sustainability and financial prudence.

### Recommendations

The Committee recommendations presented in this section require specific action by the City Council and will result in direct and quantifiable results. It is important to note that a combination of items is necessary to completely eliminate the projected budget deficits; no single recommendation will be sufficient to close the gap.

#### 1. PERS Recommendations

##### a. **Committee Consensus**

- i. The City should end the policy and practice of paying the employee's contribution (in addition to the required City contribution) to the PERS retirement system; it should be up to each employee to pay the entire "employee contribution" portion to PERS.
- ii. The City should never take payment holidays; the City should continue to contribute to PERS at current rates even if PERS reduces rates in the future.<sup>1</sup>
- iii. Any refunds from PERS should be moved into restricted financial reserves and not commingled with other City funds; the PERS refunds should be held in reserve for use in future years when the PERS system mandates additional City contributions to meet what are commonly called "unfunded pension liabilities."

##### b. **Majority Opinion (7 Members)**

- i. The City should "phase in" the City employees' assumption of their "employee contribution" to PERS at a rate of 2% per year over four years until the phase-in is completed. (Note: a 3% increase would be required for Safety Employees in the final year.)

---

<sup>1</sup> In prior years when stock market values pushed PERS funds to record high levels, the City took a contribution "holiday" and spent those contributions on other things under an assumption that markets would remain high indefinitely. Additional explanation can be found in Appendix L.

- c. **Minority Opinion (2 members)**
    - i. Employees should assume the full 8/9% employee contribution in FY 2011-12. This minority opinion is based on the greater savings that is realized immediately rather than over time.
2. Utility Users Tax (UUT) Increase
- a. **Committee Consensus**
    - i. 8 of 9 Committee members supported a UUT increase.
  - b. **Majority Opinion (7 Members)**
    - i. The Council should submit to the voters a measure calling for a 1.5% increase in the Utility Users Tax; if passed, this tax would produce a revenue stream of approximately \$1.2 million annually. The UUT should contain the following conditions:
      1. Continue current low-income exemptions.
      2. The Committee stresses that if the Council submits any revenue enhancing measure to the voters, it will be imperative that the Council exercise leadership, commitment and consistency through a unanimous adoption of such a program. The Council will need to clearly communicate the compelling reasons why the community must embrace and help to implement the Council's action.
      3. If the 1.5% UUT increase is not reviewed after five years, the increase should terminate.
  - c. **Minority Opinions (2 members)**
    - i. One member concurred with the above recommended concept, but with a UUT increase rate of 1.0%
    - ii. One member did not support any increase in the UUT and instead supported raising the employee PERS contribution to 8/9% immediately.

**Recommendation Summary Table** This table shows the projected financial impact of the recommended financial actions

Recommendations	2012-13	2013-14	2014-15	2015-16
Utility User Tax (1.5%) (Increase Revenue)	1,211,301	1,235,528	1,260,237	1,285,443
PERS Employee Contribution (2%, 4%, 6%, 8%/9%) (Reduced Expenditure)	499,037	771,013	1,058,858	1,132,649
Total Increased Rev./Reduced Exp.	1,710,338	2,006,540	2,319,095	2,418,092
Projected Shortfall	637,033	1,154,837	1,863,146	2,307,571
Remaining Shortfall (Surplus)	(1,073,305)	(851,703)	(455,949)	(110,521)

Figure 8 (as of 1/24/11)



## **Policy Recommendations**

The Committee recommends that the City Council formally adopt the following policy recommendations:

### 1. Reduce and conservatively manage employee costs:

- a. The City should negotiate modifications to its employee retirement formulas to establish a second lower rate retirement tier.
- b. A one-year freeze on staff salaries should be negotiated. After one year, the Council should review whether or not to continue such a policy.
- c. The Council, in coordination with the City Manager, should work out procedures and authorizations for approving any exceptionally justified new hires or reassignment of staff.
- d. Any salary savings from vacancies should be moved from department budgets to a central fund managed by the City Manager and overseen by the City Council: these funds should not be available for transfer to any other categories of expenditures (such as Services and Supplies or Capital) within the City for that fiscal year except by special vote of approval by the City Council.
- e. The policy of requiring prior approval—in writing by a department head—of any staff overtime should be continued.
- f. The Council should direct the City Manager to establish new partnerships and enhance existing partnerships that would result in recurring revenue increases or expense reductions. For example: explore sharing public safety dispatch responsibilities with the City of La Verne; enhance existing business operations through revenue incentive/sharing measures; and dialogue with existing partners about ways to improve collaborations with the City.

### 2. Establish a Taskforce review after five years.

The City Council or Mayor should pledge to appoint a community committee to convene during the fall of 2015 to evaluate the status of Claremont's economic sustainability progress from FY 2012–11 through FY 2015-16. Said committee should assess the fiscal condition and projected outlook for FY 2015-16 through FY 2019-20 in order to make recommendations to the Mayor and City Council regarding further actions needed to achieve economic sustainability for our community. In particular, this taskforce should consider whether a termination of the 1.5% increase in the Utility Users Tax may be made at that time without jeopardizing the goal of economic sustainability for Claremont.

### 3. Explore Commercial Development:

Due to the demanding scope of the Committee's tasks and the limited time available, commercial development was only discussed in broad terms. However, the Committee did: (1) identify commercial development as a potentially promising

source of revenue, and (2) find that certain attractive opportunities for beneficial commercial development are substantially constrained by some City policies and community attitudes. Based on these two findings, the Committee recommends that the City Council take the following actions:

- a. The Council should issue a broad policy statement making clear to the greater community its intent to proactively pursue new commercial development initiatives in order to generate significant revenues needed for the City's long-term economic sustainability. The statement should cite the Council's intent that, when compelling opportunities for suitable commercial development emerge, the Council will advocate for appropriate adaptations in City policies and for support from community stakeholders.
- b. The Council should direct an expert study that will deliver specific goals, opportunities, strategies, and an action plan for energizing new commercial development initiatives. The study should address, among other matters, specific locations in the community that are undeveloped or underutilized and that are appropriate for development by significant revenue producers.
- c. This study should use the Gap Analysis of 2009 as a key element for identifying prime commercial development opportunities and should develop specific recommendations on how to implement the findings of the Gap Analysis. Additionally, the study scope should extend beyond the scope of the Gap Analysis by reviewing all undeveloped and underutilized land resources.
- d. City leaders should continue to seek and take advantage of opportunities to develop public-private partnerships tailored to the specific features and challenges of each commercial development situation. (Examples of recent successful public private partnerships include renovation of the Packing House, development of Village West, restoration of Padua Hills Theatre, and commercial loan programs.)

#### 4. Statements of City Council Basic Values on Economic Sustainability

The Committee recommends that the City Council formally state as its basic values the following directives for future Council and staff performance. The Council should seek to:

- a. Define, understand, respect and sustain those beliefs, held by the majority of Claremonters, about Claremont's values and policies that are relevant and necessary for the future quality of life for our community.
- b. Be proactive and innovative in seeking, designing, and implementing commercial development opportunities.
- c. Be realistic in its revenue and expenditure projections; one-time funds should be used for one-time expenses and/or to add to reserves, not to fund ongoing expenses.

- d. Be flexible and nimble, anticipating and adapting to changing circumstances in its budgeting practices and seizing opportunities for revenue increases and cost reductions whenever they arise.
- e. Increase reserves to a level that will provide a smoothing economic effect during times of economic hardship and a resource to future Councils.
- f. Operate within the parameters of the sustainable policies adopted by the City.
- g. Strive to have special districts be completely self-supporting, reflecting the intent of the voters in creating and funding such a district for a special and limited purpose.
- h. Assure that Claremont lives within its means.

**Conclusion:**

Consequence of No Action:

The City Council should acknowledge and adopt this statement of Council intent: "Due to the "New Normal" economic environment in Claremont, inaction by the City's leadership will result in nonstrategic degradation of all City services and resources and is, therefore, not an option. Further, should any or all of the Financial Action recommendations made here fail to pass the vote of the Council, the vote of the people, or the bargaining process, further and possibly repeated annual cuts in programs and operations will be required to maintain and achieve a simple balanced budget, the lowest standard of long-term financial stability of the City."

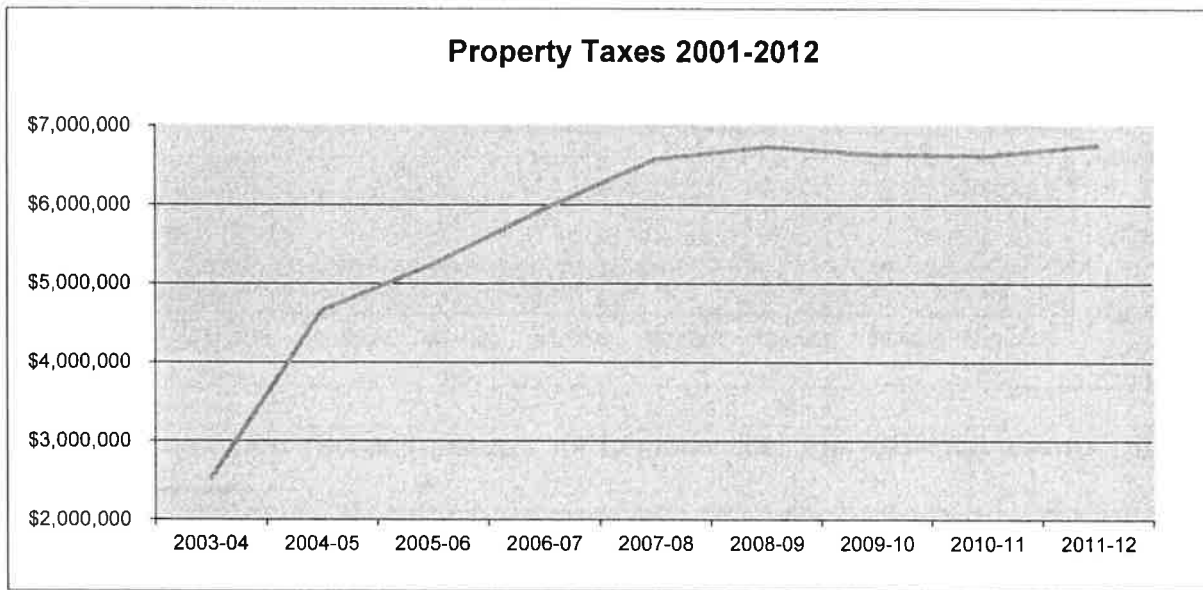
## Appendices

Appendix A: Principal Revenue Sources; 9-year History to 2012 .....	24
Appendix B: Summary, City Staff Organization.....	28
Appendix C: Exploring the Pessimistic, Optimistic and Likely Case Scenarios, 2010-2016.....	29
Appendix D: Revenue Options Analysis .....	35
Appendix E: PERS FAQ .....	44
Appendix F: PERS Flow Chart.....	47
Appendix G: Q1 2010 Sales Tax Info.....	48
Appendix H: Explanation of Non General Fund Revenue .....	50
Appendix I: Sales Tax, UUT and TOT rates from other cities .....	53
Appendix J: List of Eliminated Positions .....	69
Appendix K: List of Salary and Benefit Reductions .....	70
Appendix L: PERS Unfunded Liability Explanation .....	71

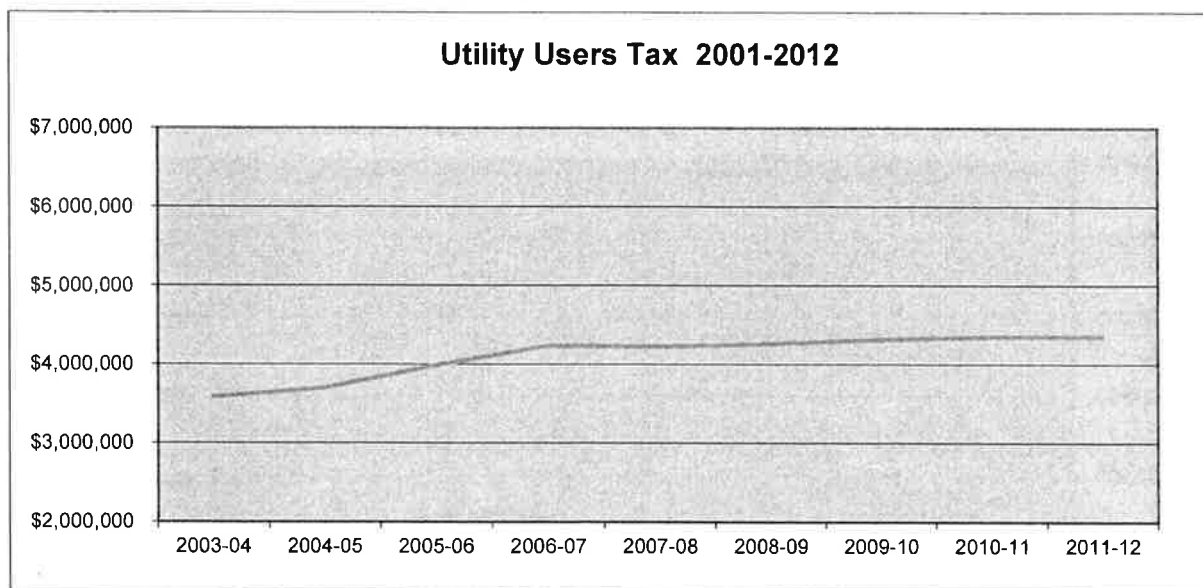
## Appendix A: Principal Revenue Sources; 9-year History to 2012

The following pages provide a description of the principal revenue sources and a chart showing the history of these revenues from FY 2003-04 to FY 2011-12

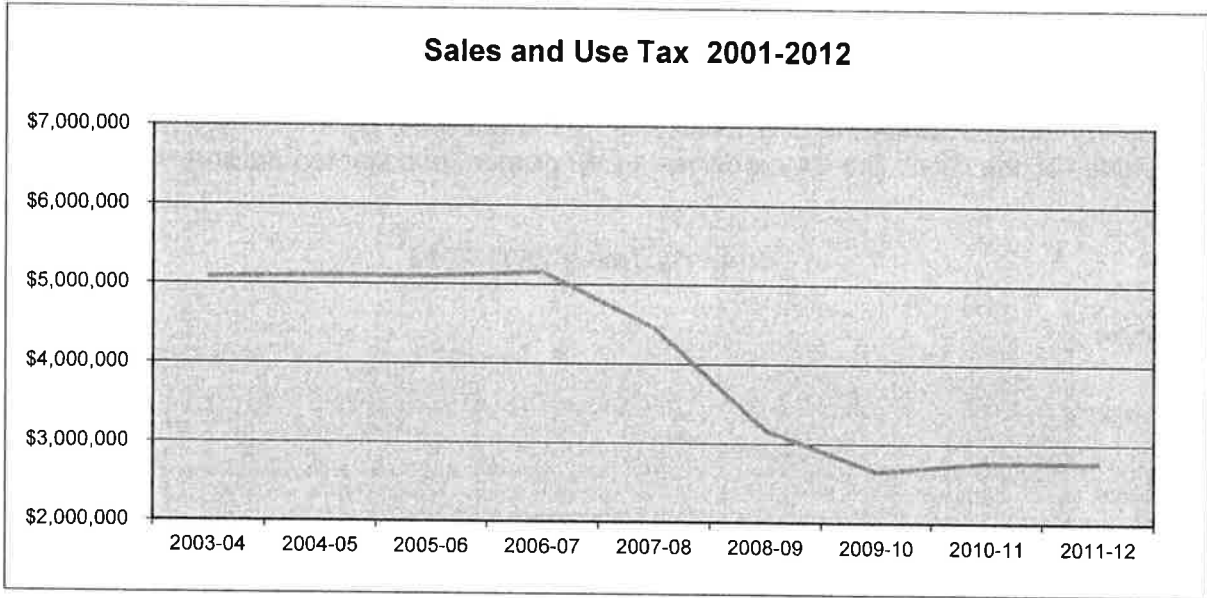
**Property Tax**, at a rate of 1 percent of current market value, is imposed on all real and tangible personal property located within the City limits. The tax is collected by the county tax collector and a portion is remitted to the City. The City receives 11.42 percent of collected property taxes.



**Utility Users Tax**, at a rate of 5.5 percent, is levied on telephone, gas, electric, water, and cable television bills. The tax rate was approved by the voters in the March 1997 municipal election.

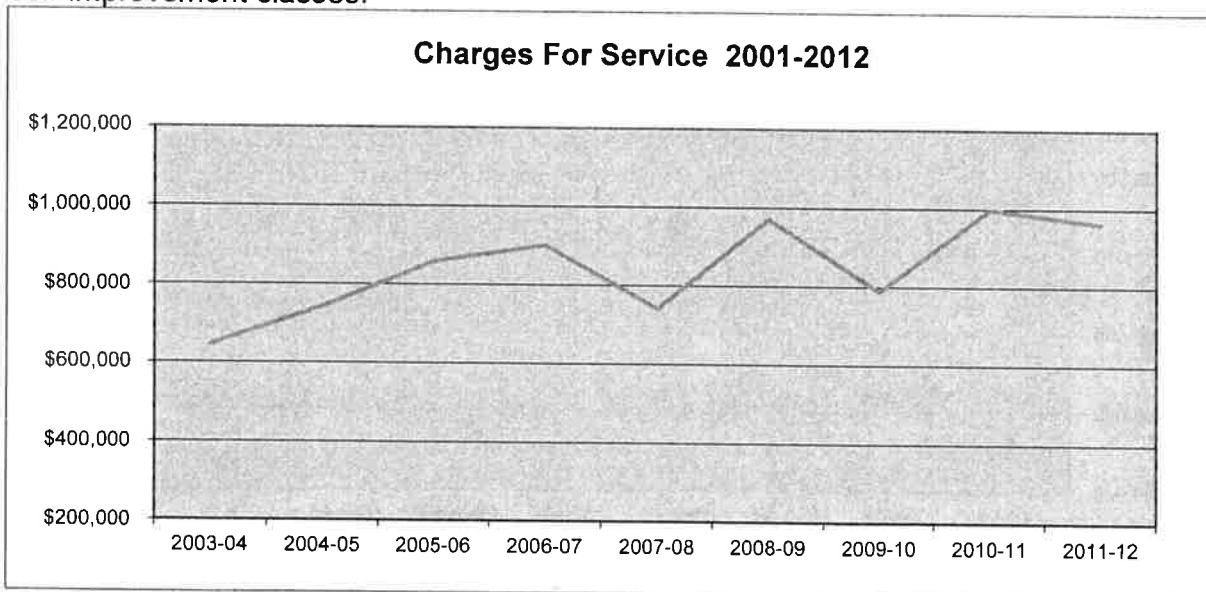


**Sales Tax**, at the current rate of 9.75 percent, is levied on all retail goods sold within City limits and is collected and distributed by the State Board of Equalization as follows: State General Fund 6.25 %; county mental health obligations 0.5%; countywide road maintenance/transit programs 0.5%; Proposition A 0.5 %; Proposition C 0.5%; Measure R 0.5%; and point of sale (Claremont) 1%.

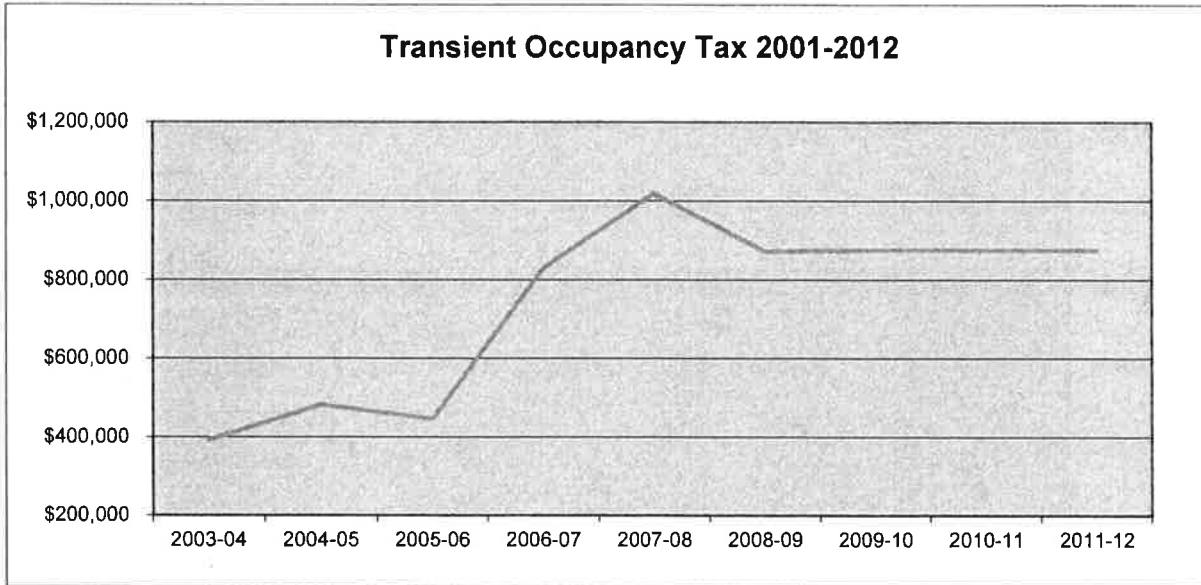


**Charges for Current Services** are fees charged for specific services rendered by the City and include:

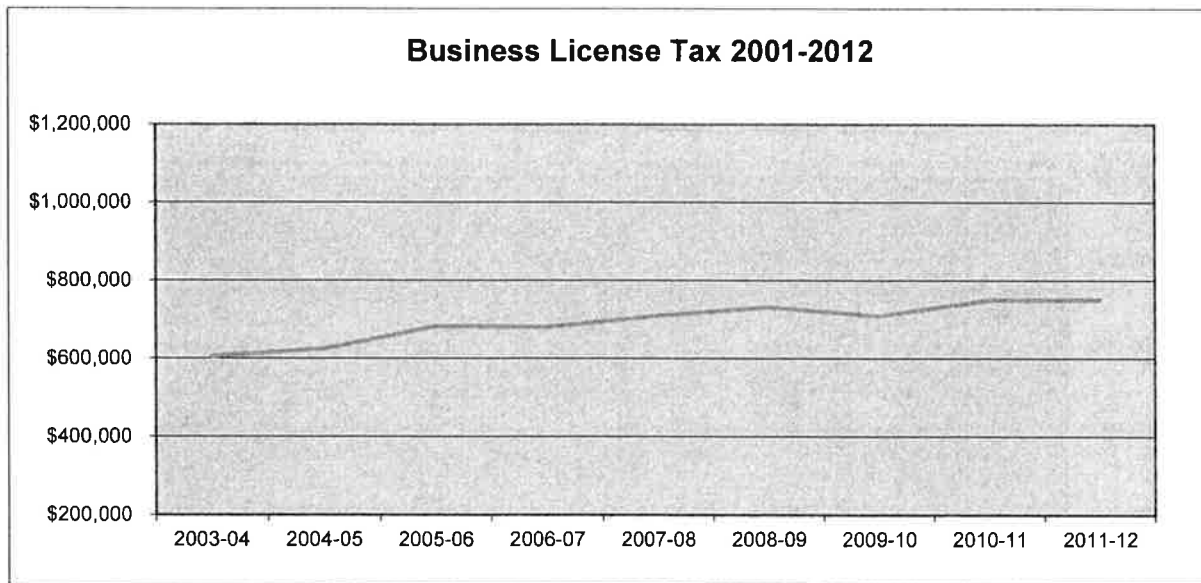
- **Development Review Fees** from project developers in order to pay for costs directly related to the processing and review of the documents required to complete development projects.
- **Recreation Fees** include registration and course fees for a wide variety of Human Services programs, including youth and adult sports, facility rentals, and numerous special interest and self-improvement classes.



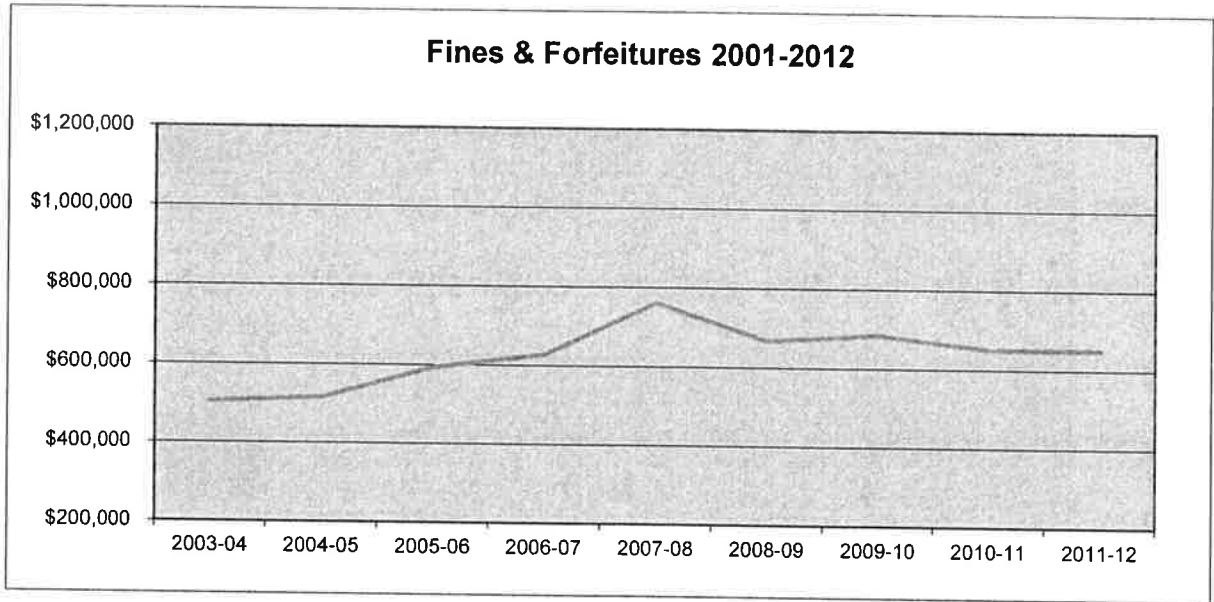
**Transient Occupancy Tax**, at a rate of 10 percent, is collected from the operators of hotels and motels located within Claremont City limits. The tax is imposed on guests who are temporary users of City services while occupying a room in a lodging facility located in the City. The City Council has approved a 2% Claremont Tourism Business Improvement District (CTBID) Assessment. These funds are not City revenues; they are returned to the hotels for marketing.



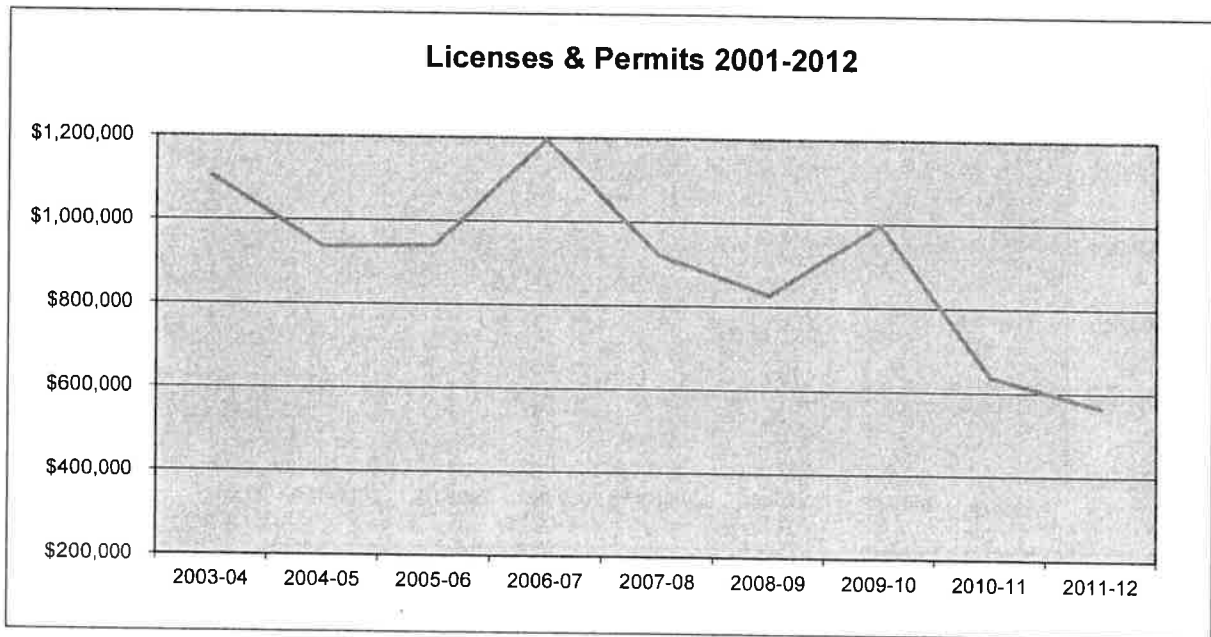
**Business License Tax** is collected from businesses for conducting business within the City. The tax rates are approved by the City Council.



**Fines and Forfeitures** are revenues derived from penalties charged for violations of California law and City ordinances. Included in this category are court and Department of Motor Vehicles (DMV) fines; false alarm penalties; and traffic, parking and code enforcement citations.



**License and Permit Fees** are charged by the City to cover the costs of regulating various activities. This includes building permit fees, which are required for the construction of most structures. In addition, the City charges fees for bicycle licenses, business permits, grading permits, and public works permits.





## Appendix B: Summary, City Staff Organization

### Description of City Departments (as shown in the expenditure charts)

The **Administrative Services Department**, located in City Hall at 207 Harvard Avenue, provides the centralized administrative services that are essential to the smooth operation of the City. It operates in the following areas: City Manager, Personnel/Risk Management, City Clerk, Community Information, Economic Development and Technology.

The **Financial Services Department** is responsible for the administration and coordination of all fiscal-related activities of the City and the Redevelopment Agency. This department manages all investments, banking services and debt administration. In addition, Financial Services handles all normal accounting duties, such as accounts payable, accounts receivable, payroll, fixed assets, general ledger, grant reporting and the coordination of several audits. Financial Services also handles all aspects of business licensing, Utility User Tax administration, and refuse billing and receipting. The department head also serves as the Treasurer for the City and Redevelopment Agency.

**General Services** includes: City Attorney, Risk Management (including insurance premiums), general clerical costs (postage, copiers, telephone service, City Memberships) and election costs.

The **Human Services Department** operates programs for all ages of the community, including pre-schoolers, youth, teens, adults, and senior citizens by providing a wide range of recreation classes, activities, sports and special events. Human Services sponsors and facilitates a number of high-profile special events, such as the Fourth of July Celebration, Halloween Carnival, Spring Celebration, Summer Concerts in the Park and the Holiday Promenade.

The **Claremont Police Department** consists of sworn police officers, sworn reserve police officers, non-sworn employees and volunteers. There are various units and bureaus that are supervised by either a lieutenant or sergeant.

The functions of the **Community Services Department** (under the current structure) are divided among three sections: Maintenance, Solid Waste and Transportation. Figures 4 and 5 show only the General Fund portions of the Community Services Department budget.

The **Community Development Department** seeks to manage the orderly growth and development of the City and its surrounding sphere of influence. The department's current structure includes Planning, Engineering, Building and Housing.

**Transfers** out from the General Fund pay for Landscape and Lighting District activities not supported by annual assessments and debit service payments made on the loan for the City Yard facility.

As of January 1, 2011, Parks, Building Maintenance, Cemetery, and transportation have been transferred to the Human Services under the Operations Division.

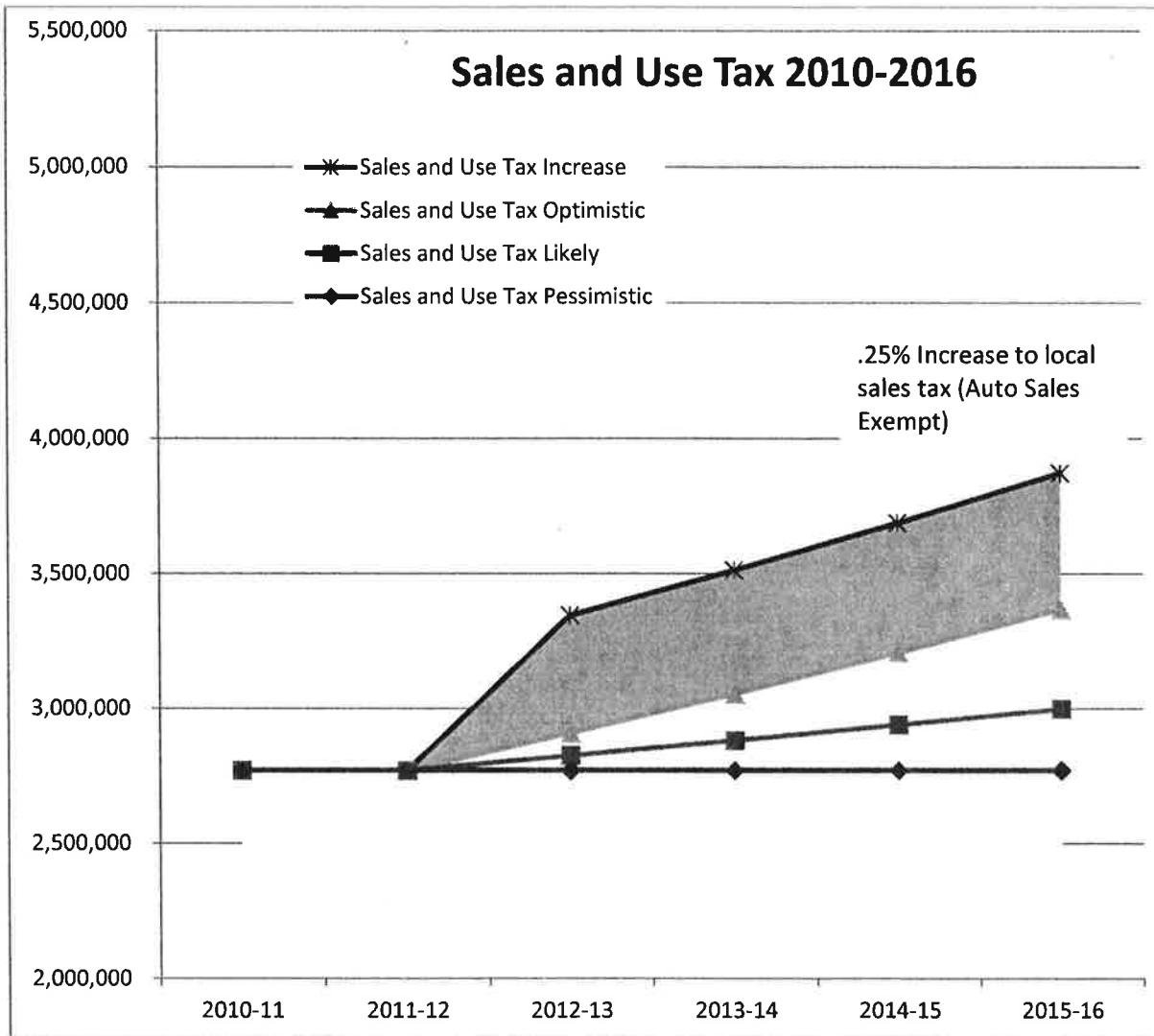
## **Appendix C: Exploring the Pessimistic, Optimistic and Likely Case Scenarios, 2010-2016**

### **Examining the Economy's Impact on the City of Claremont: Exploring the Pessimistic Case, Optimistic Case and Likely Case Scenarios**

The Committee requested that staff prepare graphs depicting status quo revenue assumptions. The following section illustrates these assumptions projecting pessimistic, optimistic and likely scenarios. The charts provide projections for each scenario and explain the assumptions used to generate the data for each. The purple line shows the highest potential additional revenue generated by the increase as noted in each section. The purple shaded area shows the range into which the actual realized revenue would fall.

**Transaction and Use Tax (Sales Tax)**

Sales Tax, at the current rate of 9.75 percent, is levied on all retail goods sold within City limits and is collected and distributed by the State Board of Equalization as follows: State General Fund 6.25 percent; county mental health obligations 0.5 percent; countywide road maintenance/transit programs 0.5 percent; Proposition A 0.5 percent; Proposition C 0.5 percent; Measure R 0.5 percent; and point of sale (Claremont) 1 percent. The chart below shows the increase in revenue, with the addition of .25% local sales tax that goes into effect in 2012-13 and then increases each of the following years, at an optimistic growth rate of 5%.



**Assumptions:**

**Pessimistic:** 0% growth—Sales remain at current level, no new large sales tax generators

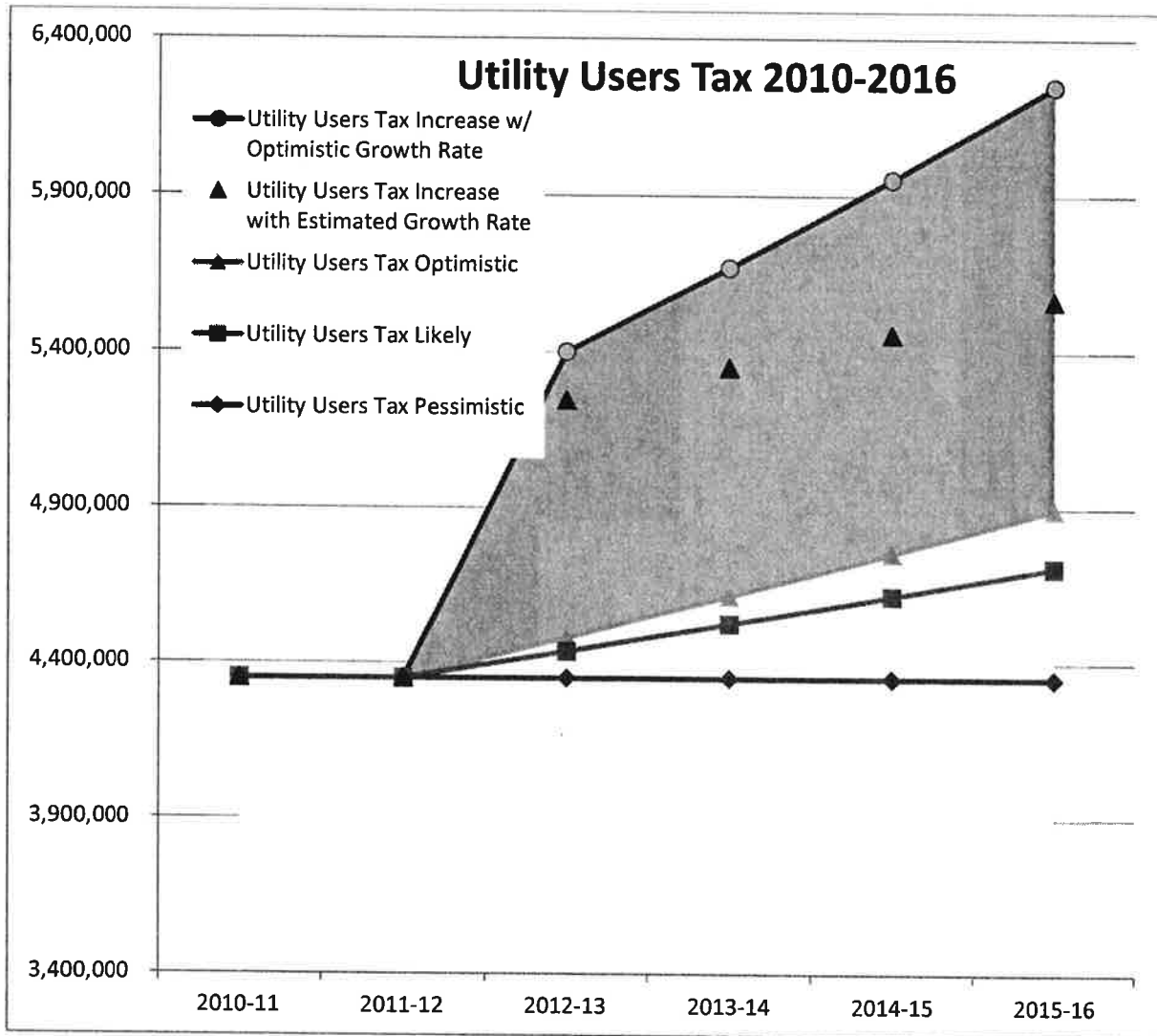
**Likely:** 2% growth—consumer spending increases, auto sales improve, and additional marginal generators begin operation

**Optimistic:** 5% growth—significant sales tax generating business (s) opens and consumer spending increases

**Utilities Users Tax (UUT)**

Utility Users Tax, at a rate of 5.5 percent, is levied on telephone, gas, electric, water, and cable television bills. The tax rate was approved by the voters in the March 1997 municipal election.

The chart below shows the potential revenue raised by an increase in the UUT of 1%, bringing it to 6.5%, which would go into effect in FY 2012-13 and then increase each of the following years at an optimistic growth rate of 5%. No adjustments have been made based on potential conservation due to increased UUT rates.



**Assumptions:**

**Pessimistic:** 0% growth—increases in utility rates (especially water) are negated by conservation of use.

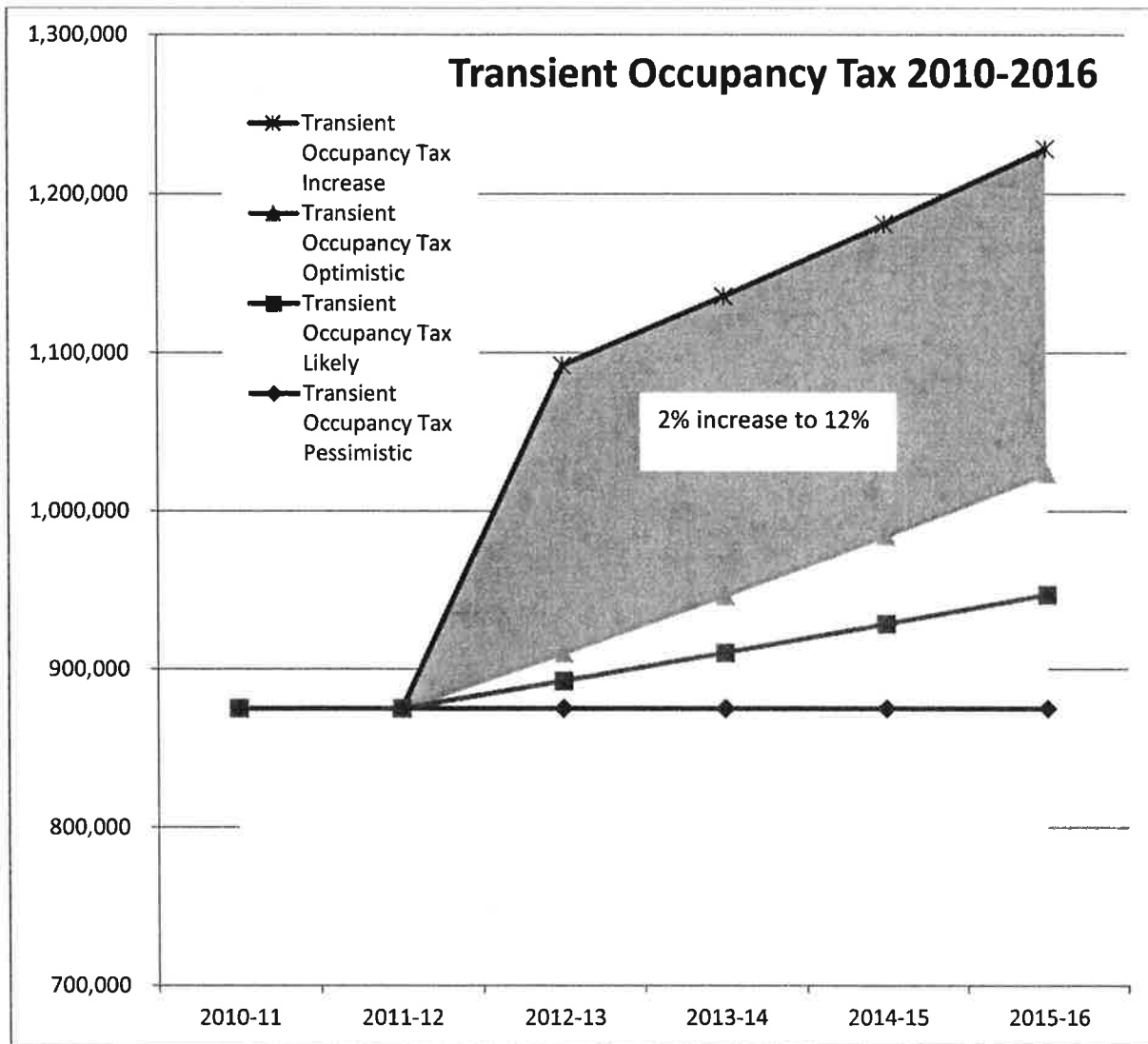
**Likely:** 2% growth—fluctuations in gas prices and usage due to weather. Increased cost of mobile phone/data plans.

**Optimistic:** 3% growth—same as estimated but to a greater extent.

**Transient Occupancy Tax (TOT)**

Transient Occupancy Tax, at a rate of 10 percent, is collected from the operators of hotels and motels located within Claremont City limits. The tax is imposed on guests who are temporary users of City services while occupying a room in a lodging facility located in the City. The council has approved a 2 percent Claremont Tourism Business Improvement District (CTBID) assessment. These funds are not City revenues and go back to the hotels for marketing.

TOT could be increased to 12% (plus the 2% for the TBID) to remain competitive to the highest TOT's in LA and San Bernardino County. The chart below shows the potential revenue of a 2% increase, assuming that the increase does not reduce the number of room nights.



**Assumptions:**

**Pessimistic:** 0% growth—room rates and occupancy remains static or changes in either are inversely proportional.

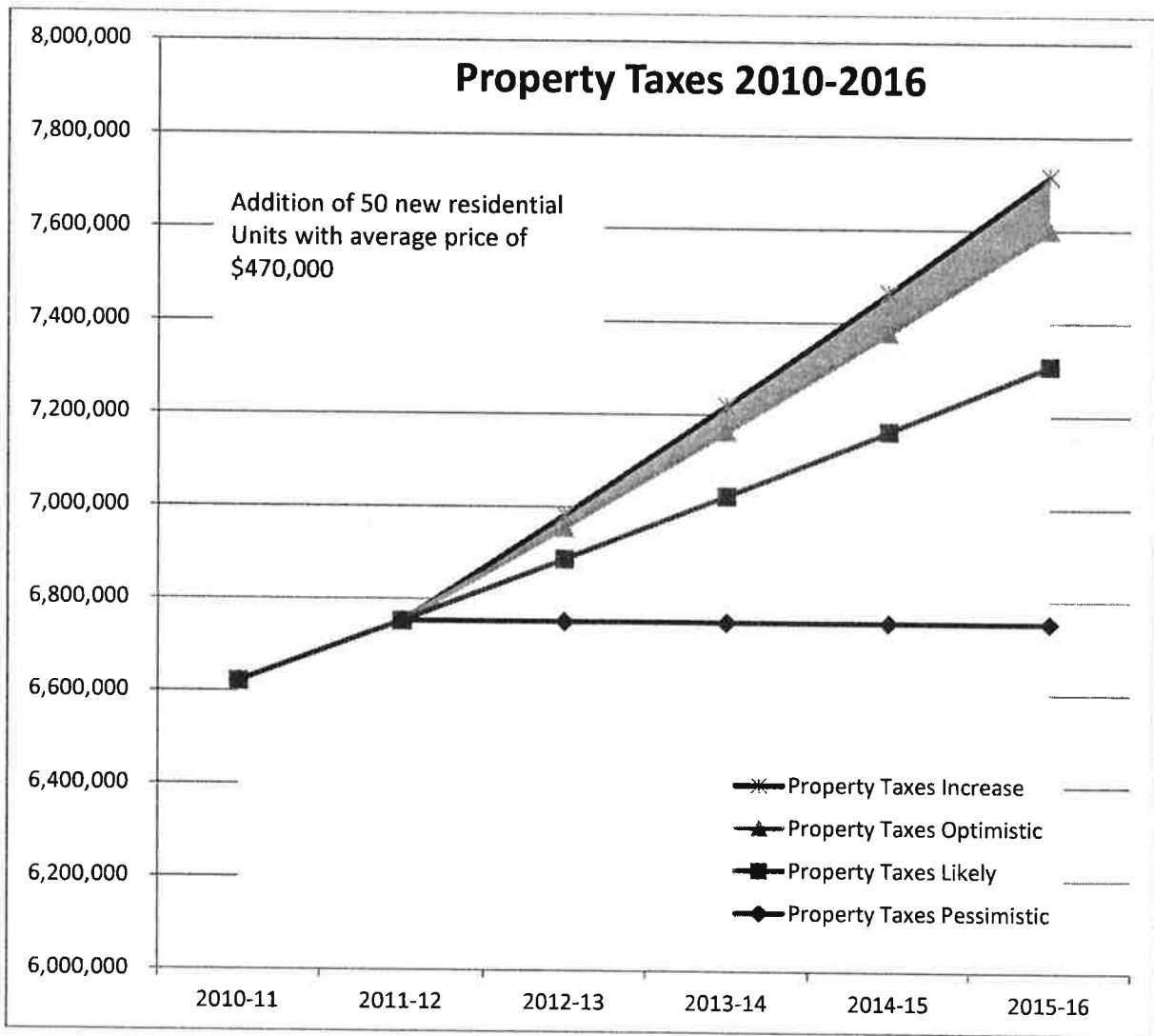
**Likely:** 2% growth—rates or occupancy increases marginally

**Optimistic:** 4% growth—rates and occupancy increase back to FY 2007-08 levels (does not factor in any redevelopment/renovation of I-10 corridor hotels.)

**Residential Development that Generates Revenue**

Property Tax, at a rate of 1 percent of current assessed value, is imposed on all real and tangible personal property located within the City limits. The tax is collected by the county tax collector and a portion is remitted to the City. The City receives 11.42 percent of collected property taxes.

The General Plan calls for the addition of approximately 50 new housing units per year. The graph below shows an increase in property tax based upon the addition of 50 housing units per year, at an average value of \$470,000 (based on 2009 median home price).



**Assumptions:**

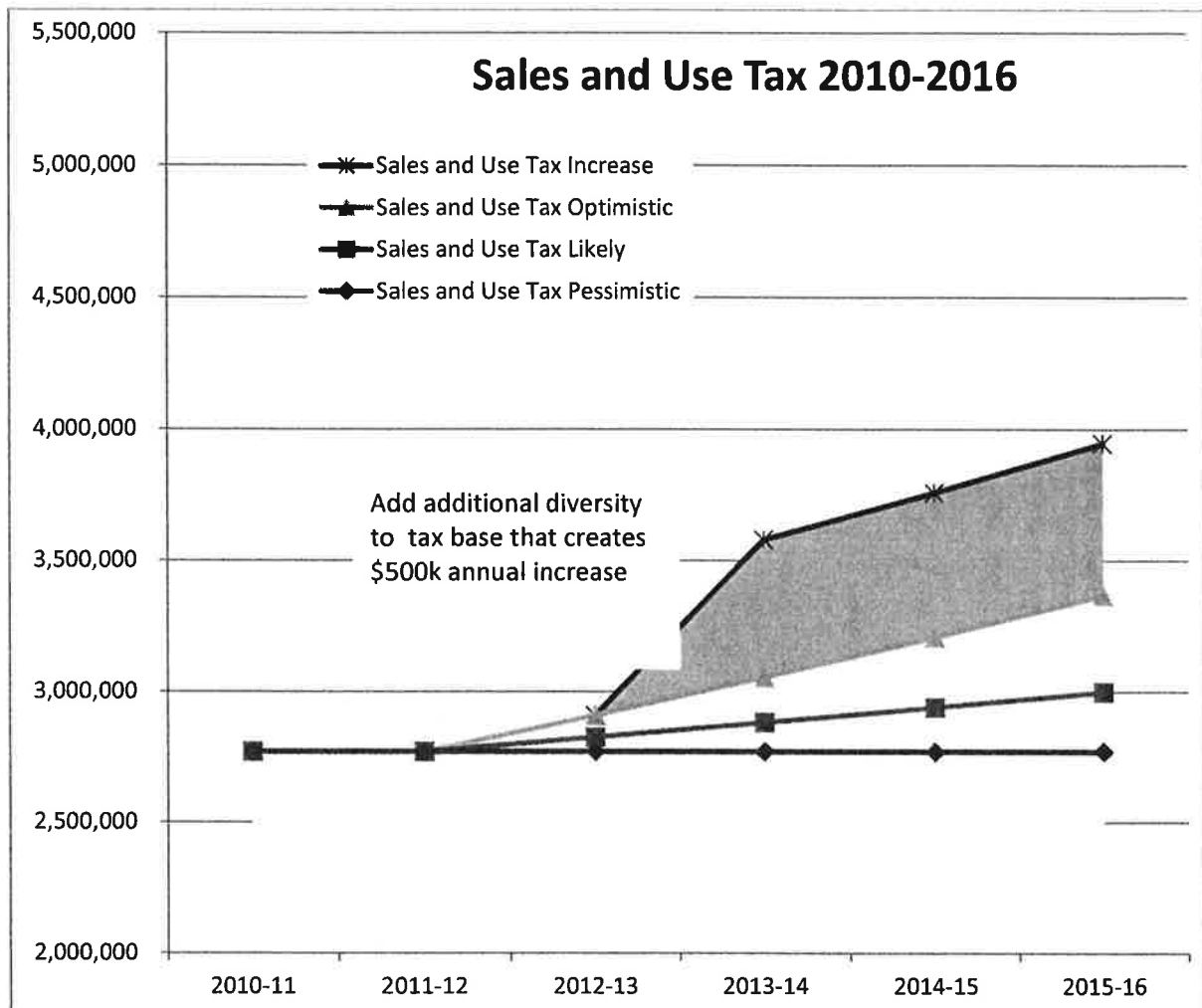
**Pessimistic:** 0% growth—reduced property assessed values negates any growth from property turn over.

**Likely:** 2% growth—growth from property turn over exceeds any reductions in assessed value.

**Optimistic:** 3% growth—growth from property turn over exceeds any reductions in assessed value. Property sales volume increases or property values begin to increase.

## Commercial Development That Generates Sales Tax Revenue

The diversification of the sale tax base could generate up to \$500,000 a year. The chart below shows development occurring by FY 2012-13, with a corresponding overall increase in annual sales tax of 5% through 2016.



### Assumptions:

**Pessimistic:** 0% growth—sales remain at current level, no new large sales tax generators

**Likely:** 2% growth—consumer spending increases, auto sales improve, and additional marginal generators begin operation

**Optimistic:** 5% growth—significant sales tax generating business (s) opens and consumer spending increases

\* The ability for the City to take action that could generate up to \$500,000 additional sales tax revenue annually is dependent on the State of California NOT raiding Redevelopment Agency funds or eliminating Redevelopment Agencies completely.

## Revenue Options Analysis

### Appendix D: Revenue Options Analysis

Type	Description	Implementation Requirements	Potential Revenue	Strengths	Constraints
Transaction and Use Tax (Sales Tax)	Additional % added to current sales tax and would apply to all transactions already subject to sales tax.	<p>Requires voter approval (50%+1 for general purpose and 2/3 for specific use)</p> <p>General Municipal Election</p> <p>Special Election may be held if Council unanimously declares a financial emergency.</p>	<p>Current rate is 9.75% -the City receives 1%.</p> <p>City is estimating to receive \$2.7M in sales tax revenue in FY 2010-11.</p> <p>EXAMPLE Additional .25% sales tax would increase revenue by approx. \$400,000</p>	<p>When consumer spending is strong, sales tax provides a good revenue stream.</p>	<p>Voters may not approve.</p> <p>Volatile: sales tax can fluctuate dramatically based on the economy and consumer spending.</p> <p>Tax Rate in LA County is already quite high, and higher than neighboring cities in San Bernardino county. Increase in sales tax could increase sales tax leakage. (Current leakage is est. between \$1.2 - \$1.5M.)</p> <p>LA County has the highest tax rate compared to neighboring counties (San Bernardino 8.75%, Riverside, 8.75%, Orange 8.75%).</p> <p>Several sales tax increases have been enacted in LA County in the last few years. Public support maybe limited</p>



## Revenue Options Analysis

Type	Description	Implementation Requirements	Potential Revenue	Strengths	Constraints
Utility Users Tax (UUT)	<p>A surcharge added to all utility bills (telephone, mobile phone, gas, electric, water, cable) with a billing address within Claremont.</p> <p>Implemented in 1993, amended to include mobile phones in 1995, post Prop 218 placed on the ballot and passed in the general municipal election in March of 1997.</p>	<p>Requires voter approval (50%+1)</p> <p>General Municipal Election</p> <p>Special Election may be held if council unanimously declares a financial emergency.</p>	<p>Current rate is 5.5% and generates approx. \$4.3M in revenue</p> <p>EXAMPLE: 1% increase creates approx. \$780,000</p> <p>Rates in neighboring communities: La Verne : 6% Pomona: 9% Covina: 6% LA County Unincorp: 4.5% Montclair: 3.89%</p>	<p>Consistent revenue stream.</p> <p>Adjusts to increases in cost of living automatically as utility costs increase.</p>	<p>Voters may not approve.</p> <p>Current economic climate may make the impact of tax increases a hardship on members of the community. (UUT does allow for an exemption for people and households that meet HUD guidelines—there are 130 current participants.)</p>

## Revenue Options Analysis

Type	Description	Implementation Requirements	Potential Revenue	Strengths	Constraints
Transient Occupancy Tax (TOT)	Fee charged based on room rate for hotel rooms within Claremont.	<p>Requires voter approval (50%+1 General use, 2/3 for specific use).</p> <p>General Municipal Election</p> <p>Special Election may be held if council unanimously declares a financial emergency.</p>	<p>Current Rate is 10% and raises approx. \$875,000.</p> <p>EXAMPLE: 1% increase should generate \$85,000</p> <p>Current Total Hotels fees: 10% TOT 2% TBID 12% Total Fees</p> <p>All neighboring cities are at 10% or lower. In LA County, only Beverly Hills, Inglewood, Los Angeles, and Santa Monica are 14%</p>	<p>Strong hotel use and improvements to Claremont hotels has made TOT a significant revenue source for the City.</p>	<p>Voters may not approve.</p> <p>Tourism Business Improvement District (TBID), formed in 2010, added a 2% charge on rooms to fund advertising and other activities to increase tourism.</p> <p>Rate that Claremont can charge must be balanced to why people stay in Claremont.</p> <p>Increase to TOT could potentially redirect hotel guest to hotels in neighboring communities with a lower TOT.</p>

## Revenue Options Analysis

Type	Description	Implementation Requirements	Potential Revenue	Strengths	Constraints
Fees	<p>The City charges fees for a variety of services, from recreation to development review.</p> <p>These fees are based on an analysis of a combination of market rates and cost recovery.</p> <p>Staff has done substantial analysis of Recreation Fees and does not anticipate that significant additional revenue will be realized by increasing these fees. Analysis has been done based on cost recovery and market rates. Raising fees any higher would limit the ability of the Human Services Department to offer programs due to loss in participants as well as creating an additional financial strain on the families who participate and benefit from this type of programming.</p> <p>Staff is in the process of reviewing proposals from 6 firms to perform a fee study on Community Development Fees.</p>	<p>Council Approval</p> <p>Prop 26 on the November 2010 ballot limits the types of charges that can be classified as fees and not subject to voter approval. It instead requires voter approval for many charges that had been classified as fees, as well as place additional restrictions on local government's ability to increase and charge fees.</p>	<p>Unknown, likely somewhat marginal.</p>	<p>A cost recovery philosophy that captures all costs associated with providing a specific service and, with the ability to increase fees as costs increase, provides a stable revenue and expenditure system for those services.</p>	<p>Some costs for services provided in Claremont will be hard to capture based on the review process.</p> <p>Current economic climate may make the impact of fee increases a hardship on members of the community.</p> <p>Increased development fees could make commercial development more difficult.</p>

## Revenue Options Analysis

Type	Description	Implementation Requirements	Potential Revenue	Strengths	Constraints
<p>Assessment District (Public Safety, Other specific special benefits)</p>	<p>Rate is based on the type of use and zoning on a parcel. Same with in the categorization.</p> <p>“Special Benefit” finding must be made showing what special benefit to the property is derived by the services provided with the fees proposed to be collected.</p> <p>EXAMPLE: Public Safety Assessment: Fees collected would pay for additional patrol services which will reduce crime and in turn increase Claremont property values. Thus, all properties in Claremont will have a special benefit (increase property values) from the services funded by the assessment.</p>	<p>50%+1 of affected owners</p> <p>Votes are weighted by assessed value. \$1 = 1 vote</p>	<p>Varies based on assessment rate, potentially significant.</p> <p>EXAMPLE: At a rate of \$150 per AU (Assessment Unit) and based on a similar structure to the LLD, approx. \$2.1M per year is generated.</p>	<p>Provides a consistent revenue stream.</p> <p>Dedicated use for services that have public support may make this a more viable option.</p>	<p>Voters may not approve.</p> <p>Current economic climate may make the impact of additional assessments a hardship on members of the community.</p>

## Revenue Options Analysis

Type	Description	Implementation Requirements	Potential Revenue	Strengths	Constraints
Parcel Tax (specific or general use)	<p>Tax that is assessed per parcel at a flat rate.</p> <p>No special benefit finding is required.</p>	<p>2/3 super majority vote in a general municipal election.</p>	<p>Approx. 14,300 parcels in Claremont. Can be multiplied by rate for potential.</p> <p>EXAMPLE: \$100 per Parcel per year would yield \$1.43M</p>	<p>Provides a stable revenue source.</p> <p>Does not require special benefit finding.</p>	<p>Voters may not approve.</p> <p>Current economic climate may make the impact of tax increases a hardship on members of the community.</p>

## Revenue Options Analysis

Type	Description	Implementation Requirements	Potential Revenue	Strengths	Constraints
Residential Development that Generates Revenue	Residential units pay property tax to the county at a rate of 1% of purchased value plus an up to 2% increase in value per year (Prop 13). Of this 1% the City receives 11.42%.	No approval of tax required. Approval of additional housing units is required.	A \$470,000 house will pay \$4,700 in property tax each year. Of this the City will receive approx. \$556.*  * Adjusted to reflect median house price example give in chart.	Stable revenue over time.	Substantial increase only when properties change hands.  Properties in Claremont tend to be held by one owner for a long time so growth outside of Prop 13 restrictions takes many years to realize.

## Revenue Options Analysis

Type	Description	Implementation Requirements	Potential Revenue	Strengths	Constraints
<p>Commercial Development that generates SALES TAX revenue</p>	<p>Commercial development can generate sales tax revenue; however the rate of revenue generated varies substantially based on the type of development.</p> <p>There are also options to share sales tax with developments that create significant sales tax revenue to provide for infrastructure and entice this type of development to happen.</p>	<p>No approval of tax required. Approval of additional commercial development is required.</p>	<p>Car Dealerships in Claremont generated nearly \$800,000 in FY2009-10.</p> <p>Restaurants in Claremont that generate significant sales tax revenue generate an average of approx. \$20,000 a year.</p> <p>The majority of the Village retail shops in the top 100 sales tax generators generate an average of \$4,000 a year in revenue to the City.</p> <p>A big box retail store could generate approx. \$300,000-\$500,000.</p>	<p>Diversification of Sales Tax base through diverse commercial development helps limit the extreme volatility of sales tax.</p> <p>No voter approval.</p>	<p>Sales tax is volatile.</p> <p>Commissions and Council must approve major commercial development.</p> <p>Big box or other large sales tax generators have not been the norm in Claremont (other than auto sales).</p>

## Revenue Options Analysis

Type	Description	Implementation Requirements	Potential Revenue	Strengths	Constraints
Light Industrial Development	<p>Development of light industrial zoning and business parks can provide for local job creation.</p> <p>In general, there is no or little point of sale transactions so majority of revenue would come from property tax increase from non-developed or under developed parcels to industrial uses.</p>	<p>No approval of tax required. Approval of additional industrial development is required.</p>	<p>Unknown. Majority would be linked to property tax increase paid on developed parcels.</p>	<p>Creates jobs that help the local economy as a whole.</p>	<p>Potential negative public opinion.</p> <p>No direct significant revenue source,</p> <p>Commissions and Council must approve major development.</p> <p>Limited land space for this type of development.</p>



## Appendix E: PERS FAQ

### Claremont PERS FAQ's

1. What PERS formulas does the City of Claremont have?
  - a. "Miscellaneous" employees (non-Police Officers) have a 2.5% @ age 55 formula
  - b. "Safety" employees (Police Officers) have a 3% @ age 50 formula (with a maximum of 90%)
  
2. How do the PERS formulas work? (i.e. What does 2.5% @ 55 mean?)
  - a. The first number of 2.5% is the percentage used to calculate the employee's percentage of his/her salary. The 55 is the minimum age an employee can be to receive the maximum benefit.
  - b. A PERS pension benefit is calculated by multiplying the formula percentage (2.5%) by the number of years of service in the PERS system (25 years), and then multiplying that by the single highest year salary (\$75,000).

**Example A:** Jim is a Planner (Miscellaneous) who worked for Claremont for 25 years when he retired at age 56. His salary when he retired was \$75,000.

$$2.5\% \times 25 \text{ Years} = 62.5\%$$
$$62.5\% \times \$75,000 = \$46,875 \text{ in annual retirement benefits}$$
  
3. How does the City pay for PERS?
  - a. The City pays PERS based on formulae as a percentage of each employee's salary. The chart on the following page shows how these percentages are calculated.
  - b. **ORGANIZATIONAL PERS COST (see ORANGE BOX):** There are two sets of numbers that PERS provides the City for calculating the rates. The first number is the current employees' estimated cost (see left box in the top orange box). This is the actuarially determined amount needed this year for current employees to fully fund the retirement of employees, based on a set of actuarial assumptions related to employee demographics and salary. Actuarial assumptions of investment returns are also factored into the amount required to fund retirements.

The second number (see white middle boxes in top orange box) provided by PERS is a combination of the investment gains or losses that are more or less than the actuarial assumptions of the past and the additional cost in paying retirement costs on employees who retire from another organization at a significantly higher salary than they were paid in Claremont (...FAQ #4 below will explain this in more detail). The combination of these two numbers from PERS give the total amount the City of Claremont will need to pay PERS.

- c. **EMPLOYEE SHARE (see PURPLE BOX):** The "Employee" share is a set percentage of 8% (Miscellaneous) or 9% (Safety) of salary that is to be paid to PERS. This percentage is static and is not adjusted to balance changes in benefits or investments of PERS. The Employee share can be paid for by either the employee or by the employer. The City of Claremont currently pays the "Employee" share for the employee.
- d. **EMPLOYER SHARE (see BLUE BOX):** The "Employer" share is a variable percentage that varies to fill the gap between the estimated costs and the payments of the set "Employee" share. The variable percentage is based on the remaining cost divided by that total payroll. (*..The current percentages are shown in the lower left hand box in the blue box.*) This percentage is then multiplied by the current salary to give the cost for each employee.
- e. **INDIVIDUAL EMPLOYEE COST (see AQUA BOX):** The cost the City pays to PERS is calculated by adding the "Employee" share and "Employer" share to generate the total cost per employee.

4. How do former Claremont employees who "resign" from their position in Claremont and then "retire" at a higher rate with a different employer impact Claremont's PERS costs?

**Example B:** Jim is a Planner (Miscellaneous) who worked for Claremont for 20 years (with a single highest salary in Claremont of \$75,000/year) when he leaves for a higher paying job at a different city. His new salary at his new job is \$185,000 (which is a significant jump in pay). After five years at the new job and at the new pay rate, he retires at age 56.

Claremont %

2.5% x 20 Years = 50%

(This means that Claremont is responsible for 50% of Jim's total 62.5 %.)

Total Retirement

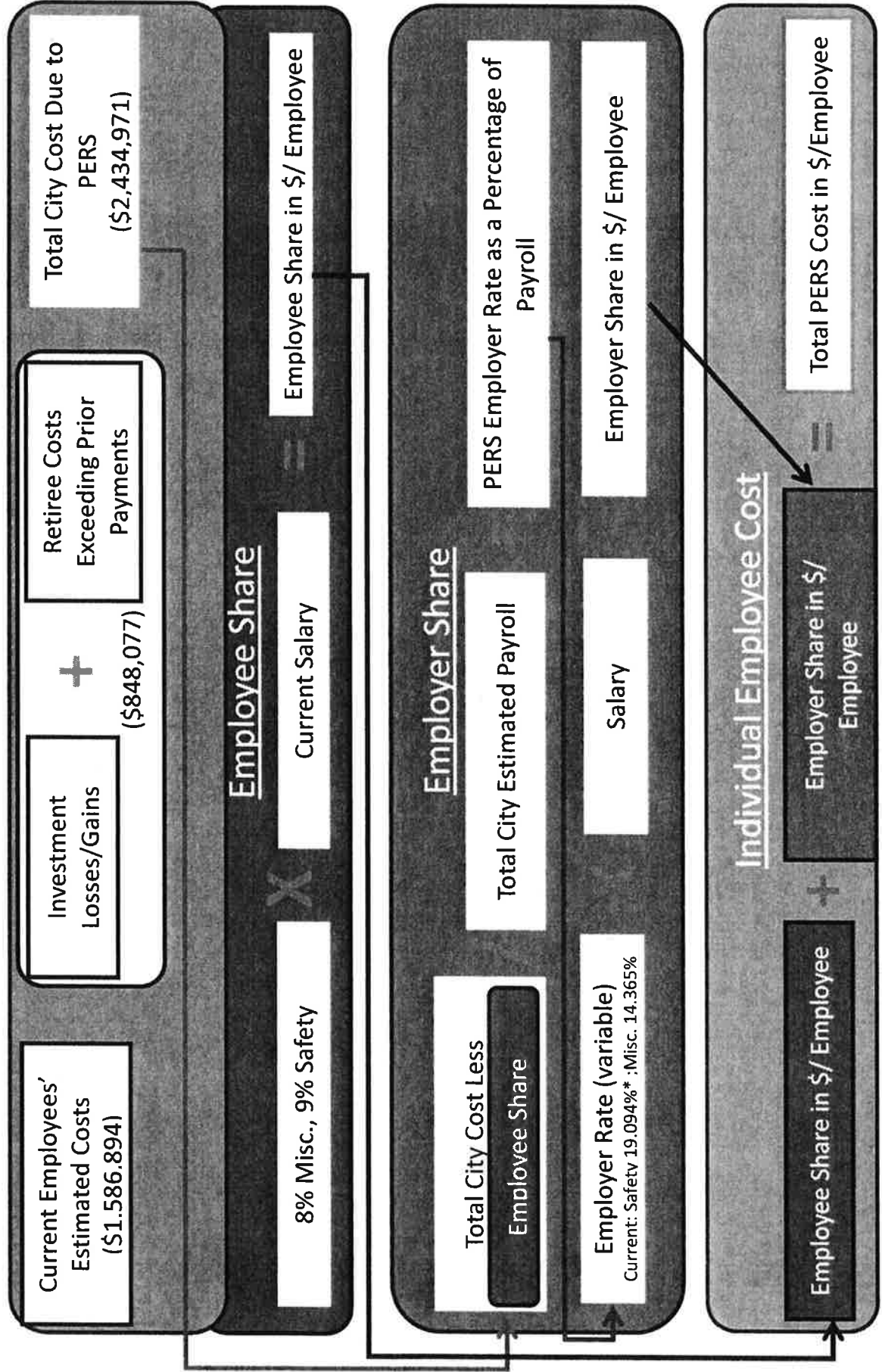
Jim's pension payout is calculated by the 62.5% x his single highest year (\$185,000), meaning his annual retirement benefit is \$115,625.

### Retirement Gap

During Jim's time with Claremont, the PERS contribution for Jim was based on a retirement payout of \$46,875, not the \$115,625. The gap between the amounts paid previously to PERS for Jim's retirement and the actual cost of Jim's retirement is calculated into the total organizational cost for PERS to the City of Claremont.

## 5. How much flexibility is there in the overall costs of PERS to the City of Claremont?

- a. Formulas and benefits for currently retired employees cannot be changed under any circumstances under PERS.
- b. The easiest way to reduce the costs of PERS is to change the formula calculations. Changes to these formulas are not straight forward. Below are three different scenarios:
  - The City can establish a 2-tier system under which new employees have a different PERS retirement formula (i.e. rather than the 2.5% @ 55, a 2% @ 60 or other formula). Implementing a 2-tier system must be negotiated with the affected bargaining groups.
  - No changes can be made to the formula and calculations for current employees for the years they have already served in the PERS system.
  - Changes can be made to current employee formulas for future years of service; however, this requires negotiations with our various employee unions.
  - Any changes to the PERS formulas for employees have to apply to all "Miscellaneous" employees and/or all "Safety" employees. Because Claremont has multiple unions within the PERS categories, negotiating a change in the "Miscellaneous" employee formula would require the concurrence of five unions. Any changes to the "Safety" formula would require the concurrence of two public safety unions.
  - The cost savings associated with the implementation of a second tier would most likely not be realized for several years, and the amount of the savings would depend on factors related to employee turnover.



\* Additional 11% charged on safety employees to pay the Pension Obligation Bonds (approx. \$400,000 total cost annually)

# Appendix G: Q1 2010 Sales Tax Info

# Q1 2010



## City of Claremont Sales Tax Update

*Second Quarter Receipts for First Quarter Sales (Jan-Mar 2010)*

### Claremont In Brief

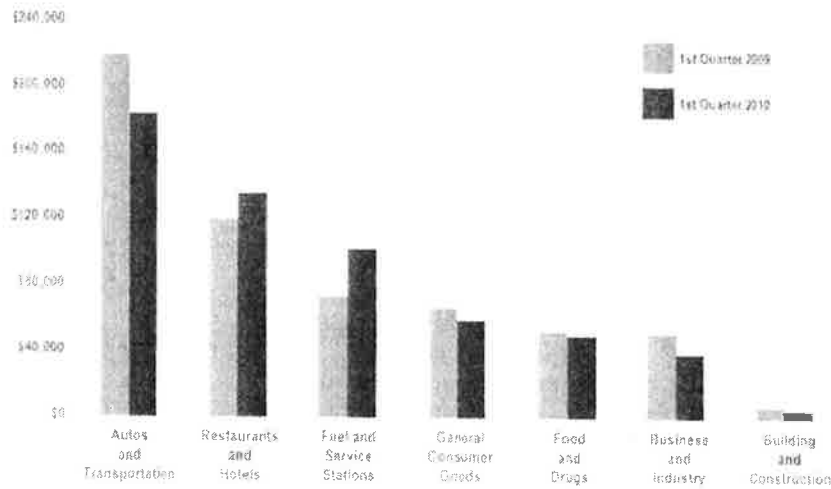
Receipts for Claremont's January through March sales were 3.8% lower than the same quarter one year ago. Actual sales activity was down 2.7% when reporting aberrations were factored out.

Auto sales and leases posted losses along with contractor supplies and specialty stores. A previous business closure contributed to the decrease from light industrial/printers.

Higher fuel prices helped boost service station receipts. In addition, women's apparel, jewelry stores, restaurants with beer/wine and restaurants liquor experienced strong sales.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 0.3% over the comparable time period, while the Southern California region as a whole was up 0.5%.

### SALES TAX BY MAJOR BUSINESS GROUP



#### TOP 25 PRODUCERS in Alphabetical Order

Advanced Color Graphics	Phoenix Marketing Services
Al Sol Oil	Platform Enterprises
All American Gas	Press Restaurant
Back Abbey	Richard Hibbard Chevrolet
Buca di Beppo	Sprouts Farmers Market
Claremont Mobil	Stater Bros
Claremont Shell	Toyota Motor Credit Corporation
Claremont Toyota	Trader Joes
Doubletree Hotel	Tutti Mangia Italian Grill
Follett Higher Educ Group	Vons
Inland Chevron	Walters Coffee Shop
La Parolaccia Osteria	
Marie Callenders	
McDonalds	

#### REVENUE COMPARISON

Four Quarters - Fiscal Year by Date

	2008-09	2009-10
Point-of-Sale	\$2,906,514	\$2,344,543
County Pool	326,233	246,920
State Pool	1,369	2,043
Gross Receipts	\$3,234,116	\$2,593,506
Loss Triple Flip*	\$(808,529)	\$(648,377)

\*Reimbursed from county compensation fund

Published by The Hdl Companies in Summer 2010  
www.hdlcompanies.com | 888.861.0220



**Statewide Results**

Adjusted for accounting aberrations, California's local sales and use tax revenues from the first quarter of 2010 were 1.1% higher than the same quarter one year ago. This marks the first year-over-year gain in statewide sales in two and one-half years.

For most agencies, the increase came almost exclusively from the 33% recovery in fuel prices since first quarter 2009. An early Easter also helped boost receipts from discount department stores and value priced apparel while year-end bonuses, the prior stock market rally and manufacturer incentives produced auto sales gains in some high income communities.

Geographically, the central and northern coastal areas of California did better than the rest of the state. However, the only solid across-the-board increases occurred in a few areas surrounding the technology centers of Silicon Valley.

**Projections for a Tepid Recovery Continue**

Statewide, declines in local sales and use tax revenues are generally thought to have "bottomed out" and expectations are for moderate gains in local allocations over the next two quarters. Rising fuel prices, stimulus rebates for energy-related purchases, inventory rebuilding by retailers and manufacturers and a temporary slump in consumer savings to satisfy pent up demand are all expected to have a positive impact on revenues.

Aggressive manufacturer incentives are also projected to improve new car sales over the next few quarters although the taxable values of the units sold will be far less than at the peak of the credit bubble when 40% of all California new car sales were financed from home equity loans which had encouraged more expensive purchases.

However the increases are anticipated to taper off in the last half of the fis-

cal year as inventory rebuilding winds down and various federal stimulus and tax incentive programs are phased out. Overall year-end gains are expected to be modest except in jurisdictions benefiting from new development or specific business/retail segments.

The current consensus is that California's fiscal problems, high unemployment and a continued slump in construction activity make significant recovery in tax revenues unlikely before 2012-2013.

**Local Add-On Sales Tax Measures Approved**

All six proposals for sales tax additions were approved in June as voters continued to exhibit an openness to financing services in their immediate communities where they have more input and control.

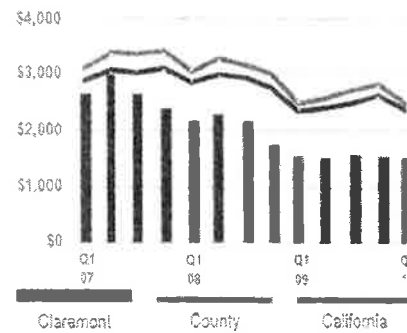
New taxes were approved in the cities of Calexico, Cathedral City, Cotati, Rohnert Park and Woodland. Davis approved continuation of an existing tax that was about to sunset.

This brings the number of agencies

with one or more "transactions tax" districts to 78 cities and 27 counties. While sales tax is collected on all purchases and allocated to where the sale is negotiated, the local "transactions tax" is collected and distributed for purchases in only the levying jurisdiction where the goods are delivered, consumed or registered.

A dozen agencies are considering similar measures for the November 2010 ballot.

**SALES PER CAPITA**



**CLAREMONT TOP 15 BUSINESS TYPES**

Business Type	Claremont		County	HdL State
	Q1 '10	Change	Change	Change
New Motor Vehicle Dealers	—	CONFIDENTIAL	-3.0%	0.0%
Service Stations	102,501	33.3%	29.3%	23.0%
Restaurants Liquor	83,939	13.1%	4.3%	5.0%
Restaurants No Alcohol	41,054	20.5%	-0.1%	-3.3%
Grocery Stores Liquor	38,045	-0.4%	-11.8%	-3.8%
Restaurants Beer And Wine	24,314	7.0%	-7.6%	-8.0%
Light Industrial/Printers	16,086	+4.4%	-12.3%	-3.9%
Stationery/Book Stores	15,578	-2.8%	-13.8%	-10.4%
Auto Lease	12,182	-27.3%	-18.5%	-20.8%
Government/Social Org.	11,470	8.9%	-12.5%	-10.2%
Specialty Stores	9,210	-34.0%	-4.6%	-3.7%
Grocery Stores Beer/Wine	—	CONFIDENTIAL	-2.8%	2.0%
Hotels Liquor	—	CONFIDENTIAL	2.8%	-8.0%
Women's Apparel	5,437	22.7%	4.7%	3.8%
Music Stores	5,070	-2.3%	-2.8%	-14.3%
<b>Total All Accounts</b>	<b>657,581</b>	<b>-2.6%</b>	<b>1.0%</b>	<b>0.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>62,743</b>	<b>-13.2%</b>		
<b>Gross Receipts</b>	<b>660,304</b>	<b>-3.9%</b>		

## Appendix H: Explanation of Non General Fund Revenue

### EXPLANATION OF NON-GENERAL FUND REVENUES

#### 1. SPECIAL REVENUE FUNDS:

##### A. Public Safety Revenue (Impound Lot, COPS Allocation):

These fees are charged for the processing and storage of vehicles impounded by the Claremont Police Department. These vehicles are typically impounded for drivers not in possession of a valid driver's license or driving with a suspended or revoked license.

The Impound Lot pays for one Motor Officer and one Jailer, who are responsible for releasing vehicles to the owners. Unless there is a major reduction in the number of impounded cars, which would force the City to pay for the Motor Officer and/Jailer from the General Fund, there is no General Fund implication for these funds.

COPS funding is received annually on a formula basis. Each year staff identifies specific projects or uses for these funds. These funds are generally in jeopardy due to the current fiscal situation of the State of California. Should COPS funds not be allocated from the State, these additional projects would not be undertaken.

##### B. Transportation Revenue (includes: Prop A, Prop C, Measure R, TDA Article 3, and Gas Tax):

Transportation revenues pay for a variety of projects and programs from street resurfacing to Dial-a-Ride and bicycle programs. Transit funds also pay for staff to administer these programs and oversee projects. At this time, these programs are all budgeted to be funded through Transportation revenues.

There are two potential areas of relevance to the General Fund:

(1) Should Dial-a-Ride and Get About costs continue to exceed annual allocations, Transportation fund balances will be exhausted and, therefore, potentially the General Fund would be need to continue to fully fund the program.

(2) Currently, staff time for street resurfacing projects is charged to Gas Tax. Should the State reduce the City's allocation, there is the potential for these costs to be shifted to the General Fund.

##### C. Senior Revenues (Nutrition Program and CDBG Funded Social Services):

CDBG funds are used to fund the contracted Social Services duties being performed at the Senior Center. County grant funds are used to fund the Nutrition Program at the Senior Center. There is neither opportunity for additional revenue nor any expectation of revenue reductions in these funds.

**D. AQMD funds:**

These funds are used to fund programs that reduce emissions. Programs such as fare subsidies and bicycle projects are options. The City is using the majority of the funds from the last few years' allocations to help fund the Citrus Bikeway project. Staff is analyzing possible future uses to bring back to the City Council for future allocations. The funds have no impact to the General Fund.

**2. LANDSCAPE AND LIGHTING DISTRICT:**

The Landscaping and Lighting District (LLD) funds street lighting, right-of-way and median landscaping, park maintenance, and street tree maintenance. The revenue generated by the assessment district funds all LLD activities, except for approximately \$450,000 (17.4%) in FY10-11 and \$400,000 (15.5%) in FY11-12. If the LLD levy was increased to fully cover the costs, General Fund revenue would become available. Increases in CPI are allowed without an election, and in some years, the City Council has opted not to increase by CPI. There is a potential that the lost CPI increase could be added to the rate without an election. Otherwise, an increase in rates any higher than CPI would require a Prop. 218 process.

**3. CAPITAL PROJECTS: *(includes general fund, grant funding and Stimulus funding):***

Projects in the Capital projects budget are generally funded with grants or specifically dedicated funds, unless a surplus in General Funds exists after funding operations or City Council has identified a priority project that does not have another funding source. Due to the current financial situation very little of the capital improvement budget comes from the general fund (\$85,000 to fund project manage and CEQA review of the Wilderness Park Parking Lot Expansion project). There is no revenue impact to the general fund from these funds.

**4. REDEVELOPMENT AGENCY:**

The goal of the Redevelopment Agency is to ensure the long-term economic vitality of the City of Claremont. The Agency undertakes a wide variety of activities and programs to promote economic development, as well as residential and commercial revitalization.

**5. INTERNAL SERVICE FUNDS:**

**Technology:** Fees are charged to all departments based on the total budget and amount of technology utilized by the department.

**Motor Fleet:** Fees are charged to the departments based on the vehicles' maintenance and replacement costs for applicable vehicles used by the department.

There is no General Fund revenue implication from these funds.



## **6. ENTERPRISE FUNDS:**

### **A. Sanitation:**

Fees are charged for residential and commercial refuse collection, street sweeping and bin rental services. Overhead is charged to this fund based on the staff time and resources that are spent in the indirect administration of programs (i.e. personnel, payroll, city management, city attorney, etc.). For the Sanitation Fund, approximately \$1.75 million is transferred to the General Fund annually in overhead charges and Debt service on the City Yard facility.

### **B. Sewer:**

Fees are charged for sewer services. Overhead is charged to this fund based on the staff time and resources that are spent in the indirect administration of the program (i.e. personnel, payroll, city management, city attorney, etc.). For the Sewer Fund, approximately \$216,000 is transferred to the General Fund annually in overhead charges and Debt service on the City Yard facility.

### **C. Cemetery:**

Fees are charged for burial costs and perpetual care. Currently, there is no General Fund subsidy to any of the costs associated with the Cemetery. However, like our sewer and sanitation funds, overhead is charged to this fund based on the staff time and resources that are spent in the indirect administration of the program (i.e. personnel, payroll, city management, city attorney, etc.). For the Cemetery Fund, approximately \$60,000 is transferred to the General Fund annually in overhead charges.

**Appendix I: Sales Tax, UUT and TOT rates from other cities**  
**Transaction and Use Tax Rates - LA/SB County Cities**

County	Rate	City
Los Angeles	9.75%	Acton
Los Angeles	9.75%	Agoura
Los Angeles	9.75%	Agoura Hills*
Los Angeles	9.75%	Agua Dulce
Los Angeles	9.75%	Alhambra*
Los Angeles	9.75%	Almondale
Los Angeles	9.75%	Alondra
Los Angeles	9.75%	Altadena
Los Angeles	9.75%	Antelope Acres
Los Angeles	9.75%	Arcadia*
Los Angeles	9.75%	Arleta (Los Angeles*)
Los Angeles	9.75%	Artesia*
Los Angeles	9.75%	Athens
Los Angeles	10.25%	Avalon*
Los Angeles	9.75%	Azusa*
Los Angeles	9.75%	Bailey
Los Angeles	9.75%	Baldwin Park*
Los Angeles	9.75%	Barrington
Los Angeles	9.75%	Bassett
Los Angeles	9.75%	Bel Air Estates
Los Angeles	9.75%	Bell Gardens*
Los Angeles	9.75%	Bell*
Los Angeles	9.75%	Bellflower*
Los Angeles	9.75%	Beverly Hills*
Los Angeles	9.75%	Biola College (La Mirada*)
Los Angeles	9.75%	Bouquet Canyon (Santa Clarita*)
Los Angeles	9.75%	Bradbury*
Los Angeles	9.75%	Brents Junction
Los Angeles	9.75%	Brentwood (Los Angeles*)
Los Angeles	9.75%	Burbank*
Los Angeles	9.75%	Cabrillo
Los Angeles	9.75%	Calabasas Highlands
Los Angeles	9.75%	Calabasas Park
Los Angeles	9.75%	Calabasas*
Los Angeles	9.75%	Canoga Annex
Los Angeles	9.75%	Canoga Park (Los Angeles*)
Los Angeles	9.75%	Canyon Country (Santa Clarita*)
Los Angeles	9.75%	Carson*
Los Angeles	9.75%	Castaic
Los Angeles	9.75%	Cedar
Los Angeles	9.75%	Century City
Los Angeles	9.75%	Cerritos*
Los Angeles	9.75%	Charter Oak
Los Angeles	9.75%	Chatsworth (Los Angeles*)
Los Angeles	9.75%	City of Commerce*
Los Angeles	9.75%	City of Industry*
Los Angeles	9.75%	City Terrace
Los Angeles	9.75%	Claremont*
Los Angeles	9.75%	Cole
Los Angeles	9.75%	Commerce*
Los Angeles	9.75%	Compton*

Los Angeles	9.75%	Cornell
Los Angeles	9.75%	Covina*
Los Angeles	9.75%	Crenshaw
Los Angeles	9.75%	Cudahy*
Los Angeles	9.75%	Culver City*
Los Angeles	9.75%	Del Sur
Los Angeles	9.75%	Diamond Bar*
Los Angeles	9.75%	Downey*
Los Angeles	9.75%	Duarte*
Los Angeles	9.75%	Eagle Rock (Los Angeles*)
Los Angeles	9.75%	East Los Angeles
Los Angeles	9.75%	East Lynwood (Lynwood*)
Los Angeles	9.75%	East Rancho Dominguez
Los Angeles	9.75%	East San Pedro (Los Angeles*)
Los Angeles	9.75%	Eastgate
Los Angeles	9.75%	Echo Park (Los Angeles*)
Los Angeles	10.25%	El Monte*
Los Angeles	9.75%	El Segundo*
Los Angeles	9.75%	Elizabeth Lake
Los Angeles	9.75%	Encino (Los Angeles*)
Los Angeles	9.75%	Flintridge (LaCanada/ Flintridge*)
Los Angeles	9.75%	Florence
Los Angeles	9.75%	Forest Park
Los Angeles	9.75%	Friendly Valley (Santa Clarita*)
Los Angeles	9.75%	Gardena*
Los Angeles	9.75%	Glassell Park (Los Angeles*)
Los Angeles	9.75%	Glendale*
Los Angeles	9.75%	Glendora*
Los Angeles	9.75%	Gorman
Los Angeles	9.75%	Granada Hills (Los Angeles*)
Los Angeles	9.75%	Green Valley
Los Angeles	9.75%	Hacienda Heights
Los Angeles	9.75%	Harbor City (Los Angeles*)
Los Angeles	9.75%	Hawaiian Gardens*
Los Angeles	9.75%	Hawthorne*
Los Angeles	9.75%	Hazard
Los Angeles	9.75%	Hermosa Beach*
Los Angeles	9.75%	Hidden Hills*
Los Angeles	9.75%	Highland Park (Los Angeles*)
Los Angeles	9.75%	Hollywood (Los Angeles*)
Los Angeles	9.75%	Honby
Los Angeles	9.75%	Huntington Park*
Los Angeles	9.75%	Hyde Park (Los Angeles*)
Los Angeles	9.75%	Industry*
Los Angeles	10.25%	Inglewood*
Los Angeles	9.75%	Irwindale*
Los Angeles	9.75%	Kagel Canyon
Los Angeles	9.75%	L.A. Airport (Los Angeles*)
Los Angeles	9.75%	La Canada- Flintridge*
Los Angeles	9.75%	La Crescenta
Los Angeles	9.75%	La Habra Heights*
Los Angeles	9.75%	La Mirada*
Los Angeles	9.75%	La Puente*
Los Angeles	9.75%	La Verne*
Los Angeles	9.75%	La Vina

Los Angeles	9.75%	Ladera Heights
Los Angeles	9.75%	Lake Hughes
Los Angeles	9.75%	Lake Los Angeles
Los Angeles	9.75%	Lakeview Terrace (Los Angeles*)
Los Angeles	9.75%	Lakewood*
Los Angeles	9.75%	Lancaster*
Los Angeles	9.75%	Lang
Los Angeles	9.75%	Lawndale*
Los Angeles	9.75%	Lennox
Los Angeles	9.75%	Leona Valley
Los Angeles	9.75%	Lincoln Heights (Los Angeles*)
Los Angeles	9.75%	Little Rock (Also Little Rock)
Los Angeles	9.75%	Llano
Los Angeles	9.75%	Lomita*
Los Angeles	9.75%	Long Beach*
Los Angeles	9.75%	Longview
Los Angeles	9.75%	Los Angeles*
Los Angeles	9.75%	Los Nietos
Los Angeles	9.75%	Lugo
Los Angeles	9.75%	Lynwood*
Los Angeles	9.75%	Maclay
Los Angeles	9.75%	Malibu*
Los Angeles	9.75%	Manhattan Beach*
Los Angeles	9.75%	Mar Vista
Los Angeles	9.75%	Marcelina
Los Angeles	9.75%	Marina Del Rey
Los Angeles	9.75%	Maywood*
Los Angeles	9.75%	Mint Canyon
Los Angeles	9.75%	Mission Hills (Los Angeles*)
Los Angeles	9.75%	Moneta
Los Angeles	9.75%	Monrovia*
Los Angeles	9.75%	Montebello*
Los Angeles	9.75%	Monterey Park*
Los Angeles	9.75%	Montrose
Los Angeles	9.75%	Mount Wilson
Los Angeles	9.75%	Naples
Los Angeles	9.75%	Newhall (Santa Clarita*)
Los Angeles	9.75%	North Gardena
Los Angeles	9.75%	North Hills (Los Angeles*)
Los Angeles	9.75%	North Hollywood (Los Angeles*)
Los Angeles	9.75%	Northridge (Los Angeles*)
Los Angeles	9.75%	Norwalk*
Los Angeles	9.75%	Oban
Los Angeles	9.75%	Olive View (Los Angeles*)
Los Angeles	9.75%	Pacific Palisades (Los Angeles*)
Los Angeles	9.75%	Pacoima (Los Angeles*)
Los Angeles	9.75%	Pallett
Los Angeles	9.75%	Palmdale*
Los Angeles	9.75%	Palos Verdes Estates*
Los Angeles	9.75%	Palos Verdes/Peninsula
Los Angeles	9.75%	Panorama City (Los Angeles*)
Los Angeles	9.75%	Paramount*
Los Angeles	9.75%	Pasadena*
Los Angeles	9.75%	Pearblossom
Los Angeles	9.75%	Pearland

Los Angeles	9.75%	Perry (Whittier*)
Los Angeles	10.75%	Pico Rivera*
Los Angeles	9.75%	Pinetree
Los Angeles	9.75%	Playa Del Rey (Los Angeles*)
Los Angeles	9.75%	Pomona*
Los Angeles	9.75%	Porter Ranch (Los Angeles*)
		Portuguese Bend (Rancho Palos
Los Angeles	9.75%	Verdes*)
Los Angeles	9.75%	Pt. Dume
Los Angeles	9.75%	Quartz Hill
Los Angeles	9.75%	Rancho Dominguez
Los Angeles	9.75%	Rancho Palos Verdes*
Los Angeles	9.75%	Rancho Park (Los Angeles*)
Los Angeles	9.75%	Ravenna
Los Angeles	9.75%	Redondo Beach*
Los Angeles	9.75%	Reseda (Los Angeles*)
Los Angeles	9.75%	Rimpau (Los Angeles*)
Los Angeles	9.75%	Rolling Hills Estates*
Los Angeles	9.75%	Rolling Hills*
Los Angeles	9.75%	Rose Bowl (Pasadena*)
Los Angeles	9.75%	Rosemead*
Los Angeles	9.75%	Rowland Heights
Los Angeles	9.75%	San Dimas*
Los Angeles	9.75%	San Fernando*
Los Angeles	9.75%	San Gabriel*
Los Angeles	9.75%	San Marino*
Los Angeles	9.75%	San Pedro (Los Angeles*)
Los Angeles	9.75%	Santa Clarita*
Los Angeles	9.75%	Santa Fe Springs*
Los Angeles	9.75%	Santa Monica*
Los Angeles	9.75%	Saugus (Santa Clarita*)
Los Angeles	9.75%	Sawtelle (Los Angeles*)
Los Angeles	9.75%	Seminole Hot Springs
Los Angeles	9.75%	Sepulveda (Los Angeles*)
Los Angeles	9.75%	Sherman Oaks (Los Angeles*)
Los Angeles	9.75%	Sierra Madre*
Los Angeles	9.75%	Signal Hill*
Los Angeles	9.75%	Sleepy Valley
Los Angeles	9.75%	Solemint
Los Angeles	9.75%	South El Monte*
Los Angeles	10.75%	South Gate*
Los Angeles	9.75%	South Pasadena*
Los Angeles	9.75%	South Whittier
Los Angeles	9.75%	Stevenson Ranch
Los Angeles	9.75%	Studio City (Los Angeles*)
Los Angeles	9.75%	Sulphur Springs
Los Angeles	9.75%	Sun Valley (Los Angeles*)
Los Angeles	9.75%	Sunland (Los Angeles*)
Los Angeles	9.75%	Sylmar (Los Angeles*)
Los Angeles	9.75%	Tarzana (Los Angeles*)
Los Angeles	9.75%	Temple City*
Los Angeles	9.75%	Terminal Island (Los Angeles*)
Los Angeles	9.75%	Toluca Lake (Los Angeles*)
Los Angeles	9.75%	Topanga (Los Angeles*)
Los Angeles	9.75%	Topanga Park (Los Angeles*)

Los Angeles	9.75%	Torrance*
Los Angeles	9.75%	Tujunga (Los Angeles*)
Los Angeles	9.75%	Universal City
Los Angeles	9.75%	Val Verde Park
Los Angeles	9.75%	Valencia (Santa Clarita*)
Los Angeles	9.75%	Valinda
Los Angeles	9.75%	Valley Village
Los Angeles	9.75%	Valyermo
Los Angeles	9.75%	Van Nuys (Los Angeles*)
Los Angeles	9.75%	Vasquez Rocks
Los Angeles	9.75%	Venice (Los Angeles*)
Los Angeles	9.75%	Verdugo City (Glendale*)
Los Angeles	9.75%	Vernon*
Los Angeles	9.75%	Veteran's Hospital (Los Angeles*)
Los Angeles	9.75%	View Park
Los Angeles	9.75%	Vincent
Los Angeles	9.75%	Walnut Park
Los Angeles	9.75%	Walnut*
Los Angeles	9.75%	Watts
Los Angeles	9.75%	West Covina*
Los Angeles	9.75%	West Hills (Los Angeles*)
Los Angeles	9.75%	West Hollywood*
Los Angeles	9.75%	West Los Angeles (Los Angeles*)
Los Angeles	9.75%	Westchester (Los Angeles*)
Los Angeles	9.75%	Westlake (Los Angeles*)
Los Angeles	9.75%	Westlake Village*
Los Angeles	9.75%	Westwood (Los Angeles*)
Los Angeles	9.75%	Whittier*
Los Angeles	9.75%	Willowbrook
Los Angeles	9.75%	Wilmington (Los Angeles*)
Los Angeles	9.75%	Wilsona Gardens
Los Angeles	9.75%	Windsor Hills
Los Angeles	9.75%	Winnetka (Los Angeles*)
Los Angeles	9.75%	Woodland Hills (Los Angeles*)
San Bernardino	8.75%	Adelanto*
San Bernardino	8.75%	Alta Loma (Rancho Cucamonga*)
San Bernardino	8.75%	Amboy
San Bernardino	8.75%	Angelus Oaks
San Bernardino	8.75%	Apple Valley*
San Bernardino	8.75%	Argus
San Bernardino	8.75%	Arrowbear Lake
San Bernardino	8.75%	Arrowhead Highlands
San Bernardino	8.75%	Baker
San Bernardino	8.75%	Barstow*
San Bernardino	8.75%	Base Line
San Bernardino	8.75%	Big Bear City
San Bernardino	8.75%	Big Bear Lake*
San Bernardino	8.75%	Big River
San Bernardino	8.75%	Bloomington
San Bernardino	8.75%	Blue Jay
San Bernardino	8.75%	Bryn Mawr
San Bernardino	8.75%	Cadiz
San Bernardino	8.75%	Cedar Glen
San Bernardino	8.75%	Cedarpines Park

San Bernardino	8.75%	Chino Hills*
San Bernardino	8.75%	Chino*
San Bernardino	8.75%	Cima
San Bernardino	8.75%	Colton*
San Bernardino	8.75%	Crest Park
San Bernardino	8.75%	Crestline
San Bernardino	8.75%	Cross Roads
San Bernardino	8.75%	Cucamonga (Rancho Cucamonga*)
San Bernardino	8.75%	Daggett
San Bernardino	8.75%	Del Rosa
San Bernardino	8.75%	Earp
San Bernardino	8.75%	East Highlands (Highland*)
San Bernardino	8.75%	Eastside
San Bernardino	8.75%	Essex
San Bernardino	8.75%	Etiwanda (Rancho Cucamonga*)
San Bernardino	8.75%	Fawnskin
San Bernardino	8.75%	Fenner
San Bernardino	8.75%	Fontana*
San Bernardino	8.75%	Forest Falls
San Bernardino	8.75%	Fort Irwin
San Bernardino	8.75%	George A.F.B.
San Bernardino	8.75%	Grand Terrace*
San Bernardino	8.75%	Green Valley Lake
San Bernardino	8.75%	Guasti (Ontario*)
San Bernardino	8.75%	Havasu Lake
San Bernardino	8.75%	Helendale
San Bernardino	8.75%	Hesperia*
San Bernardino	8.75%	Highland*
San Bernardino	8.75%	Hinkley
San Bernardino	8.75%	Ivanpah
San Bernardino	8.75%	Joshua Tree
San Bernardino	8.75%	Kelso
San Bernardino	8.75%	Lake Arrowhead
San Bernardino	8.75%	Landers
San Bernardino	8.75%	Lenwood
San Bernardino	8.75%	Loma Linda*
San Bernardino	8.75%	Los Serranos (Chino Hills*)
San Bernardino	8.75%	Lucerne Valley
San Bernardino	8.75%	Ludlow
San Bernardino	8.75%	Lytle Creek
San Bernardino	8.75%	Marine Corps (Twentynine Palms*)
San Bernardino	8.75%	Mentone
San Bernardino	9.00%	Montclair*
San Bernardino	8.75%	Moonridge
San Bernardino	8.75%	Morongo Valley
San Bernardino	8.75%	Mountain Pass
San Bernardino	8.75%	Mt. Baldy
San Bernardino	8.75%	Muscoy
San Bernardino	8.75%	Needles*
San Bernardino	8.75%	Newberry
San Bernardino	8.75%	Newberry Springs
San Bernardino	8.75%	Nipton
San Bernardino	9.00%	Norton A.F.B. (San Bernardino*)
San Bernardino	8.75%	Ontario*
San Bernardino	8.75%	Oro Grande

San Bernardino	8.75%	Parker Dam
San Bernardino	8.75%	Patton
San Bernardino	8.75%	Phelan
San Bernardino	8.75%	Pinon Hills
San Bernardino	8.75%	Pioneertown
San Bernardino	8.75%	Rancho Cucamonga*
San Bernardino	8.75%	Red Mountain
San Bernardino	8.75%	Redlands*
San Bernardino	8.75%	Rialto*
San Bernardino	8.75%	Rimforest
San Bernardino	8.75%	Running Springs
San Bernardino	9.00%	San Bernardino*
San Bernardino	8.75%	Skyforest
San Bernardino	8.75%	Smoke Tree (Palm Springs*)
San Bernardino	8.75%	Sugarloaf
San Bernardino	8.75%	Summit
San Bernardino	8.75%	Trona
San Bernardino	8.75%	Twentynine Palms*
San Bernardino	8.75%	Twin Peaks
San Bernardino	8.75%	Upland*
San Bernardino	8.75%	Victorville*
San Bernardino	8.75%	Vidal
San Bernardino	8.75%	Westend
San Bernardino	8.75%	Wrightwood
San Bernardino	8.75%	Yermo
San Bernardino	8.75%	Yucaipa*
San Bernardino	8.75%	Yucca Valley*

\*\*\* next to city indicates incorporated city



# Utility Users Tax Rates

City	County	Telephone: IntraSt Resid	Telephone: IntraSt Commr	Telephone: InterSt Resid	Telephone: InterSt Commr	Telephone: IntNt'l Resid	Telephone: IntNt'l Commr	Telephone: Wireless Resid	Telephone: Wireless Commr	Electricity Resid
Agoura Hills	Los Angeles									
Alhambra	Los Angeles	5.0%	5.0%	5.0%	5.0%			5.0%	5.0%	
Arcadia	Los Angeles	5.0%	5.0%	5.0%	5.0%			5.0%	5.0%	
Artesia	Los Angeles									
Avalon	Los Angeles									
Azusa	Los Angeles									4.0%
Baldwin Park	Los Angeles	3.0%	3.0%	3.0%	3.0%			3.0%	3.0%	3.0%
Bell	Los Angeles	10.0%	10.0%					10.0%	10.0%	10.0%
Bell Gardens	Los Angeles									
Bellflower	Los Angeles	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Beverly Hills	Los Angeles									
Bradbury	Los Angeles									
Burbank	Los Angeles	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Calabasas	Los Angeles	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Carson	Los Angeles									
Cerritos	Los Angeles									
Claremont	Los Angeles	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Commerce	Los Angeles									
Compton	Los Angeles	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	10.0%
Covina	Los Angeles	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Cudahy	Los Angeles	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Culver City	Los Angeles	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Diamond Bar	Los Angeles									
Downey	Los Angeles	5.0%	5.0%					5.0%	5.0%	5.0%
Duarte	Los Angeles									
El Monte	Los Angeles	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	7.0%
El Segundo	Los Angeles	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	3.0%
Gardena	Los Angeles	4.0%	4.0%					4.0%	4.0%	4.0%
Glendale	Los Angeles	7.0%	7.0%					7.0%	7.0%	7.0%
Glendora	Los Angeles									
Hawaiian Gardens	Los Angeles									
Hawthorne	Los Angeles	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Hermosa Beach	Los Angeles	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	6.0%
Hidden Hills	Los Angeles									

City	Electricity Commr	Gas Resid	Gas Commr	CATV Resid	CATV Commr	Water Resid	Water Commr	Sewer Resid	Sewer Commr	Garbage Resid	Garbage Commr
Agoura Hills											
Alhambra	5.0%		5.0%	5.0%	5.0%		5.0%				
Arcadia	5.0%	5.0%	5.0%								
Artesia											
Avalon											
Azusa	8.0%	4.0%	8.0%			4.0%	8.0%				
Baldwin Park	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%				
Bell	10.0%	10.0%	10.0%			10.0%	10.0%				
Bell Gardens											
Bellflower	5.0%	5.0%	5.0%								
Beverly Hills											
Bradbury											
Burbank	7.0%	7.0%	7.0%								
Calabasas	5.0%	5.0%	5.0%								
Carson											
Cerritos											
Claremont	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%				
Commerce											
Compton	10.0%	10.0%	10.0%			10.0%	10.0%				
Covina	6.0%	6.0%	6.0%			6.0%	6.0%				
Cudahy	4.0%	4.0%	4.0%			4.0%	4.0%			4.0%	4.0%
Culver City	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%				
Diamond Bar											
Downey	5.0%	5.0%	5.0%								
Duarte											
El Monte	7.0%	7.0%	7.0%								
El Segundo	3.0%	3.0%	3.0%			3.0%	3.0%				
Gardena	4.0%	4.0%	4.0%			4.0%	4.0%				
Glendale	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%				
Glendora											
Hawaiian Gardens											
Hawthorne	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%				
Hermosa Beach	6.0%	6.0%	6.0%	5.5%	5.5%	6.0%	6.0%				
Hidden Hills											

City	County	Telephone: IntraSt Resid	Telephone: IntraSt Commr	Telephone: InterSt Resid	Telephone: InterSt Commr	Telephone: IntNt'l Resid	Telephone: IntNt'l Commr	Telephone: Wireless Resid	Telephone: Wireless Commr	Electricity Resid
Huntington Park	Los Angeles	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	7.0%
Industry	Los Angeles									
Inglewood	Los Angeles	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Inwindale	Los Angeles	7.5%	7.5%					7.5%	7.5%	7.5%
La Canada Flintridge	Los Angeles									
La Habra Heights	Los Angeles									
La Mirada	Los Angeles									
La Puente	Los Angeles									
La Verne	Los Angeles	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Lakewood	Los Angeles	3.0%	3.0%					3.0%	3.0%	3.0%
Lancaster	Los Angeles									
Lawndale	Los Angeles	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Lomita	Los Angeles									
Long Beach	Los Angeles	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Los Angeles	Los Angeles	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	10.0%
Lynwood	Los Angeles	10.0%	10.0%					10.0%	10.0%	10.0%
Malibu	Los Angeles	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	5.0%
Manhattan Beach	Los Angeles									
Maywood	Los Angeles	4.0%	7.0%	4.0%	7.0%	4.0%	7.0%	4.0%	7.0%	4.0%
Monrovia	Los Angeles									
Montebello	Los Angeles	3.0%	5.5%	3.0%	5.5%			3.0%	5.5%	3.0%
Monterey Park	Los Angeles	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Norwalk	Los Angeles									
Palmdale	Los Angeles									
Palos Verdes Estates	Los Angeles	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Paramount	Los Angeles	8.28%	8.28%	8.28%	8.28%	8.28%	8.28%	8.28%	8.28%	7.67%
Pasadena	Los Angeles	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Pico Rivera	Los Angeles	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Pomona	Los Angeles	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Rancho Palos Verdes	Los Angeles	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Redondo Beach	Los Angeles									
Rolling Hills	Los Angeles									
Rolling Hills Estates	Los Angeles									

City	Electricity Commr	Gas Resid	Gas Commr	CATV Resid	CATV Commr	Water Resid	Water Commr	Sewer Resid	Sewer Commr	Garbage Resid	Garbage Commr
Huntington Park	7.0%	7.0%	7.0%			7.0%	7.0%				
Industry											
Inglewood	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%				
Inwindale	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%				
La Canada Flintridge											
La Habra Heights											
La Mirada											
La Puente											
La Verne	6.0%	6.0%	6.0%								
Lakewood	3.0%	3.0%	3.0%			3.0%	3.0%				
Lancaster											
Lawndale	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%				
Lomita											
Long Beach	5.0%	5.0%	5.0%			5.0%	5.0%				
Los Angeles	10.0%	10.0%	10.0%			10.0%	10.0%				
Lynwood	10.0%	10.0%	10.0%			10.0%	10.0%				
Malibu	5.0%	5.0%	5.0%								
Manhattan Beach											
Maywood	7.0%	4.0%	7.0%			4.0%	7.0%	4.0%		7.0%	
Monrovia											
Montebello											
Monterey Park	5.5%	3.0%	5.5%								
Norwalk	5.5%	5.5%	5.5%								
Palmdale											
Palos Verdes Estates											
Paramount	3.0%	3.0%	3.0%								
Pasadena	7.67%	7.90%	7.90%	9.40%	9.40%	7.67%	7.67%				
Pico Rivera	5.0%	5.0%	5.0%	5.0%	5.0%						
Pomona	9.0%	9.0%	9.0%			9.0%	9.0%				
Rancho Palos Verdes	3.0%	3.0%	3.0%			3.0%	3.0%				
Redondo Beach	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%				
Rolling Hills											
Rolling Hills Estates											

City	County	Telephone: IntraSt Resid	Telephone: IntraSt Commr	Telephone: InterSt Resid	Telephone: InterSt Commr	Telephone: IntNt'l Resid	Telephone: IntNt'l Commr	Telephone: Wireless Resid	Telephone: Wireless Commr	Electricity Resid
Rosemead	Los Angeles									
San Dimas	Los Angeles									
San Fernando	Los Angeles									
San Gabriel	Los Angeles	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
San Marino	Los Angeles	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Santa Clarita	Los Angeles									
Santa Fe Springs	Los Angeles									
Santa Monica	Los Angeles	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Sierra Madre	Los Angeles	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Signal Hill	Los Angeles									
South El Monte	Los Angeles									
South Gate	Los Angeles									
South Pasadena	Los Angeles	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Temple City	Los Angeles									
Torrance	Los Angeles	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Vernon	Los Angeles									
Walnut	Los Angeles									
West Covina	Los Angeles									
West Hollywood	Los Angeles									
Westlake Village	Los Angeles									
Whittier	Los Angeles	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Los Angeles County	Los Angeles	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Adelanto	San Bernardino									
Apple Valley	San Bernardino									
Barstow	San Bernardino									
Big Bear Lake	San Bernardino									
Chino	San Bernardino									
Chino Hills	San Bernardino									
Colton	San Bernardino	4.0%	6.0%	4.0%	6.0%	4.0%	6.0%	4.0%	6.0%	4.0%
Fontana	San Bernardino	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Grand Terrace	San Bernardino									
Hesperia	San Bernardino									
Highland	San Bernardino									

City	Electricity Commr	Gas Resid	Gas Commr	CATV Resid	CATV Commr	Water Resid	Water Commr	Sewer Resid	Sewer Commr	Garbage Resid	Garbage Commr
Rosemead											
San Dimas											
San Fernando											
San Gabriel	6.0%	6.0%	6.0%			6.0%	6.0%				
San Marino	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%				
Santa Clarita											
Santa Fe Springs											
Santa Monica	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%		
Sierra Madre	6.0%	6.0%	6.0%			6.0%	6.0%				
Signal Hill											
South El Monte											
South Gate											
South Pasadena	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%				
Temple City											
Torrance	6.5%	6.5%	6.5%	6.5%	6.5%	6.0%	6.0%				
Vernon											
Walnut											
West Covina											
West Hollywood											
Westlake Village											
Whittier	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%				
Los Angeles County	5.0%	5.0%	5.0%								
Adelanto											
Apple Valley											
Barstow											
Big Bear Lake											
Chino											
Chino Hills											
Colton	6.0%	4.0%	6.0%	4.0%	6.0%	4.0%	6.0%	4.0%	6.0%	4.0%	6.0%
Fontana	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%				
Grand Terrace											
Hesperia											
Highland											

City	County	Telephone: IntraSt Resid	Telephone: IntraSt Commr	Telephone: InterSt Resid	Telephone: InterSt Commr	Telephone: IntNt'l Resid	Telephone: IntNt'l Commr	Telephone: Wireless Resid	Telephone: Wireless Commr	Electricity Resid	
Loma Linda	San Bernardino										
Montclair	San Bernardino	3.89%	3.89%	3.89%	3.89%	3.89%	3.89%			3.89%	
Needles	San Bernardino										
Ontario	San Bernardino										
Rancho Cucamonga	San Bernardino										
Redlands	San Bernardino										
Rialto	San Bernardino	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	
San Bernardino	San Bernardino	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	
Twentynine Palms	San Bernardino										
Upland	San Bernardino										
Victorville	San Bernardino										
Yucaipa	San Bernardino										
Yucca Valley	San Bernardino										
City	Electricity Commr	Gas Resid	Gas Commr	CATV Resid	CATV Commr	Water Resid	Water Commr	Sewer Resid	Sewer Commr	Garbage Resid	Garbage Commr
Loma Linda											
Montclair	3.89%	3.89%	3.89%			3.89%	3.89%				
Needles											
Ontario											
Rancho Cucamonga											
Redlands											
Rialto	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%				
San Bernardino	7.75%	7.75%	7.75%	7.75%	7.75%						
Twentynine Palms											
Upland											
Victorville											
Yucaipa											
Yucca Valley											

# Transient Occupancy Tax Rates - LA/SB County Cities

Source: Computations by CaliforniaCityFinance.com from State Controller data.

City	County	Rev Aug 15, 2009
Beverly Hills	Los Angeles	14.0%
Inglewood	Los Angeles	14.0%
Los Angeles	Los Angeles	14.0%
Santa Monica	Los Angeles	14.0%
Artesia	Los Angeles	12.5%
Pasadena	Los Angeles	12.1%
Agoura Hills	Los Angeles	12.0%
Alhambra	Los Angeles	12.0%
Avalon	Los Angeles	12.0%
Calabasas	Los Angeles	12.0%
Commerce	Los Angeles	12.0%
Culver City	Los Angeles	12.0%
Hawthorne	Los Angeles	12.0%
Long Beach	Los Angeles	12.0%
Malibu	Los Angeles	12.0%
Monterey Park	Los Angeles	12.0%
West Hollywood	Los Angeles	11.5%
Gardena	Los Angeles	11.0%
Torrance	Los Angeles	11.0%
Arcadia	Los Angeles	10.0%
Baldwin Park	Los Angeles	10.0%
Burbank	Los Angeles	10.0%
Claremont	Los Angeles	10.0%
Covina	Los Angeles	10.0%
Diamond Bar	Los Angeles	10.0%
Duarte	Los Angeles	10.0%
El Monte	Los Angeles	10.0%
Glendale	Los Angeles	10.0%
Hermosa Beach	Los Angeles	10.0%
Irwindale	Los Angeles	10.0%
La Puente	Los Angeles	10.0%
La Verne	Los Angeles	10.0%
Lomita	Los Angeles	10.0%
Manhattan Beach	Los Angeles	10.0%
Monrovia	Los Angeles	10.0%
Montebello	Los Angeles	10.0%
Norwalk	Los Angeles	10.0%
Palmdale	Los Angeles	10.0%
Paramount	Los Angeles	10.0%
Pico Rivera	Los Angeles	10.0%

City	County	Rev Aug 15, 2009
La Mirada	Los Angeles	9.0%
Lawndale	Los Angeles	9.0%
Signal Hill	Los Angeles	9.0%
Walnut	Los Angeles	8.5%
Bell Gardens	Los Angeles	8.0%
Cudahy	Los Angeles	8.0%
El Segundo	Los Angeles	8.0%
Industry	Los Angeles	8.0%
Lakewood	Los Angeles	8.0%
San Dimas	Los Angeles	8.0%
South El Monte	Los Angeles	8.0%
South Gate	Los Angeles	8.0%
Azusa	Los Angeles	7.5%
Compton	Los Angeles	7.5%
Lancaster	Los Angeles	7.0%
Cerritos	Los Angeles	6.0%
Glendora	Los Angeles	6.0%
Huntington Park	Los Angeles	5.0%
Maywood	Los Angeles	5.0%
Bell	Los Angeles	3.5%
Bradbury	Los Angeles	none
Hidden Hills	Los Angeles	none
La Canada Flintridge	Los Angeles	none
La Habra Heights	Los Angeles	none
Lynwood	Los Angeles	none
Palos Verdes Estates	Los Angeles	none
Rolling Hills	Los Angeles	none
San Fernando	Los Angeles	none
San Marino	Los Angeles	none
Sierra Madre	Los Angeles	none
South Pasadena	Los Angeles	none
Vernon	Los Angeles	none
Barstow	San Bernardino	12.5%
Ontario	San Bernardino	11.8%
Adelanto	San Bernardino	10.0%
Chino Hills	San Bernardino	10.0%
Colton	San Bernardino	10.0%
Hesperia	San Bernardino	10.0%
Loma Linda	San Bernardino	10.0%
Montclair	San Bernardino	10.0%



Pomona	Los Angeles	10.0%
Rancho Palos Verdes	Los Angeles	10.0%
Redondo Beach	Los Angeles	10.0%
Rolling Hills Estates	Los Angeles	10.0%
Rosemead	Los Angeles	10.0%
San Gabriel	Los Angeles	10.0%
Santa Clarita	Los Angeles	10.0%
Santa Fe Springs	Los Angeles	10.0%
Temple City	Los Angeles	10.0%
West Covina	Los Angeles	10.0%
Westlake Village	Los Angeles	10.0%
Whittier	Los Angeles	10.0%
Bellflower	Los Angeles	9.0%
Carson	Los Angeles	9.0%
Downey	Los Angeles	9.0%
Hawaiian Gardens	Los Angeles	9.0%

Needles	San Bernardino	10.0%
Rancho Cucamonga	San Bernardino	10.0%
Redlands	San Bernardino	10.0%
San Bernardino	San Bernardino	10.0%
Upland	San Bernardino	10.0%
Rialto	San Bernardino	9.0%
Twentynine Palms	San Bernardino	9.0%
Big Bear Lake	San Bernardino	8.0%
Chino	San Bernardino	8.0%
Fontana	San Bernardino	8.0%
Highland	San Bernardino	7.0%
Victorville	San Bernardino	7.0%
Yucaipa	San Bernardino	7.0%
Yucca Valley	San Bernardino	7.0%
Apple Valley	San Bernardino	6.0%
Grand Terrace	San Bernardino	none

## Appendix J: List of Eliminated Positions

### CITY OF CLAREMONT ELIMINATED FULL-TIME POSITIONS FY 2008-09 to 2010-11

TITLE	#
Accounting Assistant	1
Administrative Assistant	2
Administrative Specialist	1
Assistant Planner	1
Associate Engineer	1
Building Inspector	1
City Planner	1
Community Improvement Officer <sup>1</sup>	1
Economic Development Officer <sup>2</sup>	1
Groundskeeper I	1
Groundskeeper II	1
Human Services Supervisor	3
Information Systems Manager	1
Maintenance Craftsperson II	1
Maintenance Superintendent	1
Police Captain <sup>3</sup>	2
Police Corporal <sup>3</sup>	3
Police Lieutenant <sup>3</sup>	1
Police Officer <sup>3</sup>	1
Program Specialist	1
Receptionist	2
Senior Engineer	1
Site Coordinator	3
Solid Waste Superintendent	1
Tree Trimmer II	2
<b>Total</b>	<b>35</b>

<sup>1</sup> Staffing levels were shifted to maintain a Community Improvement Officer and Community Improvement Coordinator at ¾ time, rather than only one position at full time. This allows for succession planning in the division.

<sup>2</sup> Position may be under filled at a lower level.

<sup>3</sup> All Police Department eliminations will be evaluated, should funding become available, and positions would be restored based on the needs of the department at the time the funding becomes available.

**Appendix K: List of Salary and Benefit Reductions**

**CITY OF CLAREMONT  
NEGOTIATED SALARY & BENEFIT REDUCTIONS  
FY 2008-09 to 2010-11**

<b><u>Salary/Benefit Reduction</u></b>	<b><u>Amount</u></b>
Cost of Living Adjustments	639,000
Compensatory Time Buy-back	22,000
Pay for Performance Program	235,000
Health & Fitness Reimbursement Program	53,000
<b>Total</b>	<b>949,000</b>

## Appendix L: PERS Unfunded Liability Explanation

One of the factors the City of Claremont must deal with each year is the mandated shift in expense to the City from PERS based on what is referred to as “unfunded liability” on the City’s financial statements. The following PERS explanation defines how the unfunded liability is calculated:

Initial plan unfunded liabilities are amortized over a closed period dependent on the plan’s date of entry into the PERS Risk Pool. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan’s accrued liability exceeds the actuarial value of plan assets, then the amortization payments on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

While the PERS explanation is helpful for accountants and those experienced in reading detailed financial reports, it can still be somewhat confusing to the lay person. Expressed in lay terms, the unfunded liability really refers to the following: Every few years, using accounting actuarial methods approved by state and federal regulatory authorities, accountants under contract to PERS perform a “test” to determine if the investments (stocks and bonds) held in the PERS retirement accounts are at the correct size to be able to provide payments (to “fund” by having interest or dividends) the current and future payment obligations for those included in the PERS fund. Two major factors can have an impact on whether the invested funds are at the correct level to meet these future obligations at any particular point in time. First, the actuary determines whether the life span of the retiree population has changed and, therefore, more monthly retirement checks may be needed than in earlier years (and in recent years it tends to be lengthened as retirees are shown to be living longer). If this life span of the retiree population is shown to have increased in length, then this can result in additional investments being needed (beyond those currently held) to fund future payments for that extended period of time to the retirees. That additional needed investment amount is defined as a dollar value and is considered “unfunded” if the investments at that particular time are not at that level of value. Hypothetically, if the retiree population was, on average, to live a shorter period of time (contrary to recent trends for the past 2 decades), then it is possible that the “unfunded” liability would actually be shown in the financial statements as a funding “surplus” (the funds invested and providing interest and dividends exceed the predicted need for future payments).

The second issue that can result in a potential shortfall, or “unfunded liability,” is the status of the investment instruments themselves based on the performance of the public stock and bond markets in which those investments reside. As has happened in the past few years, when the stock and bond markets are declining or flat the value of the investments may be lower than anticipated and result in a determination that to meet the future payment obligations of the retiree population, the PERS investments are “underfunded.” On the flip side, in years when the stock and bond markets increase tremendously in value, the valuation of the investments may result in what appears to be a “surplus” because the interest and dividends produce a cash flow stream in excess of the anticipated future payments cash flow.

The end result is that any city participating in PERS may realize the need to provide additional payments as a “make-up” payment or cost if the PERS calculations are deemed “under-funded”—even if the City made no changes to personnel, retiree benefit policy or other action.



Administrative Policy Manual

Policy No. 10-25Date: January 12, 2013

Approved: \_\_\_\_\_

SUBJECT: RESERVE POLICY

PURPOSE: To establish a policy for Reserves.

**General Policy:** Sound financial management includes a practice of maintaining appropriate reserves to provide for natural or fiscal emergencies, building renovations, equipment replacement, continuation of services, non-covered liability claims, special projects and other unanticipated expenditures. This policy outlines the different reserve accounts that are maintained.

Any use of these reserve funds is at the sole discretion of the City Council, and specific City Council action is required to authorize the use of any of the funds listed in this policy.

**Provisions:**

All appropriations from the Reserve Policy are to be considered in accordance with the following priorities:

**A. Operating and Environmental Emergency Reserve - 25 Percent**

Funds in this reserve are to be used in the case of natural or fiscal emergencies. It is the goal of the City Council to maintain a minimum reserve of 25 percent of the General Fund operating expenditures.

**B. Enterprise and Internal Service Fund Reserves (Motor Fleet, Technology, Sanitation and Sewer Funds) - 15 percent**

In order to provide sufficient capital for enterprise and internal service fund operations, it is the goal that the cash equivalent to 15 percent of budgeted operating expenditures be reserved. Prudent vehicle and equipment replacement schedules shall be maintained and reviewed annually; and, appropriate replacement reserves established. In some cases reserves may be established at a higher level based upon the nature of the fund.

**C. Maintenance of Operations Reserve**

These funds are intended to stabilize the impacts of unanticipated projects or costs, emergency safety, insurance and liability claim issues, and PERS or other benefit rate increases. The Maintenance of Operations reserve will be used for the following types of expenditures:

- a. City Council directed projects.
- b. Capital projects.
- c. Liability costs not covered by the city's insurance policies.
- d. Unanticipated changes in PERS or other benefit rates.
- e. Cyclical revenue downturns and operating cost increases that are temporary and not within the City's ability to adjust in the short-term.
- f. Or any other municipal purpose that the City Council deems prudent or necessary.

#### **D. Equipment and Facility Revolving Reserve**

Equipment and Facility Revolving Reserve was established to create a funding source for equipment and facility expenditures. The Equipment and Facility Revolving Reserve shall be used for the following types of purchases:

- a. Renovation projects pertaining to existing City buildings,
- b. Replacement and refurbishment of furniture and other equipment utilized in City facilities.
- c. Minor enhancement of City buildings, parks, and other facilities.
- d. Safety equipment, emergency response equipment, recreation facilities equipment, etc.

Proposed expenditures of the Equipment and Facility Revolving Reserve shall be evaluated according to the following criteria:

- a. Disrepair/Inoperability – Equipment that is no longer operable or in a state of disrepair is eligible for replacement using the Equipment and Facility Revolving Reserve. Facility improvements to correct disrepair are also eligible.
- b. Safety/Liability Concerns – The replacement of equipment or the repair of City facilities that pose safety hazards, or that expose the City to a higher than normal level of liability are eligible for funding by the reserve. Additionally, projects that will allow the City to more effectively manage emergency situations are also eligible.
- c. Program Necessity – The replacement or refurbishment of equipment and facilities that are integral to the operation of a City program or function are eligible for funding by the reserve.
- d. Excessive Cost of Maintenance – Equipment or facilities that require excessive maintenance, even if they are still operable, are eligible for funding by the reserve. The cost of excessive maintenance may make equipment replacement a cost-effective solution.

- e. Previously Identified But Unfunded Items – In developing the Capital Improvement Program (CIP) budget, staff maintains a list of projects for which funding is not available through the regular budget process. Should the need arise to complete a project on the unfunded list, funding from the reserve would be eligible for use.

#### **E. Unassigned Fund Balance**

This results from residual positive net resources of the General Fund in excess of what can properly be classified in one of the other reserve accounts.

#### **F. Investment of Reserve Funds**

All Reserve funds shall be invested according to the City's Investment Policy (Administrative Policy 50-15), which shall be reviewed annually.

#### **Reserve Fund Replenishment:**

The City's replenishment or minimum reserve balance priority for reserve funds is listed below.

- A. Priority 1: Replenish or maintain a fund balance of at least 25 percent of the annual General Fund operating expenditures in the Operating and Environmental Emergency Reserve Fund.
- B. Priority 2: Replenish or maintain cash equivalent to 15 percent of budgeted operating expenditures for the Enterprise and Internal Service Reserve Funds.

#### **Remaining Fund Surplus Distribution:**

Annually, upon identification of a General Fund surplus, staff will make recommendations to the City Council to achieve the following:

1. Contribute a portion of any annual surplus to the Maintenance of Operations Reserve Fund.
2. Contribute a portion of any annual surplus to the Equipment and Facility Revolving Reserve Fund.
3. Allocate the remaining surplus at the City Council's discretion.



# CITY OF COMMERCE

---

**Department of Finance**  
Vilko Domic, Director

---

November 26, 2013

Clara Shortridge-Foltz  
Criminal Justice Center  
Presiding Judge of the Los Angeles Superior Court  
Los Angeles County Civil Grand Jury  
210 West Temple Street, Room 11-506  
Los Angeles, CA 90012

Dear Honorable Judge Shortridge-Foltz,

The following is the City of Commerce's response to recommendations as outlined in the 2012-13 Los Angeles County Civil Grand Jury's Final Report:

1. City should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets

The City agrees with the finding. The City currently has in place policies regarding fiscal sustainability that are applied during the budget process to help guide City officials to develop sustainable, balanced budgets.

2. City should develop a balanced budget and commit to operate within the budget constraints.

The City agrees with the finding. The City currently has in place policies regarding fiscal sustainability that are applied during the budget process to help guide City officials to develop sustainable, balanced budgets.

3. City should commit to not using one-time revenues to fund recurring or on-going expenditures.

The City agrees with the finding. The City currently has in place policies regarding fiscal sustainability that are applied during the decision making process to help guide City officials to not use one-time revenues for recurring or on-going expenditures.



4. City should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.

The City agrees with the finding. The City currently has a reserve balance of approximately 75% of annual expenditures which is deemed by management to be sufficient to deal with unanticipated revenue shortfalls.

5. City should develop and report on performance measures and indicators to evaluate outcomes. These performance measures should be quantified, focuses on outcomes and information should be provided for several years to allow evaluation of progress over time.

The City agrees with the finding. This recommendation requires further analysis and will discussed with our management team within the next six months.

6. City’s that allow the auditor to provide non-audit services should ensure appropriate review of approval of those services.

The City agrees with the finding. City management reviews the services to be rendered before approval.

7. City should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.

The City agrees with the finding. The City regularly reviews and updates accounting policies and procedures as part of our normal course of business and while working with our auditors during audits.

8. City should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

The City agrees with the finding. The City will develop this policy and add it to the Finance Departments Standard Operating Procedures.

9. City should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

The City agrees with the finding. The City has and will continue to undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

Please do not hesitate to contact me if you should have any questions and/or comments.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized initial 'V' followed by a long horizontal line and a smaller, more complex signature at the end.

Vilko Domic  
CFO  
City of Commerce



City of Compton

**OFFICE OF THE CITY MANAGER**

**G. HAROLD DUFFEY**

City Manager

Office: (310) 605-5585

Fax: (310) 761-1429

email: ghduffy@comptoncity.org

December 17, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice  
210 West Temple Street  
Los Angeles, CA 90012

Dear Presiding Judge:

Enclosed please find the City of Compton's response to the County of Los Angeles's Civil Grand Jury Report for 2012-2013.

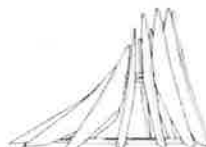
Should you have any questions or require further information, please feel free to contact me at (530)681-6432.

Sincerely,



G. Harold Duffey  
**CITY MANAGER**

Attachments



**COMPTON CITY HALL**

205 South Willowbrook Avenue Compton, California 90220

December 16, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor Room 11-506  
Los Angeles, CA. 90012

To the Presiding Judge:

Presiding Judge, attach are Compton's responses to the 2012-13 Grand Jury's findings and recommendations on the fiscal health, governance and management practices of the 88 cities within Los Angeles County. I also need to apologize, as there was some confusion on my part, as I completed:

- 2011-12 Grand Jury inquiry of Charter Cities.
- a questionnaire and update on the Charter City inquiry from the 2012-2013 Grand Jury which lead me to believe the information within the Charter City inquiry covered the finding and recommendations for the 2012-2013 Grand Jury report on the fiscal health, governance and management practices of the 88 cities within Los Angeles County

However, I have a better understanding of the process and enclosed you will find City of Compton's responses to the following:

- Financial Health
- Governance Practices
- Financial Management Practices,

#### **FINDINGS – FINANCIAL HEALTH**

1. Cities should adopt financial planning revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets. (***City of Compton agrees with findings***)

2. Cities should develop a balanced budget and commit to operating within the budget constraints. (***City of Compton agrees with findings***).
3. Cities should commit to not using one time revenues to fund recurring or ongoing expenditures (***City of Compton agrees with findings***).
4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall. (***City of Compton agrees with findings***)

#### **FINDINGS – GOVERNANCE PRACTICES**

1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city(***City of Compton agrees with findings***).
2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time (***City of Compton agrees with findings***).
3. City Council should develop specific annual goals for the city executive(***City of Compton agrees with findings***).
4. City Council should conduct meaningful evaluations of the city’s executive at least annually(***City of Compton agrees with findings***).
5. Cities should publish their financial reports or CAFR on their city’s website (***City of Compton agrees with findings***).

#### **FINDINGS – FINANCIAL MANAGEMENT PRACTICES**

- 8 Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor(***City of Compton agrees with findings***).

# Responses to Grand Jury (2012-2013) Recommendations

## FINDINGS – FINANCIAL HEALTH

1. Cities should adopt financial planning revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

The recommendation has been implemented, The City of Compton currently reviews its budget on a quarterly basis - 1<sup>st</sup> quarter, midyear, 3<sup>rd</sup> quarter review and a final year end closeout (attachment I). City of Compton's current policy for balanced budget can be found in its current Financial Policies and Procedures Manual Section 2.3 (attachment I).

2. Cities should develop a balanced budget and commit to operating within the budget constraints.

(Attachment II) Section 2.3.3 of the City's Financial Policies and Procedures manual allowed the City Council to adopt an unbalanced budget for 2012/13. The budget had a structural deficit, but staff requested modifications during the 1<sup>st</sup> quarter review to balance the 2012/13 budget (attachment III). City adopted 2013/14 balanced budget with an expected surplus of \$650,000 ( Attachment IIA).

3. Cities should commit to not using one time revenues to fund recurring or ongoing expenditures.

The recommendation has been implemented. The City has an existing section within it's Financial Policies and Procedures Manual for the use of One-time Revenues. Section 10.8.1 shall not be used to support existing operations or support expansion of existing operations (attachment III). For fiscal year 2013/14 any additional revenue is treated as revenue enhancement and placed in fund balance . If it is one time revenue, it will not be used in our revenue projections for next year (Attachment IIA)

4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.

The recommendation is currently policy but not implemented. The City of Compton’s existing Financial Policies and Procedures Manual, Section 4 calls for the City to establish a General Fund, Infrastructure and Grant Match Reserve Fund. Staff’s expectation is to implement the policy with projected fund balance from fiscal year 2012/13 at the year- end closeout.

Update: City of Compton finished 2012/13 with fund balance of approximately \$1,400,000. (Attachment IIA)

## **FINDINGS – GOVERNANCE PRACTICES**

- 1 Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.

The recommendation has not yet been implemented, but will be implemented in the near future. Compton is currently working with the Council and the Mayor to develop a strategic plan. The Council currently has six areas that were identified as goals and objectives – Neighborhood Improvements, Healthy Community, Governance, Public Safety, Economic Growth and Public Infrastructure. Over the next six months staff will be working with the policy makers to further identify and link projects to goals and objectives. Projects will then be prioritized and funded based on those priorities. Staff expects to see the strategic plan fully developed in the 2013/14 budget.

Update: The 2013-14 budget attempts to provide a tactical plan (0-2 years) view of the city. The Council reviewed their mission, vision and values. They were further asked to define what those values meant and came up with 34 priorities, which were then ranked at Critical, High and Important. However, two new members of the Council were elected. A further update should occur in March 2014. (Attachment V)

- 2 Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.

The recommendation has yet been implemented, but will be implemented in the near future. Performance Measures are currently being developed along with levels of service. The City of Compton staff will start providing the Council with Baseline service data in January 2013 and provide updates on achievements ( Performance Data).

Update: City Departments currently provide monthly updates, and a long term financial outlook is presented to Council but Performance based data from the past is lacking which does not allow policy makers to assess historical view. The information should be completed by March 2014 – (Attachment VI)

3 City Council should develop specific annual goals for the city executive

Council evaluated City Manager and provided specific goals for 2013-14 (attachment VII)

4 City Council should conduct meaningful evaluations of the city's executive at least annually.

It is the intent of the Council and executive to conduct annual evaluations. 1<sup>st</sup> evaluation started shortly after anniversary date of 7/23/12. (Attachment VIII)

5 Cities should publish their financial reports or CAFR on their city's website.

The recommendation has been implemented. Compton had problems with its 2010/11 audit, as the Independent Auditor refused to sign the CAFR because the Mayor lodged a complaint of Waste, Fraud and Abuse. The Auditor tried for several months to talk with the Mayor but he refused. The Auditor's completed the audit without an opinion. The Auditor stated that the Mayor's accusation of Fraud, Waste and Abuse along with the Mayor's unwillingness to be interviewed to explain his concerns left the Auditor with no other choice. The firm resigned as the independent auditor. The City has not completed its 2010/11 CAFR and has not started on its 2011/12 CAFR.

Update : California Auditor Controller certified that 2010/11 audit met all state and federal guidelines. City will post audit online. City is working with new Auditor MGO for completion of 2011/12 audit and then 2012/13 audit. (Attachment IX)



## **FINDINGS – FINANCIAL MANAGEMENT PRACTICES**

- 8 Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

Yes, the City is in agreement and once our 2011/12 and 2012/13 audit are completed, we intend to go our for formal bid for future audit services.

# Attachment I

---

Section: 2 FINANCIAL MANAGEMENT POLICIES

Policy: 2.3 Balanced Budget

---

## **2.3 Balanced Budget**

### **2.3.1 Policy Reference**

1. State of Extreme Emergency. During the existence of any national or local emergency created by military attack or sabotage, or in the providing for adequate national or local defense, or upon the occasion of a great public calamity, such as an extraordinary fire, flood, storm, epidemic, earthquake, or other disaster, the City Manager is hereby authorized to take such actions as is deemed by him necessary to safeguard life, health or property notwithstanding any other provision of this Charter. During the existence of any such emergency the responsible city officer may comply with any lawful federal or state law, order or regulation, notwithstanding any conflict which may exist between such law, order or regulation and the provisions of this Charter, in safeguarding life, health or property in the City. At the first meeting of the City Council following the commencement of any such emergency, or the taking of any action under this section, the City Council shall review the situation and its findings as to the existence of such emergency or the need for any further action of an emergency nature and contrary to any provision of this Charter, shall be final and conclusive (Charter Sec. 1701).
2. Emergency Ordinances. Any ordinance declared by the City Council to be necessary as an emergency measure for preserving the public peace, health or safety, and containing a statement of the reasons for its urgency, may be introduced and adopted at one and the same meeting if passed by at least four affirmative votes (Charter Sec. 607).
3. Contracts on Public Works. Such contracts likewise may be let without advertising for bids, if such work shall be deemed by the City Council to be of urgent necessity for the preservation of life, health or property, and shall be authorized by motion passed by at least four affirmative votes and containing a declaration of the facts constituting such urgency (Charter Sec. 1409).

### **2.3.2 Financial Policy**

1. The City of Compton is committed to adopting a balanced budget so that it can sustainably extend the highest standard of service possible to its residents. Therefore, the City Manager will ensure that budgets submitted annually for City Council review are balanced, and the City Council will require that the annual budget be in balance as a condition of budget approval.
2. A balanced budget can be defined as:

# Attachment II

---

Section: - 2 --- FINANCIAL-MANAGEMENT POLICIES ---

Policy: 2.3 Balanced Budget

---

- a. *Revenues* equaling *Expenditures*, or
- b. *Revenues* combined with allocated prior year *Reserves* equaling *Expenditures*

### **2.3.3 Procedures**

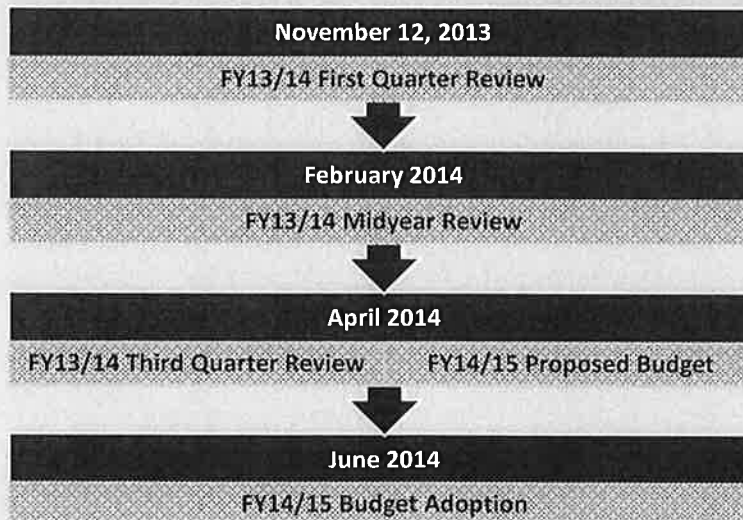
1. In the event a balanced budget cannot be reached prior to the beginning of a new fiscal year due to a situation of emergency or otherwise severely unforeseen circumstance, the City Council, through a City Council resolution, may authorize the City Manager to operate and meet those obligations necessary to maintain existing services at an appropriation level not to exceed that of the prior fiscal year until such time as the budget process can be completed. The resolution may include capital improvement projects approved in the prior fiscal year, but it will not include new capital improvement projects or services.

# Attachment IIA



**FY 2013/14  
FIRST QUARTER (July – Sept. 30)  
BUDGET REVIEW**

**Fiscal Year 2013/14 - First Qtr. Budget Review  
Schedule**

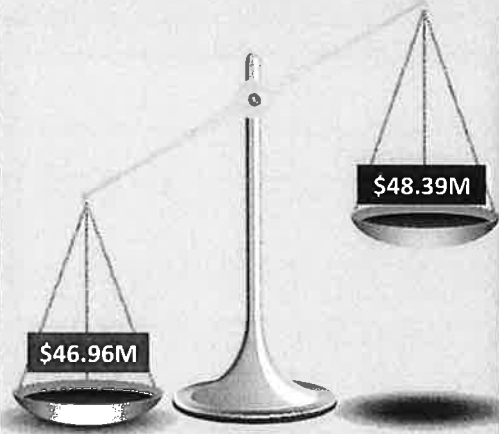


**Fiscal Year 2013/14 - First Quarter Budget Review  
What We Will Cover Tonight**

<b>Past</b>	FY12/13 budget; past deficits
<b>Outlook</b>	3-year forecast
<b>Present</b>	FY13/14 budget
<b>Budget Policy</b>	FY13/14 and 14/15 strategy
<b>Budget Adjustments</b>	FY13/14 recommended revisions

**Fiscal Year 2012/13  
General Fund Year End Results**

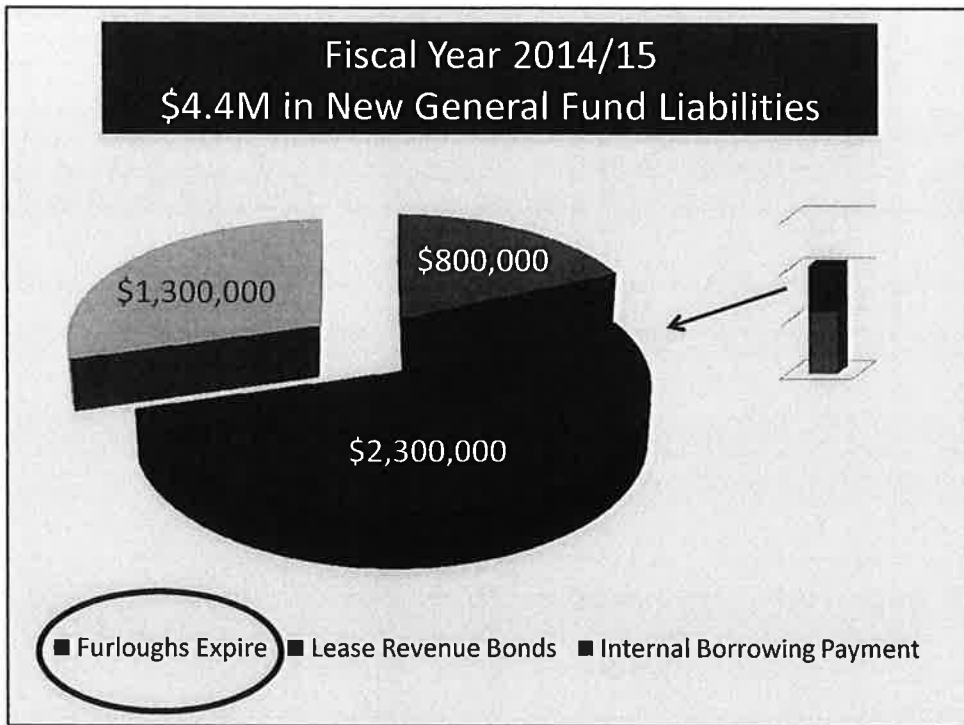
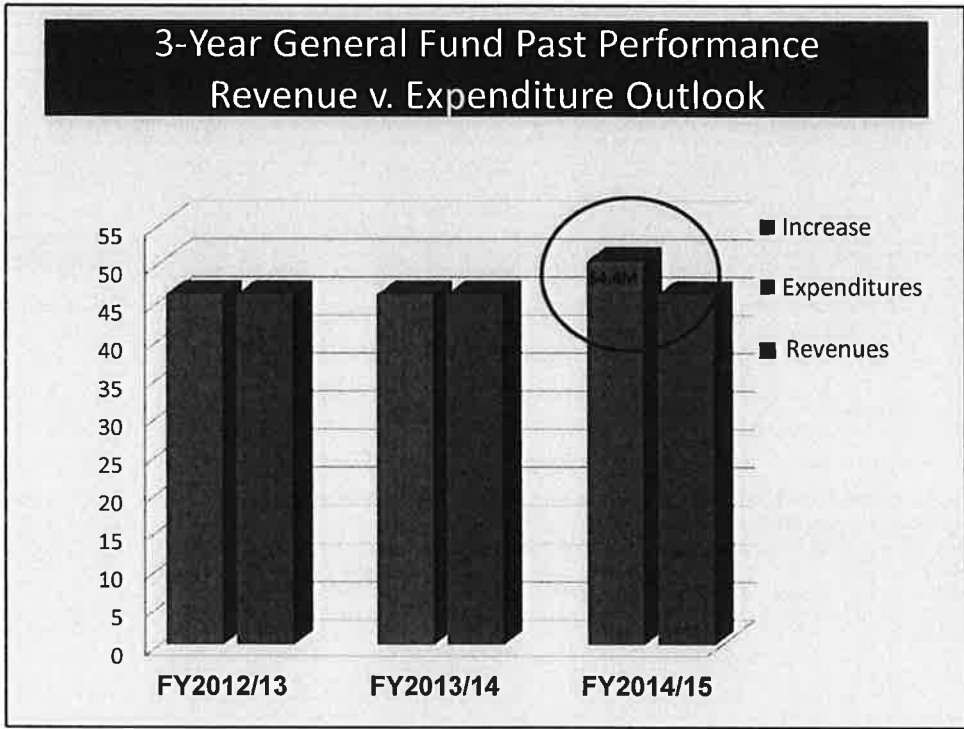
**Expenditures**  
Salaries, Benefits, Service and Supplies. General operations of the City.

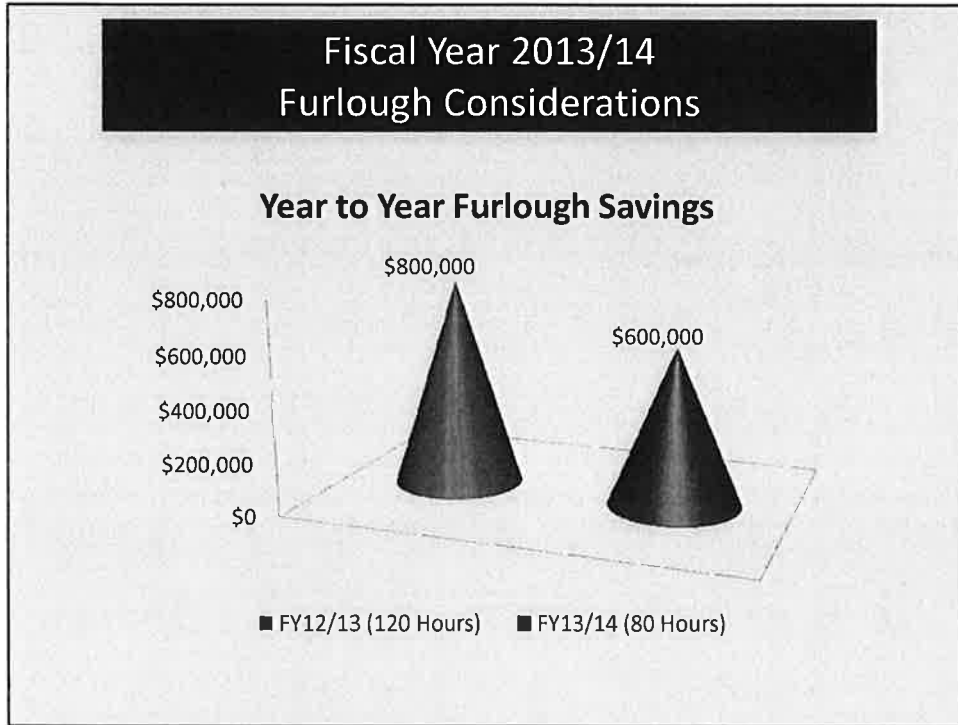


**Revenue**  
Sales, Property, Gaming and TOT Tax. One time revenue enhancements.

**\$1.4M Surplus**







### Lease Revenue Bond Payment Obligations

BUDGET YEAR	AMOUNT
Fiscal Year 2014-2015	\$2,319,000
Fiscal Year 2015-2016	\$3,944,000
Fiscal Year 2016-2017	\$3,948,000
Fiscal Year 2017-2018	\$3,948,000
Fiscal Year 2018-2019	\$3,948,000
Fiscal Year 2019-2020	\$3,948,000

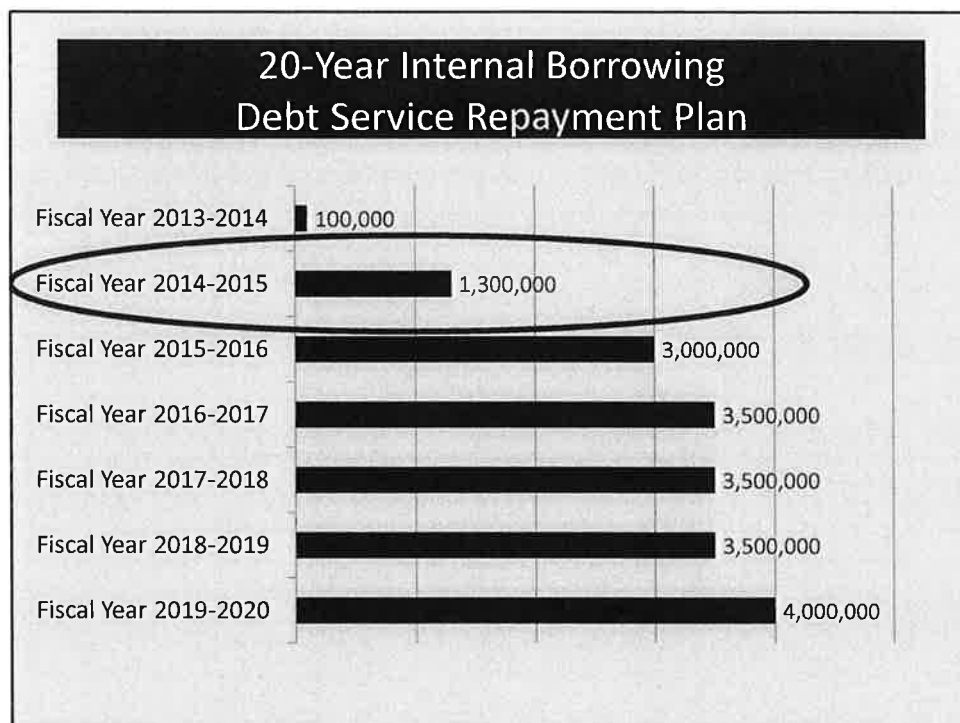
### Fiscal Year 2014/15 Lease Revenue Bond Payment

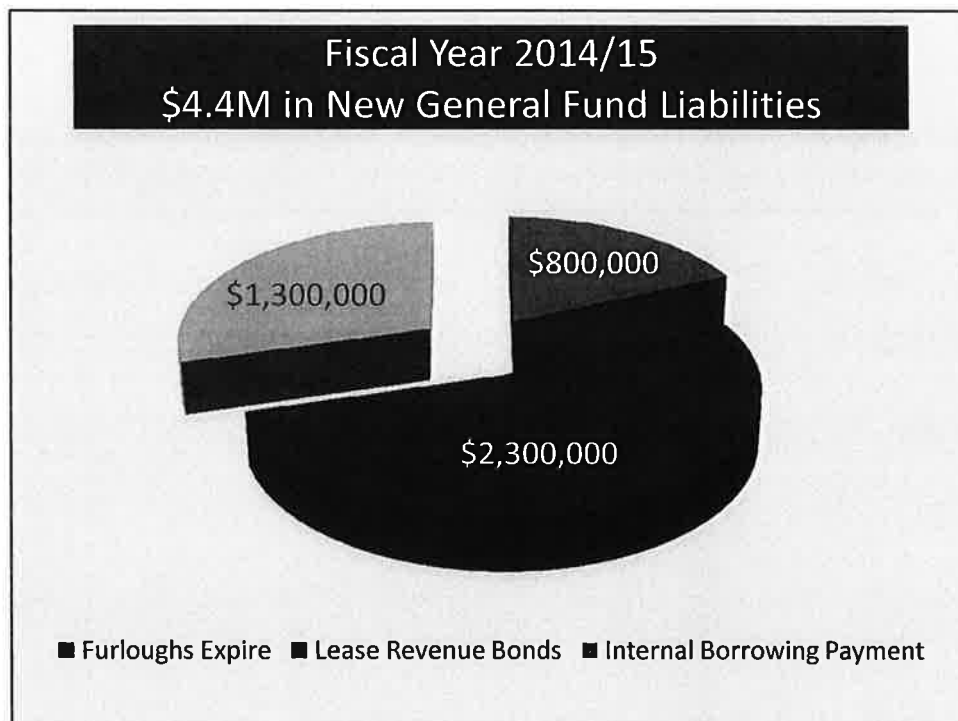
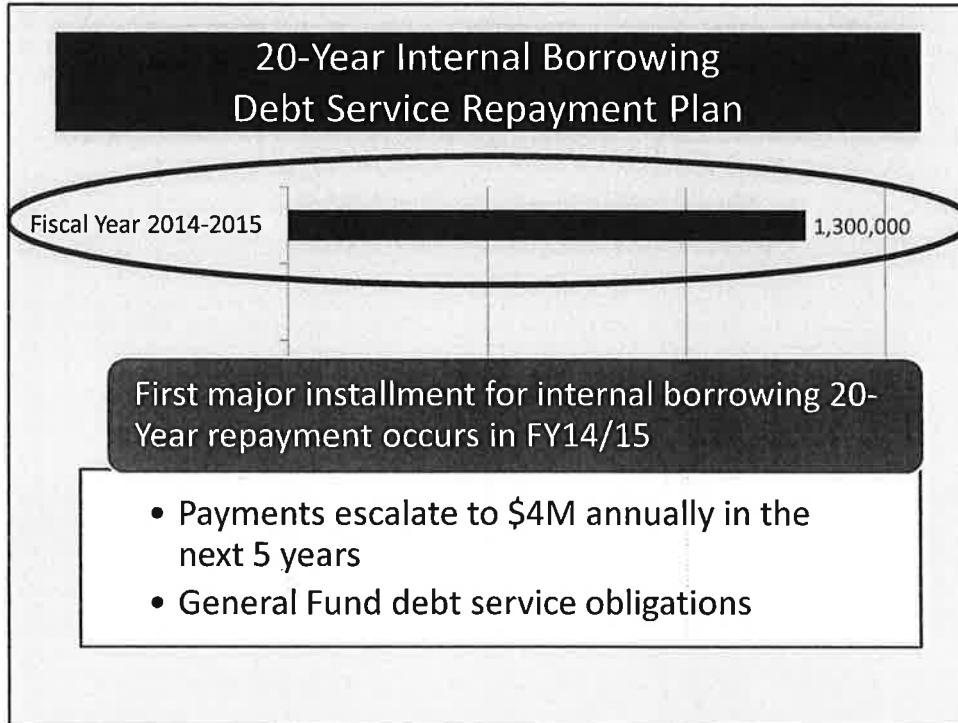
BUDGET YEAR	AMOUNT
Fiscal Year 2014-2015	\$2,319,000

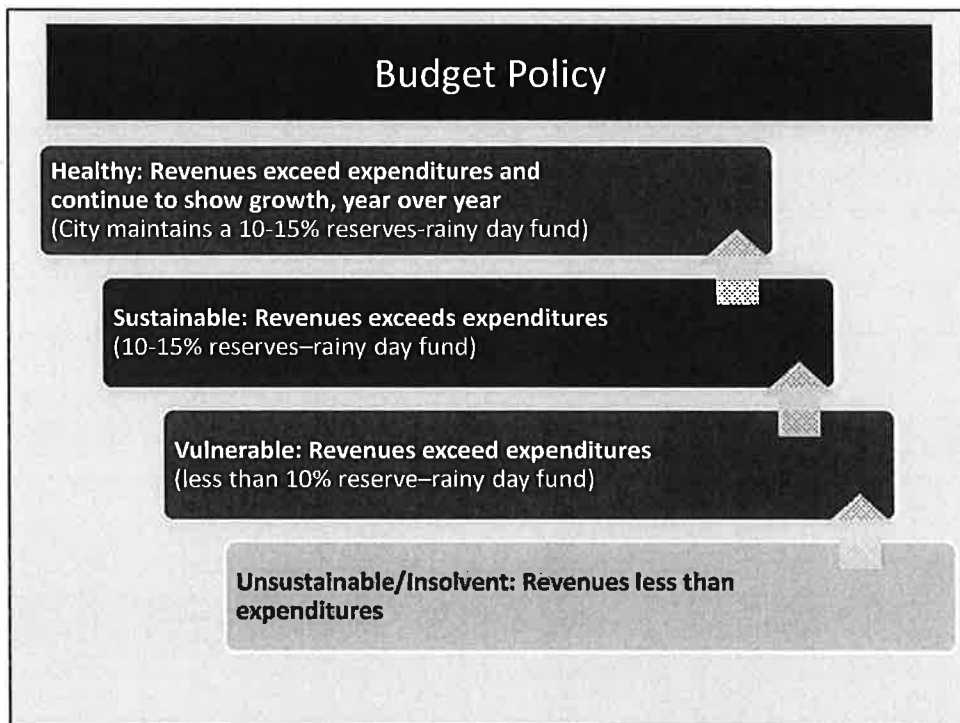
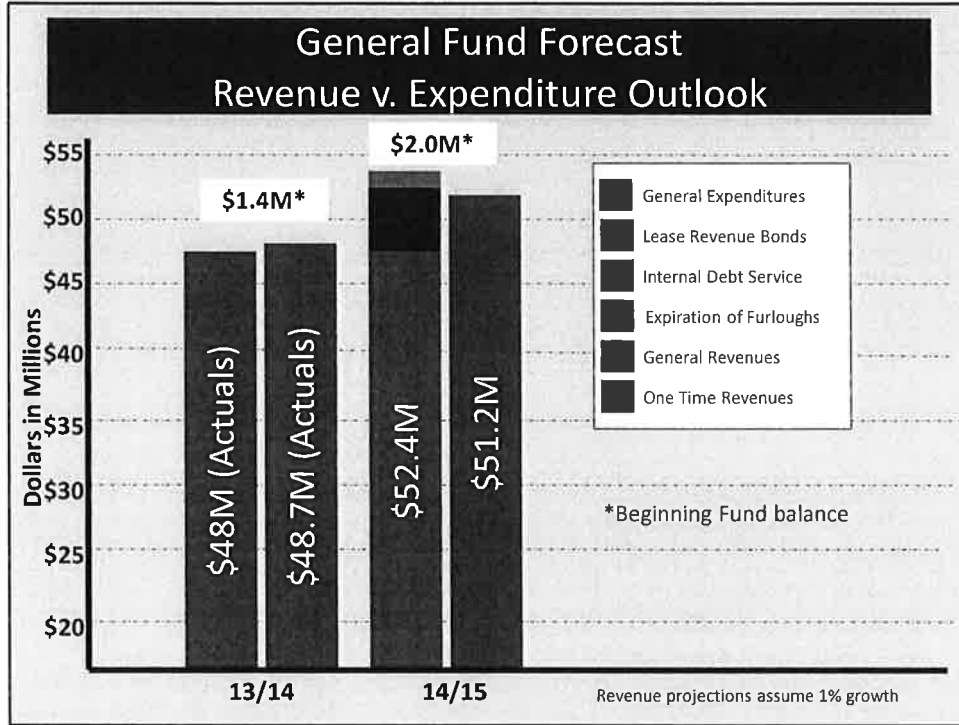
**Per the Bond Covenant, Fiscal Year 2013/14 interest was paid using Bond Proceeds**

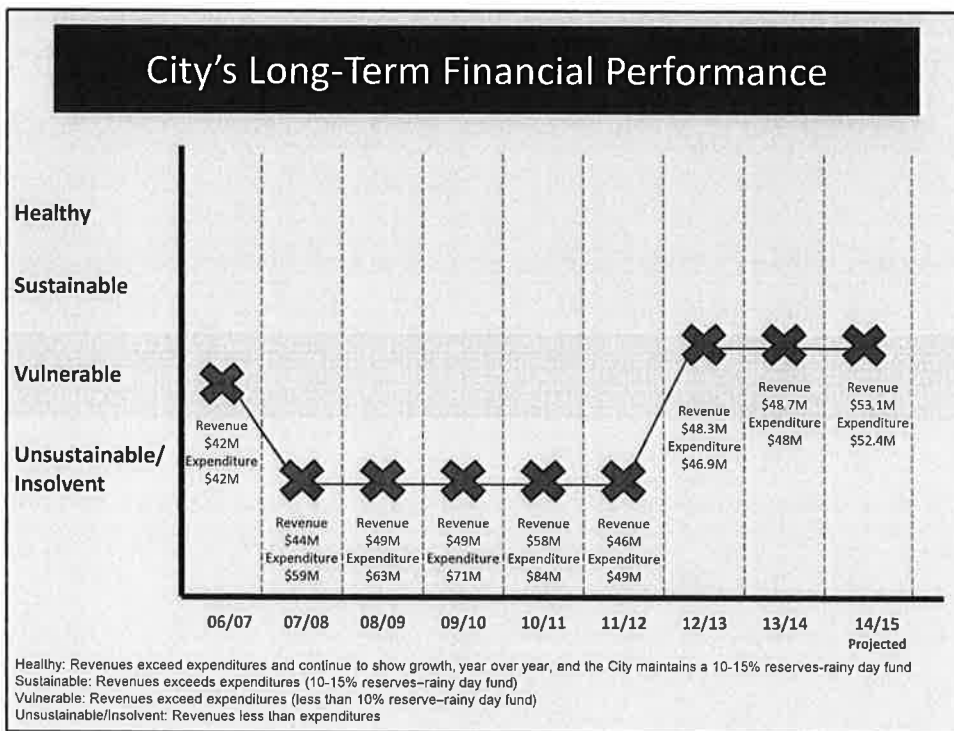
FY13/14 was last allowable year for this arrangement

FY14/15 payment will be a General Fund debt service obligation









### Budget Amendments Summary

DESCRIPTION	AMOUNT	Amendment Types
2013 Elections Closeout (1)	\$80,000	(1) Budget Clean Up
Commissions (1)	\$22,500	
Fire Prevention Positions Correction (1)	\$52,916	
Mechanic Position Correction (1)	\$20,184	
Facility Maintenance Worker Positions Correction (1)	\$23,604	(2) Levels of Service Increase
Chief Building Official Salary Adjustment (X)	\$36,588 (net zero)	
Director of Parks and Recreation Salary Adjustment (2)	\$19,416	(3) Unanticipated Liability
Additional Parking Enforcement Officer (2)	\$30,000	
Additional Mayor's Office Liaison Position (2)	\$25,000	
Secretary to Mayor and Council Position Move (X)	(no fiscal impact)	(X) No fiscal impact; net zero budget move
Additional Sherriff Patrol (2)	\$200,000	
LAFCO Annexation (3)	\$150,000	
City's Financial System (IFAS) Upgrade (3)	\$235,000	
Human Resources Recruitment Costs (3)	\$37,000	
<b>TOTAL</b>	<b>\$898,288</b>	

# Attachment III

---

Section:	10	REVENUE POLICIES
Policy:	10.8	Use of One-Time Revenues

---

## ***10.8 Use of One-Time Revenues***

### **10.8.1 Financial Policy**

1. It is the intention of the City of Compton that, under normal circumstances, unrestricted one-time revenues shall not be used to support the funding of existing city operations or expansion of city services that would require reoccurring annual funding not provided for by the one-time revenue source.



# Attachment IV

---

Section:	4	RESERVE FUND POLICY
Policy:	4.1	General Fund Reserve

---

## **4 RESERVE FUND POLICY**

### **4.1 General Fund Reserve**

#### **4.1.1 Financial Policy**

1. The City of Compton will maintain an adequate managed reserve balance in the City's funds to address adverse financial trends, provide for financing of unforeseen needs of an emergency or non-recurring nature, to permit for the orderly implementation of budget adjustments, provide a local match for public or private grants and to allow for flexibility to take advantage of any unexpected opportunities.

# Attachment V

June 18, 2013

**TO: MAYOR AND COUNCIL MEMBERS**

**FROM: CITY MANAGER**

**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
COMPTON ADOPTING THE BUDGET FOR FISCAL YEAR 2012-2013**

**SUMMARY**

The Fiscal Year 2013-2014 Operating Budget for the City of Compton is hereby transmitted to the City Council for adoption.

**BACKGROUND**

Staff is cautiously optimistic in Fiscal Year 2013-2014 financial outlook. The State of California is seeing resurgence in consumer confidence that is being led by the once battered real estate market. The Los Angeles County Region's economy is also improving and we are seeing year over year increases in Compton's core revenues, such as sales, use and property taxes.

The City of Compton's General Fund budget is a balanced budget for 2013/2014 with revenue of \$48,705,055 million and expenses of approximately \$47,876,879 million, leaving a projected fund balance of \$828,176. The revenue estimates include baseline revenue for approximately \$44 million, garnered from traditional revenue, such as sales, use and property taxes. Staff anticipates that additional revenue will be gained from implementation of the City's Cost Allocation Plan (CAP), revenue enhancements, liquidation of assets, new fees and Public Private Partnerships.

The Preliminary Budget is derived from a complete "budget scrub", which consists of allocating appropriate costs to non general fund accounts, elimination of automatic rollover programs from one fiscal year to the next and zeroing out accounts and moving unused balances to the City's general fund balance. Staff is confident in the baseline revenue, as it was derived from nine months worth of closely watched revenues from 2012-2013.

**STATEMENT OF THE ISSUE**

The 2013-2014 Fiscal Year budget has an increase in existing labor costs of approximately \$400,000. The increase partially (1/3) restores labor concessions from the 2012-2013 budget (over \$800,000 in employee concessions which included 12 days of furloughs and a reduction in (fire personal allowances). The 2013-2014 budget also reflects the return of employees that were improperly laid off. It also honors salary increases agreed upon in the 2010-2011 that were never implemented. The impacted positions are all in non-general fund departments.

## **#27.**

In addition, based on budget workshop information, Council Priorities and operational needs, staff is also requesting an additional \$1.3 million in new positions to carry out and improve the delivery of Department's Core services. Over the last several years, the City has compiled its budget's by not filling key positions or with a reduced level of service such as furloughs. The 2013-2014 budget represents the City Manager's and the Executive Leadership Team's view of the resources needed to provide the best level of service possible in FY 2013 – 2014. The positions are recommended to improve services and increase revenues. The Department Heads were required to identify how the additional positions will either enhance service or increase revenue. No position was added without an ability to fully fund the position.

### **FINANCIAL IMPACT**

Adoption of the proposed FY 2013-2014 Annual Budget will allow the City to appropriate revenue and pay expenditures in the upcoming fiscal year as indicated.

### **RECOMMENDATIONS**

Staff recommends that the Council adopt the attached Resolution.

**G. HAROLD DUFFEY  
CITY MANAGER**

# Attachment VI

April 23, 2013

**TO: HONORABLE MAYOR AND CITY COUNCIL**  
**FROM: G. HAROLD DUFFEY, CITY MANAGER**  
**SUBJECT: DEPARTMENT MONTHLY REPORTS**

The City of Compton's Executive Leadership Team (Department Heads) is comprised of technical experts from a variety of different disciplines. As the City Manager, my responsibility is to lead the Executive Leadership Team by acknowledging and respecting each team member's technical expertise and supporting each department's mission to deliver core services to residents and businesses in the City of Compton.

To gauge the success of delivering core services, there are three basic questions that each department must answer:

1. What services are we delivering?
2. Why are we delivering this service (requirements/need)?
3. How are we doing (efficiency and effectiveness)?

The answers to the questions above are easily attainable through the performance management and budgetary process. As we plan for the Fiscal Year 2013-2014 budget, my goal is to engage the Executive Team to ensure that performance measurement is a non intrusive way to assess, benchmark, and deliver core services.

During the remainder of the current fiscal year, the Executive Leadership Team will be heavily focused on operational and budget planning. In order to be successful, department heads have been directed to carefully document performance through monthly reports. Attached are the March 2013 monthly reports. These reports will be provided to Council on an ongoing basis as a budget preparation and monitoring tool to provide transparent and open communication to citizens about the City of Compton's levels of service.

**G. HAROLD DUFFEY**  
**CITY MANAGER**

**#9.**

**BUILDING AND SAFETY**



**TO: MAYOR AND CITY COUNCIL  
G. HAROLD DUFFEY, CITY MANAGER**

**FROM: VICTOR OROZCO  
INTERIM CHIEF BUILDING INSPECTOR**

**RE: MONTHLY REPORT- MARCH 2013**

**DATE: April 18, 2013**

**SUMMARY:**

This monthly report is provided to the Mayor, Member of City Council, and City Manager to keep them informed of the activities within the Building and Safety Department for the month of March 2013.

The Building and Safety Department is responsible for implementing the California Building Codes 2010, and Energy Code 2008. As part of daily activities we review plans for code compliance, perform inspections for code compliance, as well as assist citizens, contractors, and realtors. To respond to inquires about our permit process, construction methodology and code interpretation.

**STAFF:**

The Building and Safety Department consist of:

	Total	Vacant
Chief Building Inspector	1	0
Senior Building Inspector	1	1
Senior Administrative Analyst	1	0
Building Inspector II	1	0
Building Inspector I	4	0
Office Assistant / Bilingual	1	0
<b>TOTAL</b>	<b>9</b>	<b>1</b>

(\* All inspectors are certified by the International Code Council (ICC)

# #9.

## HOURS OF OPERATION

- Counter hours are between 7:00 AM to 12:00 PM and 1:30 PM to 6:00 PM
- Plan Review over the counter 7:00 AM to 9:00
- Inspections are conducted between the hours of 8:00 AM to 5:00 PM
- Special Inspections can be conducted after hours and/or days that the city is closed ( this requires special inspection fee )

## PERMITS:

The building department issues the follow permits:

- Building Permits
- Grading Permits
- Demolition Permits
- Electrical Permits
- Mechanical Permits
- Plumbing Permits
- In addition to the above permits we issue report of Residential Records, this is a city ordinance that requires that a residence prior to being transferred must be inspected for compliance

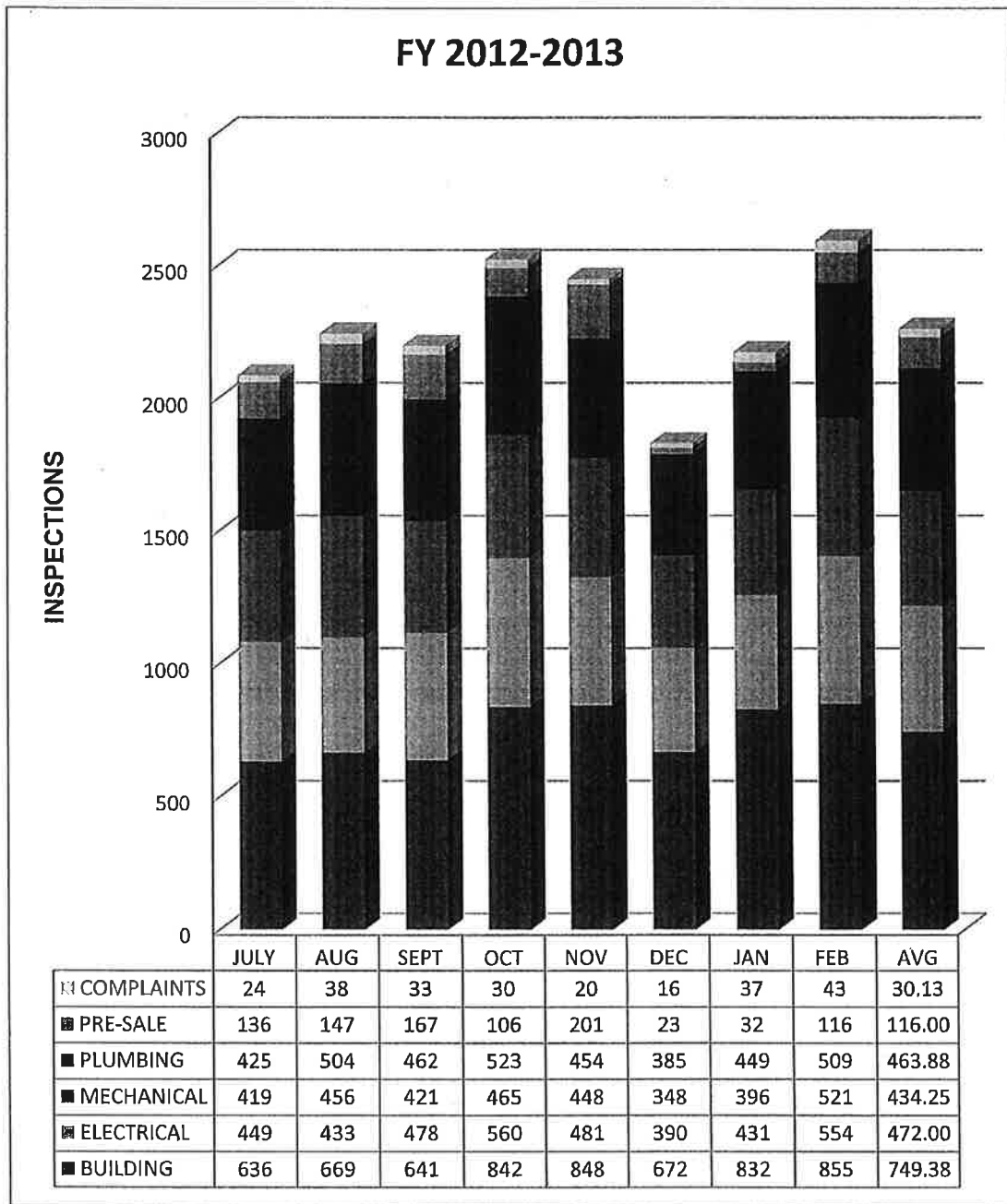
The following table indicates the amount of permits issued during this month

BUILDING PERMIT ACTIVITIES MARCH 2013					
BUILDING	ELECTRICAL	MECHANICAL	PLUMBING	PRESALE	TOTALS
92	61	60	34	58	305

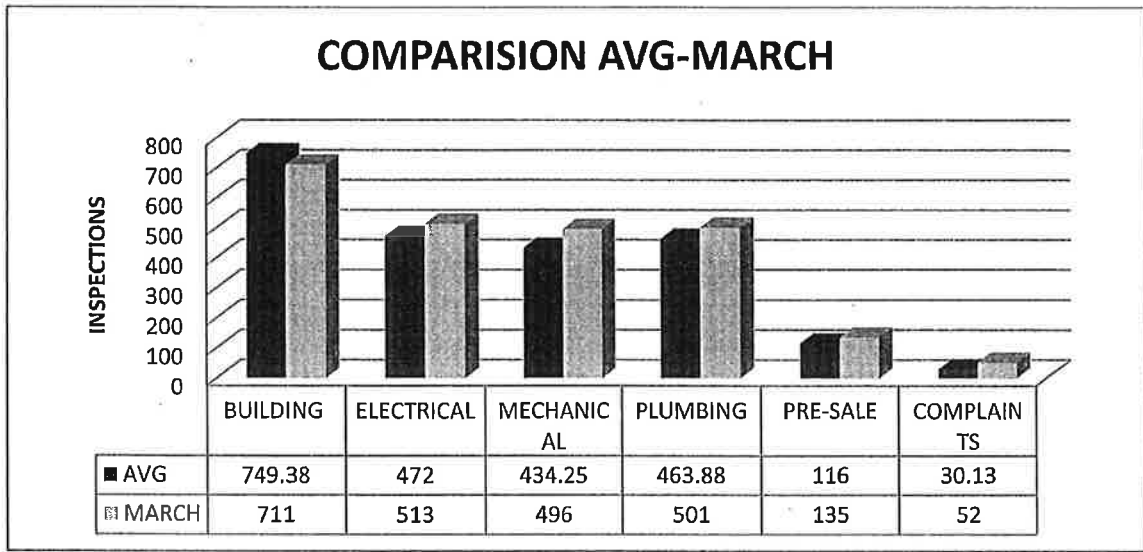
The following table indicates the amount of building permits issued within the last six months.

**INSPECTION DATA**

The following table indicates the recent inspection activity and the average per month



# #9.



Statistically the month of March had an increase of 6% on inspection activity.

## SUMMARY

The Building and Safety Department is delivering an acceptable level of service. We expect this trend to continue. One of the reasons of the increment of inspections is related to the increase of building permits issued during the same period of 36%. The month of April is expected for the trend to be maintained since historically building permit activity increases for the summer months.

**CAREER LINK**

# #9.

TO: MAYOR AND COUNCIL MEMBERS  
G. HAROLD DUFFEY – CITY MANAGER

FROM: KIMBERLY MCKENZIE  
CAREERLINK DIRECTOR

SUBJECT: MONTHLY REPORT – MARCH 2013

## SUMMARY

This monthly report is provided to the Mayor, Members of the City Council and City Administration to keep them informed regarding the activities within the CareerLink department during the month of March 2013.

## REVENUE / EXPENDITURE UPDATE:

Grant	Budget	Prior YTD Cash Requested	Current Month Cash Request	Total YTD Cash Request
WIA Youth Employment Program	\$594,468	\$252,756	\$38,114	\$ 290,182

Staff will implement the following to address low expenditures and low enrollments:

1. Obtain LA County budget modification approval to amend budget to hire temporary staff through June 2013 to assist with job placement activities.
2. An aggressive marketing strategy was implemented to recruit more youth. CareerLink disseminated program information via print media, cable advertisement, partner agencies, recruitment at colleges, local high schools and charter schools and City Council meeting announcements.
3. Staff has been in negotiations with local businesses to finalize the terms of their On-the-Job Training agreements. Businesses may be reimbursed up to 90% of training wage, depending on the size of their company.

## PERFORMANCE MEASURES/OUTCOMES

### Contract Performance

MEASUREMENT/OUTCOME	PLANNED	ACUTAL
Total Enrollments	120	85
Total Exits	100	19
Total Outcomes	70	21

### State Performance

Entered Employment or Education (PLANNED)	Entered Employment or Education (ACTUAL)	Attained Degree or Certificate (PLANNED)	Attained Degree Or Certificate (ACTUAL)	Literacy and Numeracy GAINS (PLANNED)	Literacy and Numeracy GAINS (ACTUAL)
65%	96.3%	45%	46.43%	15%	37.93%

**Characteristics of Youth Enrolled in Program**

<u>Gender</u>		<u>Age</u>	
44 Females	(63%)	14-18	52 (71%)
27 Males	(37%)	19-21	19 (29%)

**Education Status**

Student High School or less	31
Student Attending Post High School	7
Out-of-School Dropout	5
Out-of-School, HS Grad w/ Employ Difficulty	12
Out-of-School, HS Grad, In School	1
Alternative School	29

**Business Outreach**

Staff visited the following businesses to discuss On-the-Job Training services. OJT is a service whereby CareerLink may reimburse employers up to 90% of the youth's training wage.

State Farms Insurance  
 7 Eleven

Coca Cola Bottling  
 Salvation Army

The Department along with Delta Sigma Theta Sorority, Inc. Los Angeles South Bay and Compton Alumnae and the Delta Associates Foundation hosted a Workshop for Non-Profit Community Leaders titled "Roadmap to Success". Workshop topics included Compliance, Governance, Budget, Fiscal Management and Fund Development.

**YOUTH ACTIVITIES**

Youth Job Club is held every Monday and Friday from 3:30 pm – 5:30 pm, whereby Youth come to the CareerLink Center and participant in job search activities.

Professional Development Workshops held monthly. Topics include job search techniques, Dress for Success, resume writing and interview techniques.

**AUDIT REVIEW**

CareerLink Department's FY 2012-2013 Workforce Investment Act (WIA) Youth Program and Fiscal records were audited by Los Angeles County Auditor Controller this month. The results yielded very minimal findings. Draft report will be issued within 60 days.

In addition, CareerLink received notification that its FY 2011-2012 WIA Youth Program Corrective Action Plan was accepted, all findings were resolved and no further action is required.

**FISCAL IMPACT**

March 2013 invoice will be submitted by the 10<sup>th</sup> of the month. Department received reimbursements from LA County up to the month of February 2013.

**#9.**

**ECONOMIC DEVELOPMENT AND  
PLANNING**



**DATE:** April 2, 2013  
**TO:** G. Harold Duffey, City Manager  
**FROM:** Robert Delgadillo, Interim Director of Planning and Economic Development  
**SUBJECT:** Monthly Report for First Quarter of 2013

**Planning and Economic Development Department Core Services**

- Comply with State planning laws
- Comply with the California Environmental Quality Act. Prepare and analyze environmental documents.
- Comply with the Subdivision Map Act.
- Implement the development review process for Conditional Use Permits, Variances, Zone Changes, Tentative Tract and Parcel Maps, Certificate of Occupancy, Yard Sales, Special events
- Answer questions from the public
- Provide handouts on the Zoning Code and Zones
- Coordinate the Planning Commission Meetings
- Prepare Staff Reports and presentations to the Planning Commission
- Implement the General Plan Goals and Policies and Zoning Ordinance
- Verify projects are constructed according to the approvals granted.
- Provide over the counter approvals of minor projects and requests such as the construction of single family homes, room additions, special event permits and yard sales.

The Planning and Economic Development Department has a staff of four consisting of an Interim Director/Senior Planner, Associate Planner , Assistant Planner and Administrative Assistant.

**Activity Summary**

The following summary is for March 2013.

**Planning Counter Requests for Information, (Zoning, Yard Sales, General, Application Requests, Certificates of Occupancy)**

Month	Individuals
January	399
February	385
March	448
Total	1,232

# #9.

## Yard Sale Applications Granted

Month	Individuals
January	39
February	66
March	75
Total	180

## Applications for Special Outdoor Sales/Events

Month	Individuals
January	0
February	17
March	7
Total	24

## Application for Certificates of Occupancy

Month	Submitted	Approved
January	23	19
February	18	13
March	25	9
Total	66	41

## Applications Submitted for Administrative Review (Residences, Signs, Building Additions)

Month	Received	Approved
January	6	2
February	7	21
March	16	4
Total	29	27

## Applications submitted for Planning Commission Review

Month	Received	Approved
January	0	0
February	1	0
March	2	0
Total	3	0

**Current Planning Projects (Active and Approved PC and ARB)**

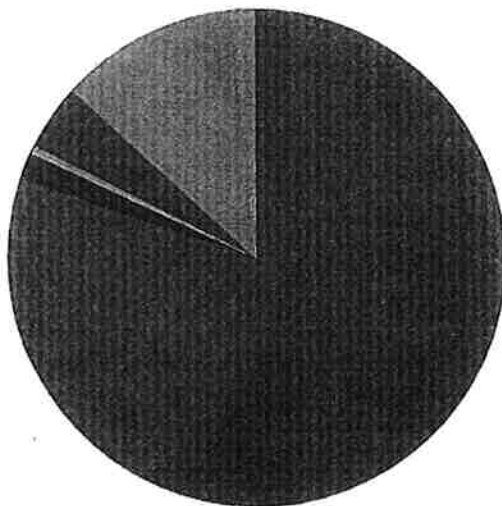
Submittal Date	Case No.	Applicant	Location	Description	Status
4/16/13	CUP 2732	Mohamed Fayad	811 S. Alameda	Enlarge Market Area	Active review
3/27/13	CUP 2730	MV Transportation	14011 Central Ave	Legalize existing Bus transit yard	Active review
3/4/13	CUP 2731	Stephen Rice	803 W. Alondra Blvd.	Alcohol sales for restaurant	Active review
2/26/13	CUP 2729	Milindo Guerrero	1811 N. Long Beach Blvd.	Onsite sales Beer and Wine Restaurant	Active Review
9/20/12	CUP 2726	Republic Services	550 E Artesia Blvd.	Materials Recycling Facility Headquarter facility. Revenue \$2 per ton @ 1200 tons	Active review. 2 <sup>nd</sup> Second submittal received
9/13/12	CUP 2706 V2727 MND 929	Bruce Iversen	439 E. Carlin St.	Recycling Facility Parking, Fencing and Landscaping	Active Review
6/19/12	CUP 2720 VAR 2723	Majit Singh Bawa	1562 S. Long Beach Blvd.	Alcohol (Type 20) Parking & Landscaping Variance	Active Review
9/11/12	CUP 2724	Erik Baratas	413 N Wilmington	Tire Installation Repair and auto detail	Active Review
3/11/13	LLA 13-002	Prism - IQ Partners	Alameda and Auto Plaza Dr.	Lot Line Adjustment Gateway Town Center	Active Review
3/11/13	LLA 13-001	Prism - IQ Partners	Alameda and Artesia	Lot Line Adjustment Gateway Town Center	Active Review
3/19/13	ARB 13-034	MoCal Signs	W. Victoria Street	Sign Permit	Approved 4/10/13
3/14/13	ARB 13-032	Verizon Wireless/Laurel Reimer	S. Atlantic Avenue	Replace Antennas	Approved 4/11/13

**#9.**

3/13/13	ARB 13-031	Rory Olsen	E. Compton Boulevard	Placement Recycling Container.	Approved 4/15/13
3/13/13	ARB 13-030	Rory Olsen	E. Rosecrans Avenue	Placement Recycling Container.	Approved 4/15/13
3/13/13	ARB 13-029	Rory Olsen	S. Long Beach Boulevard	Placement Recycling Container.	Approved 4/15/13
3/13/13	ARB 13-028	Rory Olsen	W. Compton Boulevard	Placement Recycling Container.	Active Review
3/13/13	ARB 13-027	Rory Olsen	W. Alondra Boulevard	Placement Recycling Container.	App on 4/15/13
3/13/13	ARB 13-026	Rory Olsen	N. Wilmington Avenue	Placement Recycling Container.	Approved 4/15/13
3/12/13	ARB 13-025	Carl Bishop	E. Bennett Street	Extend Kitchen/Bedroom	Approved 4/9/13
3/12/13	ARB 13-024	Rory Olsen	W. Rosecrans Avenue	Recycling Container	Approved 4/15/13
3/12/13	ARB 13-023	Miriam Guzman	Rosecrans Avenue	Sign/Illum. Chan. Letters	Active Review
3/11/12	ARB 13-022	Fico Construction	W. Alondra Blvd.	Landscaping Plan	Approved 4.16.13
3/06/13	ARB 13-020	Triumph Signs/Edwardo Campos	E. Compton Blvd	Signage	Active Review
3/04/13	ARB 13-019	Shirron Gayles	S. Santa Fe Avenue	5 Ton HVAC Unit on Roof	Approved 3.19.13
3/04/13	ARB 13-018	Erika Gutierrez	W. Plum Street	Large Family Day Care	
3/04/12	ARB 13-017	Jeff Kern	W. Compton Blvd.	Trash Enclosure	Approved 3.25.13
2/26/13	ARB 13-016	Philip Wen/Yoshinoy a	E. Compton Blvd.	Illuminated Logo	Approved 2.27.13
2/26/13	ARB 13-015	Humberto Ovalle	W. Walnut Avenue	Install Monument Sign	
2/21/13	ARB 13-014	ROEM Developers	708 W. Corregidor	Park Village Apartments remodel	Active Review
2/13/13	ARB 13-013	Clear Sign & Design	2499 W. Victoria	Three new signs	Approved 4/4/13

			Street		
2/12/13	ARB 13-012	Swain Sign	1560 S. Long Beach Boulevard	Banner Permit	Approved 2-12-13
1/22/13	ARB 13-011	Sprint PCS	S. Wilmington Avenue	Wireless Antenna Replacement	Approved 1/22/13
1/22/13	ARB 13-010	Sprint PCS	W. Greenleaf Avenue	Wireless Antenna Replacement	Approved 1/22/13
10/4/12	ARB 12-097	Beauchamp Distribution	1911 S Santa Fe	New industrial building improvements	Active Review (2 <sup>nd</sup> Review)
10/4/12	ARB 12-098	Beauchamp Distribution		Fleet Service Building	Active Review (2 <sup>nd</sup> Review)
9/19/11	ARB 11-86 (Revisi on No. 3)	Prism Realty	Gateway Towne Center	Gateway Towne Center Phase II	Active Review

### Planning Activity Chart



- Counter Service 1,232
- Administrative 28
- Planning Commission 8
- Certificate of Occupancy 66
- Yard Sales 180
- Special Events 24

# #9.

## Planning Commission Action

Presentations were given to the Planning Commission on the newly certified Housing Element and proposed Planning Department Development Fee increase at the March 13<sup>th</sup> meeting.

## Significant Events

- The March Compton Creek Task Force Meeting was held on 3-1-13. The meeting discussed various strategies the City was pursuing to upgrade the creek, and improve maintenance. A presentation was given to the Task Force from Malisa Martin of the National Park Service Rivers, Trails and Conservation Assistance Program.
- Planning met with Mr. Quinn Johnson to discuss the potential development of a 98,000 square foot industrial building adjacent to the Brickyard site on the northeast corner of McKinley street and Rosecrans. They are serious and plan to submit very soon. Staff also suggested the north industrial area along Alameda but the developers own this site.
- Staff is anticipating bringing the Housing Element before the Council for a presentation in early May. A Negative Declaration is being prepared and will be circulated for public review. Upon the completion of the Negative Declaration public review period the Housing Element will be brought before the Planning Commission and City Council for formal adoption.
- The Compton City Hall window replacement project won an LA Conservancy Preservation Award. The 32<sup>nd</sup> Annual LA Conservancy Preservation Awards Luncheon will be held at the Biltmore Hotel on Thursday, May 16<sup>th</sup>. Compton won for good stewardship of modern civic architecture. Individual Tickets are \$125.
- The third revision to the Gateway Phase II Site Plan is nearing completion. No serious issues remain.
- The Casino Building is inquiring about the possibility of placing a LED message style wall sign on the building replacing their current sign. Staff responded and they are evaluating their options.
- The Phase 3 and Phase 4 portions of the Compton Creek are progressing. The Phase 4 RFQ is in circulation and staff will conduct interviews on May 22<sup>nd</sup> or

23rd to select a firm to provide a conceptual design of the soft bottom portion of the creek. The coastal Conservancy is funding the study at no cost to Compton.

- Staff has received inquiries from Planet Aid about the possibility of submitting for 30 new Donation boxes.

**#9.**

**FIRE**

---



**April 10, 2013****TO: G. HAROLD DUFFEY, CITY MANAGER****FROM: JON THOMPSON, FIRE CHIEF****SUBJECT: FIRE DEPARTMENT MONTHLY REPORT FOR MARCH 2013****SUMMARY**

The Compton Fire Department hereby submits the March 2013 monthly report regarding general information, revenue, activities and services provided during this period.

**STAFFING:**

Positions	Total Staffed	Total Authorized	Total Vacant
<b>Battalion Chief</b>	3	3	0
<b>Fire Captain</b>	15	15	0
<b>Fire Engineer</b>	15	15	0
<b>Firefighters</b>	17	19	2
<b>Firefighter/Paramedic</b>	18	18	0
<b>Admin. Personnel</b>	7	7	0
<b>TOTAL</b>	<b>77</b>	<b>77</b>	<b>2</b>

**OVERTIME UTILIZATION:**

Overtime Budgeted	Overtime Expended YTD	Projected
\$600,000.00	887,906	1.1 million

Total Hours	Overtime	Sick	Vacation	Training
<b>March 2013</b>	1570	633	504	70

**FISCAL IMPACT:**

The overtime overage was due to six vacant Fire Engineer positions and couple of members out on disability. Those Engineer positions were filled last month and we have already seen a marked decrease in the amount of overtime. The overage is to be covered by salary savings.

**Fire Department Monthly Report for March 2013****April 10, 2013****Page Two****DEPARTMENT ACTIVITY:**

Listed below is the amount of calls for service responded to in March 2013. The total number of calls was eight-hundred and sixty-nine (869). Multiple units respond to same calls therefore the numbers in the first column is not totaled. This listed time categories are as follows:

1. The Average Call Process Time column is the amount of time taken from the call being received by law enforcement, switched to fire dispatch and fire units toned out to respond. This time is one minute and twenty-four seconds (1:24)
2. The Average Turnout Time column is the time units are toned out in the station to the time they go enroute for the response. This time is two minutes and two seconds (2:02).
3. The Average Response Time column is the time the units go enroute, until the time they arrive on scene of the response. This time is four minutes and sixteen seconds (4:16).
4. The Average Dispatch to Scene column is the time the caller establishes contact, until unit/s arrival on scene of the response. This time is six minutes and eighteen seconds (6:18).

**The current national average response time goal is eight minutes (8:00). We are almost two minutes (2:00) below that.**

<b>Incidents (869) March 2013</b>	<b>Total Calls</b>	<b>Average Call Process Time</b>	<b>Average Turnout Time</b>	<b>Average Response Time</b>	<b>Average Dispatch to Scene</b>
Engine 41	262	01:23	02:04	04:05	06:09
Engine 42	279	01:27	02:22	04:09	06:31
Engine 43	207	01:27	01:49	04:16	06:05
Engine 44	199	01:28	02:01	04:06	06:07
Truck 411	76	01:27	02:30	04:12	06:42
Paramedic 441	297	01:18	01:26	04:35	06:01
Paramedic 442	273	01:23	02:13	04:21	06:34
Paramedic 443	259	01:18	01:49	04:24	06:13
<b>AVERAGE ALL</b>	<b>N/A</b>	1.24	02:02	04:16	06:18

**Fire Department Monthly Report for March 2013****April 9, 2013****Page Three****FIRE PREVENTION INSPECTIONS:**

The figures listed below represent inspections completed by both engine companies and our Fire Protection Specialists. Our engine companies focus on our smaller businesses and residential facilities, while our Fire Protection Specialist focuses on all other businesses.

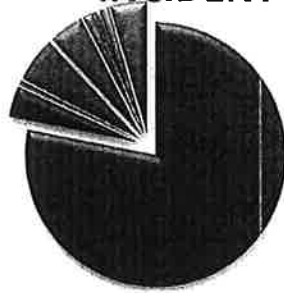
<b>Engine Company Inspections</b>	<b>Shift A</b>	<b>Shift B</b>	<b>Shift C</b>		<b>Total</b>
<b>March 2013</b>	59	69	29		<b>157</b>
<b>Fire Prev. Bureau Inspections</b>	<b>Annual</b>	<b>Re-Inspections</b>	<b>CO</b>	<b>Other</b>	
<b>March 2013</b>	27	13	4	33	<b>77</b>

**INCIDENT BY TYPE:**

<b>Incidents</b>	<b>March 2013</b>
Civil Problem/Any Domestic Violence Event	0
Fall Victim	40
Rubbish Fires	4
Vehicle Fires	6
Residential Fires	13
Commercial Fires	1
Structure Fires	6
Vegetation Fires	1
Hazardous Spills	0
Gas Odors	2
Power Lines Down	3
Smoke	1
Medical Aid	614
Traffic Collisions	57
Water Flow Alarms	37
Unclassified	39
Investigations	11
Public Assist	9
Hydrant Sheared off/Water line break outside	7
Special Assignment	0
Mental Health	18
Water Rescue	0
<b>Total Number of Incidents</b>	<b>869</b>

Fire Department Monthly Report for March 2013  
April 10, 2013  
Page Three

**INCIDENT REPORT - MARCH**



- Medical Response - 76%
- Fire Response - 3.7%
- Gas Odors - 0.3%
- Power Lines Down - 0.3%
- Traffic Collisions - 5.4%
- Water Flow Alarms - 4.2%
- Investigations - 1.3%
- Public Assist - 1%
- Hydrant Sheared 0.8%

**REVENUE STATUS:**

Description and Account Number	Revenue	Fiscal Year 12-13 Revenue To Date	Percentage of Revenue Received
Permits 1001-3265	4,970	50,424	112%
Tank Removal 1001-3266	390	17,434	79.61%
City Provided Medical 1001-3618	122,120	926,713	77%
Special Fire Dept. 1001-3623	180	6,151.	150%
Hazmat Fee 1003-3672	0	4,959	3%
Plan Check 1001-3640	38,045	281,016	82%
<b>TOTAL</b>	<b>165,705</b>	<b>1,286,697</b>	<b>83.93%</b>

**EMERGENCY PREPAREDNESS ACTIVITIES:**

March 1, 2, 3: State CERT Conference & Training, Cerritos CA.

March 12: Community meeting for emergency preparedness and resiliency (PAC RED)  
The audience included Public Health, Schools, Faith Based and other organizations.

**Fire Department Monthly Report for March 2013**  
**April 10, 2013**  
**Page Four**

March 18: LA County Community Disaster Resiliency (LAC CDR) Project training #2. This is a new project that is being launched. It is grant funded and will soon be available to the public in June.

March 21: LA County Op Area 2013 Functional Exercise. This meeting was for all City and County Emergency Managers to practice communication and resource request to the county. The scenario was a 7.8 earthquake.

March 25: Planning meeting with the Greater Los Angeles Agency on Deafness (GLAD) re: developing targeted Emergency Preparedness outreach/training for Compton's. City staff is currently working to reach out to members of our deaf & hard-of-hearing community to provide them with information and emergency preparedness training. We will offer CERT classes to this group of constituents in the future.

**RECOMMENDATIONS:**

It is recommended to receive and file the March 2013 Monthly Report regarding the activities, revenues, and other general information from the Compton Fire Department.

**JON THOMPSON**  
**FIRE CHIEF**

**#9.**

**GENERAL SERVICES**

**LOCAL HOUSING AUTHORITY**

**#9.**

## **MUNICIPAL LAW ENFORCEMENT**



## INTRADEPARTMENTAL CORRESPONDENCE

APRIL 11, 2013

**TO: CHIEF JON THOMPSON, INTERIM DIRECTOR  
MUNICIPAL LAW ENFORCEMENT SERVICES DEPARTMENT**

**FROM: SUPERVISORY PERSONNEL  
MUNICIPAL LAW ENFORCEMENT SERVICES DEPARTMENT**

**SUBJECT: MONTHLY REPORT FOR MARCH 2013  
MUNICIPAL LAW ENFORCEMENT SERVICES**

**SUMMARY**

The Municipal Law Enforcement Services Department hereby submits the March 2013 monthly report regarding general information, revenue, activities and services provided during this period.

The Municipal Law Enforcement Services Department is comprised of the Parking Enforcement Division, Security Services Division, Business License Division, Code Enforcement Division, and Administrative Services Division.

The **Administration Division** is responsible for the departments planning, organization and the implementation of policies and projects. To ensure that professional services are provided to the Compton community through creative community-oriented projects and effective enforcement techniques and to achieve the goals and objectives established by the Mayor and City Council, and the City Manager.

The **Administrative Division** maintains effective clerical support, enhancing and improving customer services, while maintaining a functional financial system, records and centralized computer applications that assist with the departments overall effectiveness.

The **Parking Enforcement Division** is responsible for the enforcement of city, county and state parking regulations, including but not limited to street sweeping, permit parking, commercial truck parking, and handicap violations.

The **Security Services Division** is the first line security for city employees, visitors and patrons of all city facilities including the public parks. They also assist with the safety of patrons of the local shopping centers.

The **Business License Division** is responsible for ensuring compliance with the business license regulations for all new businesses, existing and renewing businesses, the permit parking application process and with property rental license.

# #9.

**MUNICIPAL LAW ENFORCEMENT SERVICES  
MONTHLY REPORT MARCH 2013  
APRIL 11, 2013  
PAGE TWO**

The **Code Enforcement Division** investigates violations of the Compton Municipal Code and causes the corrections through education, behavioral modification and fines, while assisting the community with the elimination of slum and blighted conditions.

### PERSONNEL SUMMARY

Positions	Total Staffed	Total Authorized	Total Vacant
Director	01	01	0
Supervisor	04	04	0
Parking Enforcement	05	05	0
Security Officer	08	08	0
Code Enforcement	08	08	0
Administrative Personnel	03	05	2
<b>TOTAL</b>	<b>29</b>	<b>31</b>	<b>2</b>

One (01) Parking Enforcement on Light Duty, current office assignment  
One (01) Administrative Personnel re-assigned to CFD  
One (01) Administrative Personnel re-assigned to OCM

### PERSONNEL MANAGEMENT

Overtime Budgeted	Overtime Expended YTD	Percentage Remaining
\$60,000.00	\$15,177.93	75%

For this reporting period, a total of six thousand seven hundred and twenty (6720) total regular man hours were available to work. Total regular man hours worked was five thousand nine hundred and ninety (5990).

	Vacation	Sick	CTO	B/D	F/H	Furlough	Bereavement	Personal Leave	Military Leave
Reporting Period	152	206	24	18	20	270	8	0	32
Year To Date	604	583	24	44	140	1010	24	8	40

**MUNICIPAL LAW ENFORCEMENT SERVICES  
MONTHLY REPORT MARCH 2013  
APRIL 11, 2013  
PAGE THREE**

**DEPARTMENT ACTIVITY**

**Calls for Services**

	This Reporting Period	Monthly Average	% Change	Year To Date
	<b>180</b>	<b>108</b>	<b>40%</b>	<b>325</b>

Open Cases	30 days	60 Days	90+ Days
	<b>78</b>	<b>44</b>	<b>16</b>

**Parking Citations Issued**

This Reporting Period	Monthly Average	% Change	Year To Date	Monthly Revenue	YTD
<b>1972</b>	<b>1497</b>	<b>25%</b>	<b>4493</b>	<b>\$148,953.50</b>	<b>\$267,568.0</b>

**Business License Activities**

	This Reporting Period	Monthly Average	% Change	Year To Date	Monthly Revenue	YTD
License Inspections	<b>102</b>	<b>104</b>	<b>-02%</b>	<b>314</b>		
License Issued	<b>338</b>	<b>245</b>	<b>28%</b>	<b>737</b>	<b>\$142,288.56</b>	<b>\$351,674.3</b>
Property rental	<b>94</b>	<b>86</b>	<b>08%</b>	<b>260</b>	<b>\$6,684.00</b>	<b>\$22,528.00</b>
Tobacco Permits	<b>12</b>	<b>9</b>	<b>25%</b>	<b>27</b>	<b>\$6,000.00</b>	<b>\$13,500.00</b>

**Code Enforcement Activities**

	This Reporting Period	Monthly Average	% Change	Year To Date
Inspections	<b>663</b>	<b>648</b>	<b>03%</b>	<b>1944</b>
vendor abatement	<b>86</b>	<b>85</b>	<b>00%</b>	<b>257</b>

**MUNICIPAL LAW ENFORCEMENT SERVICES  
MONTHLY REPORT MARCH 2013  
APRIL 11, 2013  
PAGE FOUR**

**NOTE WORTHY ACTIVITIES**

- On March 03, 2013, personnel from MLES conducted a special after-hours parking enforcement detail, in the Richland Farms area. The detail yielded 35 citations.
- On March 04, 2013, personnel from MLES conducted a follow-up investigation, 1300 block west 152<sup>nd</sup>. A report was submitted.
- On March 04, 2013, MLES received a call for service from Ms. C. Berry, of the City Manager, regarding skateboarders in the civic center. An Officer was dispatched and the skateboarders were gone upon arrival.
- On March 04, 2013, personnel from MLES attended/participated in the NAEJA meeting.
- On March 05, 2013, personnel from MLES attended/participated in a 'vendor meeting' with the City Manager, Council Person Arceneaux, LASD and a citizen.
- On March 07, 2013, MLES responded to the City Clerk's Office regarding a public records request.
- On March 12, 2013, personnel from MLES received a city Council Complaint, via the City Manager, regarding overgrown vegetation at 1300 South Dwight. A report was submitted.
- On March 12, 2013, personnel from MLES attended a multi-space parking meter meeting.
- On March 13, 2013, personnel from MLES reviewed and approved a sound permit request.
- On March 13, 2013, personnel from MLES attended/participated in the Planning Commission meeting.
- On March 14, 2013, personnel from MLES attended/participated in the regular meeting between LASD and the City of Compton.
- On March 14, 2013, personnel from MLES attended/participated in a meeting between the Block Club Commission and the City Manager.

**MUNICIPAL LAW ENFORCEMENT SERVICES  
MONTHLY REPORT MARCH 2013  
APRIL 11, 2013  
PAGE FIVE**

**NOTE WORTHY ACTIVITIES (Continued)**

- On March 15, 2013, personnel from MLES received a call for service from D. Duhart, assistant to Council Person Arceneaux, regarding overgrown vegetation at 401 North Maie. A report was submitted.
- On March 15, 2013, personnel from MLES received a call for service from D. Duhart, assistant to Council Person Arceneaux, regarding overgrown vegetation at 469 West Tichenor. A report was submitted.
- On March 16, 2013, personnel from MLES participated in the Annual Animal Clinic at Gonzales Park. Twenty (26) animals were vaccinated.
- On March 16, 2013, personnel from MLES provided security at the candidate's forum at the City Council Chambers.
- On March 19, 2013, personnel from MLES attended a JAG ARRA meeting.
- On March 19, 2013, while on vendor detail around Dickerson/Davis school, a burgundy Lexis, with four (04) male Black's starting shooting at rivals. MLES, along with CUSP and LASD secured the area. No children were injured.
- On March 20, 2013, personnel from MLES attended a JAG ARRA meeting.
- On March 20, 2013, personnel from MLES attended a proposed 'Funk Festival' meeting.
- On March 21, 2013, personnel from MLES attended the regular meeting of the Personnel Board.
- On March 23, 2013, personnel from MLES provided security at the candidate's forum at the City Council Chambers.
- On March 25, 2013, personnel from MLES reviewed a street closer request. Comments and recommendations were submitted.
- On March 25, 2013, personnel from MLES received a call for service from the City Manager. The Citizen complaint was regarding dumping in progress, Stockwell and Wilmington. Upon arrival, no one was observed dumping. Items were noted in the alley. Public Works was contacted.

**MUNICIPAL LAW ENFORCEMENT SERVICES  
MONTHLY REPORT MARCH 2013  
APRIL 11, 2013  
PAGE SIX**

**NOTE WORTHY ACTIVITIES (Continued)**

- On March 25, 2013, personnel from MLES received a call for service from D. Duhart, Assistant to Council Person Arceneaux, regarding a vacant house with graffiti and debris dumped, 900 block west 152<sup>nd</sup> street. A report was submitted.
- On March 25, 2013, personnel from MLES received a call for service from the Assistant City Manager, regarding a homeless encampment, 2201 North Long Beach.
- On March 25, 2013, personnel from MLES attended/participated in the regular meeting of the Block Club Commission.
- On March 30, 2013, personnel from MLES provided security at the candidate's forum at the City Council Chambers.

**FISCAL IMPACT**

There was no negative impact to the General Fund.

**RECOMMENDATIONS**

Receive and file the March 2013 monthly report regarding the activities, revenues, and other general information from the Municipal Law Enforcement Services Department.

**SUPERVISORY PERSONNEL  
MUNICIPAL LAW ENFORCEMENT SERVICES**

**PARKS AND RECREATION**

# #9.

**To:** Mayor and Council Members  
G. Harold Duffy, City Manager

**From:** Marvin C. Hunt Jr., Interim Director Parks & Recreation

**Subject:** Monthly Report, March 2013

**Date:** April 2, 2013

## Summary

The Council will receive a report detailing the programs, activities and projects for the Parks & Recreation Department.

The Department of Parks & Recreation is responsible for the following core services:

- Parks & facility landscape maintenance
- Street Medians
- Youth Recreational Services
- Adult & Senior Leisure Recreational Programs

## Parks

**Goal:** To provide landscape maintenance to all City parks once every week.

### Performance Measure:

Monthly Goal	Completed	Goal %
298.24 acres	238.04	79.8

Staffing Level			Hours			
Position	Budgeted	Staffed	Available	Worked	% Worked	OT
MW III	1	1	1440	1256	87	
MW II	4	4				
MW I	4	4				

### Performance Measure

Service Request	Received	Fulfilled	% Complete
Irrigation	12	9	75
Graffiti Removal	24	19	79
Tree Trimming	0	0	
<b>Total</b>	<b>36</b>	<b>27</b>	<b>75</b>

### Task Schedule

Please see attached Parks Maintenance Schedule



**Facilities**

**Goal:** To provide landscape maintenance to all City facilities once every week.

**Performance Measure:**

Monthly Goal	Completed	Goal %
107.2	89.7	84

**Staffing Level**

Position	Budgeted	Staffed	Hours			
			Available	Worked	% Worked	OT
MW II	1	1	480	472	98	
MW I	2	2				

Service Request	Requested	Fulfilled	% Complete
Irrigation	4	2	50
Trash/Debris Removal	5	5	100
Weed Abatement	0	0	
Mowing/Edging	0	0	
<b>Total</b>	<b>9</b>	<b>7</b>	<b>78</b>

**Task Schedule**

Please see attached facilities crew weekly schedule

**Street Medians**

**Goal:** To provide landscape maintenance to the medians every two weeks.

**Performance Measure:**

Monthly Goal	Completed	Goal %
152.4 miles	108.6 miles	71.2

**Staffing Level**

Position	Budgeted	Staffed	Hours			
			Available	Worked	% Worked	OT
MW III	1	1	640	352	55	
MW II	1	1				
MW I	2	2				

Service Request	Requested	Fulfilled	% Complete
Irrigation	8	5	62
Trash/Debris Removal	4	4	100
<b>Total</b>	<b>12</b>	<b>9</b>	<b>75</b>

# #9.

## Task Schedule

Please see attached street median schedule for December 2012

## Facilities

**Goal:** To provide landscape maintenance to all City facilities once every week.

**Performance Measure:**

Monthly Goal	Completed	Goal %
107.2	88.7	82.7

**Staffing Level**

Position	Budgeted	Staffed	Hours			
			Available	Worked	% Worked	OT
MW II	1	1	480	472	98	
MW I	2	2				

Service Request	Requested	Fulfilled	% Complete
Irrigation	4	2	50
Trash/Debris Removal	5	5	100
Weed Abatement	0	0	
Mowing/Edging	0	0	
Total	9	7	78

## Task Schedule

Please see attached facilities crew weekly schedule

## Recreation Division

**Goal:** To provide leisure time recreational programs and activities for youth, teens, adults and seniors.

**Staffing Levels**

Position	Budgeted	Staffed	Hours			
			Available	Worked	% Worked	OT
Center Director	6	3	800	800	100	
Recreation Leader	5	2				

**Programs and Activities**

<b>Program Description</b>	<b>Programs/Month</b>	<b>Participants/Month</b>
Senior Classes	36	1584
Senior Special Events	3	325
Senior Excursions	5	156
Youth and Teen Sports	1	220
Youth and Teen Special Events	2	550
Youth and Teen Camps & Tournaments	1	75
Youth & Teen Special Interest Programs	0	0
Youth After School Program	5	656
Adult Sports	0	0
Adult Health & Wellness	2	320
<b>Total</b>	<b>55</b>	<b>3,886</b>

The recruitment for the Compton Youth Baseball League began on March 4, 2013. The program will begin league play on May 11, 2013.

**Senior Transportation**

**Staffing Levels**

<b>Position</b>	<b>Budgeted</b>	<b>Staffed</b>	<b>Hours</b>			
			<b>Available</b>	<b>Worked</b>	<b>% Worked</b>	<b>OT</b>
Para Transit Drivers	3	3	480	318.5	66	

One of our Para transit drivers went on an emergency leave for the month of March. Staff is expected to return on May 6, 2013.

<b>Task</b>	<b>Monthly Passenger Trips</b>
Inner City One Way Trips	1438
Outside City One Way Trips	152
Senior Excursions	2
<b>Monthly Total</b>	<b>1592 Trips</b>

**Special Projects**

- Playground Sandbox – The Parks Division has begun a process to remove the sand from all playgrounds and replace it with ADA certified woodchips. There are currently 12 playgrounds of which 7 have been completed. The remaining 5 playgrounds will be complete by the end of April 2013.
- Renovation of the exterior baseball diamonds at Gonzales Park – The Parks Division has begun the renovation of the two rear baseball diamonds at Gonzales Park. The project will include the installation of the irrigation system, installation

# #9.

of base anchors, level and regrade infield, installation of a retention fence to protect children from falling in retention pond, painting of dugouts.

- The project to irrigate the two rear baseball fields @ Gonzales Park began on March 4, 2013. The project included trenching over 1000 square feet of the rear multipurpose field, installation of irrigation piping, sprinkler heads, and irrigation valves. The project was completed March 27, 2013.
- Three irrigation backflows were stolen from their housing on the medians. They were cut from the base and taken away. The irrigation has been temporarily suspended until the back flows can be reinstalled. The locations of the stolen backflows are represented in chart below.

Location	Reported Date	Reinstall Date
Central North of Rosecrans	3/26/13	
Wilmington north of Stockwell	3/23/13	
Artesia in front of Compton College	3/22/13	

**PUBLIC WORKS AND MUNICIPAL  
UTILITIES**

**#9.**

**SUCCESSOR AGENCY**

# **Financial Report**

**Third Quarter Period Ended  
March 31, 2013**

City of Compton

April 16, 2013

**TO: THE HONORABLE MAYOR AND COUNCIL MEMBERS**

**FROM: CITY MANAGER**

**BY: CITY CONTROLLER**

**SUBJECT: FINANCIAL REPORT -  
FOR THE PERIOD ENDED MARCH 31, 2013**

**SUMMARY**

The Financial Report for the period ended March 31, 2013 provides an overview of the City's revenues for the 9-month period from July 2012 to March 2013, expenditures from July 2012 to March 2013 and the fund balances as of March 31, 2013.

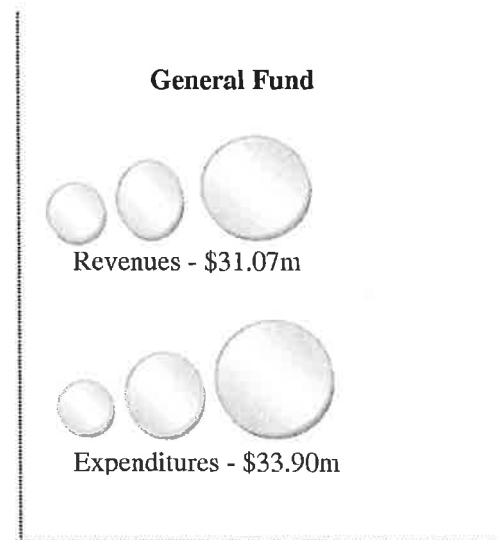
The City-wide total revenue of **\$104.14 million** for the 9-month period represents about **43%** of the adjusted revenues budget. The City-wide expenditures for the 9-month period amounted to **\$123.02 million**, which was **50%** of the City-wide adjusted expenditures budget. The difference of **\$18.88 million** between the City-wide revenue collections and actual expenditures for the period from beginning of the fiscal year to March 31, 2013, represents mainly the use of accumulated fund balances and financial resources of the City.

General Fund revenues for the 9-month period amounted to **\$31.07 million**, while the total of General Fund expenditures was **\$33.90 million** representing a deficiency of revenues under expenditures of **\$2.83 million**. The City collected **66%** of the General Fund adjusted revenues budget and incurred **67%** of the General Fund adjusted expenditures budget as of the end of March 2013. The percentages of the collected revenues and actual expenditures compared to the original unadjusted budgets were **73%** and **65%** respectively. In line with past trend, the City will receive more revenues in the month of May 2013 to significantly increase the revenue collection percentage.

**REVENUE COLLECTIONS**

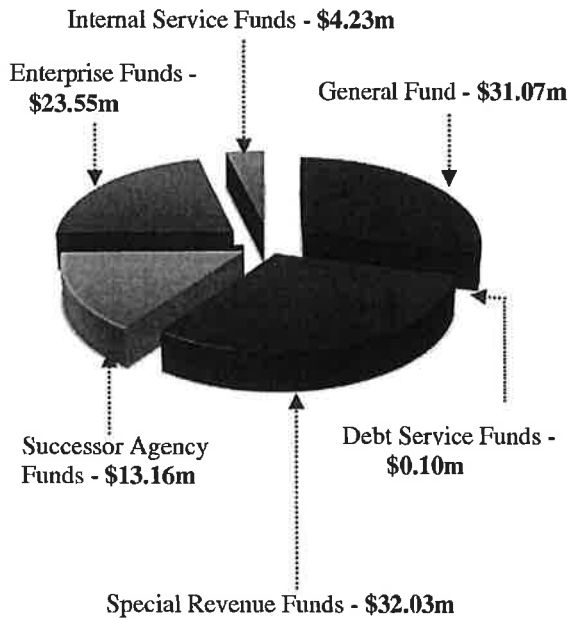
The General Fund total revenues from the beginning of the fiscal year to March 31, 2013 amounted to **\$31,065,002**. The revenues recorded in this Fund include Property Tax, Sales and Use Taxes, Franchise Fees, Utility Users Tax, Licenses and Permit Fees, Motor Vehicle License Fee, Fines and Forfeitures, and Charges for Current Services.

<b>Snapshot Analysis</b>	
<b>Year-to-Date Amounts</b>	
<b>City-Wide</b>	
Revenues	\$ 104.14m
Expenditures	<u>\$123.02m</u>
Difference	<u>\$ 18.88m</u>
<b>General Fund</b>	
Revenues	\$31.07m
Expenditures	<u>\$33.90m</u>
Shortfall	<u>\$ 2.83m</u>





Revenues Chart



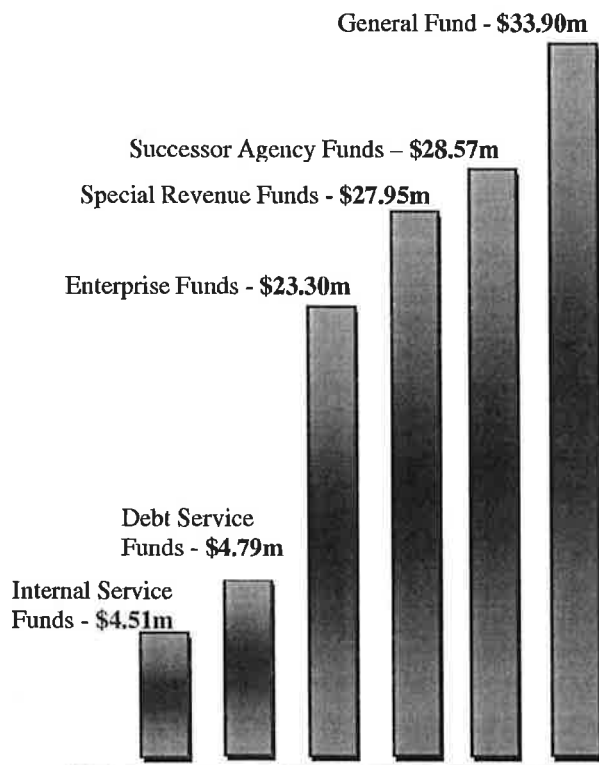
The Special Revenue Funds received **\$32,032,558** while the Successor Agency Funds had total revenues of **\$13,162,413** as of the end of March 2013.

The Debt Service Funds, made up of the General City’s 2008 Lease Revenues Bonds Fund and the 1987 Revenues Bonds Fund, had **\$101,143** in revenues as of the end of March 2013.

The Enterprise Funds had total revenues of **\$23,549,361** as of the end of March 2013. The Enterprise Funds comprise the Water Fund, Sewer Fund, Rubbish Fund, Recreation Programs Fund, Golf Course Fund and the Enterprise Funds’ Bonds.

The Internal Service Funds include such funds as the Equipment Rental Fund, Central Duplicating Fund, Worker’s Compensation Fund, and the General Liability Insurance Fund. These funds account for goods and services provided to other departments. The total revenue for these funds as of end of March 2013 was **\$4,227,285**.

Expenditures Chart



The General Fund revenue collection percentage of **66%** (based on the adjusted revenue budget) was below the anticipated pro-rated estimate of **75%** as of March 2013. It is anticipated that, in line with past trend, more revenues will be collected in the month of May 2013 to increase the collection percentage.

**EXPENDITURES**

The Expenditure Summary in **Appendix D** shows General Fund expenditures of **\$33.90 million** as of the end of March 2013, Special Revenue Funds expenditure of **\$27.95 million**, Successor Agency Funds expenditure of **\$28.57 million**, Debt Service Funds expenditure of **\$4.79 million**, Enterprise Funds expenditure of **\$23.30 million**, and Internal Service Funds expenditure of **\$4.51 million**. Also, the “Costs by Department” reports (**Appendix E** and **Appendix F**) provide summary of departmental expenditures for the fiscal year to March 2013 and percentages of the total expenditures compared to the budgeted amounts.

Most of the expenditure categories were below the **75%** pro-rated amounts for the 9-month period ended March 31, 2013. However, the Fire Department actual overtime costs amounted to **\$888,128** – representing **148%** of the department’s overtime appropriation of **\$600,000**.

# #9.

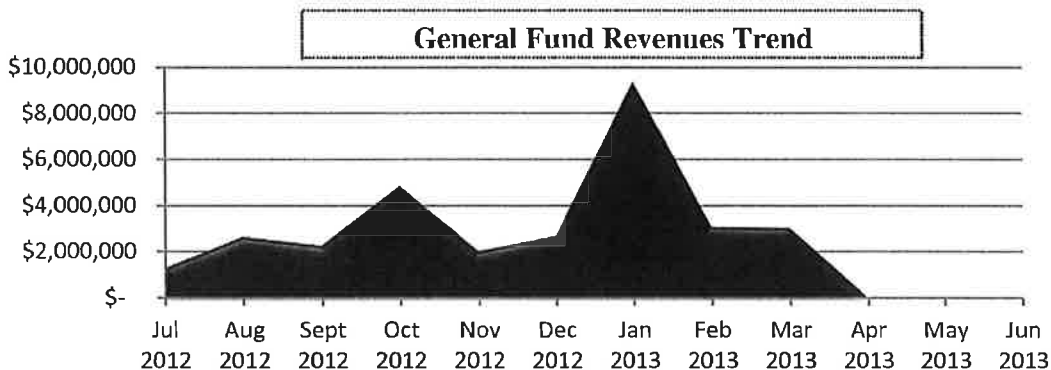
The General Services Department actual overtime cost was **\$14,161** which was **283%** of the budgeted amount of **\$5,000**. The City Manager's Office actual overtime cost as of the end of March 2013 was **\$17,130** while there was no overtime budget for the fiscal year. Funds should be re-allocated to fully cover the overtime costs.

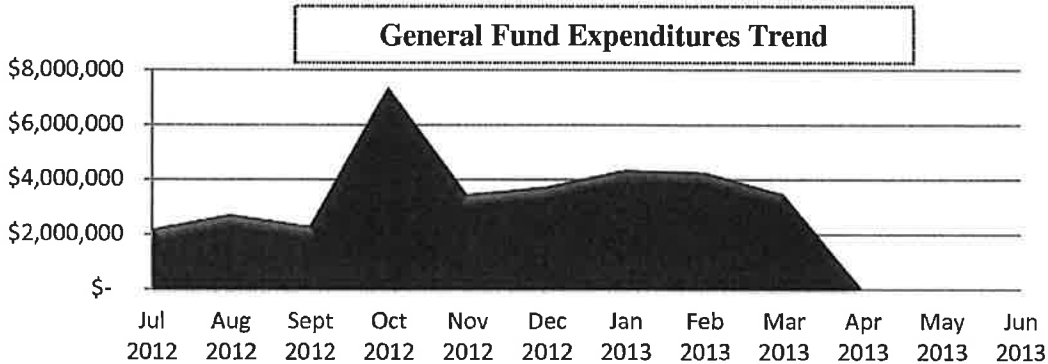
The total actual expenditure for Non-Departmental was **\$9,210,846 (111%)** compared to the adjusted budget of **\$8,260,862** as of March 2013. The Non-Departmental expenditure percentage of **111%** was high mainly because of the following:

- **\$1,159,944** interest payment for the 2008 Lease Revenues Bonds was made during the first half of the fiscal year in accordance with City Council resolution number 23,422. The second interest payment of **\$1,159,944** for the Lease Revenues Bonds was paid in March 2013. City Council resolution number 23,422 instructed that the Bonds payments for the fiscal years up to 2014 be made out of the 2008 Lease Revenues Bonds proceeds held with the Bond Trustee. Funds for the two interest payments amounting to **\$2,319,888** for the current fiscal year were allocated in the General Fund budget instead of the budget of the Lease Revenues Bonds Fund in line with Council resolution number 23,422. The City Council approved (on March 19, 2013) resolution number 23,718 to delete the amount of **\$2,319,888** from the General Fund appropriation with a view to reduce the budget deficit in the General Fund. The appropriation of **\$2,319,888** in the 2008 Lease Revenues Bonds Fund for the debt service payments should be presented to the council for approval.
- The City made catch-up payments to CalPERS regarding PERS liability for current employees and retirees with the aim of avoiding arduous lawsuit with CalPERS regarding the outstanding checks / bills. These payments contributed to the high percentage (111%) of expenditure in the Non-Departmental budget for the first 9 months of the fiscal year. To cover CalPERS bills for the remainder of the fiscal year, the City Council approved (with resolution number 23,718) that additional funds should be appropriated in the Retirement Fund as of March 2013. This additional appropriation in the Retirement Fund has been reflected in this March 2013 Financial Report.

## REVENUES AND EXPENDITURES TRENDS – GENERAL FUND

Analysis of the trend of General Fund revenues and expenditures indicated that General Fund expenditures for the first 9 months exceeded revenues by **\$2.83m**. The graphs of the monthly revenue collections and actual expenditures are shown below.





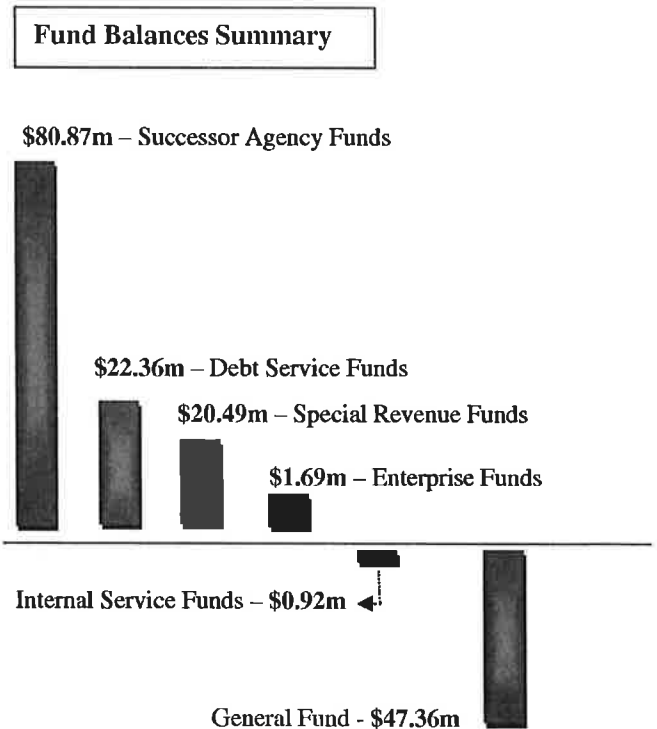
**ISSUANCE OF TRANS TO BRIDGE THE CASH FLOW GAP**

The monthly trend of the General Fund revenues shows that the City received bulk of the General Fund revenues during the second half of the fiscal year. The last significant revenue will be received in May 2013. To provide cash flow to meet the General Fund expenditures, the City finalized the issuance of **\$5 million Tax and Revenues Anticipation Notes (TRANS)** in February 2013. The net proceeds of the TRANS of **\$4,657,000** (after deduction of issue discount of **\$202,500** and cost of issuance of **\$140,500**) was remitted into the City’s bank account held with the TRANS Trustee (US Bank). The TRANS has interest rate of **3.75%** and will be repaid (principal and interest) on **June 28, 2013** utilizing the General Fund secured revenues accumulated in a lock box from March 2013 to June 2013.

**FUND BALANCES**

The Fund Balances Summary Report in **Appendix G** provides the beginning fund balances (unaudited) of each of the major funds and the fund balances (unaudited) as of end of March 2013.

As of March 31, 2013, General Fund had accumulated **negative** fund balance of approximately **\$47.36 million**. The Special Revenue Funds ended the month with a cumulative fund balance of **\$20.49 million**. The total ending fund balance of Successor Agency Funds was **\$80.87 million**, the Debt Service Funds balance was **\$22.36 million**, the Enterprise Funds balance was **\$1.69 million**, and the Internal Service Funds (which included Equipment Rental Fund, Central Duplicating Fund, Worker’s Compensation Fund, and General Liability Insurance Fund) had a combined deficit fund balance of **\$0.92 million**.



# #9.

The fund balances shown above represent cumulative amounts. Therefore, the General Fund deficit fund balance of **\$47.36 million** as of March 2013 includes the cumulative deficit of **\$44.40 million** from prior years, cumulative deficit in the Fire Department Hazardous Materials Fund of **\$0.13 million** and current deficit of **\$2.83 million** that arose from July 2012 to March 2013. The General Fund deficit of **\$2.83 million** for the first 9 months of the current fiscal year will change depending on the amount of revenues received and the expenditures incurred during the remaining 3 months of the fiscal year.

On December 20, 2011, the City Council approved resolution number 23,447 delineating a 20-year repayment schedule to enable the General Fund erase the prior years' accumulated deficit and to repay the amounts owed to other Funds. The repayment plan entailed that there will be surplus in General Fund (actual revenues will be higher than expenditures) in each of the next 20 years thereby reducing the accumulated deficit and providing cash for the General Fund to repay the amounts owed to other Funds. For the current fiscal year 2012-2013, the amount to be repaid by General Fund in accordance with the repayment schedule is **\$100,000**.

## APPENDICES

The following detailed schedules are included in this Financial Report as appendices:

- 1) **Revenue Summary (Appendix A)** – showing total budgeted revenues for the fiscal year 2012-2013; the actual revenues collected for the month of March 2013; the cumulative collections for the period from July 2012 to March 2013 and percentage of the actual collections to the budgeted amounts. These amounts are summarized based on the six major fund classifications.
- 2) **General Fund Revenues (Appendix B)** - this schedule provides detailed classification of revenue receipts posted to the General Fund.
- 3) **Enterprise Funds Revenues (Appendix C)** – the schedule provides details of revenue receipts for Water, Rubbish, Sewer, Recreation Programs and Golf Course Funds.
- 4) **Expenditures Summary (Appendix D)** – this shows the budgeted expenditures for the 2012-2013 fiscal year, the actual expenditures for the month of March 2013 and the cumulative actual expenditures for the period from July 2012 to March 2013.
- 5) **Costs By Department (Appendix E and Appendix F)** – show total expenditures by department, as of the end of March 2013, for General Fund (**Appendix E**) and for the entire City (**Appendix F**).
- 6) **Summary of Fund Balances – Major Funds (Appendix G)** – the focus of this schedule is to show the beginning fund balances (unaudited) of the major funds of the City and the ending fund balances as of the end of March 2013.
- 7) **Budget Comparison (Appendix H)** – shows the summary of revenues compared to total budget based on the major budget categories.

**RECOMMENDATION**

It is recommended that the Honorable Mayor and City Council receive and file the Financial Report for the period ended March 31, 2013.

Thank you.

**G. HAROLD DUFFEY,  
CITY MANAGER**

**STEPHEN A JOBIEWE,  
CITY CONTROLLER**

## Appendix A

Revenues Summary						
Account Number	Fund Name	Original Budget FY 2012-2013	Adjusted Budget FY 2012-2013	Actual March 2013	Actual Year-To-Date 03/31/2013	Percentage Collection
<b>General Fund</b>						
1001	General Fund	\$ 42,618,237	\$ 47,047,141	\$ 3,017,817	\$ 31,060,043	66%
1003	Hazardous Materials Fund	176,340	177,340	-	4,959	3%
	Subtotal	42,794,577	47,224,481	3,017,817	31,065,002	66%
<b>Special Revenue Funds</b>						
2100	Retirement Fund	13,663,627	16,542,582	25,765	11,504,359	70%
2502	Street Lighting City Wide	4,229,446	4,351,867	-	2,439,042	56%
2820	Local Housing Authority	10,922,755	10,926,448	899,969	8,550,520	78%
	All others	19,524,660	22,042,378	1,655,631	9,538,637	43%
	Subtotal	48,340,488	53,863,275	2,581,365	32,032,558	59%
<b>Successor Agency Funds</b>						
1201	Successor Agency - Admin Fund	16,021,295	16,223,627	(78,305)	8,692,944	54%
1205	Successor Agency - Low Cost Housing	-	-	-	8,957	N/A
3002	Successor Agency - Tax Alloc. Bond	7,795,640	7,795,640	-	3,919,699	50%
3070	Successor Agency - 2010A Bond	19,415,000	19,415,000	-	540,368	3%
3080	Successor Agency - 2010B Bond	20,447,071	20,550,646	-	354	0%
3090	Successor Agency - 2010C Bond	5,301,151	5,301,151	-	91	0%
	Subtotal	68,980,157	69,286,064	(78,305)	13,162,413	19%
<b>Debt Service Funds</b>						
3030	Revenue Bonds 2008	3,690,325	4,241,682	403	407	0%
9203	Revenue Bonds 1987	100,275	100,275	-	100,736	100%
	Subtotal	3,790,600	4,341,957	403	101,143	2%
<b>Enterprise Funds</b>						
5000	Water Fund	15,270,500	16,967,244	1,221,374	11,779,538	69%
5001	Richland Farms	48,000	48,000	-	23,932	50%
5003	Water Bond Fund 2009	15,895,996	18,268,151	286,318	2,559,919	14%
5100	Rubbish Fund	11,327,246	12,598,654	691,304	7,161,639	57%
5116	Sewer Fund	930,606	930,606	-	527,105	57%
5117	Sewer Bond Series 2009	12,829,108	12,829,108	142,470	1,441,595	11%
5200	Golf Course	83,200	86,700	6,215	55,633	64%
5300	Recreation Programs	24,000	25,446	-	-	0%
	Subtotal	56,408,656	61,753,909	2,347,681	23,549,361	38%
<b>Internal Service Funds</b>						
6000	Equipment Rental	2,246,453	2,330,228	170,256	1,642,953	71%
6200	Central Duplicating	652,094	759,347	-	150,736	20%
6300	Worker's Compensation	2,095,982	2,096,899	145,632	1,537,495	73%
6400	Liability Insurance Fund	1,387,890	1,751,991	-	896,101	51%
	Subtotal	6,382,419	6,938,465	315,888	4,227,285	61%
	<b>Grand Total</b>	<b>\$ 226,696,897</b>	<b>\$ 243,408,151</b>	<b>\$ 8,184,849</b>	<b>\$ 104,137,762</b>	<b>43%</b>

## Appendix B

General Fund Revenues					
General Fund	Original Budget	Adjusted Budget	Actual	Actual	Percentage
Code	FY 2012-2013	FY 2012-2013	March 2013	Year-To-Date 03/31/2013	Collection
<b>Property Taxes</b>					
3010 Property Taxes Current	\$ 3,406,302	3,406,302	\$ 174,551	\$ 1,993,311	59%
3020 Property Taxes Unsecured	68,200	68,200	-	-	0%
3030 Prior Year-Secured	-	-	(104)	30,504	N/A
3040 Prior Year-Unsecured	3,496	3,496	-	-	0%
3060 Aircraft	39,470	39,470	2,722	2,722	7%
3090 Interest & Penalties	-	-	-	-	N/A
Subtotal	<b>3,517,468</b>	<b>3,517,468</b>	<b>177,169</b>	<b>2,026,537</b>	<b>58%</b>
<b>Sales and Use Taxes</b>					
3110 Sales and Use Taxes	6,556,000	6,556,000	428,554	4,746,276	72%
3111 Sales and Use Taxes -PSAF	208,200	208,200	31,727	142,402	68%
Subtotal	<b>6,764,200</b>	<b>6,764,200</b>	<b>460,281</b>	<b>4,888,678</b>	<b>72%</b>
<b>Franchise and Utility Users Taxes</b>					
3121 Gas Franchise	257,927	257,927	-	37,602	15%
3122 Electric Franchise	298,021	298,021	-	-	0%
3124 Other Water Franchise	5,400	5,400	-	-	0%
3125 Rubbish Franchise	800,000	1,100,000	72,995	612,771	56%
3126 Other Franchise	63,740	63,740	-	190,180	298%
3127 Towing Franchise	15,065	15,065	-	7,147	47%
3140 Transient Occupancy	150,810	150,810	6,630	96,732	64%
3150 Property Transfer Fee	160,078	160,078	12,658	130,204	81%
3160 Telephone Users	1,505,000	1,505,000	158,451	1,411,731	94%
3161 Gas Users	1,350,600	1,350,600	185,725	1,054,467	78%
3162 Electric Users	4,610,400	4,610,400	398,445	3,399,702	74%
3163 City Water Users	1,189,964	1,189,964	112,053	1,103,185	93%
3164 Other Water Users	450,600	450,600	34,013	378,148	84%
3165 Cellular Phone Users	2,980,700	2,980,700	248,286	2,114,777	71%
Subtotal	<b>13,838,305</b>	<b>14,138,305</b>	<b>1,229,256</b>	<b>10,536,646</b>	<b>75%</b>
<b>License and Permits</b>					
3210 Building Permits	420,500	420,500	27,013	340,240	81%
3220 Plumbing Permits	76,500	76,500	5,569	51,833	68%
3230 Electrical Permits	71,521	71,521	7,495	68,752	96%
3240 Other Construction Permits	32,283	32,283	19,601	93,216	289%
3242 Economic Enterprise Zone	40,000	40,000	3,060	46,440	116%
3243 Tobacco Permit	58,543	58,543	6,000	40,000	68%
3245 Business License	1,651,252	1,651,252	140,597	1,291,726	78%
3246 Business License Rental	85,512	85,512	6,684	76,904	90%
3248 Revenue License Fee-Casino	240,000	240,000	74,974	266,504	111%
3250 Certificate of Occupancy	35,000	35,000	4,435	33,575	96%
3264 Burglar Alarm Permit	7,100	7,100	880	6,530	92%
3265 Fire Permit Fee	45,000	45,000	4,545	49,999	111%
3266 Tank Removal Over/Haul	21,900	21,900	390	17,434	80%
3275 Conditional Use Variance	15,000	15,000	3,075	8,325	56%
3280 Miscellaneous Licenses	72,110	72,110	5,539	54,006	75%
Subtotal	<b>2,872,221</b>	<b>2,872,221</b>	<b>309,857</b>	<b>2,445,484</b>	<b>85%</b>

# #9.

General Fund	Original	Adjusted	Actual	Actual	Percentage
	Budget	Budget		Year-To-Date	
	FY 2012-2013	FY 2012-2013	March 2013	03/31/2013	
<b><u>Fines, Forfeitures and Permits</u></b>					
3315 Parking Citations	\$ 1,253,000	\$ 1,253,000	\$ 93,066	\$ 813,322	65%
3320 Other Court Fees	348,500	348,500	26,585	178,764	51%
3321 Vehicle Impound	54,600	54,600	2,830	14,685	27%
3332 False Alarm Program	20	20	-	-	N/A
3340 Forfeitures and Penalties	45	45	-	-	0%
3350 Census Grant Revenue	-	-	-	-	N/A
Subtotal	<b>1,656,165</b>	<b>1,656,165</b>	<b>122,481</b>	<b>1,006,771</b>	<b>61%</b>
<b><u>Use of Money and Property</u></b>					
3410 Interest Income	11,500	11,500	-	8,110	71%
3420 Rents & Concessions	130,227	130,227	7,044	49,489	38%
3421 Rents and Concessions Comm	100	100	254	672	672%
3425 Rents & Concessions-Bullis Rd	15,000	15,000	8,831	13,556	90%
3428 Rents & Concessions-Bullis Rd	-	-	-	500	
Subtotal	<b>156,827</b>	<b>156,827</b>	<b>16,129</b>	<b>72,327</b>	<b>46%</b>
<b><u>Revenues from Other Agencies</u></b>					
3511 Motor Vehicle License	8,016,250	8,016,250	-	4,021,307	50%
3521 State Homeowners Prior Year	21,360	21,360	-	12,108	57%
3570 Court Subpoena Reimbursements	1,740	1,740	243	1,375	79%
Subtotal	<b>8,039,350</b>	<b>8,039,350</b>	<b>243</b>	<b>4,034,790</b>	<b>50%</b>
<b><u>Charges From Current Services</u></b>					
3602 Current Services Provided-Water	3,423,968	3,423,968	285,331	2,567,976	75%
3603 Current Services Provided-CRA	325,800	325,800	-	15,893	5%
3610 Environmental Review	12,500	12,500	2,660	19,690	158%
3612 Subdivision Fees	1,500	1,500	1,000	2,950	197%
3615 Sale of Maps and Publications	150	150	-	150	100%
3616 Banner Processing Fees	1,000	1,000	-	(275)	-28%
3617 Other Filing & Certificates	1,200	1,200	-	46,632	3886%
3618 City Provided Medical	910,500	1,210,500	122,120	926,713	77%
3622 Special Police Department	-	-	23	23	N/A
3623 Special Fire Department	4,100	4,100	180	6,152	150%
3630 EMS Subscriptions	50	50	-	-	0%
3633 Quimby Act Fees	21,000	21,000	-	-	0%
3640 Plan Checking Fees	341,359	341,359	37,335	280,306	82%
3641 Administration Fee-Payroll	2,700	2,700	18	320	12%
3662 Nuisance Abatement	500	500	-	-	0%
3665 Weed & Lot Abatement	325	325	-	98	30%
3666 Substandard Abatement	108,000	108,000	6,755	65,112	60%
3684 Advertisement Charges	210,000	210,000	16,000	144,000	69%
3700 Swim & Slide Pool Collections	22,100	22,100	-	6,480	29%
3712 Cleaning Deposit	500	500	-	-	0%
3721 P&R Room Rentals	2,200	2,200	-	1,935	88%
3842 Other Penalties-Returned Check	200	200	45	170	85%
3848 Miscellaneous - Water	-	-	-	50	N/A
3870 Collection Fees	-	-	-	25	N/A
3881 Reproduction Charge	6,248	6,248	612	7,755	124%
3884 Administration Fee	-	-	-	-	N/A
3890 Misc Charges for Current Services	26,020	26,020	92,270	108,743	418%
Subtotal	<b>5,421,920</b>	<b>5,721,920</b>	<b>564,349</b>	<b>4,200,898</b>	<b>73%</b>



General Fund	Original	Adjusted	Actual	Actual	Percentage
	Budget	Budget		Year-To-Date	
<u>Others</u>	FY 2012-2013	FY 2012-2013	March 2013	03/31/2013	Collection
3910 Sale of Real or Personal Prop	\$ -	\$ 500,000	\$ -	\$ 250,000	50%
3920 Contribution From Other Funds(Crossing Guard)	114,221	114,221	114,222	114,222	100%
3959 Overage / Shortage	20	20	-	-	0%
3565 Other Federal Grant - Fire Department	-	-	-	-	
3571 Legal Recovery	-	-	9,301	32,259	N/A
3980 Miscellaneous Revenue	105,690	1,425,018	14,529	1,450,847	102%
3982 Public Works Misc Revenue	131,850	131,850	-	584	0%
3989 Continued Appropriation - Prior Year Open P.Os	-	2,009,576	-	-	0%
Subtotal	351,781	4,180,685	138,052	1,847,912	525%
<b>TOTAL GENERAL FUND</b>	<b>\$ 42,618,237</b>	<b>\$ 47,047,141</b>	<b>\$ 3,017,817</b>	<b>\$ 31,060,043</b>	<b>66%</b>

## Appendix C

Enterprise Fund Revenues					
Enterprise Fund	Original Budget	Adjusted Budget	Actual	Actual	Percentage Collection
	FY 2012-2013	FY 2012-2013	March 2013	Year-To-Date 03/31/2013	
<b><u>Water</u></b>					
3801 Residential Revenue	\$ 10,000,000	\$ 10,000,000	\$ 879,752	\$ 8,878,797	89%
3802 Commercial Revenue	2,200,000	2,200,000	164,258	1,467,302	67%
3803 Industrial Revenue	1,005,000	1,005,000	119,505	578,562	58%
3805 City Dept to be Billed	340,000	340,000	17,375	214,493	63%
3806 Other Government Agencies	690,000	690,000	14,562	467,323	68%
3807 Private Fire Protection	75,000	75,000	6,101	50,876	68%
3821 Residential Connections	-	-	-	-	N/A
3822 Commercial Connections	-	-	-	-	N/A
3828 Other Emergency Connections	1,500	1,500	-	-	0%
3833 Contrib for Install of Service	5,000	5,000	-	-	0%
3841 Turn on Charges	100,000	100,000	15,052	76,763	77%
3842 Other Penalties-Returned Check	-	-	-	35	N/A
3843 Resetting Meters	20,000	20,000	1,600	10,970	55%
3848 Miscellaneous Water Revenue	15,000	15,000	-	1,445	10%
3870 Collection Fess	740,000	740,000	-	-	0%
3890 Misc. Charges For Current Services	20,000	20,000	3,169	27,116	136%
3892 Scrap Metal Sale	-	-	-	-	N/A
3980 Miscellaneous Revenue	59,000	59,000	-	5,856	10%
3989 Continued Appropriation - Prior Year P.Os	-	1,696,744	-	-	0%
Subtotal	15,270,500	16,967,244	1,221,374	11,779,538	69%
<b><u>Richland Farms</u></b>					
3130 Richland Farm Spec Assessment	48,000	48,000	-	23,932	50%
Subtotal	48,000	48,000	-	23,932	50%
<b><u>Water Bond Fund 2009</u></b>					
3410 Interset Income	-	-	-	303	N/A
3808 Water Capital Project Revenue	2,763,450	2,763,450	286,318	2,559,616	93%
3970 Revenue From Prior Years	13,132,546	13,132,546	-	-	0%
3989 Continued Appropriation - Prior Year's P.Os	-	2,372,155	-	-	0%
Subtotal	15,895,996	18,268,151	286,318	2,559,919	14%
<b><u>Rubbish Fund</u></b>					
3410 Interest Income	-	-	1	1	N/A
3670 Refuse Collection Charges	10,903,911	10,903,911	633,040	6,640,605	61%
3722 Residential Bin Service	100,000	100,000	9,003	39,485	39%
3884 Administration Fees	222,769	222,769	22,199	175,973	79%
3941 Principal & Interest - Hub City Contribution	50,000	50,000	10,940	119,735	239%
3980 Miscellaneous Rev	50,566	50,566	16,121	185,840	368%
3989 Continued Appropriation - Prio Year's P.Os	-	1,271,408	-	-	0%
Subtotal	11,327,246	12,598,654	691,304	7,161,639	57%

Enterprise Fund	Original Budget	Adjusted Budget	Actual	Actual	Percentage
	FY 2012-2013	FY 2012-2013	March 2013	Year-To-Date 03/31/2013	Collection
<b><u>Sewer</u></b>					
3410 Interest Income	\$ 300	\$ 300	\$ -	\$ 241	80%
3761 Assessments	930,306	930,306	-	526,864	57%
3989 Continued Appropriation - Prior Year P.Os	-	-	-	-	N/A
Subtotal	930,606	930,606	-	527,105	57%
<b><u>Sewer Bond Series 2009</u></b>					
3410 Interest Income	1,600	1,600	-	223	14%
3809 Sewer Capital	1,862,203	1,862,203	142,470	1,441,372	77%
3970 Revenue From Prior Year	10,965,305	10,965,305	-	-	0%
3989 Continued Appropriation - Prior Year P.Os	-	-	-	-	N/A
Subtotal	12,829,108	12,829,108	142,470	1,441,595	11%
<b><u>Golf Course</u></b>					
3710 Golf Fees	83,200	86,700	6,215	55,633	64%
Subtotal	83,200	86,700	6,215	55,633	64%
<b><u>Recreation Programs</u></b>					
3740 Recreation Program Charges	24,000	24,000	-	-	0%
3989 Continued Appropriation - Prior Year P.Os	-	1,446	-	-	0%
Subtotal	24,000	25,446	-	-	0%
Grand Total	\$ 56,408,656	\$ 61,753,909	\$ 2,347,681	\$ 23,549,361	38%

Appendix D

Expenditures Summary						
Account Number	Fund Name	Original Budget FY 2012-2013	Adjusted Budget FY 2012-2013	Actual March 2013	Actual Year-To-Date 03/31/2013	Percentage Spent
<b>General Fund</b>						
1001	General Fund	\$ 51,728,597	\$ 50,735,451	\$ 3,473,086	\$ 33,808,357	67%
1003	Hazardous Materials Fund	176,340	177,340	6,003	86,989	49%
	Subtotal	51,904,937	50,912,791	3,479,089	33,895,346	67%
<b>Special Revenue Funds</b>						
2100	Retirement Fund	13,663,627	16,542,582	1,120,214	11,469,987	69%
2502	Street Lighting City Wide	4,229,446	4,351,867	234,333	2,178,015	50%
2820	Local Housing Authority	10,922,755	10,926,448	860,162	8,012,454	73%
	All others	19,524,660	22,042,378	1,022,396	6,289,367	29%
	Subtotal	48,340,488	53,863,275	3,237,105	27,949,823	52%
<b>Successor Agency Funds</b>						
1201	Successor Agency - Admin Fund	16,021,295	16,223,627	100,528	9,279,245	57%
1205	Successor Agency - Low Cost Housing	-	-	-	-	N/A
3002	Successor Agency - Tax Alloc. Bond	7,795,640	7,795,640	-	8,718,250	112%
3070	Successor Agency - 2010A Bond	19,415,000	19,415,000	-	2,330,021	12%
3080	Successor Agency - 2010B Bond	20,447,071	20,550,646	510,575	6,398,074	31%
3090	Successor Agency - 2010C Bond	5,301,151	5,301,151	-	1,848,087	35%
	Subtotal	68,980,157	69,286,064	611,103	28,573,677	41%
<b>Debt Service Funds</b>						
3030	Revenue Bonds 2008	3,690,325	4,241,682	3,432,202	4,737,310	112%
9203	Revenue Bonds 1987	100,275	100,275	6,100	54,900	55%
	Subtotal	3,790,600	4,341,957	3,438,302	4,792,210	110%
<b>Enterprise Funds</b>						
5000	Water Fund	15,270,500	16,967,244	880,862	6,849,632	40%
5001	Richland Farms	48,000	48,000	-	497	1%
5003	Water Bond Fund 2009	15,895,996	18,268,151	1,554,180	7,099,094	39%
5100	Rubbish Fund	11,327,246	12,598,654	740,927	7,481,450	59%
5116	Sewer Fund	930,606	930,606	615,437	703,315	76%
5117	Sewer Bond Series 2009	12,829,108	12,829,108	537,906	1,138,129	9%
5200	Golf Course	83,200	86,700	-	26,800	31%
5300	Recreation Programs	24,000	25,446	-	-	0%
	Subtotal	56,408,656	61,753,909	4,329,312	23,298,917	38%
<b>Internal Service Funds</b>						
6000	Equipment Rental	2,246,453	2,330,228	163,295	1,278,014	55%
6200	Central Duplicating	652,094	759,347	11,405	305,051	40%
6300	Worker's Compensation	2,095,982	2,096,899	18,850	1,405,858	67%
6400	Liability Insurance Fund	1,387,890	1,751,991	14,174	1,520,569	87%
	Subtotal	6,382,419	6,938,465	207,724	4,509,492	65%
	<b>Grand Total</b>	<b>\$ 235,807,257</b>	<b>\$ 247,096,461</b>	<b>\$ 15,302,635</b>	<b>\$ 123,019,465</b>	<b>50%</b>

## Appendix E

Costs by Department - General Fund Only						
As of March 31, 2013						
Department Name	Dept No	Original Budget FY 2012-2013	Adjusted Budget FY 2012-2013	Actual Year-To-Date 03/31/2013	Percentage Spent	
City Council/ Mayor	40	\$ 857,024	\$ 849,525	\$ 414,895	49%	
City Attorney	42	1,384,374	1,355,904	785,709	58%	
City Treasurer	44	495,531	506,524	304,324	60%	
City Clerk	47	568,385	591,966	345,537	58%	
Elections	48	514,000	514,000	128,069	25%	
City Manager	51	2,948,706	3,021,417	1,997,411	66%	
Personnel Dept	56	595,800	616,144	240,916	39%	
General Services	60	2,900,145	2,944,812	2,159,638	73%	
Non-Departmental	61	3,355,861	1,376,574	1,136,500	83%	
City Controller	65	1,616,708	1,757,005	692,550	39%	
Municipal Law	67	3,390,571	3,438,363	2,076,391	60%	
Los Angeles County Sheriff	68	17,501,286	18,054,419	13,206,251	73%	
Fire	69	10,485,588	10,671,160	7,550,330	71%	
Public Works- Engineering	71	228,350	243,321	179,758	74%	
Public Works - Street Maintenance	72	817,500	589,809	254,215	43%	
Building & Safety Dept	77	996,181	997,320	686,387	69%	
Planning & Economic Dev.	78	645,554	656,002	394,442	60%	
Local Housing Authority	79	-	-	-	-	
Careerlink	81	30,939	31,055	2,817	9%	
Parks & Recreation	84	2,396,094	2,520,131	1,252,217	50%	
Water Dept	85-90	-	-	-	-	
Successor Agency	91	-	-	-	-	
<b>Total</b>		<b>\$ 51,728,597</b>	<b>\$ 50,735,451</b>	<b>\$ 33,808,357</b>	<b>67%</b>	

Costs by Department - All Funds						
As of March 31, 2013						
Department Name	Dept No	Original	Adjusted	Actual	Percentage Spent	
		Budget FY 2012-2013	Budget FY 2012-2013	Year-To-Date 03/31/2013		
City Council/ Mayor	40	\$ 1,243,190	\$ 1,235,690	\$ 591,797	48%	
City Attorney	42	5,358,718	5,698,222	4,017,646	71%	
City Treasurer	44	702,835	713,828	391,846	55%	
City Clerk	47	716,357	739,938	422,518	57%	
Elections	48	514,000	514,000	128,069	25%	
City Manager	51	5,693,998	5,855,484	2,899,868	50%	
Personnel Dept	56	1,057,139	1,249,461	363,976	29%	
General Services	60	3,458,241	3,502,910	2,432,401	69%	
Non-Departmental	61	7,364,151	8,260,862	9,210,846	111% ***	
City Controller	65	2,206,933	2,347,230	980,912	42%	
Municipal Law	67	4,263,032	4,401,108	2,688,617	61%	
Los Angeles County Sheriff	68	17,978,433	18,746,499	13,567,899	72%	
Fire	69	16,330,095	17,211,155	10,988,174	64%	
Public Works- Engineering	71	18,513,465	20,757,711	3,058,180	15%	
Public Works - Street Maintenance	72	11,275,406	10,658,182	5,108,954	48%	
Building & Safety Dept	77	1,294,880	1,296,019	862,105	67%	
Planning & Economic Dev.	78	4,563,075	4,706,887	991,465	21%	
Local Housing Authority	79	10,922,755	10,926,448	8,012,454	73%	
Careerlink	81	678,435	740,928	340,731	46%	
Parks & Recreation	84	3,858,492	3,993,247	2,189,281	55%	
Water Dept	85-90	43,141,428	48,488,527	21,431,348	44%	
Successor Agency	91	74,672,199	75,052,125	32,340,378	43%	
<b>Total</b>		<b>\$ 235,807,257</b>	<b>\$ 247,096,461</b>	<b>\$ 123,019,465</b>	<b>50%</b>	

\*\*\* See page 4 for explanation of the high expenditure percentage.

## Appendix G

Summary of Fund Balances - Major Funds			Unaudited Balance	Unaudited Balance
Period Ended March 31, 2013			6/30/2012	3/31/2013
Fund Name				
<b>General Fund</b>				
1001	General Fund		\$ (44,402,374)	\$ (47,150,688)
1003	Hazardous Materials Fund		(132,428)	(214,458)
	Subtotal		(44,534,802)	(47,365,146)
<b>Special Revenue Funds</b>				
2100	Retirement Fund		11,119,739	11,154,111
2502	Street Lighting City Wide		(1,730,730)	(1,469,703)
2820	Local Housing Authority		(563,101)	(25,035)
	All others		7,580,867	10,830,137
	Subtotal		16,406,775	20,489,510
<b>Successor Agency Funds</b>				
1201	Successor Agency - Administrative Fee Fund		32,953,118	32,366,817
1205	Successor Agency - Low Cost Housing		15,121,299	15,130,256
3002	Successor Agency - Tax Allocation Bond		14,805,700	10,007,149
3070	Successor Agency - Bonds Series 2010A		12,204,403	10,414,750
3080	Successor Agency - Bonds Series 2010B		17,981,400	11,583,680
3090	Successor Agency - Bond Series 2010C		3,218,751	1,370,755
	Subtotal		96,284,671	80,873,407
<b>Debt Service Funds</b>				
3030	Revenue Bonds 2008		27,028,686	22,291,783
9203	Revenue Bonds 1987		23,760	69,596
	Subtotal		27,052,446	22,361,379
<b>Enterprise Funds</b>				
5000	Water - Main Fund		7,008,431	11,938,337
5001	Water - Richland Farms		109,135	132,570
5003	Water - 2009 Bond Fund		(7,612,751)	(12,151,926)
5010	Water - Self Ins. Trust		90	90
5100	Rubbish Fund		205,199	(114,612)
5116	Sewer Fund		1,673,913	1,497,703
5117	Sewer Bond Series 2009		447,365	750,831
5118	Sewer Administration Fund		(490,289)	(490,289)
5200	Golf Course		44,486	73,319
5300	Recreation Programs		55,374	55,374
	Subtotal		1,440,953	1,691,397
<b>Internal Service Funds</b>				
6000	Equipment Rental		560,116	925,055
6200	Central Duplicating		89,974	(64,341)
6300	Worker's Compensation		(1,412,149)	(1,280,512)
6400	Liability Insurance Fund		121,895	(502,573)
	Subtotal		(640,164)	(922,371)

**#9.**

**Appendix H**

<b>Budget Comparison FY 2012-2013</b>				
<b>Revenues For The Period Ended March 31, 2013</b>				
	<b>Original Budget FY 2012-2013</b>	<b>Adjusted Budget FY 2012-2013</b>	<b>Actual Year-To-Date Revenues</b>	<b>Percentage of Collection</b>
General Fund	\$ 42,794,577	\$ 47,224,481	\$ 31,065,002	66%
Special Revenue Funds	48,340,488	53,863,275	32,032,558	59%
Successor Agency Funds	68,980,157	69,286,064	13,162,413	19%
Debt Service Funds	3,790,600	4,341,957	101,143	2%
Enterprise Funds	56,408,656	61,753,909	23,549,361	38%
Internal Services Funds	6,382,419	6,938,465	4,227,285	61%
	<b>\$ 226,696,897</b>	<b>\$ 243,408,151</b>	<b>\$ 104,137,762</b>	<b>43%</b>



# Attachment VII

City of Compton  
Fiscal Year 2013/14 Council Priorities Matrix

Item #	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33																							
Zurita	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1																							
District 2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1																							
Mayor																																	1																							
Arceneaux	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1																							
Jones	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1																							
<b>Preliminary Rankings</b>	4	2	4	4	4	2	4	2	4	3	4	4	4	4	3	4	4	3																																						
<b>Category Rankings</b>																																																								
Zurita	1	5	3	4	6	7	2	3	5	1	2	4	4	5	3	1	2	1	4	2	5	3	2	1	3	5	3	2	1	4	3	2	1																							
District 2	1	3	4	2	6	7	5	4	3	2	1	5	2	4	3	1	2	3	2	1	4	5	2	1	3	2	5	2	3	4	1	3	2																							
Mayor	1	3	2	7	6	5	4	4	2	3	1	5	4	5	2	1	3	3	4	2	1	5	2	1	3	1	2	4	5	3	3	2	1																							
Arceneaux	1	4	7	5	2	6	3	3	2	1	5	4	4	1	2	5	3	3	2	4	5	1	3	1	2	3	4	1	5	2	2	3	1																							
Jones	1	3	5	4	5	6	2	4	1	3	2	5	4	5	3	1	2	1	3	2	5	4	1	2	3	4	5	3	1	2	3	2	1																							
<b>Priority Rating</b>	C	C	H	H	I	I	C	H	C	C	C	I	I	H	C	C	C	C	C	C	C	I	H	C	C	I	C	I	C	H	I	C	C																							
<b>Dept Responsibility</b>	<b>Maintenance of Public Infrastructure</b>																																	<b>Quality of Life/ Neighborhood Improvements</b>						<b>Public Safety/ Enforcement</b>				<b>Communication</b>				<b>Governance</b>			<b>Economic and Community Development</b>				<b>Long Term CIP</b>	
	Public Works																																	City Manager						Sheriff				Gen. Services				City Manager			City Manager				Public Works	
	Public Works																																	Public Works						MLES				Gen. Services				City Manager			City Manager				Public Works	
	Public Works																																	Housing						MLES				Gen. Services				City Manager			City Manager				Fire	
	Public Works																																	City Manager						MLES				Gen. Services				City Manager			City Manager				City Manager	
	Public Works																																	Public Works						MLES				Gen. Services				City Manager			City Manager				City Manager	
	Public Works																																	Public Works						MLES				Gen. Services				City Manager			City Manager				City Manager	
	Public Works																																	Public Works						MLES				Gen. Services				City Manager			City Manager				City Manager	
	Public Works																																	Public Works						MLES				Gen. Services				City Manager			City Manager				City Manager	
	Public Works																																	Public Works						MLES				Gen. Services				City Manager			City Manager				City Manager	
	Public Works																																	Public Works						MLES				Gen. Services				City Manager			City Manager				City Manager	
	Public Works																																	Public Works						MLES				Gen. Services				City Manager			City Manager				City Manager	

**Category Ranking Scale**  
 C=Critical Priority  
 H=High Priority  
 I=Import Priority

# Attachment VIII





INDIVIDUAL QUALITIES

- 1) Creative, anticipative, innovative.
- 2) Skilled at listening and isolating key points or issues.
- 3) Skilled at verbal and written communications.
- 4) Decision-making process indicates fairness and impartiality and is based on logic and reason.
- 5) Remains flexible, objective and receptive to suggestions.
- 6) Effectively mediates and resolves problems, even under strained and unpleasant conditions.
- 7) Universally applies common sense, tact and diplomacy.
- 8) Self-confident; accepts criticism; able to cope with stress and maintain self control.
- 9) Displays enthusiasm for work.
- 10) Demonstrates integrity and loyalty to the City's best interests.

Rating:      1        2        3        4        5  
                                   (Marginal)                                   (Outstanding)

Comments: \_\_\_\_\_

ACCOMPLISHMENTS

*(To be completed in advance by the City Manager and submitted to City Council prior to evaluation)*

List several major accomplishments during this past evaluation period:

## City Manager Rating Dimensions

<b>Dimension</b>	<b>I</b>	<b>II</b>	<b>III</b>			
<b>Leadership with Council</b>	4,4,5	4	Accessible. Easy to work with. Easy to talk to. Proposed balanced budget.			
<b>Leadership with Employees</b>	4,4,	4	Needs improvement with training and staff development to assure optimum effectiveness; no real opportunity to pursue this area. has not had staff and middle management. Haven't really observed.			
<b>Leadership in the Community</b>	4,5+,4	5	Responsive to residents and business owners. Pride in satisfying and resolving community issues. Forte is business connections.			
<b>Leadership with Other Governmental Entities</b>	5,5,5	5	Excellent in media relations. Fosters good relationships with creditors, has enhanced city's reputation in financial community.			
<b>General Management</b>	3,3,5	4	Plans are in development, with improvement noted towards end of fiscal year. Continue to improve as get to full staffing.			
<b>Fiscal Management</b>	5,5,5	5	Effectively managed fiscal resources; controlled expenditures; followed Council priorities; identified and negotiated to enhance revenues with LA County, casinos, sewage contractors; made seem easy.			
<b>Personnel Management</b>	5,4,4	4	Models good work habits. Continue to develop staff for maximum effectiveness.			
<b>Community and Economic Development</b>	5,5,3	5	See comments regarding business community relationships. Economic development is a true strength.			

<b>Knowledge and Advice</b>	4,5,4	5	Does analysis perhaps to a fault. Thorough in analysis and advice to Council. Helpful to new Councilmember coming on board. Be careful to communicate appropriate amount of information to appropriate audience.
<b>Productivity and Quality</b>	3,5,4	5	
<b>Communication</b>	5,5,5	5	
<b>Individual Qualities</b>	4,4,5		Self confident, poised, self-controlled,demonstrates integrity, loyalty to city's best interests.
<b>Accomplishments</b>	5,4,4	5	PERS, HUD, and Dr. Jones wording.



**EMPLOYMENT AGREEMENT BETWEEN  
THE CITY OF COMPTON  
AND  
GLENN HAROLD DUFFEY  
[Position: City Manager]**

This Employment Agreement is made by and between the City Council of the City of Compton (hereinafter "Council") on behalf of the City of Compton (hereinafter "City"), and Glenn Harold Duffey (hereinafter "Duffey").

**RECITALS**

**WHEREAS**, on July 12, 2012, the Council, during a duly noticed City Council meeting, met in closed session and by at least a majority voted to appoint Duffey to the position of City Manager of the City of Compton; and

**WHEREAS**, on July 17, 2012, the Council adopted Resolution No. 23580, which approved an Employment Agreement between the City and Duffey for the position of City Manager of the City of Compton; and

**WHEREAS**, it is the desire of the Council to provide certain benefits, to establish conditions of employment and to set working conditions for Duffey; and

**WHEREAS**, Duffey desires to accept employment as the City Manager of the City of Compton.

**NOW, THEREFORE**, Duffey and the City, for the consideration, terms and conditions herein described, mutually agree as follows:

**Section 1. Employment and Term of Service**

**1.1 Employment.** It is understood and agreed between the parties that the Council hereby agrees to employ Duffey in the Unclassified Service position of City Manager of the City of Compton. Duffey agrees to perform the functions and duties of the position of City Manager of the City of Compton as specified in the Compton City Charter, the Compton Municipal Code and the City of Compton Personnel Rules and Regulations, and such other legally permissible and proper duties and functions as the Council shall from time to time assign.

**1.2 Term of Service.** The term of this Employment Agreement shall begin on July 23, 2012, and end June 30, 2015, unless extended in writing by mutual agreement of the parties.

**1.2.1** Duffey agrees that he shall not accept any other employment until the expiration of this Agreement, subject to the provisions of Section 4.2 herein below.

**Section 2. Compensation**

**2.1 Compensation.** It is agreed that, upon signing this Employment Agreement, Duffey shall receive an annual salary in the amount of Two Hundred Five

Employment Agreement – Glenn Harold Duffey  
City Manager Position  
[Resolution No. 23,580]

Thousand Dollars (\$205,000.00), payable bi-weekly, for the term of this Employment Agreement. Duffey shall be compensated on a pro-rata bases for any partial month he serves as City Manager. It is understood that the maximum salary payable per year of services rendered by Duffey, exclusive of other benefits specified within this Employment Agreement, shall not exceed \$205,000.00 unless this Agreement is amended by the affirmative vote of at least three (3) members of the Council.

**Section 3. Benefits**

**3.1 Retirement.** During the term of this Employment Agreement, Duffey shall be solely responsible for payment of his full contribution (Employee Share) to the Public Employee's Retirement System (P.E.R.S.) in accordance with the 2.7% at 55-retirement plan.

**3.2 Automobile Allowance.** During the term of this Employment Agreement, Duffey shall have exclusive and unrestricted use, at all times during his employment as City Manager with the City, of an automobile provided to him by the City. City shall pay all liability, property damage and comprehensive insurance coverage and for the purchase, operation (including all fuels and lubricants) maintenance, repair and regular replacement of said automobile while Duffey is employed as City Manager. Alternatively, Duffey may elect to receive an automobile allowance of \$650 per month. Duffey shall not be entitled to both the use of a City-provided automobile and an automobile allowance.

**3.2.3 Cellular Phone Allowance.** During the term of this Employment Agreement, Duffey shall be entitled to receive a cellular phone allowance of \$100.00 per month. Duffey shall not be entitled to both a cellular phone allowance and provision of a City-provided and paid cellular phone.

**3.2.4 Vacation, Sick, Personal and Holiday Leave.** During the term of this Employment Agreement, it is agreed that Duffey shall be entitled to accrue and use the following types of leave:

**.1 Vacation Leave.** Duffey shall accumulate vacation leave at the rate of 15 hours per month for a maximum of 180 hours per year of employment. After at least one (1) year of continuous service as City Manager, Duffey shall be entitled to cash out up to eighty (80) hours of accrued, but unused vacation hours per calendar year thereafter.

**.2 Sick Leave.** Duffey shall accumulate sick leave at the rate of 10 hours per month for a maximum of 120 hours per year of employment. There shall be no limit on the number of sick leave hours that Duffey may accumulate.

**.3 Personal Leave.** Duffey shall accumulate personal leave days at the rate of 10 hours per month for a maximum of 120 hours per year of employment. Personal leave days accrued may not be carried over and must be used no later than the conclusion of each calendar year (i.e. December 31<sup>st</sup>).

**.4 City Holidays.** Duffey shall be entitled to celebrate the City holidays designated pursuant to Council resolution each fiscal year. City holidays that are designated as floating holidays may not be carried over and must be used no later than the conclusion of each fiscal year (i.e. June 30<sup>th</sup>).

Employment Agreement – Glenn Harold Duffey  
City Manager Position  
[Resolution No. 23580 ]

**3.2.5 Health Benefits.** During the term of this Employment Agreement, Duffey shall be entitled to receive the same health coverage and benefits (i.e. medical, vision, dental insurance coverage) as the Chief Executive Management Employees in the City service.

**3.2.6 Dues, Subscriptions and Professional Development.** During the term of this Employment Agreement, Duffey may participate in all appropriate local, state and national professional organizations, seminars, conferences and professional development courses that are reasonable and beneficial to the City. City shall pay for all reasonable associated expenses necessary for said participation.

**3.2.7 Life Insurance.** During the term of this Employment Agreement, the City shall pay, on behalf of Duffey, life insurance coverage with a principal amount of \$100,000 and a conversion privilege.

**3.2.8 Side Letter Agreement.** During the term of this Employment Agreement, Duffey shall not be subject to the provisions of the Side Letter Agreement between the City and the Compton coalition of Unions, ratified and adopted by the Council on January 17, 2012, pursuant to Resolution No. 23,465.

**Section 4. Termination or Separation**

**4.1 Termination.** The Council may terminate, with or without cause, the services of Duffey as City Manager of the City at any time during the term of this Employment Agreement, *and without right of appeal*, by motion of the Council adopted by at least three (3) affirmative votes pursuant to Section 703 of the Compton City Charter and subject to the provisions herein below:

**4.1.1 Termination Without Cause.** In the event that Duffey is terminated without cause by the Council prior to the expiration of this Employment Agreement, he shall be entitled to receive severance compensation as follows:

.1 If terminated within the first twelve (12) months of this Employment Agreement, Duffey shall be entitled to receive severance compensation equal to twelve (12) months salary, in addition to the full monetary value of any earned but unused vacation leave accumulated during the period of his service pursuant to this Employment Agreement. Duffey's entitlement to earned, but unused sick leave accumulated during the period of his service shall be governed by those provisions applicable to Chief Executive Management Employees in the City service.

.2 If terminated within any time after the first twelve (12) month of this Employment Agreement, Duffey shall be entitled to receive severance compensation equal to six (6) months salary, in addition to the full monetary value of any earned but unused vacation leave accumulated during the period of his service pursuant to this Employment Agreement. Duffey's entitlement to earned, but unused sick leave accumulated during the period of his service shall be governed by those provisions applicable to Chief Executive Management Employees in the City service.

Employment Agreement – Glenn Harold Duffey  
City Manager Position  
[Resolution No. 23580 ]

**4.1.2 Termination For Cause.** In the event that Duffey is terminated prior to the expiration of this Employment Agreement due to his committing of any act of misfeasance or malfeasance, or due to the filing by any government agency with appropriate authority, of a criminal complaint charging him with any felony or misdemeanor involving moral turpitude, then the City shall have no obligation to pay the salary portion of the severance package, but shall be obligated to pay the full monetary value of any earned but unused vacation leave accumulated during the period of his service pursuant to this Employment Agreement.

**4.2 Voluntary Separation.**

**4.2.1** In the event Duffy decides to voluntarily separate his services as City Manager for the City before the expiration date of the term of this Employment Agreement, he shall first give the Council at least ninety (90) days written advance notice of his intention to voluntarily separate his service with the City, unless the parties mutually agreed in writing otherwise.

**4.2.2** If Duffey voluntarily separates his services as City Manager for the City before the expiration date of the term of this Employment Agreement, the City shall have no obligation to pay the salary portion of the severance package, but shall be obligated to pay the full monetary value of any earned but unused vacation leave accumulated during the period of his service pursuant to this Employment Agreement. Duffey's entitlement to earned, but unused sick leave accumulated during the period of his service shall be governed by those provisions applicable to Chief Executive Management Employees in the City service.

**4.3 Severance Payment.** Upon either termination or voluntary separation of service as City Manager, Duffey shall be entitled to receive the applicable severance compensation and/or benefits specified above in Sections 4.1 and 4.2 within ten (10) City business days of termination or separation of service, unless otherwise mutually agreed; however, the City may withhold the payment of such severance until Duffey's delivery to the City of any and all City books, records, documents, reports, materials and other type or form of property of the City and, further upon Duffey's full cooperation with the City in doing all that is reasonable and necessary to effect an orderly transition, including but not limited to a full accounting of all work in progress.

**Section 5. General Provisions**

**5.1** This Employment Agreement may be amended in writing, signed by Duffey, the majority of the Council and "Approved As To Form" by the City Attorney.

**5.2** City shall indemnify and represent Duffey in all legal matters arising as a result of the performance of his duties as City Manager during the term of this Employment Agreement, including matters arising after the termination of this Employment Agreement, but resulting from the performance of the duties as City Manager carried out during the term of the Employment Agreement. City shall not be obligated to indemnify or represent Duffey in any legal matters resulting from any misfeasance or malfeasance engaged in at any time while employed by the City or at any time thereafter, arising as a result of the performance of his duties as City Manger.

Employment Agreement – Glenn Harold Duffey  
City Manager Position  
[Resolution No. 23580 ]

5.3 The terms and conditions of this Agreement represent the entire understanding between the City and Duffey regarding Duffey's employment as the City Manager, and all preliminary negotiations and agreements are deemed a part hereof. No verbal agreement or implied covenant shall be held to vary the provisions of this Agreement.

5.4 Each party hereto has had the opportunity to receive independent legal advice with respect to the contents and advisability of making this Employment Agreement and executes this Agreement after having the opportunity to consult with legal counsel.

5.5 No provision of this Employment Agreement shall be interpreted for or against any party because that party or he/his/its legal representative drafted the provisions. This Agreement shall be deemed to have been drafted by all parties hereto. Each party hereto expressly covenants that the terms of this Employment Agreement are fair and have been freely negotiated by and between each of the parties.

5.6 Should a dispute arise between the parties hereto specifically concerning the amount of salary or period for which salary is to be paid, the parties agree that the dispute shall be submitted to binding arbitration. Such arbitration shall be conducted by a mutually agreed arbitrator and pursuant to the rules of the American Arbitration Association. Each party hereto shall bear one-half of the costs of the arbitration, except each party shall bear their own costs for legal representation and witness fees. The parties agree that any disputes resolved by arbitration shall be final and binding. Any other disputes arising out of Duffey's employment as City Manager, not specifically referenced herein, shall not be subject to the provisions of this section.

5.7 If any provision, or any portion thereof, contained in this Employment Agreement is held to be unconstitutional, invalid, or unenforceable, the remainder of this Employment Agreement, or portion thereof, shall be deemed severable, shall not be affected, and shall remain in full force and effect.

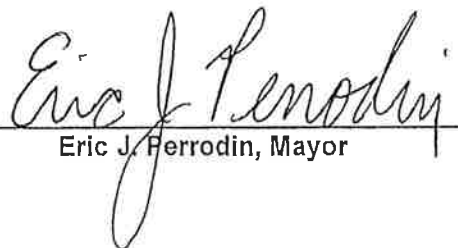
IN WITNESS WHEREOF, the Council of the City of Compton has authorized this Employment Agreement to be effective beginning July 23, 2012.

  
\_\_\_\_\_  
Glenn Harold Duffey

Dated: 7/24/2012

CITY OF COMPTON

Dated: 7-25-12

  
\_\_\_\_\_  
Eric J. Ferrodin, Mayor

Employment Agreement – Glenn Harold Duffey  
City Manager Position  
[Resolution No. 23580 ]

Dated: 7/19/2012  
Janna Zurita  
Janna Zurita, Council Member

Dated: 7-24-2012  
Lillie Dobson  
Lillie Dobson, Council Member

Dated: July 19, 2012  
Yvonne Arceneaux  
Yvonne Arceneaux, Council Member

Dated: July 23, 2012  
Willie O. Jones  
Dr. Willie O. Jones, Council Member

Approved as to form:

By Craig J. Cornwell  
Craig J. Cornwell, City Attorney

Dated: 7/18/12

ATTEST:

Dated: 7/25/12

By Alita Godwin  
Alita Godwin, City Clerk



# Attachment IX

December 17, 2013

**TO: HONORABLE MAYOR AND COUNCILMEMBERS**

**FROM: CITY CONTROLLER**

**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON APPROVING AN AMENDMENT TO THE AGREEMENT WITH MACIAS GINI & O'CONNELL TO PROVIDE INDEPENDENT CITY-WIDE AUDIT SERVICES FOR FISCAL YEAR 2011-2012**

**SUMMARY**

The purpose of this resolution is to approve an amendment to the agreement with Macias Gini O'Connell ("MGO") regarding the city-wide independent audit services provided to the City with respect to the Fiscal Year 2011-2012.

**BACKGROUND**

The City Council engaged Mayer Hoffman McCann P.C. ("MHM") through a competitive bidding process to perform the City-wide audit for Fiscal Years 2009-2010 and 2010-2011. MHM successfully completed the 2009-2010 audit but did not complete the 2010-2011 City-wide audit due to the allegation of fraud, waste and abuse made by the former City Mayor. The City Council engaged the CPA firm of Macias Gini & O'Connell LLP to perform a special internal audit to investigate the former Mayor's allegations. MGO completed the internal audit review and issued a report indicating that there were no incidents of fraud, waste, and abuse thereby resolving the former Mayor's allegations. On May 14, 2013, the City Council approved an agreement with MGO to provide the City-wide independent audit services for Fiscal Year 2011-2012. The audit has commenced and is currently ongoing. The auditors anticipate to complete the audit and to sign the 2011- 2012 financial statements by the end of January 2014.

**STATEMENT OF THE ISSUE**

After completion of the Internal Audit performed to investigate the former Mayor's allegation, MGO expected that the former auditors, MHM would return to finalize the audit of the 2011 financial statements such that there would not be a need for MGO to review and revalidate the 2011 figures. However, the former auditors were not interested in being re-engaged to finalize the 2011 audit resulting in the current auditors (MGO) needing to perform significant unexpected work regarding the 2011 audit. In addition to the review of prior year amounts, MGO has indicated that additional work is required to audit the programs, operations, and expenditures relating to 2 (two) additional Federal Grants received by the City. This additional Federal Grants audit is to ensure compliance with OMB circular A 133 issued by the U.S. Office of Management and Budget. Further audit is required regarding the City's revenues procedure, water receivables, other accounts receivables, workers compensation payments, general liability claims and capital expenditures.



# #17.

**MGO – City-wide independent audit**  
**Page 2 of 3**

A summary of the additional work that will need to be performed before the auditors could issue their opinion on the City's 2011-2012 audited financials are as follows:

1. Review of prior year amounts due to lack of completion of 2011 audit.
2. Additional audit of two (2) Federal Grants received by the City in compliance with OMB circular A 133.
3. Additional review of the City's revenue procedures, water receivables, other accounts receivable procedures, workers compensation payments, general liability claims and capital expenditures.

## ANALYSIS

The above additional work is necessary to enable the auditors express their opinion on the City's audited financial statements and to produce the Single Audit Report required by the State Controller's Office, the Los Angeles County, HUD, and the various agencies that provided grants to the City. The auditors indicated that the additional work, amounting to \$146,960, will be completed by the end of January 2014 to enable the auditors issue the required reports. A breakdown of the additional costs is as follows:

<b>Work Description</b>	<b>Amount</b>
• Additional work needed due to lack of completion of 2011 audit	\$ 38,960
• Audit of two (2) additional Federal Grants - OMB A 133 requirement	\$ 60,960
• Additional work on revenues, water receivables, Workers Compensation General liability claims and capital expenditures	<u>\$ 48,000</u>
Total	<u>\$146,960</u>

## ALTERNATIVE

The auditors will not perform satisfactory work necessary to enable them express their opinion on the 2011-2012 financial statements and to issue the Single Audit report. As a result, the auditors may refuse to express an opinion on the City's financial statements and may not issue the Single Audit Report.

## FISCAL IMPACT

The Controller's Office has funds available in the amount of \$146,960 under Account No. 1001-650-000-4262 for the additional scope of work proposed within this amendment.

## RECOMMENDATION

Staff recommends that the City Council approve this resolution.

**STEPHEN ABJOBIEWE**  
**CITY CONTROLLER**

**APPROVED FOR FORWARDING:**

**G. HAROLD DUFFEY**  
**CITY MANAGER**

the rejection in whole or in part of claims, shall be governed by the California Tort Claims Act as set forth in the California Government Code. The City Council may, by ordinance, require the presentation of claims for demands otherwise exempted from the claims presentation requirements.

**Section 1419. Independent Audit.** The City Council shall employ, at the beginning of each fiscal year, a qualified accountant who, at such time or times as may be specified by the City Council, shall examine the books, records, inventories and reports of all officers and employees who receive, handle or disburse public funds and of such other officers, employees or departments as the City Council may direct. At the end of the year, a final audit and report shall be submitted by such accountant to the City Council, one copy thereof to be distributed to each member, one to the City Manager, City Controller, City Treasurer, and City Attorney, respectively, and three additional copies to be placed on file in the office of the City Clerk where they shall be available for inspection by the general public.

## ARTICLE XV

### PUBLIC UTILITIES. FRANCHISES.

**Section 1500. City-owned Public Utility.** No public utility owned by the City shall be sold, leased or otherwise transferred unless authorized by the affirmative votes of two-thirds of the electors voting on such proposition at a general or special election at which such proposition is submitted.

**Section 1501. Granting of Franchises.** Any person, firm or corporation furnishing the City or its inhabitants with transportation, communication, terminal facilities, water, light, heat, power, refrigeration, storage or any other public utility or service, or using the public streets, ways, alleys, or places for the operation of plants, works, or equipment for the furnishing thereof or traversing any portion of the City for the transmitting or conveying of any such service elsewhere may be required by ordinance to have a valid and existing franchise. The City Council is empowered to grant such franchise to any such person, firm or corporation, whether operating under an existing franchise or not. The City Council may prescribe the terms and conditions of any such grant. It may also provide, by procedural ordinance, the method of procedure and additional terms and conditions for making such grants, subject to the provisions of this Charter.

**Section 1502. Resolution of Intention. Notice and Public Hearing.** Before granting any franchise, the City Council shall pass a resolution declaring its intention to grant the same, stating the name of the proposed grantee, the character of the franchise and the terms and conditions upon which it is proposed to be granted. Such resolution shall fix and set forth the day, hour and place when and where any persons having any interest therein or any objection to the granting thereof may appear before the City Council and be heard thereon. It shall direct the City Clerk to publish said resolution at

## GFOA Recommended Practice

### Audit Procurement (1996 and 2002)

**Background.** The Government Finance Officers Association (GFOA) has long recommended that state and local governmental entities obtain independent audits of their financial statements performed in accordance with the appropriate professional auditing standards. Properly performed audits play a vital role in the public sector by helping to preserve the integrity of the public finance functions and by maintaining citizens' confidence in their elected leaders.

**Recommendation.** GFOA makes the following recommendations regarding the selection of auditing services:

- The scope of the independent audit should encompass not only the fair presentation of the basic financial statements, but also the fair presentation of the financial statements of individual funds and component units. The cost of extending full audit coverage to the financial statements of individual funds and component units can be justified by the additional degree of assurance provided. Nevertheless, the selection of the appropriate scope of the independent audit ultimately remains a matter of professional judgment. Accordingly, those responsible for securing independent audits should make their decision concerning the appropriate scope of the audit engagement based upon their particular government's specific needs and circumstances, consistent with applicable legal requirements.
- Governmental entities should require in their audit contracts that the auditors of their financial statements conform to the independence standard promulgated in the General Accounting Office's *Government Auditing Standards* even for audit engagements that are not otherwise subject to generally accepted government auditing standards.
- Governmental entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. Such multiyear agreements can take a variety of different forms (e.g., a series of single-year contracts), consistent with applicable legal requirements. Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain "start-up" costs over several years, rather than over a single year.
- Governmental entities should undertake a full-scale competitive process for the selection of independent auditors at the end of the term of each audit contract, consistent with applicable legal requirements. Ideally, auditor independence would be enhanced by a policy requiring that the independent auditor be replaced at the end of the audit contract, as is often the case in the private sector. Unfortunately, the frequent lack of competition among audit firms fully qualified to perform public-sector audits could make a policy of mandatory auditor rotation counterproductive. In such cases, it is recommended that a governmental entity actively seek the participation of all qualified firms, including the current auditors, assuming that the past performance of the current auditors has proven satisfactory. Except in cases where a multiyear agreement has taken the form of a series of single-year contracts, a contractual provision for the automatic renewal of the audit contract (e.g., an automatic second term for the auditor upon satisfactory performance) is inconsistent with this recommendation.

- Professional standards allow independent auditors to perform certain types of nonaudit services for their audit clients. Any significant nonaudit services should always be approved in advance by a governmental entity's audit committee. Furthermore, governmental entities should routinely explore the possibility of alternative service providers before making a decision to engage their independent auditors to perform significant nonaudit services.
- The audit procurement process should be structured so that the principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. In no case should price be allowed to serve as the sole criterion for the selection of an independent auditor.

**References:**

- *Audit Management Handbook*, Stephen J. Gauthier, GFOA, 1989.
- *An Elected Official's Guide to Auditing*, Stephen J. Gauthier, GFOA, 1992.
- *Governmental Accounting, Auditing and Financial Reporting (GAAFR)*, Stephen J. Gauthier, GFOA.
- Model Audit RFP Diskette, GFOA.
- *CPA Audit Quality: A Framework for Procuring Audit Services*, General Accounting Office, August 1987.

Approved by the Committee on Accounting, Auditing and Financial Reporting  
June 15, 2002

Adopted by Executive Board, October 25, 2002



# CITY OF COVINA

125 East College Street • Covina, California 91723-2199  
www.ci.covina.ca.us

August 19, 2013

## Response to the Grand Jury Report

### Recommendation – Exhibit 12: Fiscal Health

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.
2. Cities should develop a balanced budget and commit to operate within the budget constraints.
3. Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.
4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.

### Management Response

1. The City has adopted policies relative to a balanced budget that states “The City of Covina shall adopt a balanced budget on an annual basis. The Comprehensive Annual Financial Report (CAFR) will confirm the adoption of a balanced budget, and note any discrepancies”. This information is included in the published budget under the Supplemental Information tab of the report. City staff will expand this policy section to include revenue and expenditure assumption methodologies.
2. The City of Covina does develop and adopts a balanced budget at the beginning of the fiscal year. However during the fiscal year, certain unanticipated situations may arise (legal costs, one-time capital costs, professional services etc.) that result is staff seeking Council approval to draw on reserves. This draw-down can result in total expenditures exceeding total revenues at year-end.
3. While the City makes every effort to balance ongoing expenditures using ongoing revenues, certain one-time expenditures i.e. capital, legal etc. are budgeted using one-time sources. There are certain expenditures that can fluctuate dramatically and are not within the control of the City of Covina (i.e. CalPERS costs and Los Angeles County Fire Contract). These continue to pose a challenge to the budget process. Additionally, the restrictions of Prop. 218 have caused challenges in raising revenues to meet these uncontrolled costs.
4. The City currently has a 10% Emergency Contingency Fund in addition to an approximately 10% Undesignated Fund Balance in the General Fund. We recognize that this funding level is not at an ideal level, but every effort will be made to propose annual budgets that will add funds to this reserve at year-end.

*The City of Covina provides responsive municipal services and manages public resources to enhance the quality of life for our community.*

**Recommendation – Exhibit 12: Financial Management**

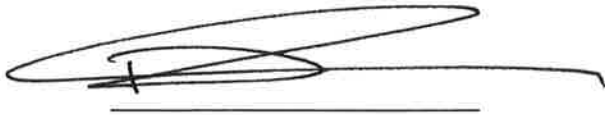
1. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous report of concerns.
2. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

**Management Response**

1. The City is in the process of negotiating a contract with a vendor to provide a fraud hot line enabling employees, businesses and citizens to report any fraud, abuse and questionable practices.
2. The City of Covina has implemented this process by proceeding with a Request for Proposal and awarded a contract to new auditors based on responses and interviews conducted by the Audit Committee.

If you have any further questions, please feel free to contact the City of Covina.

Sincerely

A handwritten signature in black ink, appearing to read 'Daryl Parrish', with a horizontal line underneath it.

Daryl Parrish

City Manager



# CITY OF CUDAHY CALIFORNIA

*Incorporated November 10, 1960*

P.O. Box 1007  
5220 Santa Ana Street  
Cudahy, California 90201-6024  
(323)773-5143  
Fax: (323) 771-2072

October 1, 2013

The Honorable David S. Wesley  
Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

**Re: City of Cudahy Response to Recommendations of 2012-2013 Los Angeles County Civil Grand Jury Report on Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation**

Dear Judge Wesley:

In accordance with California Penal Code Section 933(c) and 933.05, the following is the City of Cudahy's response to the subject Civil Grand Jury report.

## **Fiscal Health**

- 1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.**

The City agrees with the finding.

**Response:** This recommendation has not yet been implemented, and the City plans to adopt such policies when the City Council reviews and adopts the operating budget for fiscal year 2014-2015. The General Fund's budget is considered balanced when the budget year appropriation total for the General Fund does not exceed the sum of the budget year estimated revenues and the Unassigned Fund Balance. For other Funds, a budget is considered balanced when the budget year appropriation total for a Fund

does not exceed the sum of the Fund's budget year estimated revenues and any available Fund Balance other than the Nonspendable Fund Balance.

**2. Cities should develop a balanced budget and commit to operate within the budget constraints.**

The City agrees with the finding.

**Response:** This recommendation has not yet been implemented, and the City plans to adopt such policies when the City Council reviews and adopts the operating budget for fiscal year 2014-2015. The General Fund's budget is considered balanced when the budget year appropriation total for the General Fund does not exceed the sum of the budget year estimated revenues and the Unassigned Fund Balance. For other Funds, a budget is considered balanced when the budget year appropriation total for a Fund does not exceed the sum of the Fund's budget year estimated revenues and any available Fund Balance other than the Nonspendable Fund Balance.

**3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.**

The City agrees with the finding.

**Response:** This recommendation has not yet been implemented, the City believes that this recommendation will be implemented through the adoption of the budget for fiscal year 2014-15.

**4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.**

The City agrees with the finding.

**Response:** This recommendation has been implemented, Page 109 of the 2012-2013 Los Angeles County Civil Grand Jury Report identified net assets for the City of Cudahy of \$25,888,224. Of that amount over \$6,000,000 is Unrestricted Net Assets. The City plans to use those amounts to supplement operation revenues in years of shortfall.

**Governance Practices**

**1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.**

The City agrees with the finding.



**Response:** This recommendation has been implemented with the adoption of the City's 2010 General Plan update and revised 2012 Human Resources Policy Guide, which serve as the City's strategic plan detailing our mission, vision, core values and priorities for the City.

- 2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.**

The City agrees with the finding.

**Response:** This recommendation has been implemented with the adoption of the City's 2010 General Plan update. The General Plan Update requires annual evaluation measures of City programs focused on meeting the City's vision, goals and priorities.

- 3. City councils should develop specific annual goals for the City's executive.**

The City agrees with the finding.

**Response:** This recommendation has been implemented with the execution of the City Manager's contract dated February 2013.

- 4. City council should conduct meaningful evaluations of the city's executive at least annually.**

The City agrees with the finding.

**Response:** This recommendation has been implemented with the execution of the City Manager's contract dated February 2013.

- 5. Cities should publish their financial reports or CAFR on their city's website.**

The City agrees with the finding.

**Response:** The recommendation has been implemented, documents can be found at <http://cityofcudahy.com/about/Documents.asp>

### **Financial Management**

- 1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.**

The City agrees with the finding.

**Response:** This recommendation has been implemented through the City Council functioning as the audit committee. While the City understands that the recommendation is based on the Government Finance Officers Association's *Blue Book on Governmental Accounting, Auditing, and Financial Reporting* (2012), page 762 (footnote 3) acknowledges "that sometimes the governing body itself functions as the audit committee." The City Council has taken the position of responsibility for the financial statement audit and this is further enhanced by the Statement on Auditing Standards (SAS) no. 114, which provides a mechanism for communication between the independent auditors and those in governance.

- 4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.**

The City agrees with the finding.

**Response:** The City believes this recommendation has been implemented and this is the City's current practice. While the City acknowledges the benefit of a standardized formatting of these desk procedures and procurement guidelines, the City's financial management and audit staff have reviewed these documents to ensure the necessary and appropriate information is provided.

- 5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.**

The City agrees with the finding.

**Response:** The City plans to implement this recommendation, and is currently reviewing and updating all financial policies and procedures. The City is currently undergoing many audits. After the finalization of the audits being performed by the State Controller, the City will update policies and procedures, as deemed necessary.

- 6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.**

The City agrees with the finding.

**Response:** This recommendation has not yet been implemented, and the City plans to implement a Fraud Policy that will address reporting fraud, abuse and questionable practices including a practical mechanism, like a fraud hot line that would provide confidential anonymous reporting of concerns by December 2013.

**7. Cities should periodically review and update internal control procedures over financial management.**

The City agrees with the finding.

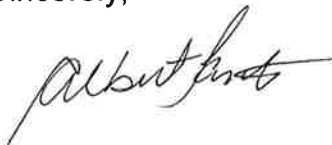
**Response:** The City plans to implement this recommendation, and is currently reviewing and updating all financial policies and procedures. The City is currently undergoing many audits. After the finalization of the audits being performed by the State Controller, the City will update policies and procedures, as deemed necessary.

**8. Cities should undertake a full-scale competitive process every 5-years for the selection of an independent external auditor.**

**Response:** This recommendation has already been satisfied based on the City Council's recent selection of a new independent external auditor. The City will initiate another competitive process in five years to determine whether to retain or replace the current auditor.

Should you have any questions, please direct them to Albert Santos, Acting City Manager, at the above address or 323-773-5173 or [asantos@cityofcudahyca.gov](mailto:asantos@cityofcudahyca.gov).

Sincerely,



**Albert Santos**  
**Acting City Manager**

Cc: City Council  
City Attorney



**CITY MANAGER'S OFFICE**

**CITY OF CULVER CITY**

9770 CULVER BOULEVARD, CULVER CITY, CALIFORNIA 90232-0507

(310) 253-6000

FAX (310) 253-6010

MARTIN R. COLE, MPA  
Assistant City Manager

August 6, 2013

The Honorable Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

RE: Responses to 2012/2013 Civil Grand Jury – Final Report  
Cities of Los Angeles County – Fiscal Health, Governance, Financial  
Management, and Compensation

Your Honor:

The City of Culver City was pleased to review the results of the 2012/2013 Civil Grand Jury – Final Report (Report) on the topic of Fiscal Health, Governance, Financial Management, and Compensation. Reflecting the high level of ethics and prudence in managing the public's money required by the City Council and the entire Culver City community, Culver City is proud to have ranked #3 of the 88 incorporated cities in Los Angeles County as noted in Exhibit 1: Summary of Fiscal Health and Best Practice Questionnaire Results contained in the Report. In compliance with Section 933.05 of the California Penal Code, the City provides the following responses to the recommendations requiring a response from Culver City:

- Recommendations – Fiscal Health #1, #2, #3, and #4: As a Charter City, the City provided responses to each of these Recommendations as part of its response to the 2011/2012 Los Angeles Civil Grand Jury Final Report. In each case, the recommendations have been implemented. A copy of the City's response letter dated November 20, 2012 is enclosed for your reference.
- Recommendation – Financial Management #8: Cities should undertake a full scale competitive process every five years for the selection of an independent external auditor.

Action 8: The recommendation has been implemented. As part of the City's responses to the inquires made during the 2011/2012 Los Angeles County Civil

Grand Jury report, the City provided a copy of City Council Policy 5002 – Financial Policies. City Council Policy 5002 contains the following provision: “The independent [external auditing] firm will be selected through a competitive bidding process at least once every five years.”

As reflected in the above responses, Culver City commends the Grand Jury for recommending long-standing Culver City practices to all of the County’s 88 cities. The City thanks the Members of the 2012/2013 Civil Grand Jury for their efforts to ensure all cities in Los Angeles County follow, update, and implement appropriate financial policies and practices associated with prudent and ethical management of taxpayers’ funds.

The City remains ready to provide any additional information or respond to further questions of the Grand Jury. Please don’t hesitate to contact me at 310-253-6000 or [martin.cole@culvercity.org](mailto:martin.cole@culvercity.org) should the need arise.

Sincerely,



Martin R. Cole, MPA  
Assistant City Manager

Attachment: Letter to Mr. Clements Dated November 20, 2012

cc: John M. Nachbar, City Manager  
Jeff S. Muir, Chief Financial Officer



CITY MANAGER'S OFFICE

CITY OF CULVER CITY

9770 CULVER BOULEVARD, CULVER CITY, CALIFORNIA 90232-0507

(310) 253-6000

FAX (310) 253-6010

MARTIN R. COLE  
Assistant City Manager  
City Clerk

VIA USPS

November 20, 2012

Los Angeles County Civil Grand Jury  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012  
Attn: Jeffery Clements

RE: Transmittal of Responses  
2011-2012 Los Angeles County Civil Grand Jury Final Report

Dear Mr. Clements:

Thank you for your letter dated November 15, 2012 to City Manager John Nachbar. Having reviewed the 2011-2012 Los Angeles County Civil Grand Jury Final Report around the time it was delivered to the City (on or about June 26, 2012) and finding Culver City was not specifically mentioned in any of the 22 recommendations, I was under the misimpression that a response from Culver City was not needed. However, based upon your letter, I am pleased to provide the following responses to the 8 recommendations made for all Charter Cities:

**Recommendation 1.** All charter cities reviewed in this report should adopt financial planning, revenue and expenditure policies to guide cities' officials to develop sustainable, balanced budgets.

①

**Action 1.** The recommendation has been implemented: Council Policy Statement 5002 (Financial Policies) was initially adopted by the City Council in 1995 (and amended/updated several times, most recently in 2009). Council Policy Statement 5002 addresses all of the areas mentioned in Recommendation 1.

**Recommendation 2.** All charter cities reviewed in this report should develop a balanced budget and commit to operate within budget constraints.

②

**Action 2.** The recommendation has been implemented: City Council Policy Statement 5002 (please see above Action 1) addresses all of the areas mentioned in Recommendation 2.

**Recommendation 3.** All charter cities reviewed in this report should commit to not using one-time revenues to fund recurring or on-going expenditures.

③

**Action 3.** The recommendation has been implemented. City Council Policy Statement 5002 (please see above Action 1) addresses all of the areas mentioned in Recommendation 3.

*Culver City Employees take pride in effectively providing the highest levels of service to enrich the quality of life for the community by building on our tradition of more than seventy-five years of public service, by our present commitment, and by our dedication to meet the challenges of the future.*

**Recommendation 4.** All charter cities reviewed in this report should adopt multi-year budgets for better planning to ensure the delivery of basic services before funding projects of lower priority.

**Action 4.** The recommendation has been implemented. As part of its prudent financial management, the City has a long standing five year financial plan that is updated annually by the Chief Financial Officer. This plan guides the annual budget appropriation process. In compliance with Section 804 of the City Charter, appropriations lapse annually at the end of each fiscal year.

**Recommendation 5.** All charter cities reviewed in this report should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.

4

**Action 5.** The recommendation has been implemented: City Council Policy Statement 5002 (please see above Action 1) addresses all of the areas mentioned in Recommendation 5.

**Recommendation 10.** All charter cities reviewed in this report should continue requiring compliance with standards of independence for the external auditor. Cities that do not currently select the auditor through a competitive process should do so. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.

**Action 10.** The recommendation has been implemented. City Council Policy Statement 5002 (please see above Action 1) addresses all of the areas mentioned in Recommendation 10.

**Recommendation 21.** All charter city councils, and citizens of the cities, reviewed in this report should annually review the actual compensation received by employees of their cities.

**Action 21.** The recommendation has been implemented. Culver City has fully complied with the order of the State Controller to provide salary information for each and every City employee. This information can be viewed on the State Controller's website at <http://gcc.sco.ca.gov/Reports/Cities/Cities.aspx>. This web address was provided to the City Council at the time of its creation and will be provided to the City Council each time the State Controller's Office updates the database with new annual information.

**Recommendation 22.** All charter city councils of the cities reviewed in this report should have access to prevailing municipal wage rates and/or salary ranges for comparable cities in order to identify any individual city position(s) whose salaries exceed the normal salary range for those positions. Approval of any exceptional salaries should be based on justifications of exceptional and unique job responsibilities.

**Action 22.** The recommendation has been implemented. The City engages in the collective bargaining process with the City's six employee organizations. As part of this process, the City Council is provided with salary surveys based on data received from 13 cities selected for their comparability with Culver City. The purpose for this survey is to ensure Culver City's employees are paid a fair and equitable wage that is comparable to 13 cities in Culver City's labor market. Exceptional salaries are approved based upon meeting objective criteria as outlined in the City's various Memoranda of Understanding with its employee bargaining groups.

As reflected in the above responses, Culver City commends the Grand Jury for recommending long-standing Culver City practices to all Charter Cities!

If I may provide any additional information to supplement the significant response provided to the Grand Jury earlier this year, please do not hesitate to contact me at [martin.cole@culvercity.org](mailto:martin.cole@culvercity.org) or 310-253-6000.

Very truly yours,

A handwritten signature in cursive script that reads "Martin R. Cole".

Martin R. Cole, MPA  
Assistant City Manager/City Clerk

cc: John Nachbar, City Manager





# City of Diamond Bar

21810 Copley Drive • Diamond Bar, CA 91765-4178

(909) 839-7000 • Fax (909) 861-3117

[www.DiamondBarCA.gov](http://www.DiamondBarCA.gov)

September 23, 2013

Honorable David S. Wesley  
Presiding Judge  
Los Angeles Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90112

Dear Judge Wesley:

I have reviewed the 2013 Los Angeles County Grant Jury Report entitled "Fiscal Health, Governance, Management and Compensation." After studying the report's findings and recommendations, I am submitting the following responses on behalf of the City of Diamond Bar ("City"), responses to Findings: Fiscal Health, 1-4; Governance Practices, 2-3; and Financial Management, 1, 3, 5 and 8, as requested.

Jack Tanaka  
Mayor

Ron Everett  
Mayor Pro Tem

Ling-Ling Chang  
Council Member

Carol Herrera  
Council Member

Steve Tye  
Council Member

## FISCAL HEALTH

- 1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.**

**Response:** The respondent agrees with the finding.

**Action:** The recommendation has been implemented for several years.

The City has already adopted a comprehensive set of financial policies governing the use and administration of assets. These policies include (but are not limited to):

- Annual Budget & Financial Reporting Policy
- Anti-Fraud Policy
- Appropriation/GANN Limit
- Capital Financing & Debt Management Policy
- Cash Handling Policy
- Fixed Asset & Capitalization Policy
- Fund Balance Policy & Reserves Policy

- Investment Policy
- Purchasing Ordinance

These policies have guided the development of balanced and sustainable budgets in Diamond Bar. It should also be noted that the City's financial policies will undergo regular annual review as recommended beginning in 2013 (see "Financial Management" Question 5 below).

**2. Cities should develop a balanced budget and commit to operate within the budget constraints.**

**Response:** The respondent agrees with the finding.

**Action:** This recommendation has been implemented for several years.

The Grand Jury's report defines a balanced budget as one in which "the total of revenues and other financing sources is equal to or greater than the total of expenditures and other financing uses", but then appears to limit its application to annual revenues vs. annual expenditures. This definition and application provides a one-year snapshot of an agency's use of resources and distorts the agency's actual fiscal health by failing to account for significant variables, including one-time capital expenditures funded with reserves. This, coupled with the rather short study period of the report (fiscal years 2010-11 and 2011-12 only), limits the detail and perspective needed to make truly accurate determinations about the state of a City's overall financial health, fiscal responsibility and fiscal policies.

While the Grand Jury's report finds the City to have unbalanced budgets during the review period, the reality is that in both years, the City adopted a balanced operating budget. Concurrently during this period, the City used its savings (Fund Balance Reserves) it had prudently accumulated during prior years to cash-fund the purchase and construction of the facility that now houses City Hall and the Diamond Bar Branch of the Los Angeles County Library. This factor and the Grand Jury's definition and methodology for determining what constitutes a

balanced budget, is primarily responsible for the Grand Jury's report that the City had an unbalanced budget in fiscal years 2010-11 and 2011-12.

The City Council considers the City's ample savings and ability to cash fund such a significant capital project to be a clear sign of long-term fiscal responsibility. However, the report makes no distinction between ongoing operating expenditures and one-time capital investments funded with reserves derived from years of prudent savings and fiscal responsibility. Thus, the methodology used in the report mistakenly categorizes almost any use of reserves as poor financial management, even when their use results in essential public facilities and eliminates expensive financing costs to the taxpayer. Under the report's methodology, an individual that saved funds over several years to purchase a home with cash as opposed to borrowing would potentially be viewed as having practiced fiscal mismanagement.

The City is committed to prudent budgeting and operating within budget constraints and has a long record of doing so. The City's ability to accumulate and maintain significant cash reserves is impossible without a long-term record of balanced budgets and careful spending. A more thorough analysis of the City's financial history clearly demonstrates its grasp of this practice.

**3. Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.**

**Response:**        **The respondent disagrees partially with the finding.**

**Action:**            **This recommendation will not be implemented because it is not warranted or is not reasonable.**

When "one-time revenues" are received, they are most often related to grants, developer or mitigation agreements, or the sale of transferrable funds (like Proposition A or C) and often are laden with use restrictions. In the event the funds are unrestricted, they are appropriated at the City Council's discretion. In most cases, unrestricted one-time revenues have been used to replenish accounts such as the Park Development, Traffic Mitigation or Capital

Improvement funds. These dedicated special accounts allow the City to reinvest one-time funds in new projects or maintain service levels going forward.

In any case, large-scale economic downturns, like the one experienced across the nation in the past five years, require flexibility and the ability for City Councils to make important financial decisions related to the public's health, safety and welfare. While the City agrees with this recommendation as a general practice, it cannot commit to not fund recurring or ongoing expenditures, such as police services, in the future during economic downturns. The City will continue to make prudent fiscal decisions, adopt balanced operating budgets, increase reserves, and make investments in the community's capital infrastructure and if necessary, protect the public health, safety and welfare by use of one-time revenues.

**4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of shortfall.**

**Response:** The respondent agrees with the finding.

**Action:** The recommendation has been implemented for several years.

The City Council's adopted Fund Balance Policy (2011) is a formal commitment to this exact practice, setting a minimum reserve of \$4.5 million (three months of operating expenditures). While this policy was not formalized via City Council resolution until 2011, the City has practiced such discipline throughout its history, resulting in a Fund Balance Reserve that reached more than \$32 million at its peak (prior to the investment in the City Hall & Library project). Even after making these important capital expenditures, the City's 2011-12 reserve (\$17.44 million) amounts to 74% of budgeted expenditures. This figure significantly outpaces the County-wide averages displayed on page 87 of the Grand Jury's report.

In addition to the long-standing General Fund Reserve account, the City Council has also created the separate Law Enforcement Reserve Fund. Beginning in Fiscal Year 2013-14, this fund will serve as a secondary reserve/"rainy day"

account that will dedicate any annual public safety savings to pay down any future public safety cost increases.

## **GOVERNANCE PRACTICES**

- 2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.**

**Response:** The recommendation requires further analysis.

**Action:** Within six months, the City plans to review and consider the use of performance measuring methods and determine if their use is appropriate for incorporation into the City's annual budgeting process.

- 3. City Councils should develop specific annual goals for the city's executive.**

**Response:** The respondent agrees with the finding.

**Action:** The recommendation has been implemented for several years.

Each year, the City Council conducts an evaluation of the City Manager. This confidential personnel evaluation process includes rankings by each Council Member based on a number of factors. Of primary importance to the evaluation is the annual progress made on each of the items included on the Council's Goals and Objectives document. Because it is the primary responsibility of the City Manager to ensure these publicly adopted goals satisfactorily progress to completion, they already serve as the executive's specific annual goals.

## **FINANCIAL MANAGEMENT**

- 1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.**

**Response:** The recommendation requires further analysis.

**Action:** The City's financial reports (including GASB, policies, check registers, independent audits, and other related items and decisions are always publicly noticed and considered by the City Council. In addition to this level of transparency, the City will review its current government structure within six months to determine if an audit committee will indeed provide additional safeguards to the City's fiscal assets. If an audit committee is found to be warranted following this review, the City will implement it at that time.

3. **Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.**

**Response:** The respondent agrees with the finding.

**Action:** The recommendation will not be implemented because it is not warranted.

The City's auditor performs only audit services on behalf of the City (annual general financial audit and transient occupancy tax revenue audit). While the transient occupancy tax revenue audit falls outside the scope of the general financial audit, it is not a non-audit service such as accounting or other finance-related assistance. The City has no plans to utilize its contracted auditor to perform non-audit functions in the future.

Also, it should be noted that the independent auditor's contract is considered publicly by the City Council, with the final audit report submitted and accepted at a noticed public meeting as well.

5. **Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.**

**Response:** The respondent agrees with the finding.

**Action:**           **The recommendation has not yet been implemented, but will be implemented in the future.**

An update of Diamond Bar's financial policies was most recently completed in 2011 with an annual review process commencing in late 2013. The City's investment policy is reviewed and approved by the City Council annually.

8. **Cities should undertake a full-scale competitive process every five years for the selection of an independent external auditor.**

**Response:**       **The respondent agrees with the finding.**

**Action:**           **The recommendation has been implemented for several years.**

The City agrees with this finding and is already in compliance. The City's independent auditor has historically been retained on a three-year contract (with the option to extend for an additional two years thereafter, for a total period not-to-exceed five years) with a full-scale competitive RFP process following the expiration of the contract. The current auditor's contract expires upon completion of the FY 12-13 report. The City will undertake a competitive RFP process to select the next independent auditor in 1<sup>st</sup> quarter of 2014.

#### **Conclusion**

The City of Diamond Bar appreciates the opportunity to respond to the Grand Jury's report. Should there be any questions related to the City's response, please contact City Manager James DeStefano at 909-839-7010.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jack Tanaka', written over a horizontal line.

Jack Tanaka, Mayor  
City of Diamond Bar



# City of Downey

FUTURE UNLIMITED



## **CITY COUNCIL**

### **MAYOR**

DN. MARIO A. GUERRA

### **MAYOR PRO TEM**

FERNANDO VASQUEZ

### **COUNCIL MEMBERS**

ROGER C. BROSSMER

LUIS H. MARQUEZ

ALEX SAAB

### **CITY MANAGER**

GILBERT A. LIVAS

### **CITY CLERK**

ADRIA M. JIMENEZ, CMC

### **CITY ATTORNEY**

YVETTE M. ABICH GARCIA

October 2, 2013

## **VIA U.S. MAIL**

Presiding Judge

Los Angeles County Superior Court

Clara Shortridge Foltz Criminal Justice Center

210 W. Temple Street

Eleventh Floor, Room 11-506

Los Angeles, CA 90012

Re: City of Downey Response to 2012-13 County Civil Grand Jury Report  
re L.A County Cities Fiscal Health, Governance and Management Practices

Dear Presiding Judge:

The City of Downey has reviewed the 2012-13 County Civil Grand Jury's Report re L.A. County Cities Fiscal Health, Governance and Management Practices. As requested in the report, below please find the City of Downey's response to the recommendations made by the Grand Jury as they apply to the City of Downey:

1. *Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.*

We agree with this recommendation and will review our current practice to address this recommendation during fiscal year 2013-14.

2. *Cities should develop a balanced budget and commit to operate within budget constraints.*

We agree with this recommendation. This recommendation has already been implemented for fiscal years 2012-13 and 2013-14 with the approval by the City Council of a balanced budget on June 26, 2012 and June 11, 2013, respectively.

3. *Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.*



We agree with this recommendation and will review our current practice to address this recommendation during fiscal year 2013-14.

4. *Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.*

We agree with this recommendation. The City of Downey currently has a method and practice of saving revenue into a reserve fund, and we will continue with this practice.

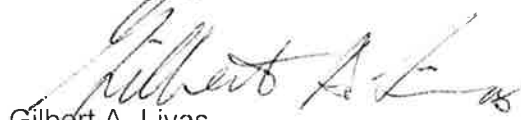
5. *Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.*

We agree with this recommendation and will review our current practice to address this recommendation during fiscal year 2013-14.

If you have any questions, feel free to contract me at (562) 904-7284.

Sincerely,

CITY OF DOWNEY



Gilbert A. Livas  
City Manager

- c: Anil Gandhi, Interim Finance Director  
Yvette M. Abich Garcia, City Attorney



# City of Duarte

Sixteen Hundred Huntington Drive, Duarte, California 91010-2592  
Tel 626-357-7931 FAX 626-358-0018 [www.accessduarte.com](http://www.accessduarte.com)

September 9, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 W. Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Mayor  
**Margaret E. Finlay**  
Mayor Pro Tem  
**Liz Reilly**  
Councilmembers  
**John Fasana**  
**Tzeitel Paras-Caracci**  
**Phillip R. Reyes**  
City Manager  
**Darrell George**

The City of Duarte wholly disagrees with the statement on page 86 of your report where under the Background section it states that "there are fears of bankruptcy in the City of Duarte".

As indicated in the findings of your own report, the City of Duarte rates very high in the area of fiscal health and in particular in the healthy reserves that we continue to maintain. For example, on page 127, Exhibit 9, your report shows that Duarte is in the top 10 in both fiscal years for having a high unassigned General Fund balance. Duarte has continued to balance its budget during one of the greatest depressions in history and continues to maintain a healthy general fund reserve.

In July 2012, the Duarte City Council met to consider placing a sales tax measure that would have increased the current sales tax by one half percent and was projected to generate approximately \$2 million in annual revenue. Since it was a non-local election year, in order to qualify for the November ballot, the City had to declare a state of fiscal emergency. The City Council discussed, but did not approve the resolution and so the fiscal emergency was never declared and a measure was not placed on the ballot.

The Cities of Pico Rivera, South Gate and El Monte (2012) have all adopted a resolution declaring a fiscal emergency in order to place revenue measures on the ballot during non-local election years and yet they are not listed in your report as having bankruptcy fears. Given that this particular resolution declaration is a technical requirement for measures placed on the ballot in a non-local election year and that the City of Duarte never even approved the resolution and/or made the declaration, we wholly disagree with the findings that there are fears of bankruptcy in Duarte. As a City we are always looking for ways to be ahead of the curve and improve our fiscal health in the future. However, with a current General Fund reserve of more than 100%, we are very healthy and far from bankruptcy.

Sincerely,

Kristen Petersen

Assistant City Manager, Director of Administrative Services  
City of Duarte  
Named "Most Business Friendly City 2012" by LAEDC



# **CITY OF EL MONTE**

## **CITY MANAGER'S OFFICE**

**Raúl Godinez II**  
*City Manager*

**Jesus M. Gomez**  
*Assistant City Manager*

October 1, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Dear Presiding Judge:

The City of El Monte is pleased to respond to your recommendations contained in the 2012-2013 Los Angeles County Civil Grand Jury Report. The City is committed to implementing "Best Practice" procedures relating to its Budgetary and Financial Policies. Below are responses to the specific Civil Grand Jury Recommendations.

### **FISCAL HEALTH RECOMMENDATIONS**

*Fiscal Health Recommendation 1* - Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

*City Response* – The City of El Monte is in the process of evaluating its policies in this area. The City intends to establish policies to inform and educate not just its employees, but its elected officials and populace on how the City's strategic vision drives its financial planning and budgeting processes and the importance in establishing this overall guidance.

*Fiscal Health Recommendation 2* -Cities should develop a balanced budget and commit to operate within the budget constraints.

*City Response* – The City of El Monte has prepared a balanced budget for the past several years and it is taking steps to ensure every department operates within the constraints of the budget. On June 25, 2013, the City Council of El Monte adopted its balanced budget for Fiscal Year 2013-2014.

*Fiscal Health Recommendation 3* - Cities should commit to not using onetime revenues to fund recurring or ongoing expenditures.

*City Response* – The City of El Monte does not fund recurring and ongoing expenditures with onetime revenues. Programmatic costs are always associated with programmatic revenues. Onetime revenues are associated with capital or other special purpose expenditures.

*Fiscal Health Recommendation 4* - Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.

*City Response* – The City of El Monte intends this to be a continuing strategic goal in its future budgetary and financial planning processes. The City of El Monte has initiated the review and assessment of its reserve fund policy which is anticipated to include: 1) reserve funds for “rainy day”; 2) working capital reserve fund; 3) capital projects reserve fund; and 4) a contingency reserve fund. This new policy will include sub-policies and procedures on how to implement each of these distinct reserve accounts.

### **GOVERNANCE PRACTICES RECOMMENDATIONS**

*Governance Practices Recommendation 1, 3, 4 and 5 were not directed towards the City of El Monte.*

*Governance Practices Recommendation 2* - Cities should develop and report on performance measures or indicators to evaluate outcomes. These measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.

*City Response* – Developing, reporting and maintaining appropriate metrics can be useful in evaluating the City’s programs and departments and the City believes such metrics should be a part of its budgetary program and intends to include such in the financial planning and budgetary policies currently under development. Public safety (El Monte Police Department and Los Angeles County Fire Department) do collect empirical data which is regularly analyzed to determine efficiencies and best practices within that field.

### **FINANCIAL MANAGEMENT RECOMMENDATIONS**

*Financial Management Recommendation 1* - Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

*City Response* – The City has a fiscal ad hoc committee which is tasked with the oversight of the audit process, budget development, and cost control. The committee, comprised of two (2) of the elected officials appointed by the body, meets regularly (at a minimum bi-weekly) and serves the same function as described in this recommendation. This committee is regularly staffed with the City Manager, Assistant City Manager, Director of Finance, and may include other Department Directors as needed. This ad hoc committee also provides initial guidance related to financial matters that will be provided to the City Council for formal approval.

*Financial Management Recommendation 2 and 3 were not directed towards the City of El Monte.*

*Financial Management Recommendation 4* - Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.

*City Response* – City has many accounting policies and procedures in place which need to be formalized and centrally located, available to all staff and the topic of ongoing training.

*Financial Management Recommendation 5* - Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

*City Response* – The City intends to formalize this practice in the consideration of its Financial and Budgetary processes currently under development. Currently, the City's investment policy is reviewed and presented to the City Council as part of the budget adoption process.

*Financial Management Recommendation 6* - Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.

*City Response* – The City is currently reviewing options to increase fraud awareness and a mechanism for confidential reporting of concerns. We currently have an anonymous reporting system (ELMO-available on the City's website) that employees, residents, or any other concerned party can utilize to report any activities, including fraud, abuse and questionable practices. Those reporting have the option to submit their concerns to a specific Department for review.

*Financial Management Recommendation 7 was not directed toward the City of El Monte.*

*Financial Management Recommendation 8*- Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

*City response* – The City has begun this practice by competitively bidding the external audit for FY10. The RFP for an independent external audit was sent to several auditing firms (7) during the months of July and August 2010. The current contract is with the firm of Vasquez & Company, LLP, for two (2) years; with the option to add two (2) additional one (1) year extensions. The City intends to formalize the procedure of obtaining competitive bids in the consideration of its Financial and Budgetary processes currently under development.

LOS ANGELES COUNTY SUPERIOR COURT

October 1, 2013

Page 4

Thank you for the opportunity to respond to the recommendations included in the Cities of Los Angeles County Fiscal Health, Governance, Financial Management and Compensation report. Should the Grand Jury Committee Members have further questions or comments, please direct them to me at [rgodinez@elmonteca.gov](mailto:rgodinez@elmonteca.gov) or by mail at:

Raúl Godinez II  
City Manager  
City of El Monte  
11333 Valley Boulevard  
El Monte, CA 91731

Respectfully submitted,

CITY OF EL MONTE

A handwritten signature in black ink, appearing to read "Raúl Godinez II". The signature is stylized and written over the printed name below.

RAUL GODINEZ II  
City Manager



# *City of El Segundo*

## *Office of the City Manager*

September 19, 2013

**Elected Officials:**

*Bill Fisher,*  
Mayor  
*Carl Jacobson,*  
Mayor Pro Tem  
*Suzanne Fuentes,*  
Council Member  
*Dave Atkinson,*  
Council Member  
*Marie Fellhauer,*  
Council Member  
*Tracy Weaver,*  
City Clerk  
*Crista Binder,*  
City Treasurer

**Appointed Officials:**

*Greg Carpenter,*  
City Manager  
*Mark D. Hensley,*  
City Attorney

**Department Directors:**

*Deborah Cullen,*  
Finance  
*Kevin Smith,*  
Fire Chief  
*Martha Dijkstra,*  
Human Resources  
*Debra Brighton,*  
Library Services  
*Sam Lee,*  
Planning &  
Building Safety  
*Mitch Tavera,*  
Police Chief  
*Stephanie Katsouleas,*  
Public Works  
*Robert Cummings,*  
Recreation & Parks

[www.elsegundo.org](http://www.elsegundo.org)

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

**Re: City of El Segundo 2012-2013 Civil Grand Jury Final Report – Fiscal Health, Governance, Financial Management, etc.**

Honorable Presiding Judge:

The following information is the City of El Segundo's ("City") response to the 2012-2013 Los Angeles County Civil Grand Jury ("Grand Jury") Report ("Report") on fiscal health, governance, financial management and compensation for cities within Los Angeles County. It appears that the Grand Jury's Recommendations were based upon its review of each city's practices and that the Recommendations have, in some cases, an implicit finding that the City is not currently in compliance with the Recommendation. This is a different format than the City has seen utilized in the past and does not comport completely with the instructions provided as to how to respond to "Findings" which are different from "Recommendations." Given that all 88 Los Angeles County cities were the subject of the Report, the City assumes that this unusual format is due to breadth and time involved in compiling the Report.

### **Fiscal Health**

**1. Grand Jury Recommendation: Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.**

**City' Response:** The City already has policies that are designed to achieve the goals set forth in the Recommendation, and accordingly does not believe further policies are warranted at this time.

September 19, 2013

Re: City of El Segundo 2012-2013 Civil Grand Jury Final Report-Fiscal Health, Governance, Financial Management, etc.

The City has an adopted Fund Balance Policy that guides the development of the annual operating budget. The purpose of this policy is to mitigate current and future risks and to ensure a balanced budget. The Fund Balance Policy establishes a General Fund reserves that provide security against unexpected emergencies and contingencies. Currently the General Fund Unreserved, Undesignated Fund balance is set at a minimum of 17% of the adopted General Fund Expenditures. Additionally, the City's policy is that General Fund annually adopted Appropriations must not exceed General Fund annually adopted estimated revenues. See attached.

The City of El Segundo starts the budgeting process at least 6-months prior to yearend. Strategic Planning Sessions are held with City Council. During these meetings, staff relays assumptions and planning tools that will be used to develop the operating budget. The Fund Balance Policy is the guide that is used to determine the appropriations for the next fiscal year. During the current economic crisis the City's General Fund reserves have not fallen below the established 17% Fund Balance Policy.

Therefore the City already has a policy in place that guides the decisions made by the governing body.

**2. Grand Jury Recommendation: Cities should develop a balanced budget and commit to operate within the budget constraints.**

**City's Response:** The City of El Segundo agrees with this Recommendation as the City is required by law to not expend more funds than it has in any fiscal year. To the extent that this Recommendation implies that the City has not operated within budget constraints or cannot use reserve or one time funds to balance in its budget in some years then the City believes the finding/recommendation is not accurate and is not reasonable.

The City's Fund Balance Policy discusses the goal of a balanced budget. Each year the City adopts a balanced budget (revenues to expenditures) and strives to operate within that budget.

Fiscal Year	Revenues	Expenditures
2010-2011	\$56,010,450	\$56,010,450
2011-2012	\$51,673,900	\$51,673,900
2012-2013	\$52,192,300	\$52,192,300



September 19, 2013

Re: City of El Segundo 2012-2013 Civil Grand Jury Final Report-Fiscal Health, Governance, Financial Management, etc.

Due to the nature of our tax structure, the City can experience substantial swings in revenues in any given year. Revenue estimates are based on all data and facts at a given time to create the revenue budget. The City's General Fund tax revenue stream is heavily reliant on the aerospace and business community, with 74% of tax revenues coming from this sector. During the past several years, the economic crisis had a significant impact on many of our revenue sources, causing a dip in key revenues. In addition, one of the City's major sales tax producers changed the reporting structure for their business, which resulted in a reduction in the City's tax revenue of 4% or 2.0 million in the first year alone. This is an example of the significant impact that one business can have on the revenues expected and budgeted to cover on going expenses. During this crisis, the City reduced expenditures and did use one-time money, but did not use the undesignated unreserved fund balance to cover the shortfall.

The City follows the Fund Balance Policy and has not reduced the undesignated fund balance to fund ongoing expenses. The City has been proactive in implementing cost-containment strategies and deferring expenditures whenever possible in order to ensure the City operated within budget constraints.

**3. Grand Jury Recommendation: Cities should commit to not using one-time revenue to fund recurring or ongoing expenses.**

**City's Response:** The City of El Segundo agrees that cities should not rely on one-time revenues on a regular basis to balance their budgets but disagrees with this finding to the extent it states that City's should never use one-time revenues to their budgets. The City has used one-time revenues in the past and may need to do so in the future. The City strives to balance annual operating expenses to operating revenues by balancing expenditures to revenues through cost containment and reductions in discretionary spending. However, as set forth above, due to economic cycles and potentially unpredictable significant changes in revenue sources it is not reasonable for the City to never use one-time funds to balance its budget.

**4. Grand Jury Recommendation: Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.**

**City's Response:** The City agrees with this Recommendation and it already has an adopted Fund Balance Policy that is adhered to each fiscal year. (See attached)

September 19, 2013

Re: City of El Segundo 2012-2013 Civil Grand Jury Final Report-Fiscal Health, Governance, Financial Management, etc.

The City's Fund Balance Policy includes a goal of maintaining undesignated unreserved fund balance in an amount equal to at least 17% of the annual General Fund expenditure budget. In setting this policy, the "reserve" adjusts automatically as expenditures naturally rise over the years. For example, in fiscal year 2013-2014, General Fund expenditures increased from the prior year by \$7.4 million. As a result, the policy "reserve" has grown by \$1.3 million, and is fully funded to that level through the budget. In addition, the City's Fund Balance Policy states that once the 17% target level is reached, any excess fund balance should be transferred to the City's Economic Uncertainty Fund. During the economic downturn, the City used the accumulated balances in this Economic Uncertainty to augment the Fund revenues.

Over the last 5 years, in addition to implementing reductions in spending, the City has had to rely on the Economic Uncertainty fund to balance its General Fund Operating Budget. However, it must be emphasized that the City has not relied on the General Fund "undesignated, unreserved" fund balance to balance the General Fund Operating Budget.

### **Financial Management**

**1. Grand Jury Recommendation: Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.**

**City's Response:** The City disagrees with this Recommendation at this time as it appears unwarranted given the City's current practices.

The City Council, City Manager, Finance Director are responsible for selecting and providing direction to the City's auditors. The City Manager, Finance Director and Accounting Manager are responsible for day-to-day oversight of audit process. The independent auditor is recommended by staff but the appointment of the auditor is through Council approval and action.

The auditor issues an annual Comprehensive Annual Financial Report ("CAFR") that details the City's financial condition for each fiscal year. The CAFR is a public document and copies are reviewed by the City Council, City Treasurer, City Manager, Finance Director and other City staff members. The auditors are Certified Public Accountants that are required to follow national standards with regard to Generally Accepted Accounting Principles. It seems unwarranted to establish an Audit Committee under these circumstances. However, the City will review and consider the Grand Jury Recommendation and determine if an Audit

Page 5

September 19, 2013

Re: City of El Segundo 2012-2013 Civil Grand Jury Final Report-Fiscal Health, Governance, Financial Management, etc.

Committee is necessary. This will be accomplished prior to the next annual audit for yearend FY 13-14.

**2. Grand Jury Recommendation: Cities should undertake a full-scale competitive process every 5 years for the selection of an independent auditor.**

City's Response: The City agrees with this Recommendation but, to the extent that the Grand Jury believes the City has not been complying with this proposed standard, such is not accurate. The City currently is in the 5th year of the existing audit contract. The City issued a Request for Proposal in June 2013 and is currently reviewing the RFP's and scheduled to select an audit firm before the end of the fiscal year which is September 30th.

Thank you for the Report and the opportunity to respond the Grand Jury's Recommendations.

Sincerely,



Greg Carpenter, City Manager

Cc: City Council

## **Fund Balance Policy**

Purpose- To mitigate current and future risks and to ensure a balanced budget

While our financial reserves provide us security against unexpected emergencies and contingencies, our policies for setting those target levels should be periodically reviewed to balance our community's level of risk tolerance against our operating expenditure needs.

1. Establish target General Fund Unreserved, Undesignated Fund Balance at a minimum of 17% of General Fund Expenditures.
2. Once target level is reached, transfer excess General Fund revenues and other sources over expenditures and other uses or designations to the Economic Uncertainty Fund.

### Balanced Operating Budget

The City Council's policy is that General Fund annually adopted Appropriations must not exceed General Fund annually adopted Estimated Revenues.



## CITY OF GARDENA

**ELECTED and ADMINISTRATIVE OFFICES – CITY MANAGER**

1700 WEST 162<sup>nd</sup> STREET / GARDENA, CALIFORNIA 90247-3778 / PHONE (310) 217-9503  
FAX NO: (310) 217-9694 / WEB SITE: [www.ci.gardena.ca.us](http://www.ci.gardena.ca.us)

PAUL K. TANAKA, *Mayor*  
DAN MEDINA, *Mayor Pro Tem*  
TASHA CERDA, *Councilmember*  
RACHEL C. JOHNSON, *Councilmember*  
TERRENCE TERAUCHI, *Councilmember*

MINA SEMENZA, *City Clerk*  
J. INGRID TSUKIYAMA, *City Treasurer*  
MITCHELL G. LANSDALL, *City Manager*  
PETER L. WALLIN, *City Attorney*

October 9, 2013

**VIA CERTIFIED MAIL**

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

**Subject: CITY OF GARDENA RESPONSE  
2012-2013 LOS ANGELES COUNTY CIVIL GRAND JURY REPORT**

Dear Presiding Judge:

The City of Gardena submits this letter in response to the 2012-2013 Los Angeles County Civil Grand Jury Report ("Report"). The Grand Jury has asked for a written response to the following Findings and Recommendations in the Report, pursuant to Penal Code Section 933.05.

The City of Gardena has continued to recover from a June 1998 \$5.2 million General Fund deficit, which was due to structurally-imbalanced operating budgets with expenditures exceeding revenues. As a result, City Council adopted a fiscal recovery plan to eliminate the General Fund deficit within five (5) fiscal years. By the end of June 2002, the General Fund deficit was eliminated with an audited fiscal year-end balance of \$1 million.

As of June 30, 2013, the City is projecting \$10 million in General Fund reserves, which is approximately 22% of the General Fund operating budget.

In addition, in 2002, the City Council adopted the City's first Five-Year Plan and, in 2010, began adopting a rolling Five-Year Plan to keep the City moving forward on a consistent and continuous improvement basis.

Clearly, the City of Gardena's leadership team, along with the community, has come from weathering near bankruptcy, one of the nation's steepest recessions, and the challenge of dwindling resources, to then realize a 22% General Fund reserve at June 30, 2013.

As a matter of background information, Assistant City Manager/Administrative Services Director D. Christine Hach retired from the City of Gardena on June 28, 2013, following 23+ years of service. Under my guidance and direction, and with the unfailing support of our Mayor and City Councilmembers, Mrs. Hach and City staff were instrumental in assisting me to bring Gardena to a positive financial footing.

The City has now hired a new Chief Fiscal Officer, who began in the position at the beginning of July 2013. One of his first assignments has been to closely review all fiscal policies and make changes where needed to ensure that the City has fiscal policies that are “best recommended practices.”

The City has been awarded the *Certificate of Achievement for Excellence in Financial Reporting* from the Government Finance Officers Association each year for the past 28 years.

**Fiscal Health Recommendations**

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

**Response:** The City adopts Accounting and Financial policies during the budget adoption process. On June 26, 2012, City Council adopted a two-year budget for the first time. Included in the budget are policies such as: 1) Basis of accounting and budgeting; 2) Purchasing Policy; 3) Investment of Idle Funds; 4) Revenue policy; 5) Risk Management policy; 6) Fixed Asset policy; 7) Capital Improvement policy; 8) Debt policy; and 9) Budget policy which covers revenue projections, expenditure projections, and capital improvement budgeting.

Council’s goal is to develop and maintain a structurally-balanced budget that maximizes City resources necessary to build, sustain, and enhance the City’s future.

As stated above, with the hiring of the City’s new CFO, updated fiscal policies were presented to the City’s Finance Committee on October 3, 2013, for approval with formal ratification from the Council on October 8, 2013 (Exhibit A).

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

**Response:** The City has consistently implemented this policy for many years as evidenced by the City’s year-end audit reports. As stated previously, the City has come from a negative \$5 million General Fund balance (1998) to a positive \$10 million projected at June 30, 2013.

	<u>General Fund</u>			
	<u>ACTUAL</u>		<u>ESTIMATED</u>	<u>BUDGET</u>
	<u>2010/2011</u>	<u>2011/2012</u>	<u>2012/2013</u>	<u>2013/2014</u>
REVENUE	\$43,111,283	\$45,813,600	\$46,885,096	\$47,422,929
EXPENDITURES	\$42,494,002	\$45,119,616	\$46,424,255	\$47,343,735
SURPLUS (RESERVES)	\$617,281	\$693,984	\$460,841	\$79,194

3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

**Response:** The City of Gardena prides itself on administering a budget where revenues exceed expenditures throughout the entire fiscal year. The City's fiscal policy adopted in 2008 (Exhibit B) clearly states, "City staff will present to the City Council a structurally balanced budget that does not rely on 'one-time' revenues. Annual recurring expenditures will be funded with annual recurring revenues."

The City Council is committed to not using one-time revenues to fund on-going operational expenses, including debt service, and the City ensures that the ending fund balance meets minimum policy levels.

The next budget cycle will include the adoption of the City's fiscal policies on a more formal basis and this practice will be followed into perpetuity as the operating budget is approved by City Council.

4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.

**Response:** The City implemented this recommendation beginning in July 2007 with a goal of 25% General Fund reserves by June 30, 2012. Although the City did not reach that goal by June 30, 2012, the City has accomplished a lot considering that, over the past five (5) years, the City weathered a major recession without layoffs, furloughs, or cuts in public service. The City remains focused on the ultimate goal of long-term fiscal stability.

Resolution No. 6015 (Exhibit C), approved by City Council on June 28, 2011, is a resolution of the City Council establishing the City's Fund Balance policy and classifications to further comply with GASB 54.

The City has been in compliance with the policy each year since adoption. For fiscal year ending June 30, 2013, the fund balance in the General Fund is projected to be \$10.3 million or 22% of operating expenditures and transfers.

### **Governance Practices Findings**

2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.

**Response:** All City departments provide monthly activity reports to the City Manager on a variety of activities and indicators (Exhibit D). The City's newly hired Chief Fiscal Officer will be tasked with implementing a more comprehensive performance measure system to be included in future budgets.

### **Financial Management Findings**

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

**Response:** The City Council appointed a Finance Committee back in 1999. Since then, the Committee has met on a quarterly basis to review the City's budget, budget performance, financial reports, year-end audit results, and all financial matters prior to being presented to City Council for ratification.

Attached for review is a copy of the last Committee meeting material (Exhibit E) for fiscal year ending June 30, 2012.

8. Cities should undertake a full-scale competitive process every five (5) years for the selection of an independent external auditor.

**Response:** The City entered into a three (3)-year agreement with a two (2)-year extension option available. The current contract will expire June 30, 2014, at which time staff will review the work productivity thus far and will exercise the two (2)-year option if work has been performed to management's satisfaction. If the City decides to end the contract and seek new auditors, a full-scale competitive RFP process will be followed.

In conclusion, this completes the City of Gardena response to the Report. The City trusts that the information provided adequately responds to the Grand Jury's Findings and Recommendations.

If you have any additional questions, please do not hesitate to contact me.

Sincerely,

CITY OF GARDENA



MITCHELL G. LANSDELL

City Manager

- c: Mayor Paul K. Tanaka  
Members of Gardena City Council

*Attachments:*

- Exhibit A
- Exhibit B
- Exhibit C
- Exhibit D
- Exhibit E



# EXHIBITS

## RESOLUTION NO. 6099

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDENA, CALIFORNIA, ESTABLISHING THE CITY OF GARDENA FIDUCIARY POLICY FOR RECEIPT AND HANDLING OF FUNDS ON BEHALF OF OTHER AGENCIES**

**WHEREAS**, accepting fiduciary responsibility on behalf of another agency (or entity) is a position of trust between the agency and the City of Gardena; and

**WHEREAS**, such action requires ongoing responsibility and use of City resources and as such should provide a benefit to both the agency and City; and

**WHEREAS**, the City Council wants to ensure that all monies accepted in trust are handled in accordance with proper Governmental Accounting, Auditing and Financial Reporting (GAAFR) standards; and

**WHEREAS**, acting as a fiduciary for another agency's assets requires that such assets be held in trust and can only be used by the agency and do not belong to the City of Gardena; and

**WHEREAS**, such funds accepted in trust do not belong to the City and must be properly used only for resources of the agency for which they are held and cannot be used by the City for its own objectives; and

**WHEREAS**, the City maintains some meaningful degree of ongoing responsibility for the receipt, disbursement, and reporting of such funds.

**NOW, THEREFORE**, THE CITY COUNCIL OF THE CITY OF GARDENA DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

SECTION 1. The City Council directs the City Manager and Chief Fiscal Officer to review all request for the City to act as a fiduciary agent for another agency and if appropriate to make recommendations to the City Council for accepting such responsibility.

SECTION 2. The City Council shall be the authority to accept such fiduciary relationship and shall do so by adoption of a resolution setting forth the required parameters of said fiduciary responsibility.

SECTION 3. The City Council hereby designates the City Manager and Chief Fiscal Officer to determine the proper procedures and accounting for such fiduciary funds in accordance with the needs of the agency and proper Governmental Accounting, Auditing and Financial Reporting (GAAFR) standards.

SECTION 4. The City Council further directs the City Manager and Chief Fiscal Officer to determine a cost allocation for the administration of the funds, using either the allowed allocation provided in the funding agreement or the City's formal cost allocation as determined by department.

SECTION 5. The City Council further designates the City Manager and Chief Fiscal Officer to determine the payment of interest earned by the fiduciary either using direction provided in the funding agreement or the City's formula.


That this Resolution shall be effective immediately.

BE IT FURTHER RESOLVED that the City Clerk shall certify to the passage and adoption of this Resolution; shall cause the same to be entered among the original Resolutions of said City; and shall make a minute of the passage and adoption thereof in the records of the proceedings of the City Council of said City in the minutes of the meeting at which the same is passed and adopted.


Passed, approved, and adopted this 8<sup>th</sup> day of October 2013.

  
\_\_\_\_\_  
PAUL K. TANAKA, Mayor

ATTEST:

  
\_\_\_\_\_  
MINA SEMENZA, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
PETER L. WALLIN, City Attorney

**RESOLUTION NO. 6100**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDENA, CALIFORNIA, ESTABLISHING THE CITY OF GARDENA FISCAL POLICY**

**WHEREAS**, the City of Gardena's Finance Department is committed to assisting the City Council in exercising prudent fiscal management; and

**WHEREAS**, the City of Gardena, and its City Council is dedicated to maintaining financial solvency; and

**WHEREAS**, the City and all its departments will strive to improve financial performance; and

**WHEREAS**, the City will pursue every reasonable effort to protect the City against economic uncertainty; and

**WHEREAS**, the City will earmark funds to be set aside to maintain a sufficient level of reserves to provide for the continuation of essential services in the event of a natural or fiscal emergency.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDENA DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:**

SECTION 1. The City Council hereby finds that the Recitals set forth above are true and correct and incorporated herein.

SECTION 2. The City Council hereby adopts the Fiscal Policy which is attached hereto as Exhibit "A" and incorporated herein by this reference and directs the Chief Fiscal Officer and City Attorney to take all steps necessary in order to implement and administer the policy, including, but not limited to the preparation of an implementation plan.

SECTION 3. That should any provision, section, paragraph, sentence or word of this Resolution be rendered or declared invalid by any final court action in a court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences or words of this resolution as hereby adopted shall remain in full force and effect.

SECTION 4. That the Fiscal Policy shall become effective upon adoption of this Resolution by the City Council.

SECTION 5. The City Council hereby repeals any prior resolutions which may conflict with this Resolution regarding the Fiscal Policy or similar policies.

That this Resolution shall be effective immediately.

BE IT FURTHER RESOLVED that the City Clerk shall certify to the passage and adoption of this Resolution; shall cause the same to be entered among the original Resolutions of said City; and shall make a minute of the passage and adoption thereof in the records of the

proceedings of the City Council of said City in the minutes of the meeting at which the same is passed and adopted.

Passed, approved, and adopted this 8<sup>th</sup> day of October 2013.



PAUL K. TANAKA, Mayor

ATTEST:



MINA SEMENZA, City Clerk

APPROVED AS TO FORM:



PETER L. WALLIN, City Attorney



# City of Gardena

## Fiscal Policies, Adopted June 2008

### 1. BUDGET - GENERAL

- a. City staff will present to the City Council a structurally balanced budget proposal that does not rely on "one-time" revenues; Annual recurring expenditures will be funded with annual recurring revenues.
- b. The City Council will by June 30<sup>th</sup> of each year adopt a structurally balanced operating and capital improvement spending plan for ensuing fiscal year.
- c. The City will align and amend as appropriate its operating and capital spending plan with its strategic action plan priorities and economic development plan.
- d. City staff will complete and present a quarterly Budget and Economic Condition Analysis to the Finance Committee; recommended budget adjustments will be submitted to the City Council for consideration and approval.
- e. The City will establish and maintain a General Fund Reserve equal to at least twenty percent (25%) of its annual General Fund operating budget. The amount will be revised annually and such funds will be expended only with the approval of the City Council.

### 2. BUDGET - REVENUE

- a. Revenue projections will be based on multiple sources of information including but not limited to historical trends, federal, state and regional economic forecasts, service levels, changes in legislation and mandates and other statistical resources generally available.
- b. The City will develop and incorporate into each spending plan revenue and expenditure projections for five (5) additional years into the future and amend the projection annually as part of budget review.
- c. When projecting revenues, the City will take into consideration the diversity, volatility and stability of its revenue stream and will as much as possible base its core operating cost on historically stable revenue sources.
- d. The City will stabilize its revenue base by forecasting its annual operating expenditures on diverse revenue sources and limiting revenue growth projections in each revenue category.
- e. Revenues received in excess of the budgeted projections will be used for one-time expenditures or set aside as reserve.

### **3. BUDGET - EXPENDITURES**

- a. *The City will establish benchmarks for service delivery, employee salaries and compensation, that are based on best practices in public service and will implement performance based budgeting within the next three years.*
- b. *Expenditure will be budgeted realistically for each expenditure category and can be adjusted internally as may become necessary but will not exceed appropriation limits.*
- c. *Contingency funds will be included in the annual budget to provide funding for unanticipated operating cost increases, one-time purchasing opportunities and one-time emergency expenditures to repair equipment and facilities. Unexpended funds will carry-over to the next fiscal year.*
- d. *In considering reductions in service levels, program cuts, or staffing reductions the City will first assess options to improve operational efficiencies and for developing additional revenues to cover the cost to continue the existing level of public service within existing Budget Policies.*

### **4. BUDGET - EXPENDITURES**

- a. *Limiting Cost with Fees for Service: Certain services are used selectively by a limited number of participants and therefore are not mandated City services. These services are provided based on individual interest and are provided only as funding is available. To fund these programs without limiting basic services necessary for the general public, the City will perform a cost analysis to identify the City's fully burdened cost for providing those services and to the extent reasonable set the fee based on full cost recovery. Such fees shall be updated frequently to ensure that the fees are reflective of actual City costs for the delivery of services.*
- b. *Unexpended funds within in a fiscal year will be held in reserve or appropriated for one-time expenditures.*

### **5. BUDGET – CAPITAL IMPROVEMENT BUDGET**

- a. *Capital improvements will be financed primarily through special revenue funds, user fees, service charges, developer agreements when benefits can be specifically attributed to users of the facilities.*
- b. *The City will analyze the impact of capital improvements to ensure that operational and maintenance costs are balanced with on-going revenue to support facility operations.*

## RESOLUTION NO. 6015

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDENA, CALIFORNIA, ESTABLISHING THE CITY OF GARDENA FUND BALANCE POLICY AND CLASSIFICATIONS**

**WHEREAS**, the City Council wants to ensure that there will be adequate financial resources to protect the City against unforeseen circumstances and events such as revenue shortfalls and/or unanticipated expenditures and has set as a goal to maintain General Fund reserves at 25% of General Fund annual budget; and

**WHEREAS**, in its Five-Year Action Plan adopted in 2002, the City Council targeted June 30, 2012 as the date to reach the 25% reserve goal and despite depressed economic conditions over which the City has no control, the City has steadily progressed toward this goal and as of June 30, 2010 attained a 21% General Fund reserve; and

**WHEREAS**, the Governmental Accounting Standards Board has issued Statement No. 54 (GASB 54), entitled "*Fund Balance Reporting and Governmental Fund Type Definitions*," to improve financial reporting by specifically defining fund balance categories based on the nature and extent of the constraints placed on them; and

**WHEREAS**, the City must comply with GASB 54 reporting standards for the current fiscal year ending June 30, 2011 and the City's targeted date to reach the 25% reserve amount is June 30, 2012, which is the last day of the fiscal period for the budget now being adopted; and

**WHEREAS**, the City Manager has recommended to the City Council that the reserve policy be more explicitly defined and that the City Council establish a fund balance policy based on definitions and classifications in accordance with GASB 54; and

**WHEREAS**, the City Manager recommends that it is both prudent and in compliance with GASB 54 for the City Council to clearly define a *General Fund Emergency Contingency Fund Balance* and recommends that the *Emergency Contingency Fund Balance* be established at \$4,274,900 based on the June 30, 2010 audited year end balance.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDENA DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:**

SECTION 1. The City Council in compliance with GASB 54 hereby establishes and defines the various components of fund balance as presented in Attachment A to this resolution for reporting City finances.

SECTION 2 The City Council hereby designates the City Finance Officer, as required by GASB 54, as the City official to determine and define the amounts of those components of fund balance classified as "*Assigned Fund Balance*."



SECTION 3. The City Council further directs the City Manager and City Finance Officer to annually review the *Assigned Fund Balance* and if appropriate to make recommendations to the City Council for adjusting said fund balance.

SECTION 4. That this Resolution shall be effective immediately.

BE IT FURTHER RESOLVED that the City Clerk shall certify to the passage and adoption of this Resolution; shall cause the same to be entered among the original Resolutions of said City; and shall make a minute of the passage and adoption thereof in the records of the proceedings of the City Council of said City in the minutes of the meeting at which the same is passed and adopted.


Passed, approved, and adopted this 28<sup>th</sup> day of June 2011.

  
\_\_\_\_\_  
PAUL K. TANAKA, Mayor

ATTEST:

  
\_\_\_\_\_  
MARIA E. MARQUEZ-BROOKES, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
PETER L. WALLIN, City Attorney

## FUND BALANCE POLICY FOR THE GENERAL FUND

### POLICY

This Fund Balance Policy establishes the procedures for reporting **unrestricted fund balance** in the General Fund financial statements. Certain commitments and assignments of fund balance will help ensure that there will be adequate financial resources to protect the City against unforeseen circumstances and events such as revenue shortfalls and/or unanticipated expenditures. The policy also authorizes and directs the Finance Officer to prepare financial reports which accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

### PROCEDURES

The term Fund Balance is essentially used to describe the difference between the assets and liabilities reported in a governmental fund. The City’s General Fund Balance is actually a combination of separate fund balances. GASB established the five fund balance classifications listed below with the intent to help citizens and decision makers understand the constraints and appropriate uses of fund balance.

<b>GASB 54 New Fund Balance - Governmental Fund Type Definitions</b>				
	<b>Categories</b>	<b>Classification</b>	<b>General Description</b>	<b>Examples</b>
1	Nonspendable	Restricted	Inherently Nonspendable	inventory in stock, prepaid set-asides
2	Restricted	Restricted	Externally Enforced Restrictions	grant/special funding regulated by external agencies; debt imposed by creditors
3	Committed	Unrestricted	City Council Imposed Restrictions	Established by Council Resolution for defined, non-routine use (i.e. emergencies, budget stabilization);
4	Assigned	Unrestricted	Restrictions Based on Intended Use	computer replacement & equipment replacement funds
5	Unassigned	Unrestricted	Residual Net Resources	Remaining net resources not defined in any other category - can be appropriated/spent as needed

### **RESTRICTED FUND BALANCE**

The first two fund categories, *nonspendable and restricted*, individually and together are classified as the **restricted fund balance** because their very nature limits their use. The City Council is not the determining authority on the appropriate use of these funds.

### **UNRESTRICTED FUND BALANCE**

The remaining three classifications, *committed, assigned, and unrestricted*, individually and together are classified as **unrestricted fund balance**, which is available to be appropriated at the direction of the City Council. The “*Fund Balance Policy for the General Fund*” established by City Council Resolution provides a financial cushion for future funding needs and defines the use and constraints on the **unrestricted fund balance**.

#### **Unrestricted - Committed Fund Balance**

The City Council, as the City’s highest level of decision-making authority, may commit a portion of the General Fund Balance for specific purposes and impose specific constraints for the authorized use of those funds so committed. City Council must establish and modify the Committed Fund Balance by adoption of a Resolution within the fiscal reporting period for which it is committed.

- ***General Fund Emergency Contingency*** - The City’s General Fund Balance committed for emergency contingencies is established at \$4,274,900 with the adoption of Resolution No. 6015.
- The City Council will increase the *Committed Fund Balance* in any fiscal year in which recurring revenue sources exceed recurring expenditure uses with the intent to attain and maintain a maximum committed balance of three (3) months, or 25%, of regular general fund operating expenditures. As deemed appropriate by the City Council, the full amount of the excess or only a portion of the excess in any year may be added to the *Committed Fund Balance*.
- As defined in Resolution No. 6015, the specific uses for the *Committed Fund Balance* are listed as the declaration of a state of emergency as defined in Gardena Municipal Code Section 2.56.020.

#### **Unrestricted - Assigned Fund Balance**

*Assigned Fund Balance* is used to describe that portion of fund balance that reflects the City’s intended use of resources. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the Finance Officer. The following Assigned Fund Balance categories are established:

- **Continuing Appropriations** – fund balance levels must be sufficient to meet funding requirements for projects approved in prior years and which must be carried forward into the new fiscal year:
  - (a) Information Technology (IT) Replacement Fund
  - (b) Equipment Revolving Fund
- **Budget Balancing Measures** – funds set aside for the purpose of stabilizing the delivery of City services during periods of operational budget deficits and to mitigate the effects of major economic uncertainties resulting from unforeseen changes in revenues and/or expenditures.

**Unrestricted – Unassigned Fund Balance**

Net resources of the general fund in excess of what can properly be classified in one of the other four categories are presented as *Unassigned Fund Balance*. These funds may be used for whatever purpose needed.

**FUND BALANCE CLASSIFICATION – ORDER OF USE**

The accounting policies of the City consider *restricted fund balance* to have been spent first when the expenditure incurred is for any purposes for which both *restricted* and *unrestricted* fund balance is available. When an expenditure is incurred for purposes for which any of the *unrestricted classifications* of fund balance could be used, the City considers *unassigned* funds to be used first, followed by *assigned* and then *committed* funds.

This policy is in place to provide a measure of protection for the City against unforeseen circumstances and to comply with GASB No. 54. This policy and procedure supersedes the authority and provisions of any other adopted policy related to fund balance.

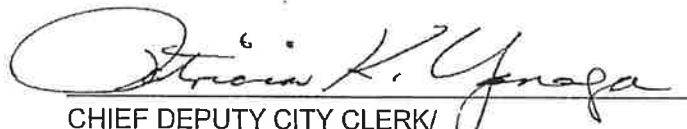
STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES       ) SS:  
CITY OF GARDENA                )

I, **PATRICIA K. YANAGA**, Chief Deputy City Clerk/Records Management Officer of the City of Gardena, do hereby certify that the whole number of members of the City Council of said City is five; that the foregoing Resolution being Resolution No. **6015** was duly passed and adopted by the City Council of said City of Gardena, approved and signed by the Mayor of said City, and attested by the Chief Deputy City Clerk, all at a meeting of said City Council held on the **28th** day of **June, 2011**, and that the same was so passed and adopted by the following roll call vote:

AYES:    COUNCIL MEMBERS, IKEJIRI, CERDA, JOHNSON, AND MEDINA, AND  
          MAYOR TANAKA

NOES:    NONE

ABSENT:  NONE

  
CHIEF DEPUTY CITY CLERK/  
RECORDS MANAGEMENT OFFICER,  
CITY OF GARDENA

(SEAL)

# Elected & Administrative Offices

Monthly Report  
August 2013

TO: Mitchell G. Lansdell, City Manager

From: Fiscal Resources, Human Resources & Technology Resources Departments

## **FISCAL RESOURCES**

- Staff attended a demonstration from In-Time on scheduling and timekeeping. The police department is currently using this software.
- Chief Fiscal Officer participated on interview panel for Finance Manager position in the Transportation department.
- Staff met with GASB 45 consultant to review draft annual report for the year-end audit (June 30, 2013).
- Chief Fiscal Officer participated in webinar regarding debt issuance and credit ratings.
- Chief Fiscal Officer attended California Society of Municipal Officers (CSMFO) board meeting.
- **Accounts Receivable:** Staff concentrated on the processing of cash receipts -- 4 renewals totaling \$744.24 and mailed 22 Business License Certificates.

<b>Fiscal Resources – Activities</b>	<b>August 2013</b>	<b>FYTD</b>
Departmental Expenditure Reports	1	1
Grant Funding Reports	12	41
GEPCO – Employee Computer Loans Awarded	2	3
Finance Committee Reports/Analysis	0	0
Department Training and Technical Assistance	2	4
Collection Notices on Accounts Receivables	2	13
Collected Delinquent Accounts	17	79
Administrative Hearings on Collections Files	0	0
Collection Contacts and Follow Up Visits/Letters/Calls	3	100
New Business Licenses Issued	0	1
Business License Contacts/Field Visits/Letters	8	75
<b>Purchasing/Contract Administration Activities</b>		
Competitive Bids/Request for Proposals Let Out	0	0
Contracts Awarded	0	0
Purchase Orders Processed	116	229

Top Five General Fund Revenue Sources to Date	Received August 2013	FYTD 17% Mark	FY Budget Total	% of Total
Sales Tax	\$ 0	\$ 0	\$ 9,000,000	0%
Card Clubs	\$ 849,972.90	\$ 849,972.90	\$ 8,350,000	10.18%
Utility Users Tax (UUT)	\$ 471,393.40	\$ 471,393.40	\$ 5,400,000	9%
Motor Vehicle In-Lieu	\$ 0	\$ 0	\$ 4,635,000	0%
Property Tax	\$ 246,408.96	\$ 246,408.96	\$ 5,920,000	4%
<b>Total</b>	<b>\$ 1,567,775.26</b>	<b>\$ 1,567,775.26</b>	<b>\$33,305,000</b>	<b>5%</b>

Accounts Receivable/Collections	Collected August 2013	Collected FYTD	Delinquent Balance
Returned Checks – Outstanding	\$ 195.00	\$ 1,709.19	\$ 7,536.08
Damage Claims – Billing	\$ 470.81	\$ 16,453.72	\$ 18,902.41
Other Billable/Delinquencies	\$ 33,929.94	\$ 50,578.20	\$ 38,976.80
<b>Total</b>	<b>\$ 34,595.75</b>	<b>\$ 68,741.11</b>	<b>\$ 65,415.29</b>

Year-To-Date (YTD) Budget Summary: The end of August marks the 17% point of the fiscal year with revenue received at 4.59% and expenditures to date at 14.63% of budget. FY13-14 General Fund revenues are budgeted at \$1,314,738, (3%) above FY12-13; with expenditures budgeted at \$1,433,665, (4%) more than the prior year. In real dollars, revenue is up \$74,152 compared to the end of August 2012, and expenditures are down \$69,116 compared to the prior year.

**GENERAL FUND REVENUES AND EXPENDITURES**  
**Comparison to Prior Year**  
**August FY 2012-13, August FY 2013-14**

	Pre-Audit 2012-13		2013-14		Comparative Analysis	
	Two Months (Ended 08/31/12)	2012-13 Budget	Two Months (Ended 08/31/13)	2013-14 Budget	Two Months % of Budget	Two Months % of Budget
Taxes	\$1,412,307	\$36,998,200	\$1,673,698	\$38,549,150	3.82%	4.34%
License and Permits	113,858	834,240	135,628	860,435	13.65%	15.76%
Fines and Forfeitures	103,593	1,126,500	81,370	1,151,500	9.20%	7.07%
Use of Money and Property	3,522	235,000	-19,437	235,000	1.50%	-8.27%
Intergovernmental	34,240	338,100	46,142	338,100	10.13%	13.65%
Current Service Charges	152,881	2,041,908	174,223	2,058,908	7.49%	8.46%
Other Revenue	38,143	1,517,600	74,942	1,184,600	2.51%	6.33%
Charges to Other Funds	233,867	1,951,325	0	1,962,125	11.99%	0.00%
Funds Transferred In	0	857,207	0	875,000	0.00%	0.00%
<b>GRAND TOTALS-REVENUE</b>	<b>\$2,092,413</b>	<b>\$45,900,080</b>	<b>\$2,166,565</b>	<b>\$47,214,818</b>	<b>4.56%</b>	<b>4.59%</b>
Salaries and Benefits	\$3,809,150	\$28,530,364	\$3,874,605	\$29,601,661	13.35%	13.09%
Materials and Operations	3,155,345	15,192,204	3,035,573	15,463,090	20.77%	19.63%
Transfer	14,799	2,079,391	0	2,170,873	0.71%	0.00%
<b>GRAND TOTALS-EXPENDITURES</b>	<b>\$6,979,294</b>	<b>\$45,801,959</b>	<b>\$6,910,178</b>	<b>\$47,235,624</b>	<b>15.24%</b>	<b>14.63%</b>
ENDING RESIDUAL/(DEFICIT)	(\$4,886,882)	\$98,121	(\$4,743,613)	(\$20,806)		
EXPENDITURES AS A % OF REVENUES	333.55%	99.79%	318.95%	100.04%		

**HUMAN RESOURCES**  
**LABOR RELATIONS**

- All three labor groups (GMEA, GMEO, GPOA) have existing agreements through December 31, 2014.
- Unrepresented Employees - Management Resolution No.5182 adopted January 2011.

**SENIOR HUMAN RESOURCES ANALYST ACTIVITIES:**

- Meetings: 8/13/13 – Police Sgt Recruitment with Captain Kang and Chief Medrano; 8/19/13 – Joseph Loh – Interactive Process Meeting; 8/27/13 – Meeting with Tony Cohen regarding Shift Lead Position; 2/28/13 – Health Benefits Committee Meeting.
- Training: 8/20/13 – CalPERS Disability Retirement Workshop

**HUMAN RESOURCES TECHNICIAN ACTIVITIES:**

- Meetings: Health Benefits Committee (08/28/2013), Police: Sergeant testing planning (08/13/2013)
- Training: None
- Other tasks: Police Sergeant, Oral Panel (08/22/2013), Police Officer Trainee, Written Test (08/29/2013)

**New Hire Orientations:**

None

Human Resources Activities: *Based on Work Plan to update all positions by Jan 2012 (revised date)	August 2013	FYTD
*Updated – Revised Position Specifications	0	0
*Updated – Job Analysis/Essential Functions	0	0
Oral Board Assistance to Other Agencies	2	3
Mandated Training Sessions:	0	0
Professional Development Training Sessions	3	3

<b>New Hires</b>	None	
<b>Promotions</b>	Police	Alisa Hawkins, Police Service Officer; Ted Shin, Police Officer; Tyler Craig, Police Officer. Donnie Turner, Recreation Coordinator; Jessica Vargas, Public Safety Officer; Helena Cottrell, Bus Operator FT; Tavell Beans, Bus Operator FT
<b>Retirements</b>	Public Works & Police	John J. Scherer, Electrical/Signal Technician II and Denny Ward, Police Officer.
<b>Reclassification</b>	Public Works	Jeff Jalomo, Electrical/Signal Technician II
<b>Resignations</b>	None	
<b>Terminations</b>	Police	Dolly Pineda, Police Assistant



Recruitments	Type	Open Close	Written Test	Skills Test	Oral Board	Eligibility List	Vacancy Filled
<i>Administrative Analyst III</i>	Open	Closed 12/16/11	4/25 & 4/26/12	NA	6/28/12		Suspended Hiring
<i>Bus Operator (Full-Time)</i>	Closed	3/28/12 4/13/12	4/21/12	N/A	Oral Board 1/30/13	1/31/13	2 Hires made effective XXXX
<i>Police Officer – Lateral/ Academy Experienced</i>	Open	Continuous	N/A	N/A	Pending Department Scheduling		
<i>Forensic Technician</i>	Open	5/25/12 6/11/12	Pending Dept. Review of Apps				On Hold at Depart. Request
<i>Bus Operator (Part-Time)</i>	Open	9/28/12 10/12/12	11/17/12 & 11/20/12		Ongoing Interviews	12/28/12	Ongoing
<i>Police Sergeant</i>	Closed Promotional	03/29/2013 06/13/2013	7/18/13	N/A	8/22/13	Pending Dept Comm. Presentation	
<i>Financial Services Manager</i>	Open	04/23/2013 05/23/2013	N/A	N/A	7/23/13	7/23/13	Pending Dept Selection
<i>Police Service Officer</i>	Open	04/25/2013 05/30/2013	7/11/13	N/A	TBD		
<i>Police Officer Trainee</i>	Open	05/23/2013 - Continuous	8/29/13	9/28/2013	TBD		
<i>Public Works Lead</i>	Closed/Competitive	Pending					
<i>Electrical/Signal Tech I</i>	Closed/Competitive	Pending					

## **TECHNOLOGY RESOURCES**

### **INFORMATION TECHNOLOGY (IT):**

- A number of special projects were started this month, to include: coordinating the City Manager's Office remodel, identifying replacement options for the Gardena Direct server which hosts several phone-based services (frequently asked questions, citizen service requests, and building inspection requests), In addition, staff analyzed the document imaging system to identify needed software changes, finalized a quotation and schedule for Microsoft Office training, and drafted a preliminary plan for virtualizing and replicating servers for disaster recovery.
- The Adam's equipment maintenance system went live this month in the Public Works Department. The Adam's demonstration project is a vetting process to determine suitability of the software for managing large-scale fleet maintenance operations. The Police department is anticipated to join the demonstration project during the month of September.
- On August 1<sup>st</sup> and the 27<sup>th</sup>, staff reviewed the InTime scheduling and time and attendance software package for city-wide use. This software package is currently in use by the Police Department primarily for scheduling. A final review and cost proposal is forthcoming.

- In addition to responding to daily calls for service, IT staff performed routine software maintenance on the Police Department report writing and One-Stop resource room computers.

Information Technology Services	August 2013	FYTD
Computer Training Sessions Offered	0	0
Computer Help-Desk Assistance Provided	307	607
New Software and System Improvements	0	0

### COMMUNICATION SERVICES:

Communication Services	August 2013	FYTD
Publication of City and Special Newsletters	0	0
Department Custom Printing Projects*	32	60
Graphics - Special Print/Web Projects	1	2
Telephone Assistance Through Central Reception	852	1,514
Service Requests Through <b>Gardena Direct</b>	45	103
Gardena Website - Number of "Unique Visitors"	28,647	51,893
Gardena Website - Page Revisions**	15	40
Gardena Website - New Web Page or PDFs	7	20
Cable TV - No. of Community/Civic Productions	1	2
Cable TV - Hours of Original Programming	1	2
Number of UStream Viewers of Live Council Meetings	2	3
Hours of Staff Training – Web Training	0	1
*Printing projects consist of various print amounts. Some print jobs may need collating, folding, padding, stapling, cutting or binding.		
**Website revisions may consist of various duties, such as: Site development, the input or deletion of data, images or graphic, and social network postings. PDF's may include: Brown Act postings regarding public meetings being held, flyers, or forms.		

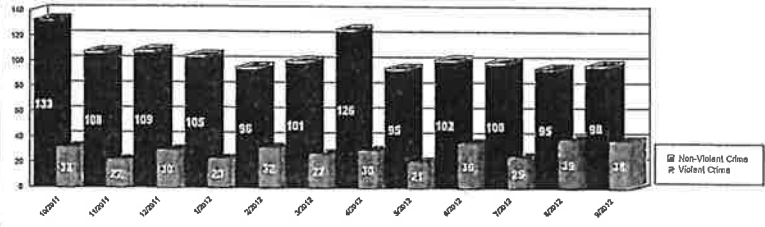
- **CABLE TELEVISION:** In addition to the City Council meetings, the following public service and educational programs aired on Channel 22: programming for LA County - City TV Weekly, Cheap Eats, Metro News, and LA Now.

# CRIME STATISTICS

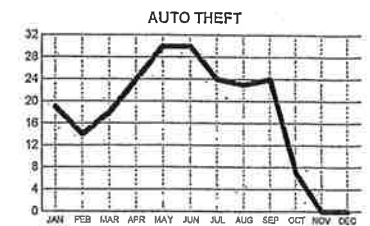
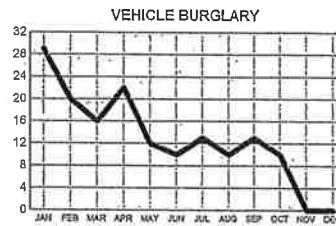
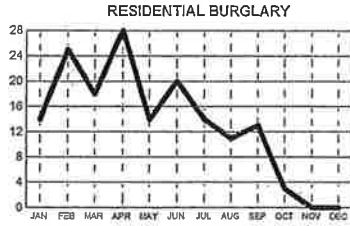
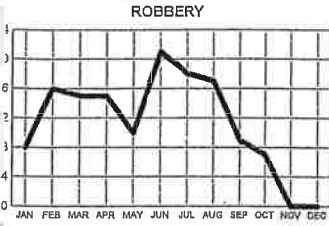
	YEAR TO DATE			AUGUST		
	2012	2012	%	2012	2013	%
HOMICIDE	0	0	0	0	0	0
RAPE	11	0	-100	2	0	-100
ROBBERY	122	0	-100	17	0	-100
ASSAULT	82	0	-100	6	0	-100
DOMESTIC ASSAULT	93	0	-100	16	0	-100
BURGLARY - RES	156	0	-100	11	0	-100
BURGLARY - COM	43	0	-100	8	0	-100
BURGLARY - VEH	134	0	-100	10	0	-100
AUTO THEFT	200	0	-100	27	0	-100
THEFT	345	0	-100	57	0	-100

Violent / Non-violent Crime - Last Twelve Months

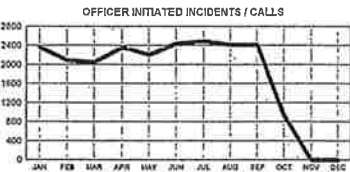
	10-11	11-11	12-11	1-12	2-12	3-12	4-12	5-12	6-12	7-12	8-12	9-12
Non-Violent Crime	133	108	109	105	96	101	126	95	102	100	95	98
Violent Crime	32	22	30	23	32	27	30	21	36	25	39	38
Total	165	130	139	128	128	128	156	116	138	125	134	136



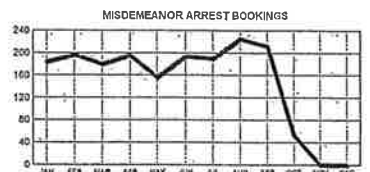
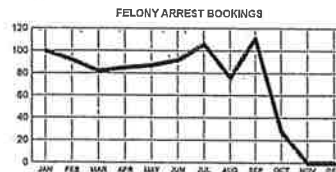
2012 2013



## ALLS FOR SERVICE



## ARRESTS



## PERSONNEL

### FULL TIME POSITIONS

	Funded	Actual	Open
Chief of Police	1	1	
Captain	2	1	1
Lieutenant	5	6	-1
Sergeant	14	13	1
Officer	73	72	1
Administrative Assistant	1	1	
Support Services Supervisor	1	1	
Administrative aid	1	2	-1
ID Technician	1	1	
Service Officer	9	7	2
Police Records Technician	6	6	
Police Service Technician	4	6	-2
Code Enforcement	1	2	-1
Public Safety Officer	4	2	2
Others	0	1	-1
General Fund Sworn	89	89	
Grant Funded Officers	6	4	
Total Sworn	95	93	
Total Non Sworn	29	29	
Total Full Time	124	122	

### PART-TIME and OTHER POSITIONS

Police Assistant	24
Police Reserve	8
Explorers	25
Volunteers	39

	Hours
Volunteers	470
Explorers	234
Reserves	10
Total	714

## TRANSIT DETAIL

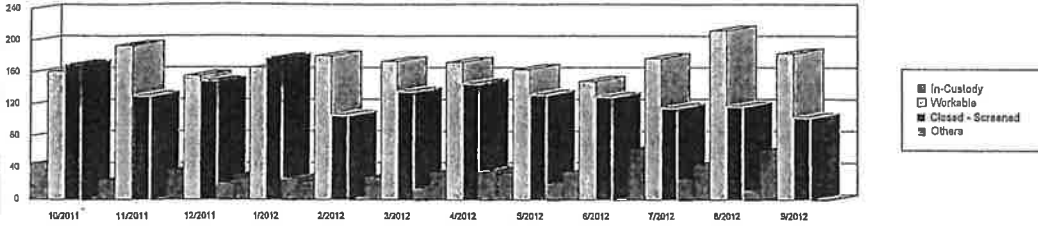
Bus Calls for Service	4
Bus Checks	151
Gallons of Fuel	104
Parking Citations	1
Patrol Incidents	80
Patrol Related Arrests	5
Total Reports	10
Traffic Citations	4

## DISTRICT POLICING

9 Community Meetings were held in August

# INVESTIGATIONS

Last 12 Months



## SEX (290PC) REGISTRANTS

	Total
Annual Registration	5
Transient Registration	6
Moved into Jurisdiction	7
Moved Within	0
Moved Out	2
New Transient	0
<b>Total</b>	<b>20</b>

## POST-RELEASE COMMUNITY SUPERVISION (PRCS PAROLE)

	Total
Living in Gardena	50
Confirmed not living in Gardena	9
<b>Registered PRCS Community Total</b>	<b>59</b>

1

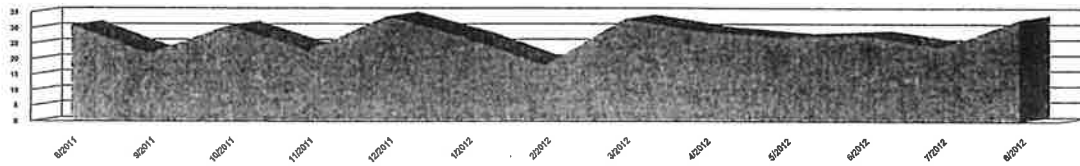
290PC Arrests in August: 0

## TRAFFIC ISSUES

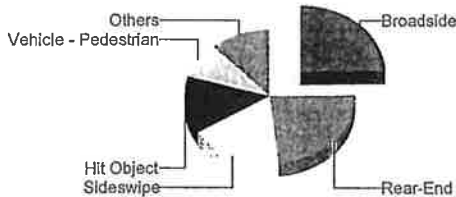
### COLLISION DATA

Aug-2011 through Aug-2012

Reported Collisions; 12 Month Running Averages

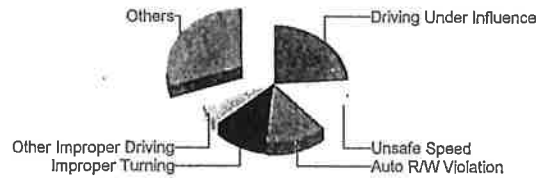


### Collision Type



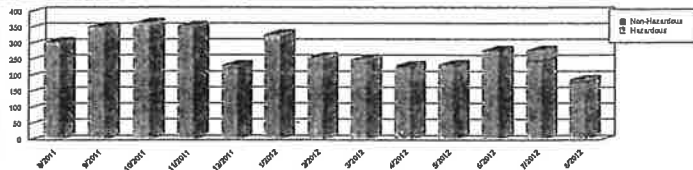
Broadside	89	24.72%
Rear-End	85	23.61%
Sideswipe	63	17.50%
Hit Object	50	13.89%
Vehicle - Pedestrian	31	8.61%
Others	42	11.67%
<b>Total:</b>	<b>360</b>	<b>100.00%</b>

### Primary Collision Factor



Driving Under Influence	86	23.89%
Unsafe Speed	52	14.44%
Auto R/W Violation	48	13.33%
Improper Turning	42	11.67%
Other Improper Driving	22	6.11%
Others	110	30.56%
<b>Total:</b>	<b>360</b>	<b>100.00%</b>

## TRAFFIC CITATIONS



August DUI ARRESTS: 0 YTD: 0

### TOWED VEHICLES

IMPOUNDED  
RECOVERED STOLEN  
STORED

September

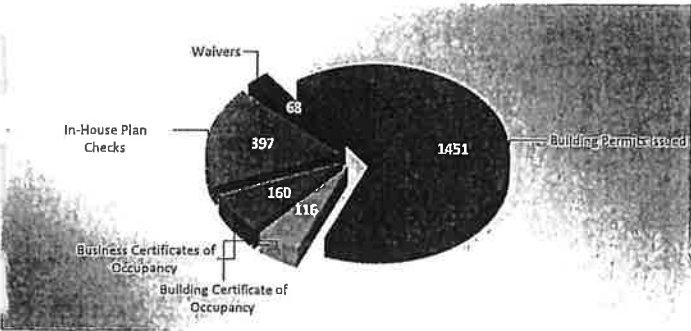
YTD

**TOTAL**

**0**

**0**

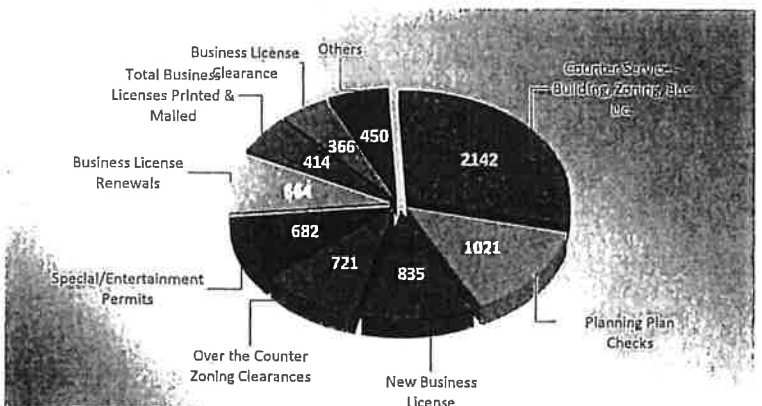
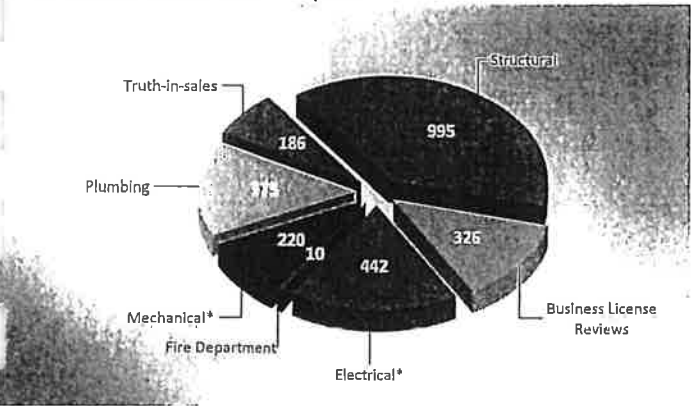
BUILDING SERVICES	AUG	2013 YTD
Building Permits Issued	123	1451
Business Certificates of Occupancy	19	160
Building Certificate of Occupancy	13	116
In-House Plan Checks	61	397
Waivers	10	68



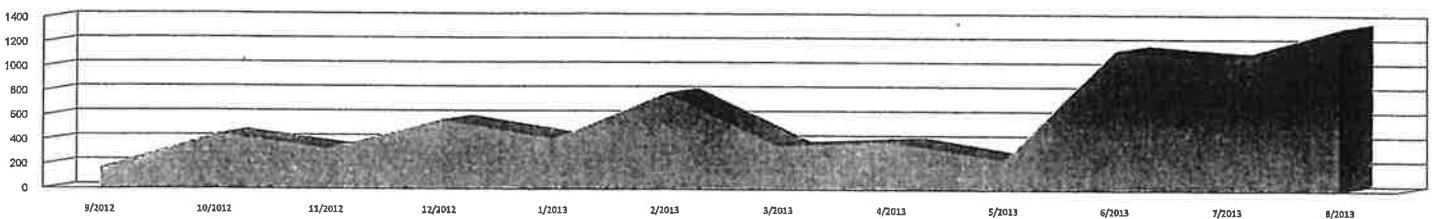
INTERNAL SERVICES	AUG	2013 YTD
Counter Service - Building, Zoning, Bus Lic.	592	2142
Business License Clearance	38	366
Business License Renewals	40	664
ABC Referrals	0	10
Conditional Use Permit	0	7
Gardena Municipal Code Ordinances	0	1
General Plan Amendment	0	2
Home Occupation Permits	7	89
Lot Line Adjustment	0	0
New Business License	71	835
Over the Counter Zoning Clearances	182	721
Planning Plan Checks	169	1021
Site Plan Review	0	12
Special/Entertainment Permits	59	682
Temporary Use Permit	0	0
Truth-in-Sales Inspections	12	324
Encroachment Permit	0	0
PCN (Public Convenience & Necessity Letter)	0	0
Specific Plan	0	0
Total Business Licenses Printed & Mailed	169	414
Variance	0	2

INSPECTIONS	AUG	2013 YTD
Structural	58	995
Plumbing	24	375
Truth-in-sales	13	186
Business License Reviews	32	326
Electrical*	23	442
Mechanical*	18	220
Fire Department	1	10
Total Inspections	169	2554

\*Contract Combination Inspector



Counter and Internal Service Activity YTD



	# Violations	NOV	Reinspections	Verbal	Total
Building Violation	0	14	9	1	24
Business Violation	2	19	12	0	33
Land Use / Zoning	0	2	0	0	2
Nuisances	0	12	7	0	19
Property Maintenance	0	69	27	3	99
<b>Total</b>	2	116	55	4	177

	Total
Admin Citations	4
Graffiti Actions	0
NOV	126
Office Conferences	0
Referred for Prosecution	0
Shopping Carts	0
Signs Removed	409
Vendor Cites	0

### CASES FILED / SPECIAL PROJECTS

Address / Subject	Request	Action

### PLANNING COMMISSION

Address / Subject	Request	Action
Southeast corner of Rosecrans and Wadkins	Rigo's Ditch (58 parking stall parking lot)	continued

### CITY COUNCIL

Address / Subject	Request	Action

---

**MEETINGS / WORKSHOPS / SEMINARS / ETC**

6-Aug-2013

6-Aug-2013 LA County Bicycle Coalition Attendees: Chief and Raymond

12-Aug-2013

12-Aug-2013 LA County Bicycle Coalition Attendees: Chief and Raymond Barragan

12-Aug-2013 bebe Plaza Neighbor Complaint - Tony Kim Attendees: Raymond

13-Aug-2013 Community Concerns in and around Gardena Blvd. and 164th Street/Vermont Attendees: Chief, Raymond Barragan

19-Aug-2013 Amoa King (2904 W. 129th Place) Attendees: Raymond Barragan

19-Aug-2013 1310-1346 Rosecrans - w/Ramani Properties Attendees: Mitch Lansdell, Chief, and Raymond Barragan

19-Aug-2013 KHEIR Adult Day Care Attendees: Mitch Lansdell, Chief, Raymond Barragan and Lawson Chew

19-Aug-2013 14645 Western Avenue - Attendees: Mitch Lansdell, Chief, Raymond and Lawson

23-Aug-2013 14645 Western Avenue - Attendees: Lawson

**ADMINISTRATIVE ACTIONS / MILESTONES**

---

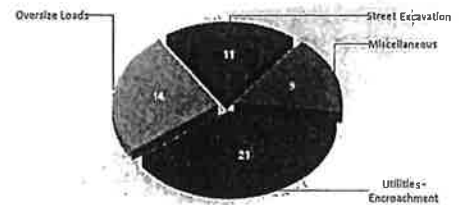
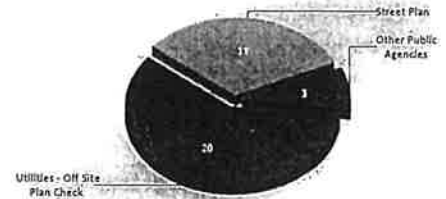
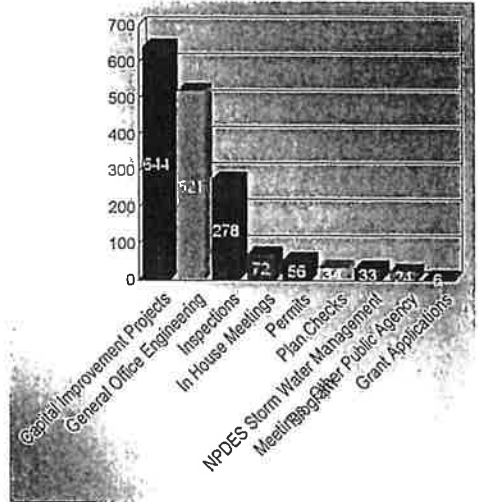
The Public Works Department is divided into three major functions: Administration, Engineering, and Maintenance.

**ADMINISTRATION**

The administration function coordinates and blends the efforts of all divisions of the Public Works Department in accomplishing the directives of the City Council and City Manager.

ENGINEERING DIVISION	Current Month August	Previous Month July	Fiscal Year YTD
<b>Staff Hours</b>			
In House Meetings	40	97	72
Meetings - Other Public Agency	16	13	24
Capital Improvement Projects	350	540	644
Plan Checks	18	38	34
Permits	33	53	56
Inspections	155	285	278
General Office Engineering	260	441	521
NPDES Storm Water Management Program	12	42	33
Grant Applications	4	10	6
<b>Total</b>	<b>888</b>	<b>1519</b>	<b>1668</b>
<b>Public Right of Way / Off Site Plan Checks</b>			
Street Plan	9	20	11
Parcel Map / Tract Map	0	1	0
Utilities - Off Site Plan Check	9	32	20
Other Public Agencies	1	4	3
<b>Total</b>	<b>19</b>	<b>57</b>	<b>34</b>
<b>Public Right of Way / Encroachment Permits</b>			
Street Excavation	9	5	11
Sewer	0	1	0
Utilities - Encroachment	9	33	21
Oversize Loads	14	26	14
Newsracks	0	0	0
Miscellaneous	3	14	9
<b>Total</b>	<b>35</b>	<b>79</b>	<b>55</b>

FY YTD Staff Hours



**Adopt-A-Block Referrals by Police District**

	D1	D2	D3
August 2013	0	14	0



**STREET MAINTENANCE DIVISION**

August Summary by Service Area

	1	2	3	4	5	6	FY YTD
Blocked Sewers Cleared	2	1	1				5
Curb / Gutter Repair (Ln. ft.)	1				2		3
Curb Painting (Ln. ft.)	1,125		150	180	180	150	15,385
R.O.W. Pickups	58	64	81	86	50	70	834
R.O.W. Weed Abatement			2	1		1	39
Sewers Cleaned-Routine (Ln. ft.)	1,500	21,300	600		2,100		33,000
Sidewalk Repairs (ramps)							19
Sidewalk Replaced (sq. ft.)							68
Signs Replaced			9	16	8		50
Storm Drains Cleaned							0

**CAPITAL IMPROVEMENT PROJECTS (CIP)****A) Completed Projects**

JN 844	Disabled Barrier Removal, Maintenance Area 1 & 2	\$195,000
JN 847	Pedestrian Safety Improvement, Various	\$275,000
	<b>TOTAL COST</b>	<b>\$470,000</b>

**B) Under Construction**

JN 855	Local Street Overlay, Various	\$1,000,000
JN 871	GMBL Fuel Tanks Removal and Disposal	\$350,000
	<b>TOTAL COST</b>	<b>\$1,350,000</b>

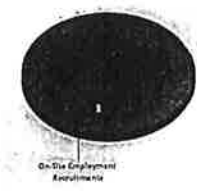
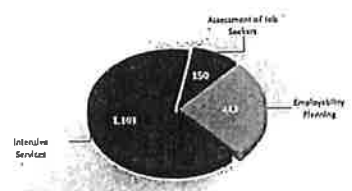
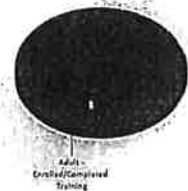
**C) Out to Bid / Contract Execution**

JN 849	Public Works Yard Storage Facility, Phase 2	\$250,000
	<b>TOTAL COST</b>	<b>\$250,000</b>

**D) Under Design**

JN 841	Street and Highway Improvements, Various	\$560,000
JN 842	Rosecrans / Purche Traffic Signal	\$631,000
JN 850	Rosecrans Ave. Street Improvement. Crenshaw to Vermont	\$5,140,000
JN 851	Artesia / Western Dual Left Turn (with Torrance)	\$675,000
JN 852	Vermont Ave. Street Improvement, Rosecrans to 182nd St	\$2,350,000
JN 853	Local Street Overlay, Various	\$1,000,000
JN 859	Artesia Bl. Street Improvement, Western to Vermont	\$600,000
JN 860	Budlong Ave Street Improvement, 135th to Rosecrans	\$100,000
JN 861	178th St. Improvements, Western to Normandie	\$220,000
JN 862	Pedestrian Safety Improvement, Various Locations	\$430,000
JN 863	Sewer Rehabilitation, Various Locations	\$300,000
JN 864	Local Street Overlay, 2013, Various Locations	\$300,000
JN 865	Western Ave Street Improvement, Rosecrans to Marine	\$350,000
	<b>TOTAL COST</b>	<b>\$12,656,000</b>

KEY WORKLOAD INDICATORS	Current Month August	Previous Month July	Fiscal Year YTD
<b>WIA / ARRA</b>			
Adult - Enrolled/Completed Training	0	1	1
Dislocated - Enrolled/Completed Training	0	0	0
Youth & Cal Works - Enrolled/Completed Training	0	4	0
L.A. County Summer Youth	0	9	0
<b>STEP (Subsidized Training &amp; Employment)</b>			
STEP - Enrolled Completed Training	0	48	9
<b>Basic Intensive Services</b>			
Intensive Services	227	1,294	1,103
Assessment of Job Seekers	80	109	150
Employability Planning	188	255	443
<b>Business Services</b>			
Business Advisory Committee Meetings	0	0	0
Business Summit	0	0	0
On-Site Employment Recruitments	3	2	3



## **SOUTH BAY WORKFORCE INVESTMENT BOARD (SBWIB)**

- Staff attended a meeting at the SBWIB on August 1<sup>st</sup> to discuss the new version of the i-Train software system.

## **TRANSITIONAL SUBSIDIZED EMPLOYMENT (TSE)**

- Fifteen enrollments for the month of August for a year to date of 58.
- Staff attended a quarterly meeting at the DPSS Regional Office in El Monte.

## **YOUTH EMPLOYMENT PROGRAMS**

- Staff facilitated an orientation at the Department of Children and Family Services (DCFS) Torrance office to recruit possible participants for Phase II of the Bridge to Work Program. DCFS staff assisted in the orientation by helping youth see the connection between the two entities and the services that can be beneficial to them.
- Staff helped facilitate the 2013 SYWEP Worksite Audit. LA County scheduled an appointment with Rowley Park and the Nakaoka Community Center to monitor the program for the summer youth workers. During the visit from LA County, supervisors and youth participants were interviewed. Also, documentation such as time cards, work permits and worksite agreements were reviewed. In addition, staff walked through the facility to observe operations and safety.
- Staff attended a meeting regarding the Urban Teacher Program. Youth Program Coordinators met with the manager (Sandra Ramos) from California Teacher Pathway at the Carson Community Center. Sandra introduced her program to staff and the possible partnership that our One-Stop can have with her program. California Teacher Pathway prepares college students to become teachers in public schools. They are trained and encouraged to have a part-time job where they will be exposed to the school setting. Sandra will notify staff if she has any Gardena residents in her cohort.
- Bridge to Work participants came in for a mock interview and they were measured on a point scale to determine if they are workplace ready. A total of 3 panelists assisted with the interviews. 3 youth have been Blueprint certified.
- Staff attended a meeting regarding participant cases and possible avenues to take for a successful job club for the Bridge to Work Program.
- Staff participated in a conference call with Charlotte Lewis from LA County to discuss the phase I Bridge to Work celebration event.

## **ADULT PROGRAMS**

- Four Info Sessions for WIA Programs were held August 6<sup>th</sup>, 8<sup>th</sup>, 13<sup>th</sup>, and 28<sup>th</sup>. These sessions are intended to provide program information to Gardena Adults and Laid off Workers.
- Center hosted one week of workshops in the month of August. These workshops provide job seekers with valuable job search skills, such as resume building, job search techniques, interview tips, and other important lessons for individuals seeking gainful employment.
- Center hosted two new types of job clubs which are open to WIA participants, but also anyone in the community. The topic on August 13<sup>th</sup> was updating your cover letter and resume; the topic on August 27<sup>th</sup> on the power of a positive attitude, branding, and Linked In.
- Staff administered 71 assessments, and 80 typing tests.

- Throughout the month, staff assisted 36 individuals with one-on-one job search.
- Resume workshops were facilitated for 35 Chromalloy workers who are due to be laid off.

#### **RECRUITMENTS**

- Staff assisted Independent Care Services, HelpMates, and Ramona's with their job vacancies.

#### **STAFF DEVELOPMENT AND MISCELLANEOUS:**

- None

## **ECONOMIC DEVELOPMENT PROGRAMS/PROJECTS**

### **Rosecrans Corridor / Crenshaw**

#### **GARDENA BUSINESS ADVISORY COUNCIL (G-BAC)**

- Outstanding Business Award was presented to CH Labs at August 13<sup>th</sup> Council Meeting.
- Next meeting is scheduled for Thursday, September 12, 2013

#### **ECONOMIC DEVELOPMENT COMMITTEE (EDC)**

Next meeting scheduled for Tuesday, September 24, 2013

#### **CDBG**

- ED Admin Aide updated budget spreadsheets for Multi-Family Code Correction Program (MFRCCP), Account 427 and Rosecrans Corridor Account 409 for August, 2013
- CDBG Quarterly Reports Completed

#### **Multi-Family Rehabilitation Code Correction Program (MFRCCP)**

- The current program balance is approximately \$138,995; still awaiting final report on actual allocation for FY 2013-2014 – new program still has not begun
- Zero (0) new applications were received during the month of August 2013
- Lead inspections were performed on zero (0) projects during August 2013
- Zero (0) projects were in the bidding stage during August 2013
- Program documentation was updated during the month of August 2013
- Marketing of the program will be conducted during the month of September 2013
- Eight (8) applicants are on the waiting list.
- New applications will be processed on a first come, first served, basis

#### **Western Avenue Façade**

- ED Admin Aide updated/adjusted spreadsheet for Western Avenue Façade Account 428 for August 2013
- CDBG Quarterly Reports Completed
- Two Rebate applications are pending
- A total of \$134.64 in Program Income was received in August 2013 from Western Avenue Façade participants
- Met with new owner at 16122 S. Western Avenue regarding new signage for building

#### **BROWNFIELDS**

- ED Manager met with Brownfields Consultants regarding Brownfields close out report which will include development of alert system for Community Development for all potential Brownfields
- ED Manager and City's Brownfield consultants met with Dr. Arthur Heath et al at the California Regional Water Quality Control Board regarding In-N-Out Project and 13438 and 13437 Halldale
- ED Administrative Aide updated spreadsheet for 394 & 395 accounts for August, 2013
- ED Manager met with Brownfields Consultant regarding potential opportunities for upcoming round of Brownfields grant funding; discussion on grant application

#### **GRANTS**

##### **STATE HOME**

###### **Owner Occupied Rehabilitation Program (OORP)**

- Housing Consultant met with one (1) potential applicant to review application criteria
- Housing Consultant prepared five (5) environmental reports for submission to HCD for approval
- Two (2) new applications were received during the month of August

- Three (3) lead-based paint inspections were performed; all three properties contained lead-based paint building components
- 11 applicants are in the process of final qualification; \$440,000 has been earmarked to be spent on these applicants
- The Finance Department received reimbursement of Administrative Draw #1 in the amount of \$6,295.00 from the State of California Department of Housing and Community Development (HCD)
- ED Administrative Aide mailed 200 State HOME Program Flyers to Census Tract 6029 (low income) as part of the OORP marketing efforts
- ED Administrative Aide updated budget spreadsheet for 397-465 and 397-466 for August 2013
- ED Administrative Aide mailed second notice for Annual Occupancy Request Forms to both State HOME and CalHome loan recipients
- ED staff prepared and sent letters to OORP loan recipients with copies of *Overview of Loan Repayment Terms*

#### **\*CALHOME**

##### **Owner Occupied Rehabilitation Program (OORP)**

- The City was informed that it was not awarded grant funds under the 2013 NOFA
- ED Administrative Aide mailed Second Notice for Annual Occupancy Request forms
- ED Administrative Aide mailed 17 Annual Occupancy Request Forms requesting missing documentation
- ED staff prepared and sent letters to CalHome OORP loan recipients with copies of *Overview of Loan Repayment Terms*

**\*Note this grant will be considered as a program income account only as new funds are repaid.**

#### **HOUSING ELEMENT**

- Formal 30-day formal noticing of Intent to Adopt Negative Declaration for 2014-2021 Housing Element began August 29

#### **BUSINESS ATTRACTION**

- ED staff conducted site location tour for inquiries on potential sites for location of Applebee's Restaurant in Gardena

#### **BUSINESS RETENTION**

- ED Manager reviewed and verified list of Gardena manufacturers provided by CMTC who may be eligible for CMTC Small Manufacturers Program
- Administrative Aide confirmed current business license for CMTC list of Gardena manufacturers for upcoming mailer

#### **OUTREACH**

##### **Site Visit**

- Site visit scheduled for CH Labs for Tuesday, September 10, 2013

#### **GARDENA ECONOMIC DEVELOPMENT WEBSITE**

- ED Administrative Aide posted twenty-three (23) new tweets for the month of August 2013
- ED Administrative Aide updated rebate forms for website
- ED Manager submitted several updates to ED webmaster including Brownfields information and Commercial listings for July/August

#### **SPECIAL PROJECTS/OTHER**

##### **Spring Park Villa Project (WASET)**

- ED Manager coordinated the signing and execution of several security docs including, Loan Agreement, Regulatory Agreement and several others
- Fraud Protection Policy was approved by City Council on August 13, 2013
- ED Manager completed writing/formalizing Change Order Policy for the project

**Other**

**Gardena One Stop**

- ED Manager met with Gardena One Stop Managers concerning formation of partnership between Gardena One Stop Job Development staff and Economic Development staff; job development Partnership will begin August 26 and will continue on schedule on 2<sup>nd</sup> and 4<sup>th</sup> Monday of every month

**FORECLOSURE UPDATE/INFORMATION**

- No new information to report

**MEETINGS HELD/ATTENDED (In-House)**

- Director of Police, Streets and Development Services Staff meetings
- ED Manager and Administrative Aid met to review and discuss ending balances for grant accounts for 2012-2013– August 27, 2013

**Other Meetings/Events**

- ED Administrative Aide, jury duty – August 7-8, 2013
- ED Administrative Aide, in conjunction with One Stop Partnership, accompanied Myesha Palmer from Gardena One Stop Job Placement, to Hitco, Southwest Offset Printing and TechFlex – August 26, 2013
- ED Manager attended 50 Year Anniversary Celebration of March on Washington Program at Rowley Park - August 29, 2013

**WORKSHOPS/TRAININGS ATTENDED**

- ED Manager –EPA ACRES On-Line Training – August 11, 2013

**STATISTICAL DATA –**

**\*NOTE – This is a new Fiscal Year listing, so properties shown in this report represent new listings every other month, beginning on July 1, 2013. For a complete and current listing of all available properties in the City, please visit the City's Economic Development Commercial listings web page at [www.gardenaecondev.com](http://www.gardenaecondev.com)**

**Commercial Real Estate Listings\*\* PROPERTY LISTINGS ARE UPDATED EVERY OTHER MONTH**

<b>Activity</b>	<b>Jul/ Aug '13</b>	<b>Sep/ Oct '13</b>	<b>Nov/ Dec '13</b>	<b>Jan/ Feb '14</b>	<b>Mar/ Apr '14</b>	<b>May/ Jun '14</b>
Number of available Properties (for sale)	37					
Number of available properties (for lease/rent)	119					
Number of available properties for sale/lease	2					
Number of available commercial properties (C3, CR, HB)	88					
Number of available industrial properties (M1, M2)	70					
Number of available City-owned properties	3					
Number of available office spaces	12					
Number of inquiries received	0					

**Commercial Rebate Western Avenue (New FY)**

Activity	Previous Month	Current Month	Year-to-Date
Number of applications mailed	1	1	2
Number of applications received	1	0	1
Number of applications approved	0	0	0
Number of Guidelines Mailed	1	1	2
*Western Avenue/Crenshaw Commercial Rebate Flyers Mailed	0	0	0

\*Note: Awaiting approval of 2013-2014 Allocation

**New Businesses (New FY)**

Activity	Previous Month	Current Month	Year-to-Date
Number of welcome letters mailed	0	0	0
Number of follow up phone calls	0	0	0
Number of informational packets mailed/distributed	0	0	0
Number of New Business Packets & Opportunity Packets mailed/distributed	0	0	0

**Site Visits (New Fiscal Year)**

Activity	Previous Month	Current Month	Year-to-Date
Number of site visits conducted (new businesses)*	0	0	0
Number of site visits conducted (existing businesses)**	1	0	1
Number of follow ups (via mail); email (site visit questionnaire)	0	0	0
Number of follow ups (via phone calls)	0	0	0

\*FY 2012-2013

\*\*Conducted in partnership with LAEDC, CMTC, Governor's Office

**Mailings and Other Projects\* (New Fiscal Year)**

Activity	Previous Month	Current Month	Year-to-Date
Number of business inquiries (miscellaneous)	0	1	1
Number of community presentations made/workshops	0	1	1
Number of special projects/requests	0	0	2
Number of newsletters mailed	0	0	0
Number of flyers emailed	53	64	117
Number of Marketing Packets mailed or presented	0	0	0
Number of Miscellaneous Marketing materials mailed/ distributed including flyers	105	50	155
Other Materials (letters, other booklets)	0	0	0
Updated OORP and MFRRCP Flyers /Applications (English	0	210	210

\*Flyers for: FY 2013-2014

Dr. MLK Cultural Committee - 50<sup>th</sup> Anniversary Celebration - *The Dream That Changed America*  
 South Bay Environmental Services Center - *Free Sustainable Residential Workshop Series*  
 Assemblymember Steven Bradford - *Construction Notice Crenshaw/LAX Transit Corridor*  
 Assemblymember Al Muratsuchi, Public Information Hearing - *Rebuilding a Competitive Aerospace Industry*



**\*Owner Occupied Rehabilitation (OORP) (CALHOME)** \*Funding for new applications will be provided as loan funds are repaid to the Cal Home as "Program Income"

Activity	Previous Month	Current Month	Year-to-Date
Applications in Process	0	0	0
Processed and approved loans	0	0	0
Mailed applications	0	0	0
Mailed Marketing Materials	0	0	0
Responded to Inquiries	0	0	0
Provided Assistance to Applicants	0	0	0
Conducted inspections	0	0	0

**Owner Occupied Rehabilitation (OORP) (State HOME)**

Activity	Previous Month	Current Month	Year-to-Date
Applications in Process	1	2	3
Processed and approved loans	1	0	1
Mailed applications	2	3	5
Mailed Marketing Materials	0	0	0
Responded to Inquiries	10	9	19
Provided Assistance to Applicants	10	12	22
Conducted inspections	5	9	14

**Multi-Family Rehabilitation Code Correction Program (MFRCCP) (CDBG)**

Activity	Previous Month	Current Month	Year-to-Date
Applications in Process	0	0	0
Processed and approved grants	0	0	0
Mailed applications	0	0	0
Mailed Marketing Materials	0	0	0
Responded to Inquiries	0	0	0
Provided Assistance to Applicants	0	0	0
Conducted inspections	0	0	0

**FIVE-YEAR PLAN MILESTONES – ACCOMPLISHMENTS**

**Economic Development**

1. Enterprise Zone – Designations announced; Gardena not selected
2. Site Visits – Site visits are now occurring on a regular basis, beginning in November 2010
3. Development of New Business Packet completed (August 2010)
4. Brownfield/Rosecrans Newsletter – *Brownfields Newsletter Vol. VII* distributed in January 2011
5. Targeted Façade Program – Western/Crenshaw – Recordation Notice of Completion placed on December 8, 2009, Council Agenda for Western Avenue Façade; walk-thru completed December 28, 2010. Program participants actively participating in providing program income payments; two participants have completed their program payment obligation

6. Targeted Rebate Program – Rosecrans Avenue/Crenshaw Boulevard - Marketing materials being mailed quarterly); applications and guidelines are mailed when requested. Two new rebates were processed for Rosecrans Corridor during FY 2011-2012; these new rebates benefited 115 people.
7. Targeted Rebate Program – Western Avenue (Marketing materials being mailed quarterly). Staff is actively marketing current program for other participants in program. During FY 2012 three new rebates were processed for Western Avenue businesses; the rebates benefitted 15 people and saved 15 jobs; three new jobs were created; two new rebates have been approved thus far in 2012; two businesses and 5 employees benefitted from the rebate.
8. *News, Volume IV*, completed and distributed June 2010
9. ED website developed and launched – February 2010; ongoing updates; updated flyers posted in Spanish/English; consistent use of tweets to inform community; demographic web page launched
10. Strategic Plan for the City of Gardena completed; strategic Planning workshop June 12, 2012
11. 2008-2014 Housing Element Approved, August 2011; since the approval, twelve of the 27 objectives have been completed; first Annual Report to HCD filed in April 2011; preparation for 2014-2021 Housing Element is in process
12. Prepared application for gap financing for 37-unit senior housing project; Gardena awarded \$2.9 million in funds from HCD

#### **\*FISCAL ACCOUNTABILITY**

**\*Note: Updated information is highlighted in yellow**

1. Obtained three (3) new grants (Jan 2008); obtained two (2) SYEP grants (July 2008); one (1) new grant application submitted June 25, 2008; obtained State HOME grant (December 2011)
2. Notified of new Brownfield grant award for \$400,000 on May 28, 2009; actually received October 1, 2009
3. On November 25, 2009, the City received notification that it was awarded \$800,000 in State HOME grant funds for continuation of the Owner Occupied Rehabilitation Housing Program (OORP); funds under this grant totaling approximately \$799,826.00 were expended by the May 31, 2012, deadline
4. CalHome Program OORP grant funds have been expended; currently there are no program income funds (\$0.00) available from repaid CalHome loans to assist additional households under the CalHome OORP
5. In March 2012, the City received an award of \$700,00 in State Home funds for continuation of its Owner Occupied Rehabilitation (OORP) Housing Program
6. In February 2011, the City applied for a TBA grant through the EPA for the Gardena Sumps site; on September 19, 2011, the City was notified the application had been approved and a consultant has been assigned to assist Gardena with technical aspects of the assessment and remedial action plan (RAP); a total of six ESAs were completed during FY 2011-2012; year to-date since the beginning of 2009 grant twelve (12) new ESA's have been completed and the City has leveraged over 30 new jobs. Two former brownfield sites now have new businesses and now employ a total of 30 people
7. Obtained TCSP Grant for road repair on Rosecrans Corridor; Notice of Completion was issued June 11, 2011
8. Partnered with SBCCOG for Sustainable Transportation Planning Grant; on October 21, 2011, the City was informed by the SBCCOG that funding had been obtained for all projects for the Sustainable Transportation Planning Grant. Gardena has been earmarked to receive \$100,000 for the Rosecrans Corridor Project; all funding will be maintained by the SBCCOG; consultant was hired in April; kickoff meeting held May 3, 2012, by SBCCOG. Area study has begun and is in process.

9. On August 16, 2011, the City submitted an application to the State HOME Program for an additional \$700,000 for the continuation of its Owner Occupied Rehabilitation Housing Program (OORP)
10. On December 20, 2011, the City received notification that its application for \$700,000 in State HOME Program funds for the continuation its Owner Occupied Rehabilitation Housing Program (OORP) was awarded funding. Continuation of program to begin in September 2012 through December 2014
11. On August 17, 2012 the City submitted an application to the State Home Program (HOME) for \$3.5 million gap financing for construction of 37-unit senior 202 Housing Project. The City received notification on November 16, 2011, that the HUD 202 application for senior housing jointly prepared with WASET, Inc., a nonprofit corporation, was awarded \$6.2 million in funding. The project will consist of a 37-unit senior housing complex to be constructed in the north end of the City.
12. On January 8, 2013, the Brownfields Program Manager attended the State HOME Grant Approval Committee Meeting in Sacramento; Gardena was awarded \$2.8 million for the Spring Park Senior Housing Project. . On February 27, 2013 City received the formal Gardena vote memo from HCD awarding Gardena \$2,974 million for the Spring Park Villa (WASET) Project.
13. On March 20, 2013, Staff and ED Consultant completed preparation and submitted an application to HCD for \$1 million in Prop C funds under the CalHome program for continuation and expansion of OOR Program
14. On June 14, 2013, the City Manager was notified that Gardena was not awarded funding under the CalHome Program; the majority of the awards were made to First-Time Home Buyer activities and Owner Occupied Rehabilitation Housing programs operated by larger cities

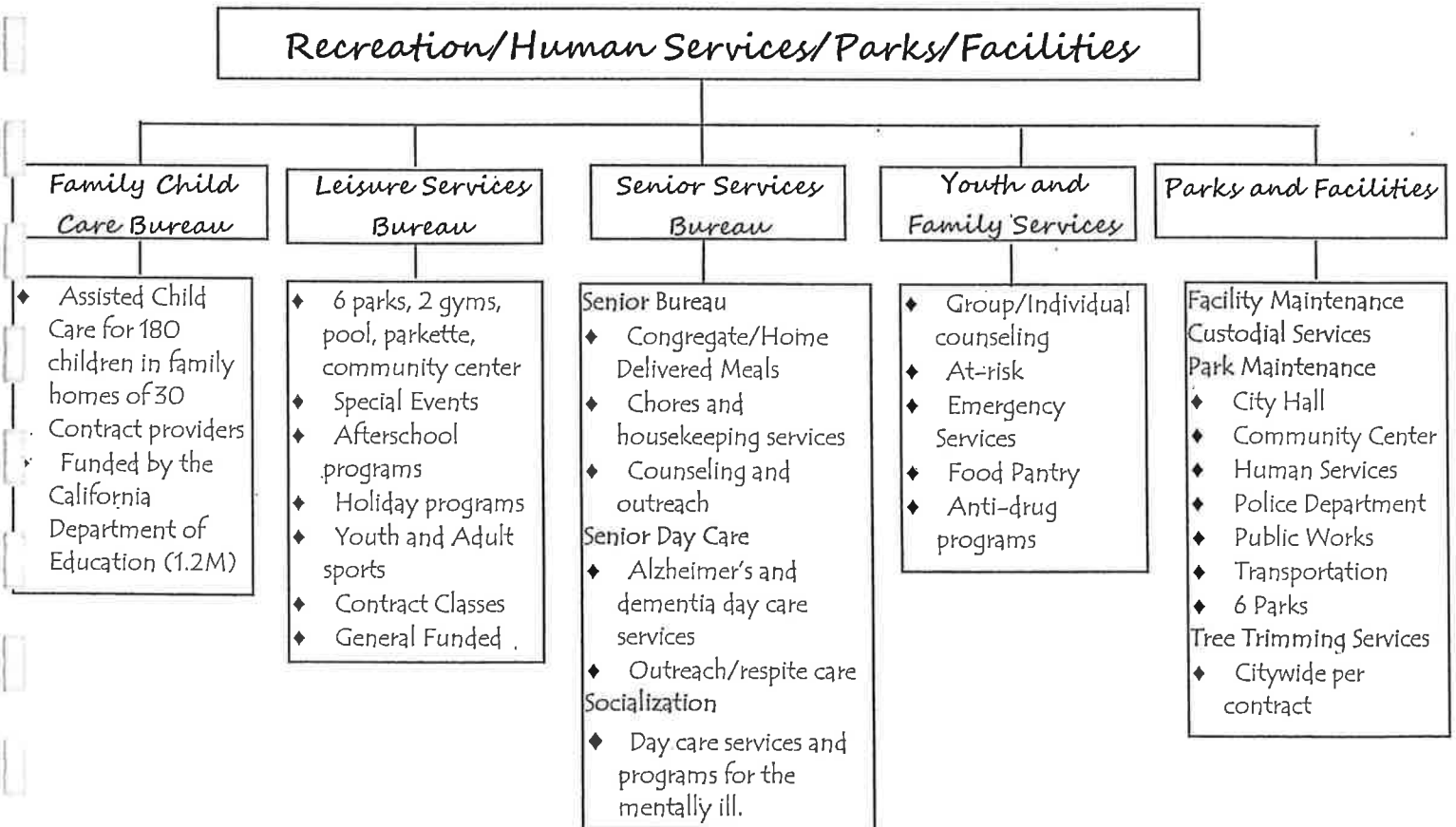
**Attractive Community- (Milestones Accomplished)**

1. Under the CalHome Program Income Account, one (1) loan has been approved. The current balance in this account is \$0.00 In January 2010, \$800,000 in State HOME Grant funds was awarded to the Owner Occupied Rehabilitation Program, the RFP process was completed and the Project Set Up was submitted in May 2010. Fifteen (15) loans/projects have been completed under the 2009 grant. Reimbursement Draws of approximately \$799,826.00 have been received. In March 2012 the City received \$700,000 in State Home funds for continuation of its Owner Occupied Rehabilitation Program. It is anticipated that ten (10) new single family/mobile homes will be assisted. Eleven (11) applications are in the process of final qualifications
2. The FY 2009 Western Avenue Façade Project is complete. A walk-thru of the project was done on December 21, 2010, and, after repainting of the buildings, the project was approved as final with contractor receiving cash deposit. The project assisted thirteen (13) business owners and saved twenty-two (22) jobs. Under 2010- 2011 new funding, one (1) rebate was issued under this funding. Business owners for the completed CDBG project are participating in matching monthly payments which are placed in the CDBG Program Income Account. A total of \$2,152.10 was received in the Program Income Account during FY 2011-2012; four (4) of the participants have completed their program funding obligation.
3. Two additional business have received rebates from 2012-2013 funding for program; the program continues to provide partial funding for one (1) Economic Development staff position; Program Income continues to be paid by façade participants (see Western Avenue Façade)

# MONTHLY REPORT

## *Recreation/Human Services/Parks/Facilities*

### August 2013



## *FAMILY CHILD CARE SERVICES BUREAU*

The Gardena Family Child Care Program (GFCC) is funded by the California Department of Education and operates under the Recreation and Human Services Department. Funding is provided for direct subsidized or free child care services in family homes in Gardena and the surrounding area for children of low-income families or those at-risk of abuse or neglect. Independent Contract Care Providers are hired to provide these services in their home. The Family Child Care staff must provide supervision, curriculum and oversight to these homes.

<i>Gardena Family Child Care Clients Served/Direct Services</i>	<b>August</b>	<b>August</b>	<b>F/Y To Date</b>
New Clients	16 families	20 children	125/191
Repeat Clients	106 families	165 children	N/A
Total Number of Clients	122 families	185 children	N/A
Cases Closed this Month	22 families	43 children	N/A
Inactive (but still open) Cases	1 families	2 children	N/A
Total Open Caseload	99 families	140 children	N/A
Counseling Sessions Provided	34 sessions		68 sessions
Total Units of Service Provided	3,162		6,962
Child Care Provider Home Visits	48		96

<i>Gardena Family Child Care Community Outreach Services</i>	<b>August</b>	<b>F/Y To Date</b>
Agencies contacted this month	48	N/A
Community Meetings attended	1	2
Community Presentations	2	5
Attendance at community presentations	203	235
Workshops/Trainings	2	5
Information/referral units of service	27	38

<i>Gardena Family Child Care Volunteer Support Services</i>	<b>August</b>	<b>F/Y To Date</b>
New Volunteers	20	36
Repeat Volunteers	1	1
Total Number of Volunteers	21	37
Total Number of Volunteer hours of service	41	108

### **Community Outreach Services**

#### **Community Meetings Attended**

CCDAA Southern Section Board planning meeting (8/15)

#### **Community Presentations Made (Number in Attendance)**

- A. Annual Family Night (8/1) 186 in attendance
- B. Provider Meeting, 8/28, 17 in attendance

#### **Conferences, Training or Workshops Attended**

- A. California Preschool Instructional Network (CPIN) Workshop "Preschool Learning Foundations, Volume I, Mathematics: Number Sense" (1 staff attended)

B. CPIN Workshop "Physical Development, Fundamental Movement Skills" (2 staff attended)

**Volunteer Support Services (Hours/Activities)**

One returning volunteer assisted with the Annual Family Night and Candy Fundraiser @ 8 hours.

20 new volunteers at Family Night

1 @ 5 hours

1 @ 2 hours

2 @ 1 hour (2 hours)

16 @ 1.5 hours (24 hours)

41 Total Volunteer Hours.

**Monthly Activities**

**Special Projects Update**

186 attended GFCC's Annual "Family Night Program" on August 1. Children, toddlers through 12 years of age preformed with song, dances and skits.

Family Night fundraisers: DVD sales of the special event made \$160.00 and there was an \$80.00 profit on juice boxes sold that evening.

The Annual Candy Fundraiser began on July 29<sup>th</sup> and ends on September 12. Money raised will be used for the Annual "Open House with Santa" and children's program supplies. Staff ordered an additional 25 boxes of candy to sell.

Interviews began in August for family child care providers who are interested in applying to be part of the Gardena Family Child Care Network. Providers are required to operate quality and educational programs and staff make home visits and provide technical assistance to ensure Title 22 (Licensing) and Title 5 (Department of Education) requirements are met.

The Provider Meeting on August 28 included general program information, Ratios-Type A Violations (Licensing Regulations), Stipend Program; and a Curriculum presentation; Provider acknowledgements (a provider will retire, educational accomplishments, and volunteers); Door prizes (educational materials) were provided.

**Completed Assignments/Monthly Activities**

1 recertification appointment

14 temporary transfers

15 appointments with new families to be enrolled

33 parent invoices and receipts were mailed

48 home visits and reports completed

6 parents placed on job search

8 children were permanently or long term transferred to other providers in the GFCC program

84 Notice of Actions were mailed to parents to reflect changes in parent's status, income, and/or contract hours

CDD 801B (State Report) and the CD 9806 Annual Report (State Report)

Child care providers utilized activities from GFCC's August curriculum theme packet

Distribution of supplies such as construction paper, easel paper, etc. to GFCC providers

Monthly CD9400 (State report)

Monthly CDD 801A (State report)  
Monthly children's attendance  
Monthly home visit calendar for providers  
Monthly newsletter and calendar (English and translated into Spanish) for parents and providers

Provider information rosters

Provider payroll

Review and tracking of DP's and Children's Progress Reports

The September curriculum was completed in advance by staff and distributed at the August 28 Provider Meeting to allow time for providers' planning and preparation of activities in their programs.

The staff Therapist/trainer provided 34 counseling sessions and 9 of those sessions was with new program families.

Tracking and collection of updated provider documentation including: liability insurance, CPR and First Aid information.

Updated provider insurance.

September Curriculum Theme: Preschool Basics \*\*Labor Day (9/2), Rosh Hashanah (9/5), Patriot Day (9/11), Grandparent's Day (9/8), Yom Kippur (9/14), National Hispanic Month (9/15-10/15), Mexican Independence Day (9/16), First Day of Autumn (9/22), Johnny Appleseed Day (9/26), and Native American Day (9/27).

### **Plans for Subsequent**

Send out information and applications to family child care providers regarding the GFCC program;

Follow-up with requirement changes for providers who transport GFCC children.

CONTINUE WITH: training of new staff.

FCCERS reviews of provider homes for 2013-14 FY.

Monthly home visits and reports.

Provider contract revision.

DP's and children's progress reports.

Observations and update information on children's referrals.

Updating and collecting parent documentation.

Recertification of families.

Updating providers' documentation such as insurance.

CPR.

FCC license information; and enrollment of children.

Candy fundraiser began July 29 and ends on September 12<sup>th</sup>.

## *HUMAN SERVICES*

<i>HUMAN SERVICES BUREAU Clients Served/Direct Services</i>	August	F/Y To Date
New Clients	88	97
Repeat Clients	62	0
Total Number of Clients	150	97
Total Units of Service Provided	900	582

<i>HUMAN SERVICES BUREAU Community Outreach Services</i>	August	F/Y To Date
Agencies contacted this month	30	16
Community Meetings attended	2	2
Community Presentations	0	0
Community Presentations Attendance	0	25
Workshops/Trainings	2	1
Information & Referral units of service	25	40

<i>HUMAN SERVICES BUREAU Volunteer Support Services</i>	August	F/Y To Date
New Volunteers	1	0
Repeat Volunteers	0	0
Total Number of Volunteers	1	0
Total Volunteer hours of Service	0	0

### **Community Outreach Services**

#### **Groups/Agencies Contacted as part of Routine Services**

ADAAP, Braille Institute, C.E.R.T. Classes, C.E.R.T.S., Captain Berran, Carson Community Services, Carson One Stop, Councilwoman Cerda, El Gardena Mobile Home, Fair Housing, Gardena One Stop, Gardena Police, Gardena Valley Baptist Church, General Relief, Info Line, Los Angeles School Police Diversion, and Pastor Childs.

**Community Meetings Attended - 3**

#### **Community Presentations Made (Number in Attendance)**

Gardena Valley Baptist Banquet Award for Human Services

**Conferences, Training or Workshops Attended - 1**

**Volunteer Support Services - none**

### **Monthly Activities**

#### **Special Projects Update**

Crisis Counseling, Duty Day for emergency food, Information and Referrals, Sorting canned food, and stocking the pantry.



Liaison to Churches and Schools, Gardena Police Department, and LA Fire Department.

**Completed Assignments/Monthly Activities**

Compiled monthly report and stats, information and referrals.

**Plans for Subsequent Months**

Gearing up for the Helping Hands Program.

<i>YOUTH &amp; FAMILY SERVICES BUREAU Emergency Services</i>	August	F/Y To Date
Bags of Food distributed	176	140
Information & Referral provided	41	40
Gardena Bus Tokens	10	16
Ralph's vouchers	43	34
Target vouchers	3	4
New Clients	88	108
Repeat Clients	62	0
Total Units of Service for the Month	900	648

Other Services Given: none

<i>YOUTH &amp; FAMILY SERVICES BUREAU Donations Received by YFSB</i>	August	F/Y To Date
Bags of Food	199	140
Boxes of Food	8	8
Cash	\$1,600.00	\$1,600.00
Estimated total value of Donations	\$9,018.00	\$4,295.00

Other Donations Received: 116 backpacks

***LEISURE SERVICES BUREAU***

**Significant Highlights/Special Events**

Saturday, August 10 Concert on the Lawn and Ice Cream Social at the Civic Center with entertainment by The Fabulous Esquires Big Swing Band.

Sunday, August 25 Jazz Festival Rowley Park, 11:30 am – 7:30 pm

**Upcoming Activities**

Sunday, September 28 Food, Wine & Cigar Festival at the Civic Center Plaza, 12:00 noon – 6:00 p.m., fund-raiser for the Senior Day Care Center.

Saturday, September 28 20<sup>th</sup> Annual Heritage Festival, at the Civic Center Plaza, and on 162<sup>nd</sup> Street

## **Continuing Activities/Programs**

### **Contract Classes**

Classes are held at various locations, including The Nakaoka Community Center, Rush Gymnasium, Chester Washington Golf Course, and City Parks – Freeman, Fukai, Johnson, Rowley, and Thornburg.

Registration began on August 12 for the classes beginning the week of August 26.

### **Farmer's Market**

The weekly market continues with an assortment of farmers providing organic vegetables and fruit. Lunch options vary from week to week.

### **After-School Programs**

This is a program for kids in 1<sup>st</sup> through 5<sup>th</sup> grade. Programs are held at Freeman Park, Rowley Park, and the Nakaoka Community Center during the school year. Schools serviced by this program are Amestoy, Denker, Gardena, 153<sup>rd</sup> Street, 156<sup>th</sup> Street, 186<sup>th</sup> Street, Purche and 135<sup>th</sup> Street Elementary schools.

The Fall 2013 program began August 13<sup>th</sup>.

### **Summer Day Camps/Spring & Winter Day Camp**

This program is for kids 6 to 12 years old. Summer day camps are held at Freeman and Johnson parks. Spring & Winter day camps are held at the Nakaoka Community Center. Day Camp hours are Monday through Friday from 7:00 a.m. – 6:00 p.m.

2013 Day Camp will begin June 10 through August 9. Fee is \$100.00 per week, per child.

### **Parents Night Out**

This program is for kids 6 to 12 years old held monthly during the school year. Activities change each month and a fee of \$10.00 to \$15.00 per person is charged.

## **Handicapped Programs**

### **Monthly Dance**

The Gardena Developmentally Disabled Program monthly dances are held on the second Friday of the month at the Nakaoka Community Center from 7:00 – 9:00 p.m. The cost is \$2.00 per person, which includes a D.J., free refreshments & door prizes.

The dance was held on August 9.

### **Sports/Special Olympics**

Saturday, September 14      Annual Bocce Ball tournament, 9:00 a.m. – 4:00 p.m. at the Civic Center

## **Leisure Activities**

### **Gardena Royal and Ancient Golf Association**

GRAGA sponsors monthly tournaments throughout the year for its members and guests.

The 2013 tournament schedule

January 12	General Old Golf Course	8:30 a.m.
February 16	La Mirada Golf Course	10:00 a.m.
March 23	The Golf Club at Rancho California	7:30 a.m.
April 20	Dad Miller Golf Course	9:00 a.m.
May 11	The Links at Summerly	8:00 a.m.
June 8	Annual Palm Springs Tournament At Escena Golf Club	
July 20	San Clemente Municipal Golf Course	11:00 a.m.
August 17	Dos Lagos Golf Course	9:00 a.m.
September 14	Santa Anita Golf Course	10:00 a.m.
October 12	Los Serranos Golf & Country Club (South)	9:00 a.m.
November	TBA	TBA

**Park Activities**

**FREEMAN PARK**

***FACILITY ACTIVITIES***

The Freeman Park Summer Day Camp completed its activities. The program had 70 participants registered and averaged 45-50 participants per week

The Freeman Park After School Program began on the 13<sup>th</sup> of the month. The program has 17 participants registered.

A Neighborhood Watch meeting was held on the 15<sup>th</sup> of the month. A total of 20 people were in attendance.

***SPORTS (Youth & Adult)***

Registration and recruitment for the Youth Flag Football season happened during the month.

***CLASSES***

Beginning Tap/Ballet class meets on Saturdays.

***GROUPS UTILIZING THE FACILITY***

Girl Scouts meet every other Wednesday at 6:30 p.m. The group averages 10 participants.

The Gardena Aikido Club meets every Tuesday, Thursday and Friday nights. The recorded attendance for the month is 24.

***RESERVATIONS***

Class Room 18

Picnic Shelter 3

***ATTENDANCE:*** 10, 575

***FUNCTIONS, MEETINGS, CONFERENCES, ETC... Attended During The Month***

Staff was at the weekly staff meeting. Staff was also in attendance at the 11<sup>th</sup> Annual City of Gardena Jazz Festival on the 26<sup>th</sup> of the month

***UPCOMING PROJECTS***

The Freeman Park Halloween program will be held on October 31<sup>st</sup>.

## **FUKAI PARK**

### ***FACILITY ACTIVITIES***

Ping pong tournaments on Tues and Thurs  
Pool challenges are played daily  
Board games  
Crafts on Fridays  
Basketball

### ***SPORTS (Youth & Adult)***

Flag football sign ups extended to Sept. trying to fill the teams

### ***SPECIAL EVENTS***

Jazz Festival

### ***CLASSES***

Dance class has about 10 kids  
Zumba has 6 – 10 participants

### ***GROUPS UTILIZING THE FACILITY***

Softball Practice

### ***RESERVATIONS***

Class Room	8
Diamond/Soccer Field	3
Kitchen	3
Picnic Shelter	2

### ***UPCOMING PROJECTS***

Keep Gardena Clean

## **JOHNSON PARK**

### ***SPECIAL EVENTS***

End of Summer Camp Party 8/10 Freeman and Johnson Summer Day Camp Park  
70 participants

### ***CLASSES***

Guitar Lessons	Monday	7:00-8:00 pm	10-12 participants
Tennis Lessons	Mon & Thurs	4:00-6:30 pm	10 participants

### ***GROUPS UTILIZING THE FACILITY***

DDP Tennis	Wednesday	6:30-7:30 pm	12-15 participants
Dog Obedience	Wednesday	6:30-7:30pm	18-20 dog participants
Summer Day Camp	August 1 - 10		
Neighborhood Watch	August 27		

### ***RESERVATIONS***

Class Room	13
Soccer Field	1
Basketball	27
Picnic Shelter	6

***ATTENDANCE:*** 1,987

### ***UPCOMING PROJECTS***

Fall/Winter Programing

### ***OTHER ITEMS OF INTEREST / PROBLEMS***

Graffiti on Skate Park

Dog walkers  
Skateboarders skating through basketball area  
Bike riding throughout park

## **ROWLEY PARK**

### ***FACILITY ACTIVITIES***

On Thursday August 1<sup>st</sup> Rowley Park was the host of its monthly Homeowners Meeting. It was approximately 80 residents in attendance. Topics that were discussed were the upcoming Jazz Festival, Police Services and other community concerns.

August 5<sup>th</sup> workers began working on the Gym roof getting it repaired to stop the leaks.

On August 25<sup>th</sup> Rowley Park was the host of the 11<sup>th</sup> annual Jazz Festival. We had artist such as Brian Culbertson, Mike Phillips, Nick Colione, DW3, and Youth Scholarship Band winners. It was approximately over 7,500 people who attended the show.

On August 28<sup>th</sup> the Basketball Courts at Rowley were removed due to damage of the flooring.

On August 29<sup>th</sup> The Martin Luther King Committee held a Martin Luther King program commemorating the I Have a Dream Speech and March on Washington. Some speakers include:

Paul Tanaka, Mayor

Dan Medina, Councilman

Rachel Johnson, Councilwoman

Terry Terauchi, Councilman

Mina Semenza, City Clerk

Tina McKinnor, Representative of Steven Bradford Assembly member 62nd district

Jerome Horton, Chairman Board of Equalization

Gloria Gray, Director, West Basin Municipal Water District

Entertainment consisted of Dancers from Courtney School of Dance and speaker Zion

Nunez. It was approximately 70 people in attendance.

### ***SPORTS (Youth & Adult)***

Adult Men's Softball league ended on August 12<sup>th</sup>. The winners of the league were team Mayhem.

Friday Nights Co-Ed Softball is being played on 2 diamonds

### ***CLASSES***

We have a total of 3 line dancing classes, one Zumba Class and a weekly tutoring class.

Line Dancing with Marva Black takes place on Monday and Wednesday at 6:30 in the Rowley Park Aud.

Line Dancing with Natalie Kelly every Friday at 6:30 in the Rowley Park Auditorium.

Zumba Class with Natalie Kelly has ended on Saturday at 10:00 am in the Rowley Park Aud. And is now replaced with Line Dancing

Tutoring with Breeze daily in the Rowley Park classroom.

### ***GROUPS UTILIZING THE FACILITY***

Second Time around Seniors Club

Young Champions

Gardena Homeowners Association

Buffalo Soldiers

MLK Committee

**RESERVATIONS**

Diamond/Soccer Field 9  
Auditorium 5  
Picnic Shelter 8

**ATTENDANCE:** 13,660 approximately

**UPCOMING PROJECTS**

Food Truck Festival  
Keep Gardena Beautiful  
Food Wine & Cigar Festival  
Employee Recognition

**OTHER ITEMS OF INTEREST / PROBLEMS**

Gym Roof  
Gym Remodeling  
Auditorium P.A. System  
Painting of the gym walls  
Women's Restroom Door is missing  
Remodeling Weight Room  
Rowley Park Beautification

**THORNBURG PARK**

**FACILITY ACTIVITIES**

Painting, sidewalk chalk, field day.  
Arts & Crafts Tuesday 4:00 – 5:00 pm  
Table Games Tuesday 5:30 – 6:00 pm  
Volleyball Thursday 5:00 – 7:00 pm  
Ping Pong Monday thru Friday 7:00 – 9:00 pm  
Dominos Friday 8:00 – 9:00 pm

August 9 Summer Festival, last day of summer BBQ, water day.

**SPORTS (Youth & Adult)**

South Softball and Baseball practice Monday through Thursday.

**CLASSES**

Martial Arts Monday, Wednesday, & Thursday 5:00-8:00pm  
Mommy & Me (18 mo. to 3 yr.) Friday 3:30 – 4:30 pm  
Mommy & Me (3 yr. to 5 yr.) Friday 4:30 – 5:30 pm

**GROUPS UTILIZING THE FACILITY**

Gardena Senior Day Care Monday thru Friday 10:00 a.m. – 1:00 pm  
Filipino Seniors Sunday 12:00 noon – 4:00 pm  
Gardena Day Care Monday – Friday 9:30 a.m. – 12:30 pm  
Neighborhood Watch Wednesday 7:00 – 8:00 pm

**RESERVATIONS**

Class Rooms 4  
Picnic Shelter 3

**ATTENDANCE** 800

**UPCOMING PROJECTS**

Fall activities

**RUSH GYM**

**GROUPS UTILIZING THE FACILITY**

Friends of Richard (FOR) Basketball League.

**RESERVATIONS**

Courts 49

**PRIMM POOL**

<i>Primm Pool June 8 through August 17, 2013</i>	<b>August</b>	<b>Season Total</b>
Mommy & Me Lessons Sold	0	96
Youth Lessons Sold	3	385
Adult Lessons Sold	0	44
DDP Lessons Sold	0	0
<b>Total Lessons Sold</b>	<b>3</b>	<b>525</b>

<i>Primm Pool June 8 through August 17, 2013</i>	<b>August</b>	<b>Season Total</b>
Attendance at Reservations	310	600
Youth Swim	373	1,719
Adult Swim	151	625
Lap Swimming	58	141
Water Aerobics	28	44
Day Camp Kids (no charge)	40	190
Day Camp Staff (no charge)	6	17
<b>Total Attendance</b>	<b>966</b>	<b>3,349</b>

<i>Primm Pool 2013</i>	<b>August</b>	<b>Season Total</b>
Reservations (June, July, August, September)		6
ID Cards	34	447

Recreation Swim sessions ended Saturday, August 17

**Trainings And Meetings**

**Commission Meetings**

Youth Commission; second Thursday of the month	August 8
Recreation and Parks Commission; second Monday of the month	August 12
Senior Citizens Commission; fourth Wednesday of the month	August 28

**Weekly Staff Meetings**

Staff meetings continue on a weekly basis for those who are responsible for a facility and/or program. Procedures, rules and expectations are continually reiterated. Official notes are taken and distributed for access by all recreation leaders. Meetings are held every Wednesday.

## Youth Sports

### Youth Sports Advisory Board

Staff continues as liaison to the YSAB. The Board continues to operate as an extension of the Department and assist in the resolution of youth sports issues, fundraise for financial assistance of programs and more.

### Tiny Hot Shots

This free program is open to children 5 to 7 years old, with the focus on teaching the fundamentals and skills of the game. The six-week program is held on Tuesdays and Thursdays at every park.

### Youth Boys Baseball and Girls Softball

Closing Ceremonies for Youth Baseball and Softball will be held July 20<sup>th</sup> at Rowley Park.

## *SENIOR SERVICES BUREAU*

The Gardena Senior Services Bureau provides services for senior citizens or disabled residents. These include congregate and home-delivered meals, chores and housekeeping services, emergency services, outreach and counseling services. The Bureau is also responsible for the administration of the Senior Day Care Center (Alzheimer's Clinic) and the Socialization Program for the Mentally Disabled.

### Significant Highlights/Special Events

- |                     |   |
|---------------------|---|
| Tuesday, August 13  | Summertime Special Lunch. We had door prizes and music, and there were 120 seniors present. |
| Thursday, August 22 | Candlelight Dinner, entertainment by the Golden Sounds Choral Group.                        |
| Tuesday, August 27  | Hollywood Bowl, Russian Masterworks   |

### Upcoming Events

- |                         |   |
|-------------------------|---|
| Sunday, September 8     | Gardena Elks Club hosted Grand Parents Day Breakfast. Tickets are purchased at the Nakaoka Community Center for \$ 1.00, when they show up to the breakfast the \$1.00 is refunded. Many of the attendees donate their dollar to the program. |
| Friday, September 6     | Aquarium of the Pacific Trip  |
| Wednesday, September 11 | Patriot Day Lunch, entertainment by the Willowbrook Line Dancers  |



Thursday, September 26      Candlelight Dinner, entertainment by Kamelewai Hula Group  
Saturday, October 12      Fillmore Train Tour  
Thursday, December 5      Palm Springs Follies

**Direct Services**

3,499 meals were served at the four senior nutrition sites in the cities of Lawndale and Gardena. 3,068 Meals on Wheels were served to isolated homebound senior citizens residing in Gardena.

Senior Sunshine Breakfast served on Wednesday morning at the Nakaoka Community Center.

**Volunteer Usage**

Total August 2013 volunteer hours in the Senior Citizens Bureau were 1,490.5

**Quality Assurance Meeting**

Held on August 8; site managers, Nutrition Services Coordinator, our Registered Dietician and Caterer were present.

**Volunteer Activities**

The Top Notch Volunteer Club met on August 7, 2013.

**Continuing Activities/Programs**

**Gardena on the Go Travel Club**

This program offers trips throughout the year for senior citizens.

**Be Well Exercise/Nutrition Class**

Meets from 9:00 – 11:00 a.m. every Thursday. A registered dietician conducts this free program in nutrition and exercise.

**Bet Tzedek**

Free legal assistance for seniors, in areas such as Wills, Power of Attorney for Health Care, housing issues, consumer fraud, etc. Funded in part by the Area Agency on Aging through the Older Americans Act of 1965. Appointments are made through the Senior Citizen Bureau.

**Blood Pressure Screening**

Done on the third Wednesday of the month, by retired RN, Ruth McBride

**Diabetic Support Group**

Meets from 10:00 a.m. to 12:00 noon on the Third Tuesday of each month in Room F of the Nakaoka Community Center. Angela Anderson, R.D, leads the group. Angela is available to meet with clients to assist at a personal level and monitor the client as needed.

**Movie Monday**

A movie is shown on the second and fourth Monday after the Scamp Senior meals program. Free popcorn and punch are available.

**Scamp Candlelight Dinner**

Dinner and entertainment is offered on the third Thursday of every month. Beginning at 5:00 p.m. the evening features a special dinner menu followed by a different entertainer every month.

**SCAMP Sunshine Breakfast**

Breakfast is served Wednesday morning, 8:00 a.m. – 9:00 a.m.

**Senior Thrift Sale**

Held every Wednesday 7:30 - 11:00 a.m. in the Nakaoka Community Center Auditorium.

**Special Transit Photo I.D.**

Photos are taken on Tuesdays.

***GARDENA SENIOR CITIZEN’S DAY CARE CENTER***

The Gardena Senior Citizen’s Day Care Center is funded through grants from the County of Los Angeles Department of Mental Health and the Area Agency on Aging. The Program, one of only seven in all of Los Angeles County, provides day services to those who suffer from Alzheimer’s and other forms of dementia and is housed in the St. John Lutheran Church on Crenshaw Boulevard. Family support services, in the form of counseling and trainings are also provided to caretakers.

<i>SENIOR DAY CARE Clients Served/Direct Services</i>	<i>August</i>	<i>F/Y To Date</i>
New Clients	2	4
Repeat Clients	29	58
Total Number of Clients	31	62
Number of Clients officially terminated	2	5
Number of Inactive Clients	1	1
Total Open Caseload	30	58
Total Units of Service provided (client contact)	43	80
Information/Referral units of Service provided	8	13

<i>SENIOR DAY CARE Community Outreach Services</i>	<i>August</i>	<i>F/Y To Date</i>
Agencies contacted this month	4	8
Community Meetings attended	0	0
Community Presentations	0	0

<i>SENIOR CARE Volunteer Support Services</i>	August	FY To Date
New Volunteers	0	0
Repeat Volunteers	7	14
Total Number of Volunteers	7	14
Total Volunteer hours of Service	111.5	178.5

### Community Outreach Services

#### Groups/agencies contacted as part of Routine Services

Alpine Village, Gardena Senior Bureau, Gardena Special Transit, and LA County Library

Community Meetings Attended - none

Community Presentation Made - none

### Volunteer Support Services

Volunteers	Hours
Sue Fujinaga	1
Ikuko Honda	12
H. Florence Kubota	1
EA Poole	10
Wanya Quintana	56
Kanji Sahara	1.5
Yoshiko Sasahara	30
<b>Total Volunteer Hours</b>	<b>111.5</b>

### Monthly Activities

#### Completed Assignments/Monthly Activities

Hurricane Katrina Tribute, Obon Festival, Remembering Mother Teresa, Birthdays Celebration, and Distinguished Site Visit

#### Plans for Subsequent Months

911 Tribute  
 Oktoberfest  
 Librarian  
 Entertainment by Cali Rose

Donations: \$385.00

SCAMP meals: \$550.00

## Building Maintenance

Building Maintenance completed 33 requests for service in the month of August 2013. There was 15 projects completed the same day as requested, 7 projects completed in 2-3 days, 10 projects completed in 4-10 days, 1 project completed 11-29 days.

Rowley Park was given some updated attention for the Jazz Festival. The Playground apparatuses were touched up with fresh paint, the wading pool border, the picnic areas, the retaining walls, and the Police Annex bathrooms were all touched up with paint as needed. The old lower level bathroom bunker was cleaned out and the sign stakes for walkways, the ball diamond tarps and the event entry signs were all put away in a neat order. The walkways for the events were created with paint boundaries and walkway signs were installed. Emergency walkways for handicapped visitors to the Festival were installed. Water containers were set up to service the hand wash machines as needed.

Several Light bulbs and tubes were swapped out across the City. Basketball nets were replaced at Rush Gym. Councilman Terrauchi's name plate was replaced on his photo in the City Hall Foyer. Several locks were worked on, soap dispensers were replaced as needed, Sr. Day Care's Office chair was repaired and some graffiti was removed from the Rush Gymnasium and Rowley Park Gymnasium.

Several drains were cleared and other plumbing tasks completed such as the drain lines at Thornburg and Bell Park. Florescent tubes were replaced this month city-wide. Several toilets were adjusted to flow properly.

## *GARDENA SOCIALIZATION PROGRAM FOR THE MENTALLY ILL*

The Gardena Socialization Program operates within the Senior Citizen's Day Care Center and is funded through grants from the County of Los Angeles Department of Mental Health. The Program provides for services of the mentally ill and includes daily class sessions of life skills, coordination, crafts and other recreational services and more.

### *PARK MAINTENANCE DIVISION*

<b>Areas in August 2013</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>F/Y TD</b>
Tree Calls	5	3	4	2	1	1	430
Trees Trimmed	20	7	0	4	1	0	852
Trees Removed	1	0	0	1	0	0	27
Trees Planted	1	0	0	0	3	0	11
Trees Trimmed via Contractor							
							1,500

### *FACILITIES MAINTENANCE DIVISION*

#### **Park Maintenance**

Park Maintenance received 15 requests for service in the month of August 2013. They completed 15 projects during the month for a 100% completion rate. There were 10 projects completed the same day as requested, 5 projects completed in 2-3 days, 0 projects completed in 4-10 days, 0 project completed in 11-29 days.

The Maintenance Group worked on getting Vermont Islands back up and watering. They replaced one of the controllers and went through sprinkler heads to repair as needed. There is a Water Line leak in the main service line that goes from the street curb under the street to the island that needs to be repaired. The project will require that the street be shut down, the line located, the asphalt dug up as needed and once we get to the water line leak a determination of the best way to repair it must be made to get these northern islands back on line and water flowing. We hope to do the repair during the September reporting period.

Another water service line leak that was repaired at Arthur Johnson Park near the main office.

The Maintenance Crew put a lot of effort into Rowley Park to have it ready for the Jazz Festival. They backfilled holes in the turf, trimmed trees and grass, marked the irrigation system, got grass very green and weeded and planted the east side hill.

**Monthly Report  
September 10, 2013**

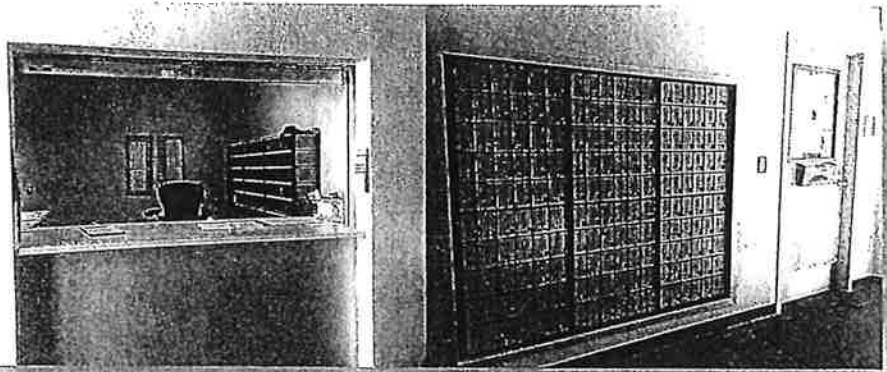
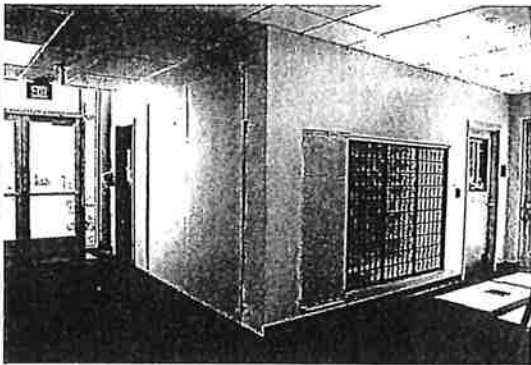
August 2013  
Transportation Department Monthly Report

**TO:** Mitchell G. Lansdell, City Manager  
**FROM:** Jack Gabig, Transportation Director

**DEPARTMENT ACTIVITIES**

**Transportation Facility Modifications**

August brought the completion of the Facility modifications which included improvements to the Dispatch Center, new access to the Operator Lounge and creation of a new Operations Superintendents office. Transportation Facility Supervisor Steve Lewis can be credited with performing the bulk of the improvements in-house, saving the department from having to contract the work out at an increased cost.



*Before (April 2013) and After (August 2013)*

**Marketing Plan Development**

On August 13, 2013, a team of staff members from operations, maintenance and administration along with representatives from Pulsar, the marketing consultant team conducted a half day "war room" brainstorming meeting. This meeting was a critical step in the development of the marketing plan that will be delivered at the beginning next month.



**Community Outreach**

On August 4, 2013, GMBL accommodated LA Freewaves, a local non-profit group in Los Angeles, by allowing them to use a transit bus to shoot a community health video. We received a thank you email from Ann Kaneko of LA Freewaves.

*"Thank you so much for making it possible to shoot on the Gardena City bus. It went very smoothly on Sunday, and the bus supervisors were very nice and helpful. We had a great time, and it was a very successful shoot...Gardena is a very*

*special place that you, above all of the other municipal bus lines, made it possible for us to shoot his community health video. Many, many thanks!"*



On August 6, 2013, GMBL joined Gardena PD and participated in the 30<sup>th</sup> Annual National Night Out at Target in Gardena.

On August 10, 2013, GMBL participated in the 4<sup>th</sup> Annual Operation Backpack. During this event GMBL gave away pencils, binder pencil pouches, TAP card coupons and information. GMBL experienced an increase in Student TAP card sales after the event.

### Mayor's Visit

On August 8<sup>th</sup>, Mayor Paul Tanaka and his son were provided a tour of the Transportation department. Deputy Director Paula Faust escorted Mayor Tanaka and his son through the

maintenance facility with the help of Brad Bowling who did a great job tailoring the tour especially for the Mayor's son.

### Director's Activities

Director Jack Gabig attended the following meetings and events during the month of August:

- 8/06/13 The Route Supervisor Skill Building Workshop at the Holiday Inn in Torrance.
- 8/07/13 The Southern California Regional Transit Training Consortium board meeting.
- 8/19/13 The I-405 (OC Line to LAX) HOV to HOT Conversion Feasibility Study Stakeholders Meeting at LA Metro in Downtown Los Angeles.
- 8/22/13 The Executive Committee of the Southern California Regional Transit Training Consortium at Cerritos College.
- 8/29/13 The Metro Service Council Orientation at LA Metro in Downtown Los Angeles.

## DIVISION ACTIVITIES: ADMINISTRATION

### Procurements/Contract Administration

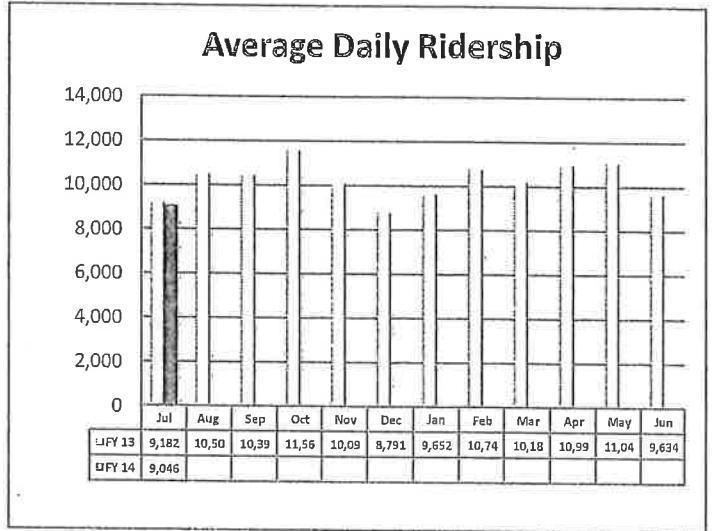
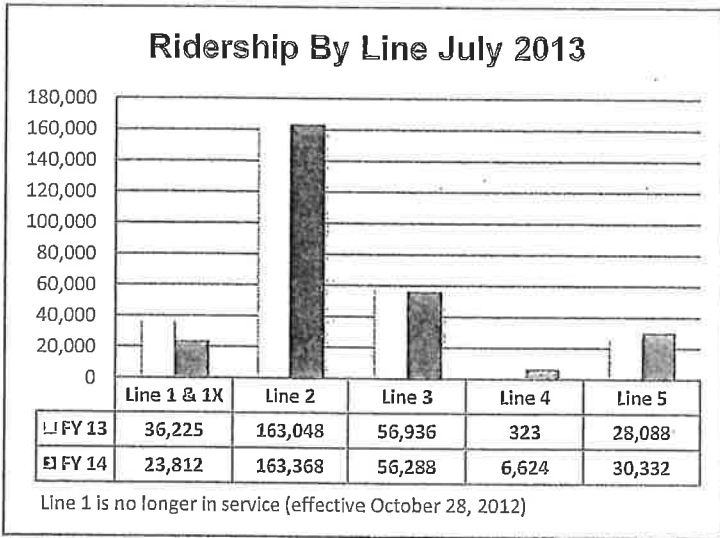
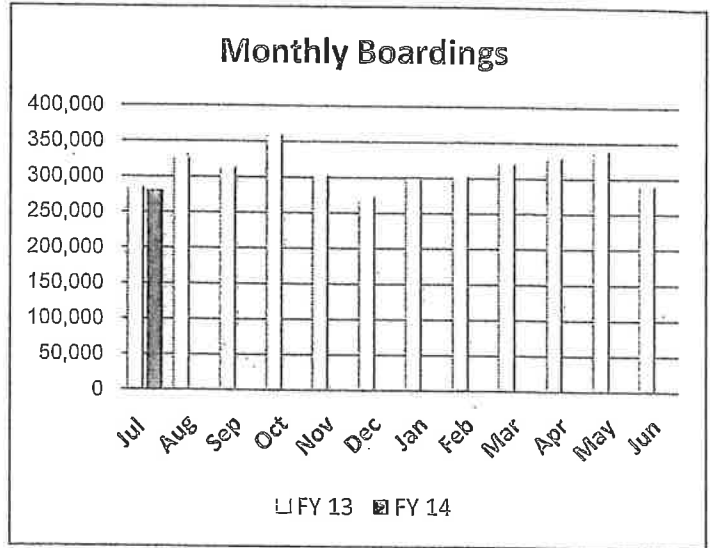
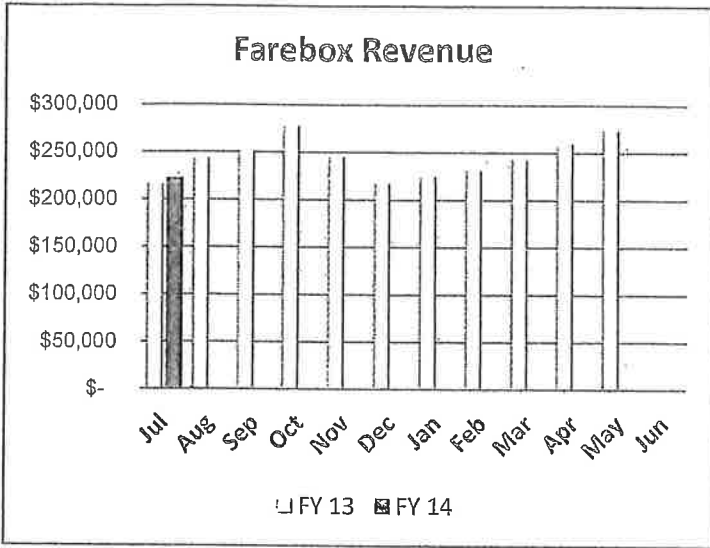
The following procurements and projects were active during the month of August:

*Tire Lease.* On August 15, 2013, GMBL and Goodyear met to discuss the implementation of the new tire lease program beginning September of 2013.

*Regulatory Compliance Consultant.* Rod Goldman of Diversified Transportation Concepts worked with Deputy Director Paula Faust to complete the 2013 Title VI Compliance Report. The draft of the report should be ready late September.

*Bus Security Camera Project.* MLG Consulting met with GMBL staff to discuss project details. On August 2, 2013 they met with the Gardena Police Department and the City's IT department to discuss the integration of the bus cameras. MLG consulting also held a focus group with Bus Operators and Mechanics on August 7, 2013.

## Ridership and Revenue Statistical Analysis



July 2013 farebox revenue shows an increase of 3% over the same month last year, with ridership decreasing by 1.5% for the same period. The July year-over-year decrease in ridership can be attributed to:

- The cancellation of Line 1 and changes to Line 1X service to downtown Los Angeles that occurred in October 2012. These changes have contributed to a 34% decrease in ridership (12,403) in July year over year for the combined Line 1 and 1X passengers.

The line that experienced a significant increase in July 2013 was Line 4. Line 4 continues to experience the largest margin of growth since the October 2012 service change with July 2013 ridership up 6,302 passengers over the same month last year.

The decline of Line 3's ridership has slowed since its original drop in December 2012 (approximately 5,000 psgrs). July's year-over-year decrease was 1% (648 psgrs).



**Department Appointments/Training/ Recruitments/Commendations**

*Recruitments/Appointments*

- On August 5, 2013, Part-time Bus Operators Helena Cottrell and Tavell Beans were promoted to full-time Operators.

*Trainings/Workshops/Regional Meetings*

- On August 1, 2013, Deputy Director Paula Faust, Administrative Analyst Stephany Santin and Admin Aide Christy Poelter attended a follow-up meeting with the Executime software representatives at City Hall to further analyze their product as a timekeeping and payroll solution for the Transportation department.
- On August 8-9, 2013, Administrative Analyst Stephany Santin attended a Project Management workshop in Anaheim, CA.
- Mechanics Russ Averill and Osvaldo Arechiga attended a 2-day training class for “Advanced Hybrid Diagnostics” at Montebello Transit.

**DIVISION ACTIVITIES: OPERATIONS**

**Supervisor Skill Building Training**

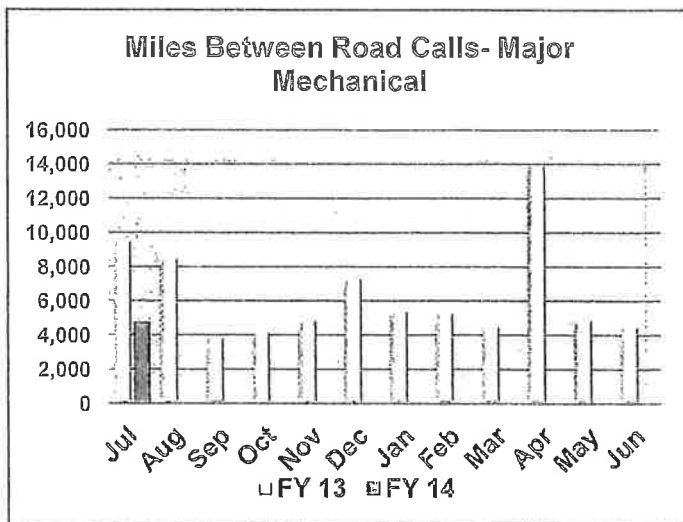
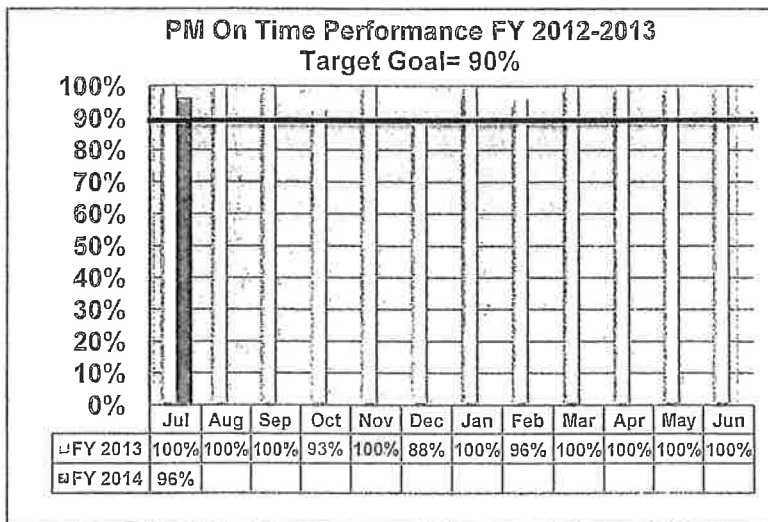
Insight Strategies, GMBL’s training consultants, met with the Route Supervisors on August 6<sup>th</sup> to continue their skill building training. The training workshops will continue through November. Up to now the Supervisors’ feedback has been very positive. Follow-up assessments are scheduled to be conducted at the three and six month post training marks.

**Special Transit**

On August 28, 2013 a Special Transit Rap Session was held. Along with general topics of discussions the changes to trip sheet and timesheet procedures were discussed. Special Transit Operators were also giving the opportunity to voice any suggestions or concerns involving the program. The Operators comments are currently being reviewed.

**DIVISION ACTIVITIES: MAINTENANCE**

**Maintenance Statistical Analysis**



### **Maintenance Statistics Analysis**

Mechanical road calls had been on the decline since September of 2012; July experienced a slight decrease from June, the major issues continue to be the bus engine, air system and cooling system failures.

### **Maintenance Project Updates**

*Preventative Maintenance for Police Vehicles.* Maintenance Superintendent Tony Cohen is working on the program adjustments to fit the Police Department's budget and manpower. These changes will delay the implementation of ADAMS until October 1, 2013.

### **CHP Inspections**

Superintendent Tony Cohen will be conducting a pre CHP inspection on September 9<sup>th</sup> in anticipation of CHP inspection scheduled early October 2013. GMBL's Maintenance and Operations department will work together to ensure that both vehicle and training audits go smoothly.



**AGENDA**  
**CITY OF GARDENA**  
**FINANCE COMMITTEE MEETING**  
City Manager's Conference Room  
Tuesday, May 21, 2013 – 10:00 A.M.

---

1. Call to Order
2. Approval of Minutes of Last Meeting
  - a. February 19, 2013
3. Fiscal Year 2012-2013 – Third Quarter Report; Projected Year End
  - a. General Fund
  - b. Enterprise Funds – Transportation
  - c. Summary All Funds
4. Fiscal Policy Recommendations
  - a. General Fund Reserve Policy
  - b. Fiduciary Responsibility Policy
  - c. Special Funding Policy
  - d. Fraud Policy
5. Fiscal Year 2013-2014 – Updated Projections Second Year of Two-Year Budget
6. Staff Reports and Communications
  - a. City Treasurer – Investment Reports
  - b. City Manager - Updates
7. Oral Communications
8. Calendar
  - a. City Council Meeting - June 25, 2013
    - i. *Adopt Resolution/s Establishing Revised Fiscal Policies*
    - ii. *Adopt Resolution Designating City Finance Director*
    - iii. *Adopt Appropriating Resolutions for FY13/14 Budget (Second Year Budget)*
9. Adjournment

# CITY OF GARDENA FINANCE COMMITTEE



*Paul K. Tanaka*

*Mayor, Committee Chair*

*Tasha Cerda*

*Councilmember*

*J. Ingrid Tsukiyama*

*City Treasurer*

*Mitchell G. Lansdell*

*City Manager*

## QUARTERLY FINANCE REPORT THIRD QUARTER - FISCAL YEAR 2012/2013

### FINANCE COMMITTEE MEETING

**May 21, 2013, 10:00 a.m.**

**City Manager's Conference Room**

**PREPARED BY: Elected and Administrative Offices – Fiscal Resources Division**  
*D. Christine Hach, Director/Assistant City Manager - Finance Officer*  
*Mary Barnhart, Accounting/Finance Manager*

# FINANCE COMMITTEE REPORT

## TABLE OF CONTENTS

### THIRD QUARTER - FISCAL YEAR 2012/2013

THIRD QUARTER SUMMARY GENERAL FUND, TRANSPORTATION, ALL FUNDS .....	1
GENERAL FUND RESERVE POLICY .....	5
PROPOSED AMENDED BUDGET FY12/13 AND FY13/14 .....	9



**Elected and Administrative Offices – Fiscal Resources Division**  
*Finance Officer - D. Christine Hach, Director/Assistant City Manager*  
*Mary Barnhart, Accounting/Finance Manager*

*Accounting Staff*

*Alice Silva, Maribel Cruz, Susan Kamada, Danny Rodriguez, Diana Schnur, Mary Simonell*

# FISCAL YEAR 2012/2013

## THIRD QUARTER SUMMARY GENERAL FUND

Revenue Sources	Third Quarter Compare to Prior Year			Adopted Budget FY13	3rd Qtr % of Budget	Adopted Budget FY14
	3rd Qtr FY12	3rd Qtr FY13	Increase/ (Decrease)			
* Sales and Use Tax	4,618,196	5,112,437	494,241	8,300,000	61.60%	8,400,000
* Card Club	4,903,590	5,194,558	290,968	7,750,000	67.03%	7,943,750
* Property Taxes	3,345,787	3,532,990	187,204	5,705,000	61.93%	5,870,000
* Utility Users Tax	3,541,151	3,495,055	(46,096)	5,400,000	64.72%	5,400,000
* Motor Vehicle in Lieu	2,340,434	2,376,248	35,815	4,825,000	49.25%	4,825,000
Charges to Funds/Transfers	990,000	990,000	-	2,705,332	36.59%	2,723,125
Franchises Taxes	1,007,330	1,036,441	29,111	2,273,200	45.59%	2,299,150
Business License Taxes	1,992,009	2,071,743	79,734	2,220,000	93.32%	2,470,000
Current Service Charges	1,661,215	1,477,006	(184,209)	2,038,258	72.46%	2,055,258
Other Revenue	502,667	1,007,349	504,682	1,482,000	67.97%	1,174,000
Fines and Forfeitures	958,493	681,355	(277,139)	1,126,500	60.48%	1,151,500
Licenses and Permits	640,917	627,709	(13,208)	837,890	74.92%	864,085
Other Taxes	310,037	409,427	99,390	525,000	77.99%	525,000
Other Government Agencies	255,440	269,024	13,584	373,700	71.99%	373,700
Investments / Rentals	204,728	216,742	12,014	235,000	92.23%	235,000
** Computer Replacement	45,731	90,850	45,119	83,200	109.20%	94,000
** Equipment Revolving	298,536	103,534	(195,002)	120,000	86.28%	120,000
** Senior Funds	91,156	75,085	(16,071)	106,630	70.42%	108,111
<b>Total Combined General Fund Revenues</b>	<b>27,707,419</b>	<b>28,767,555</b>	<b>1,060,136</b>	<b>46,106,710</b>	<b>62.39%</b>	<b>46,631,679</b>
<b>Expenditures</b>						
Elected & Administrative Offices	2,732,281	2,780,155	47,874	4,222,752	65.84%	4,172,758
Police, Streets & Development Services	16,498,620	17,270,711	772,091	23,770,229	72.66%	24,247,227
Recreation, Human Services, Parks & Facilities	3,537,964	3,622,166	84,202	5,193,243	69.75%	5,244,100
Transportation - Equipment Maintenance	183,418	242,023	58,605	398,304	60.76%	401,838
*** Non-Department	9,218,330	10,263,522	1,045,192	12,097,431	84.84%	12,147,843
** Computer Replacement	150,162	85,462	(64,701)	83,200	102.72%	94,000
** Equipment Revolving	371,155	422,037	50,882	120,000	351.70%	120,000
** Senior Funds	93,534	88,126	(5,408)	106,630	82.65%	108,111
<b>Total Combined General Fund Expenditures</b>	<b>32,785,464</b>	<b>34,774,201</b>	<b>1,988,737</b>	<b>45,991,789</b>	<b>75.61%</b>	<b>46,535,877</b>

\* Top Five Revenue Sources

\*\* Funds are budgeted separately but are part of General Fund in the CAFR.

\*\*\* 3rd Qtr FY13 Non-Department includes purchase of corner property on Western Avenue/162nd Street

# FISCAL YEAR 2012/2013

## THIRD QUARTER SUMMARY ALL FUNDS

Fund	Revenue Budget	Revenue Actual	% Received	Expenditure Budget	Expenditure Actual	% Expended
<b>General Fund</b>						
General Fund	45,701,042	28,660,814	62.71%	45,606,121	34,178,577	74.94%
Computer Replacement	83,200	90,850	109.20%	163,200	85,462	52.37%
Equipment Revolving	120,000	103,534	86.28%	120,000	422,037	351.70%
Integrated Care Mgmt Demo	-	2,560	0.00%	-	6,173	0.00%
Sr Citizens Day Care Ctr Trust	106,630	72,525	68.02%	106,630	81,953	76.86%
<b>General Fund Combined</b>	<b>\$ 46,010,872</b>	<b>\$ 28,930,284</b>	<b>62.88%</b>	<b>\$ 45,995,951</b>	<b>\$ 34,774,201</b>	<b>75.60%</b>
<b>Special Revenue Funds</b>						
Consolidated Lighting	649,850	422,610	65.03%	716,296	426,193	59.50%
Capital Improvement Projects	16,004,840	2,995,494	18.72%	16,266,738	2,909,443	17.89%
Public Work Grants	10,124,188	915,897	9.05%	11,813,557	457,465	3.9%
State Gas Tax	1,663,191	843,103	50.69%	1,547,047	884,839	57.2%
Prop C	767,015	595,861	77.69%	1,270,000	265,800	20.9%
Human Services Grants	1,686,167	1,406,792	83.43%	1,686,167	1,319,507	78.3%
Employment & Training Grants	655,304	322,491	49.21%	782,296	488,834	62.49%
Asset Seizure	516,500	497,653	96.35%	1,529,600	708,104	46.29%
Public Safety Grants	1,559,926	742,436	47.59%	1,631,320	1,265,709	77.59%
Economic Development Grants	626,051	-	0.00%	820,113	78,897	9.62%
CDBG Grants	1,176,149	308,057	26.19%	1,204,802	528,839	43.89%
<b>Total Special Revenue Funds</b>	<b>\$ 35,429,181</b>	<b>\$ 9,050,393</b>	<b>25.55%</b>	<b>\$ 39,267,936</b>	<b>\$ 9,333,629</b>	<b>23.77%</b>
<b>Proprietary Funds</b>						
Bus Lines includes Measure R	22,507,469	11,306,873	50.24%	21,910,946	14,011,490	63.95%
Sewer	775,000	429,206	55.38%	1,324,919	776,161	58.58%
<b>Total Proprietary Funds</b>	<b>\$ 23,282,469</b>	<b>\$ 11,736,078</b>	<b>50.41%</b>	<b>\$ 23,235,865</b>	<b>\$ 14,787,651</b>	<b>63.64%</b>
<b>Internal Service Funds</b>						
Liability Insurance	1,013,540	745,918	73.60%	1,557,644	1,287,448	82.65%
Worker's Compensation Fund	1,300,826	605,537	46.55%	1,169,051	1,273,472	108.93%
Health Insurance Fund	7,554,150	5,867,721	77.68%	5,365,000	5,494,383	102.41%
<b>Total Internal Service Funds</b>	<b>\$ 9,868,516</b>	<b>\$ 7,219,175</b>	<b>73.15%</b>	<b>\$ 8,091,695</b>	<b>\$ 8,055,303</b>	<b>99.55%</b>

*Budgeted expenditures may exceed budget revenues due to carryover funds which are funds the City has already received and is available for spending. The funds are listed in four major categories: General Fund, Special Revenue Funds, Proprietary Funds, and Internal Service Funds. These categories mirror the grouping of the funds in the City's Annual Financial Report (CAFR).*

# GENERAL FUND BALANCES

AUDITED - Fiscal Year 2011/2012 GENERAL FUND - BUDGET	Audited Fund 010 FY11/12	Assigned Fund 014	Assigned Fund 015	* Assigned Senior Funds	* Audited Combined Balance FY 11/12
Beginning Gen Fund - Audited Reserve Balance June 2011	8,443,281	511,359	312,391		9,267,031
Revenues - Inclusive of Transfers-in	45,357,587	62,498	415,993	116,850	45,952,929
Expenditures - Inclusive of Transfers Out	(44,598,653)	(153,339)	(390,103)	(116,850)	(45,258,945)
<b>Ending Gen Fund - Audited Reserve Balance June 2012</b>	<b>9,202,215</b>	<b>420,517</b>	<b>338,282</b>	<b>0</b>	<b>9,961,015</b>
<b>Change to Prior Year "Total" Balance (Gen Fund Reserve)</b>	<b>758,935</b>	<b>(90,842)</b>	<b>25,890</b>	<b>0</b>	<b>693,984</b>
<b>ADOPTED - Fiscal Year 2012/2013 GENERAL FUND - BUDGET</b>	<b>Adopted Fund 010 FY12/13 Budget</b>	<b>Assigned Fund 014</b>	<b>Assigned Fund 015</b>	<b>* Assigned Senior Funds</b>	<b>* Adopted Combined Balance FY 12/13</b>
Beginning Gen Fund - Adopted Reserve Balance June 2012	9,018,363	420,296	343,611	0	9,782,270
Revenues - Inclusive of Transfers-in	45,796,880	83,200	120,000	106,630	46,106,710
Expenditures - Inclusive of Transfers Out	(45,681,959)	(83,200)	(120,000)	(106,630)	(45,991,789)
<b>Ending Gen Fund - Adopted Reserve Balance June 2013</b>	<b>9,133,284</b>	<b>420,296</b>	<b>343,611</b>	<b>0</b>	<b>9,897,191</b>
<b>Change to Prior Year "Total" Balance (Gen Fund Reserve)</b>	<b>114,921</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>114,921</b>
<b>ADOPTED - Fiscal Year 2013/2014 GENERAL FUND - BUDGET</b>	<b>Adopted Fund 010 FY13/14 Budget</b>	<b>Assigned Fund 014</b>	<b>Assigned Fund 015</b>	<b>* Assigned Senior Funds</b>	<b>* Adopted Combined Balance FY 13/14</b>
Beginning Gen Fund - Proposed Reserve Balance June 2013	9,133,284	420,296	343,611	0	9,897,191
Revenues - Inclusive of Transfers-in	46,309,568	94,000	120,000	108,111	46,631,679
Expenditures - Inclusive of Transfers Out	(46,213,766)	(94,000)	(120,000)	(108,111)	(46,535,877)
<b>Ending Gen Fund - Adopted Reserve Balance June 2014</b>	<b>9,229,086</b>	<b>420,296</b>	<b>343,611</b>	<b>0</b>	<b>9,992,993</b>
<b>Change to Prior Year "Total" Balance (Gen Fund Reserve)</b>	<b>95,802</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>95,802</b>

\* General Fund Balance (Reserves) as reported in the Comprehensive Annual Financial Report (CAFR) includes the combined total of both designated and undesignated General Fund Reserves.

**Fiscal Year 2011/2012 ended \$178,745 above projections exceeding the Adopted Reserve Balance for June 2013**

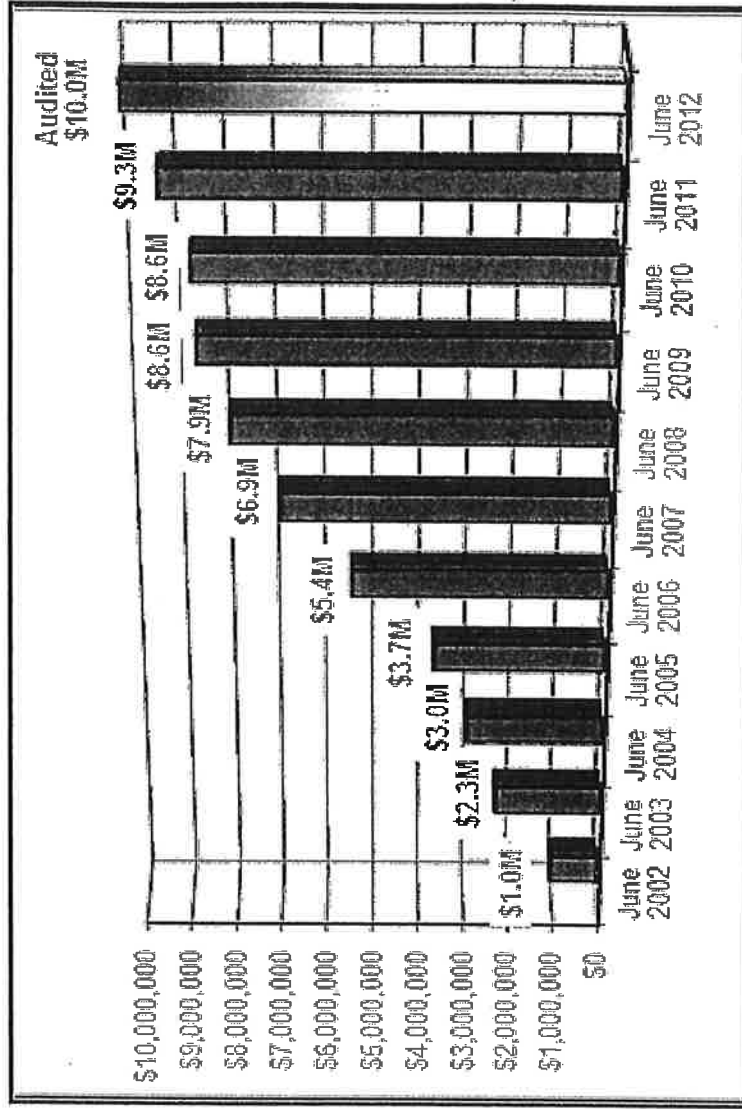


# GENERAL FUND RESERVE – GOAL POLICY

The General Fund Reserve Balance has steadily increased since June 2002 when the City Council adopted a policy goal of reaching and maintaining a 25% reserve by June 2012 (end of the current fiscal year). On June 30, 2012 audited total General Fund Balance was \$9,961,015, approximately 22.10% of the General Fund expenditures for that year;

Since the reserve goal was first set, the “percentage” has been calculated based on the audited figures for June 30<sup>th</sup> for the respective fiscal year. The reserve balance continues to increase in total dollars, but when reported as a “percentage of audited budget expense” it is a moving and potentially an unattainable target, at least within a specified time-period.

On June 26, 2012, the City Council adopted Resolution No. 6045 which aligned the City’s reserve policy with the GASB 54 classifications for fund balance. Resolution No. 6045 set both a total General Fund Balance and the Unreserved-Committed Fund Balance within that total.



**With the General Fund reserve now stabilized at \$10 million and continuing to incrementally increase, it is recommended that prior to the end of the current fiscal year the City Council adopt a more explicit general fund policy and goal based on the intent inherent in the GASB 54 definitions of fund balance.**

*GASB 54 is a reporting standard, not a budgeting standard. But it does require that any changes to the Unrestricted Committed Fund Balance be done by a Resolution of the City Council within the fiscal year to be audited. The GASB 54 classifications do not impact the City’s actual fund balance or the Council’s 25% reserve policy.*

# PROPOSED AMENDED GENERAL FUND BUDGET

## TWO YEAR BUDGET – FISCAL YEAR 2012-2013 AND FISCAL YEAR 2013-2014

Revenues and Other Sources:	Adopted 2012-2013	Proposed Amended 2012-2013	Variance	Adopted 2013-2014	Proposed Amended 2013-2014	Variance
Taxes	36,998,200	38,189,768	1,191,568	37,732,900	38,549,150	816,250
Licenses and Permits	837,890	856,812	18,922	864,085	864,085	-
Fines and Forfeitures	1,126,500	994,631	(131,869)	1,151,500	1,151,500	-
Investment Income	235,000	246,922	11,922	235,000	235,000	-
Intergovernmental	373,700	459,136	85,436	373,700	373,700	-
Current Service Charges	2,038,258	2,094,969	56,711	2,055,258	2,055,258	-
Other Revenue	1,482,000	1,309,200	(172,800)	1,174,000	874,000	(300,000)
Charges to Other Funds	1,868,125	1,751,996	(116,129)	1,868,125	1,868,125	-
Funds Transferred In	837,207	652,729	(184,478)	855,000	855,000	-
Computer & Tech Maint/Replacement	83,200	118,769	35,569	94,000	94,000	-
Equipment Revolving	120,000	103,534	(16,466)	120,000	395,000	275,000
Senior Citizen Day Care Trust	106,630	106,630	-	108,111	108,111	-
<b>Total Combined Revenues</b>	<b>46,106,710</b>	<b>46,885,096</b>	<b>778,386</b>	<b>46,631,679</b>	<b>47,422,929</b>	<b>791,250</b>
<b>Expenditures:</b>						
Salaries and Benefits	28,530,364	27,655,136	(875,228)	29,151,661	29,601,661	450,000
Materials and Operations	14,871,704	14,352,795	(518,909)	14,798,732	14,881,590	82,858
Capital Outlay	200,500	1,642,152	1,441,652	92,500	92,500	-
Fund Transfers	2,079,391	2,148,043	68,652	2,170,873	2,170,873	-
Computer & Tech Maint/Replacement	83,200	91,462	8,262	94,000	94,000	-
Equipment Revolving	120,000	428,037	308,037	120,000	395,000	275,000
Senior Citizen Day Care Trust	106,630	106,630	-	108,111	108,111	-
<b>Total Combined Expenditures</b>	<b>45,991,789</b>	<b>46,424,255</b>	<b>432,466</b>	<b>46,535,877</b>	<b>47,343,735</b>	<b>807,858</b>
<b>Revenue over Expenditure Variance</b>	<b>114,921</b>	<b>460,841</b>	<b>345,920</b>	<b>95,802</b>	<b>79,194</b>	<b>(16,608)</b>

# PROPOSED AMENDED GENERAL FUND BALANCES

## TWO YEAR BUDGET – FISCAL YEAR 2012-2013 AND FISCAL YEAR 2013-2014

	Audited Fund 010 FY11/12	Assigned Fund 014	Assigned Fund 015	* Assigned Senior Funds	* Audited Combined Balance FY 11/12
<b>AUDITED - Fiscal Year 2011/2012 GENERAL FUND - BUDGET</b>					
Beginning Gen Fund - Audited Reserve Balance June 2011	8,443,281	511,359	312,391		9,267,031
Revenues - Inclusive of Transfers-in	45,357,587	62,498	415,993	116,850	45,952,929
Expenditures - Inclusive of Transfers Out	(44,598,653)	(153,339)	(390,103)	(116,850)	(45,258,945)
<b>Ending Gen Fund - Audited Reserve Balance June 2012</b>	<b>9,202,215</b>	<b>420,517</b>	<b>338,282</b>	<b>0</b>	<b>9,961,015</b>
<b>Change to Prior Year "Total" Balance (Gen Fund Reserve)</b>	<b>758,935</b>	<b>(90,842)</b>	<b>25,890</b>	<b>0</b>	<b>693,984</b>
<b>AMENDED - Fiscal Year 2012/2013 GENERAL FUND - BUDGET</b>					
Beginning Gen Fund - Adopted Reserve Balance June 2012	9,202,215	420,517	338,282	0	9,961,015
Revenues - Inclusive of Transfers-in	46,556,163	118,769	103,534	106,630	46,885,096
Expenditures - Inclusive of Transfers Out	(46,042,125)	(91,462)	(428,037)	(106,630)	(46,668,254)
<b>Ending Gen Fund - Proposed Reserve Balance June 2013</b>	<b>9,716,253</b>	<b>447,824</b>	<b>13,779</b>	<b>0</b>	<b>10,177,857</b>
<b>Change to Prior Year "Total" Balance (Gen Fund Reserve)</b>	<b>514,038</b>	<b>27,307</b>	<b>(324,503)</b>	<b>0</b>	<b>216,842</b>
<b>AMENDED - Fiscal Year 2013/2014 GENERAL FUND - BUDGET</b>					
Beginning Gen Fund - Proposed Reserve Balance June 2013	9,716,253	447,824	13,779	0	10,177,857
Revenues - Inclusive of Transfers-in	46,825,818	94,000	395,000	108,111	47,422,929
Expenditures - Inclusive of Transfers Out	(46,746,624)	(94,000)	(395,000)	(108,111)	(47,343,735)
<b>Ending Gen Fund - Proposed Reserve Balance June 2014</b>	<b>9,795,447</b>	<b>447,824</b>	<b>13,779</b>	<b>0</b>	<b>10,257,051</b>
<b>Change to Prior Year "Total" Balance (Gen Fund Reserve)</b>	<b>79,194</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,194</b>

\* General Fund Balance (Reserves) as reported in the Comprehensive Annual Financial Report (CAFR) includes the combined total of both designated and undesignated General Fund Reserves.



September 27, 2013

*Via Federal Express*

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

**Re: City of Glendale's Response to 2012-2013 Civil Grand Jury Recommendations**

To the Presiding Judge:

On September 24, 2013, the Council of the City of Glendale adopted Resolution No. 13-165 authorizing the submittal of the responses to the findings and recommendations of the Civil Grand Jury's Final Report on "Cities of Los Angeles County: Fiscal Health, Governance, Financial Management and Compensation" as follows:

1. Cities should adopt financial planning, revenue and expenditure control policies to guide city officials to develop sustainable, balanced budgets.

**The respondent agrees with the findings** - The recommendation has been implemented inasmuch as the City of Glendale has a long standing practice of presenting a proposed budget to the City Council in May of each year, followed by a series of public study sessions. Additionally, the City's Financial Policies are published in the Annual Budget Document.

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

**The respondent agrees with the findings** - This recommendation has always been implemented, evidenced by the fact that the City of Glendale has historically adopted a balanced budget and operated within its constraints. Further, not considering recurring transfers as a revenue source within the Grand Jury's Final Report does not reflect an accurate depiction of the City of Glendale's budget. The largest recurring transfer to the City's General Fund is received from the City's Electric utility. This Charter-mandated transfer, which has been a recurring revenue source for several decades, is an essential source

of revenue for the operation of the General Fund, as the City collects very little direct taxes relative to other cities.

3. Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.

**The respondent agrees with the findings** - The City of Glendale has the goal of not utilizing one-time revenues to fund recurring expenditures; however, as a result of the recession and the loss of Redevelopment, there have been very limited and infrequent uses of one-time revenues in order to preserve essential City operations. It is expected that following the economic recovery, revenue sources will once again stabilize, thereby eliminating the need to rely on onetime funds to maintain critical City functions. With that said, any use of one-time resources has been implemented strategically with forethought about how essential City operations, programs and services will be funded by expected revenue increases in the following fiscal years.

4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenues in years of short fall.

**The respondent agrees with the findings** - This recommendation has been implemented and is evidenced by the Glendale City Council's longstanding Reserve Policy (adopted by Resolution of the City Council), which requires the City to maintain a minimum of 30% General Fund Reserves, with a desired level of 35%. As of June 2012, the City maintained a 35.3%) General Fund Reserve. The June 2013 closing data is currently undergoing the year end accounting closing process and is expected to be completed in October 2013. It is expected however that as of June 30, 2013, the City's General Fund Reserve percentage will have remained above the 30% floor.

5. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.

**The respondent agrees with the findings** - The City of Glendale has only utilized its independent external auditor one time in order to conduct a Citywide General Controls Review audit for the Information Service Department related to the City's electronic and computer systems. Internal oversight for this audit was conducted by the City's Internal Auditor and the selection of the entity to perform the audit was consistent with Citywide procurement practices.

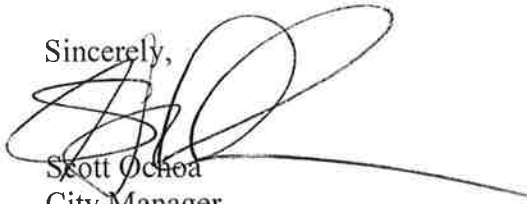
6. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

Presiding Judge  
September 27, 2013  
Page 3

**The respondent agrees with the findings** - The City of Glendale has always undertaken a competitive process to engage the City's independent external auditor, with such contract being rebid every 5 years. The City is in a final year (6<sup>th</sup> year extension) of a contract, and as the 2012-13 fiscal year audit concludes, a Request for Proposal will be issued in January 2014 for a new 5 year engagement commencing with the 2013-14 fiscal year.

The City Council authorized the aforementioned single year extension to the original five year audit contract due to the State's imposed dissolution of Redevelopment. Due to the complexity and additional work necessary, it was important to maintain continuity with the annual auditors. Lastly, the City maintains an independent internal audit function that is headed by the City Auditor and staffed with highly trained individuals to audit all functions of the City's operations.

Sincerely,



Scott Ochoa  
City Manager

cc: City Attorney



**CITY OF GLENDORA** CITY HALL

(626) 914-8200

116 East Foothill Blvd., Glendora, California 91741  
www.ci.glendora.ca.us

September 30, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Honorable Presiding Judge,

California Penal Code §933(c) and 933.05 requires cities to respond to all recommendations contained in a Civil Grand Jury Report. On June 28, 2013, the 2012-13 Los Angeles County Civil Grand Jury Report, entitled "Cities of Los Angeles County Fiscal Health, Governance, Financial Management and Compensation" ("2012-13 Report"), was released to the public.

Unfortunately, we are confused and disappointed that many of the characterizations relating to the City of Glendora's financial practices described within the Report are inaccurate for our City. For example, the City Council has indeed committed to not using one-time revenues for on-going expenditures as contained in the City of Glendora Financial Policies that are adopted each fiscal year (attached). This policy along with the other financial policies have been adopted and reaffirmed since 2003. Additionally, there seems to be disproportionate weighting to the individual measures in the financial best practices section, which leads readers to the conclusion that the City of Glendora does not have sound financial management practices and procedures. While most recommendations are already our current established practices or recommendations that we intend to implement over the next year, in some cases, the recommendations are impractical or would not be fiscally prudent for a small city such as ours.

The following is a discussion of the Findings and Recommendations for each section of the 2012-13 Report and the City of Glendora's response.

Fiscal Health:

The Civil Grand Jury sought to determine the fiscal health of Los Angeles County cities in light of the severe economic recession that began in 2008. The City of Glendora agrees in whole with the Findings on page 130 of the 2012-13 Report.

Although the recession presented significant budget challenges, the City of Glendora fared better than other cities in Los Angeles County and has recovered more quickly than many. Additionally, the City of Glendora agrees with all of the Fiscal Health Recommendations on page 130. Although not noted in the 2012-13, these practices were already in place in our City, prior to the Civil Grand Jury investigation:

1. The City of Glendora currently has adopted financial planning, revenues and expenditures policies (Attachment 1). These policies are reviewed and reaffirmed during each budget adoption;
2. The City of Glendora adopts balanced budgets and commits to operating within budget constraints. In the case of fiscal years 2010-11 and 2011-12, the City used a combination of spending cuts and staffing reductions to balance the adopted budget at the beginning of the fiscal year. We also used contingency reserves on a one-time basis to backfill the shortfall between actual and projected revenues when revenues continued to decline during the fiscal year. This strategy was implemented to minimize the impact of the recession on our organization and our community and to maintain the critical services we provide. The City's Adopted Annual Budgets and Comprehensive Annual Financial Reports are available on the City's website at [www.ci.glendora.ca.us](http://www.ci.glendora.ca.us);
3. As a policy, we do not use one-time revenues to fund recurring or ongoing expenditures. Contingency reserves were used during the recession only when it became clear that projected revenues were not going to materialize and to minimize the impact of additional service cuts to our community. The maximum use of reserves never exceeded one percent of the General Fund budget and reserve levels never fell lower than the policy reserve level of 38 percent of operating expenditures; and
4. We have adopted reserve policies, including the establishment of "contingency reserves" that are available to supplement operating revenues in years of shortfall or to fund necessary capital improvements to facilities and infrastructure.

#### Governance Practices:

The Civil Grand Jury sought to determine if cities were following "best practices" for governance, as established by the Government Financial Officers Association (GFOA). The report has no findings listed for the City of Glendora and thus we conclude that they agree that our policies and practices in this area are indeed a positive, in terms of overall governance, strategic planning, performance measurement, and transparency of financial information provided to the public.

#### Financial Management Best Practices:

The Civil Grand Jury sought to determine if cities were following "best practices" for financial management, as established by the Government Financial Officers Association



(GFOA). The City of Glendora agrees in whole with the Findings on page 153 of the 2012-13 Report. Below the Recommendations listed on page 154 are discussed.

1. As a small city, the City of Glendora does not have a formal audit committee and we do not believe it would prudent to establish one based on our current governing structure. The City has five City Council Members who also act as an audit committee. The City Council receives information about the scope of the annual financial audit and the audit findings from the independent auditor. Moreover, the City Council has the opportunity to bring issues or concerns to the attention of the independent auditor when the independent auditor presents its initial engagement letter, inviting the legislative body to comment directly with them, and at any time throughout the year. While best practices are good goals, they are not always practical in the manner GFOA has laid out. For example, the role of an audit committee as described in the 2012-13 Report is to ensure that the City Council is ultimately able to monitor the financial reporting process. We believe the audit and budget review is covered by our practice of presenting the annual audited financial statements at a public City Council meeting and having the report presented by the independent auditor. Moreover, the current budget status of revenues and expenditures is presented quarterly at public City Council meetings, along with a mid-year fiscal review where we present a multi-year forecast on our major funds. This provides for real time interaction by not only the governing body but also the public. Since our City Council is already acting in this review and audit committee capacity, and that the process, progress, results and findings are transparent to both the full City Council and the public, we feel it would be redundant to establish a separate audit committee.
2. The 2012-13 Report indicates that the City of Glendora does not select auditors according to a competitive bidding process; however, this is incorrect. At the conclusion of the previous audit contract with Lance, Soll and Lunghard (LSL) in Fiscal Year 2009-10, the City solicited competitive bids for auditing services and selected a different firm. However, that newly selected independent auditor was unable to perform under the contract and the City called in LSL to finish the financial audit that year. The City has a current contract with LSL that expires in 2014. At that time, the City will again solicit competitive bids for auditing services.
3. The City of Glendora does not contract with our independent auditors for non-audit services.
4. The City of Glendora has documented accounting policies and procedures. Over the next 12 months, we will conduct a review of the accounting policies and procedures, as recommended, to ensure that appropriate detail and specific authority and responsibility of employees is current and clearly documented.
5. The updated accounting policies and procedures, as discussed above, will include a policy requiring an annual review and updates every three years as necessary.
6. The City of Glendora does not have documented policies and procedures in place for reporting fraud, abuse and questionable practices that would allow the confidential,

anonymous reporting of concerns. However, our City's established internal practice is that any fraud, abuse and questionable practices should be reported to a supervisor, manager and/or the independent auditors. Within the next 12 months, we will develop a formal policy related to fraud, abuse and questionable practices that will contain guidelines and procedures for confidential and anonymous reporting of concerns.

7. The City of Glendora's internal control procedures over financial management are documented, reviewed and updated annually.
8. It is the City of Glendora's current policy to solicit competitive bids for the selection of an independent external auditor at least every 5 years and we will continue to do so.

Employee Compensation:

The Civil Grand Jury report looked at the issue of employee compensation and recent legislation (Government Code §8546.10). As such, there were no Finding or Recommendations associated with this section of the 2012-13 Report.

Sincerely,



Chris Jeffers  
City Manager

ATTACHMENT:  
City of Glendora Financial Policies



# City of Glendora

## Financial Policies

---

### **1. APPROPRIATIONS AND BUDGETARY CONTROL**

The City Council adopts the City's annual budget after public hearing(s). The City Council may modify appropriations at any time with majority approval. Changes in appropriations at the fund level during the year must be submitted by the City Manager to the City Council for review and approval, and must be accompanied by appropriate fiscal impact analysis. The level of expenditures is controlled at the fund level, and appropriations lapse at the end of each fiscal year unless re-appropriated by the City Council in the following fiscal year. The City Manager is authorized to transfer budgeted appropriations within the control accounts, including capital projects, provided no change is made to the total amount provided for any one fund.

### **2. BALANCED BUDGET**

We will maintain a balanced operating budget for the General Fund and any other fund (i.e., Proposition A/C Transit; Asset Forfeiture; and Gas Tax) which is used to fund Operations and Maintenance functions within the City, with total recurring revenues equal to or greater than recurring expenditures. Appropriations of available fund balance for anything other than "one-time" non-recurring expenditures are discouraged.

### **3. GENERAL FUND BUDGETING**

We will strive to budget a 1.5% to 2% positive variance between revenue and expenditure each year. This budget contingency shall protect against economic and performance fluctuations that might otherwise create imbalanced General Fund outcomes at year end.

### **4. GENERAL FUND RESERVE**

We recognize the need for ensuring sound financial management of the City by establishing an adequate reserve for working capital and catastrophic events in the City's General Fund accounts; that the irregular flow of revenue into the City Treasury requires the availability of adequate funds to assure prompt payment of municipal expenses; and, that it is prudent to provide an appropriate reserve for "dry period financing" and contingent liabilities to assure that sufficient budgetary appropriations exist to cover unforeseen expenses and claims against the City.

Accordingly, we have established a Working Capital Reserve in an amount equal to 45% of the total General Fund operating expense incurred in the prior fiscal year reduced by unusual, non-recurring expenditures and reimbursable grant program expenditures expended during the prior fiscal year; and, that the aforementioned Working Capital Reserve may be used for "dry period financing" during the fiscal year for payment of contingent liabilities upon authorization by the City Council.

We also recognize the need for providing adequate funding for capital and maintenance improvements and have established that after funding is met for the Working Capital Reserve, any undesignated, unencumbered or other unrestricted fund balance at the end of the fiscal year shall be transferred from the General Fund to the Capital Improvement Fund.



# City of Glendora

## Financial Policies

---

### **5. FINANCIAL PLANNING**

We will maintain a long-range fiscal perspective through the use of an annual operating budget, multi-year capital improvement plans, and multi-year financial forecasting.

### **6. FINANCIAL REPORTING**

The Finance Department shall prepare and present to the City Council in sufficient detail to show the exact financial condition of the City, the following reports: (1) a quarterly, or more frequently as may be desired, statement of all receipts, disbursements and balances of the City; (2) an annual statement or report of the financial condition of the City; and (3) such other financial reports as may be required.

### **7. TREASURY MANAGEMENT**

We will invest cash balances in conformance with the California Government Code and the three main investment objectives of safety, liquidity and yield. We will adhere to the prudent investor standard and best practices in Treasury Management. We will maintain a Statement of Investment Policy and maintain certification of that policy with the Association of Public Treasurers of the United States and Canada.

### **8. COST RECOVERY AND FEES FOR SERVICE**

We will establish and maintain a master schedule of fees for service for market-based transactions, with fees and charges set at a level that recovers the complete cost of all direct and indirect activity costs and all overhead costs, for most services unique to the City of Glendora. For all services offered in a competitive, market-based economy or for services having partial cost recovery objectives, cost recovery ratios may vary according to policy objectives.

### **9. ACCOUNTING AND REPORTING STANDARDS**

We will comply with all requirements of generally accepted accounting principles. We will prepare a Comprehensive Annual Financial Report (CAFR) to demonstrate that compliance.

### **10. ENTERPRISE FUNDS**

We will require that our enterprise funds be self-supporting, recovering all costs of operations, capital improvements, capital equipment, depreciation, and cash reserve policy objectives from recurring revenues (customer user fees, interest income, and all other income). We will maintain appropriate operating reserves that will support operations during times of financial emergency or "dry periods."

### **11. WATER FUND RESERVES**

We recognize the need for ensuring sound financial management of the City by establishing an



# City of Glendora

## Financial Policies

adequate reserve for working capital and catastrophic events in the City's Water Operations accounts; that the irregular flow of revenue into the Water Operations Fund requires the availability of adequate funds to assure prompt payment of water expenses; and, that it is prudent to provide an appropriate reserve to assure that sufficient budgetary appropriations exist to cover operational expenses, unforeseen expenses and claims against the City's water enterprise.

Accordingly, we have established a Water Operations Working Capital and Catastrophic Reserve in an amount equal to the cost to fund operations for a six-month period in the event of a catastrophic event. Furthermore, the Reserve may be used to cover operational expenses, upon authorization by the City Council, for unforeseen expenses and claims against the City's water enterprise during the fiscal year.

We also recognize the need for providing adequate funding for capital and maintenance improvements and have established that after funding is met for the Water Reserve, any unencumbered funds at the end of the fiscal year shall be transferred from the Water Operations Fund to the Water Capital Projects Fund.

### **12. INTERNAL SERVICE FUNDS**

We will require that each internal service fund have revenues (City user charges, interest income, and all other income) sufficient to meet all operating expenses, depreciation and cash reserve policy objectives. We will maintain appropriate operating reserves that will support operations during times of financial emergency or "dry periods."

### **13. INFRASTRUCTURE**

We will maintain a long-range fiscal perspective through the use of a Capital Improvement Program to maintain the quality of City infrastructure, including streets, sidewalks, sewers, drains, lighting, buildings, parks, and trees.

### **14. FINANCING METHODS AND INDEBTEDNESS**

We will use long-range financing methods or cash accumulated according to policy requirements for major capital improvements and acquisitions. We will issue bonds or incur other forms of indebtedness only for appropriate purposes and only if the debt service requirements do not negatively impact the City's ability to meet future operating, capital, and cash reserve policy requirements. We will not use debt to finance current operations. We may use short-term financing to support current operations if used to meet temporary cash flow requirements.

### **15. FIXED ASSETS AND INFRASTRUCTURE ASSETS**

We will capitalize all assets with a cost equal to or greater than \$5,000 and a useful life of more than one year. Repairs and maintenance of infrastructure assets will generally not be subject to capitalization unless the repair extends the useful life of the asset. Depreciation of assets shall be recorded on a straight-line basis over estimated useful lives of assets.



# City of Glendora

## Financial Policies

---

### **16. EMPLOYEE COMPENSATION**

We will strive to pay competitive compensation to our employees yet understand that we need to live within our financial means.

### **17. TRANSPARENCY**

We believe that the taxpayers need and deserve to understand how their money is spent and accounted for. We will strive to make that understanding as simple as possible by trying to use clear and concise language; post information that is timely on various media formats and fully comply with the Public Records Act when members of the public make such requests. At the same time, Transparency is only effective when the public is engaged and avails itself to the information in a timely fashion.



# CITY OF HAWAIIAN GARDENS

---

August 27, 2013

Honorable David S. Wesley, Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Re: **City of Hawaiian Garden's Response to the 2013 Grand Jury Report, "Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation."**

Dear Judge Wesley:

The City of Hawaiian Gardens is required to respond to various findings and recommendations in the 2013 Los Angeles County Grand Jury Report entitled, "Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation." After studying the report's findings and recommendations, I am submitting the following responses on behalf of the City of Hawaiian Gardens ("City").

## FISCAL HEALTH

### Findings:

1. *Most cities expended more than they received in revenues during FY 2011-12.*

Response: The City agrees with the finding, but see the City's response to Recommendation No. 2 under this Section below.

2. *Most cities' total net assets and general fund balances declined during FY 2011-12, and several cities' ratios of total net assets to total liabilities are lower than desirable.*

Response: The City agrees with the finding, but see the City's response to Recommendation No. 2 under this Section below.

Recommendations:

1. *Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.*

Response: The City agrees with the recommendation.

Action: The recommendation has been implemented.

The City has already adopted a comprehensive set of financial policies governing the use and administration of assets. These policies include (but are not limited to):

- Annual Budget & Financial Reporting Policy
- Appropriation/GANN Limit
- Fund Balance Policy & Reserves Policy
- Investment Policy
- Purchasing Policy
- Accounting Manual

2. *Cities should develop a balanced budget and commit to operate within the budget constraints.*

Response: The City agrees with the recommendation.

Action: This recommendation has been implemented.

The Grand Jury's report defines a balanced budget as one in which "the total of revenues and other financing sources is equal to or greater than the total of expenditures and other financing uses", but then appears to limit its application to annual revenues vs. annual expenditures. This definition and application provides a one-year snapshot of an agency's use of resources and distorts the agency's actual fiscal health by failing to account for significant variables, including one-time capital expenditures funded with reserves. This, coupled with the rather short study period of the report (fiscal years 2010-11 and 2011-12 only), limits the detail and perspective needed to make truly accurate determinations about the state of a City's overall financial health, fiscal responsibility and fiscal policies.

While the Grand Jury's report finds the City to have an unbalanced budget during the 2010-2011 fiscal year, the reality is that the City adopted a balanced operating budget.



The City further adopted a balanced budget in 2011-2012 but its audited statements were unfortunately not available for that period at the time of the Grand Jury's study.

The City Council considers the City's savings and ability to cash fund significant capital projects as a clear sign of long-term fiscal responsibility. However, the report makes no distinction between ongoing operating expenditures and one-time capital investments funded with reserves derived from years of prudent savings and fiscal responsibility. Thus, the methodology used in the report mistakenly categorizes almost any use of reserves as poor financial management, even when their use results in essential public facilities and eliminates expensive financing costs to the taxpayer. Under the report's methodology, an individual who saved funds over several years to purchase a home with cash, as opposed to borrowing, would potentially be viewed as engaging in fiscal mismanagement.

The City is committed to prudent budgeting and operating within budget constraints and has a long record of doing so. The City has a number of policies and procedures to ensure fiscal health. The City has had a fund balance policy for a number of years. The latest adopted on June 11, 2013 by Resolution 041-2013 and contained in the adopted budget requires a \$15,000,000 General Reserve and a \$750,000 Equipment Replacement Reserve. The General Reserve is roughly equal to one year's General Fund Revenues. The General Reserve can only be used in the event that certain revenues decrease by 25%, an earthquake of a magnitude of 6.5 or greater which causes more than \$500,000 in damage to City property or in the event of a major causality or litigation loss greater than \$500,000. The Equipment Reserve can only be used to replace damaged equipment which has not been budgeted and is urgently needed to carry on City business. It is expected that the audit of the 2011-2012 finances will confirm that the Equipment Reserve will have been fully funded as of June 30, 2012. It is expected that the General Reserve will be fully funded as of June 30, 2014. The Adopted Budget for 2013-14 is also balanced with revenues exceeding expenditures. Therefore, a more thorough analysis of the City's financial history clearly demonstrates its grasp of sound fiscal management and responsibility.

3. *Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.*

Response: The City agrees partially with the recommendation.

Action: This recommendation will not be implemented because it is not warranted or is not reasonable.

When “one-time revenues” are received, they are most often related to grants, developer or mitigation agreements, or the sale of transferrable funds (like Proposition A or C) and often are laden with use restrictions. In the event the funds are unrestricted, they are appropriated at the City Council’s discretion. In most cases, unrestricted one-time revenues have been used to fund or supplement programs such as Neighborhood Beautification, Block Cleanup, and Code Enforcement. These dedicated special accounts allow the City to reinvest one-time funds in new projects or maintain service levels going forward.

While the City agrees with this recommendation as a general practice, it cannot commit to not fund recurring or ongoing expenditures, such as code enforcement, in the future during economic downturns. The City will continue to make prudent fiscal decisions, adopt balanced operating budgets, increase reserves, and make investments in the community’s capital infrastructure and if necessary, protect the public health, safety and welfare by use of one-time revenues.

4. *Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.*

Response: The City agrees with the recommendation.

Action: The recommendation has been implemented.

As indicated in the response to Recommendation No. 2 in this section above, the City has a fund balance policy last revised in June 2013 and contained in the adopted budget that requires a \$15,000,000 General Reserve and a \$750,000 Equipment Replacement Reserve.

*\*\* The City was not required to respond to any of the Findings and Recommendations pertaining to Governance Practices. \*\**

#### FINANCIAL MANAGEMENT PRACTICES

Findings:

1. Few cities formally established an audit committee responsible for monitoring and overseeing financial reporting.

Response: The City agrees with this finding.

*\*\* The City was not required to respond to Findings 2 and 3. \*\**

4. Many cities could improve their policies and procedures for reporting fraud, abuse, and questionable practices.

Response: The City agrees with this finding.

5. Many cities could improve their internal control procedures over financial management.

Response: The City agrees with this finding.

*\*\* The City was not required to respond to Findings 6 and 7. \*\**

8. All cities maintained an adequate accounting system. Most issued timely financial statements and a CAFR in compliance with standards, and most made the CAFR readily accessible to the general public on their website.

Response: The City agrees with this finding.

Recommendations:

1. *Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.*

Response: The City agrees with the recommendation.

Action: The recommendation will be implemented.

At present the City does not have an audit committee but it has a Finance Committee comprised of two members of the City Council. Management staff will shortly recommend that the City Council make the Finance Committee the Audit Committee to oversee the findings of the City's independent auditor.

*\*\* The City was not required to respond to Recommendations 2 and 3. \*\**

4. *Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.*

Response: The City agrees with the recommendation.

Action: The recommendation has been implemented.

The City adopted an Accounting Manual last revised in October 2010, which establishes an accounting system for recording income, processing payments and disbursements, and recording the financial condition of the City.

5. *Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.*

Response: The City partially agrees with the recommendation.

Action: The recommendation has been implemented.

The City regularly revises its financial policies as is necessary or prudent to address changes in the delivery of City services. The City has a Finance Committee consisting of two council members who regularly meet and review the City's fiscal policies. As a result of the Committee's review and recommendation, the City's Purchasing Policy and Procedures were last revised in September 2011 with the adoption of Resolution No. 087-2011. Furthermore, as indicated in the response to Recommendation No. 4 in this Section above, the City revised its accounting manual in October 2010.

As indicated in the response to Recommendation No. 1 of this Section above, Management staff will be recommending that the Finance Committee become the Audit Committee. Management staff will further recommend that the Audit Committee be charge with seeing to it that financial policies are and procedures are reviewed annually and updated as appropriate. It is expected that during the course of the each annual audit, the independent CPA firm will assist Management staff in reviewing policies and procedures to see if they are appropriately detailed and define specific authority. The City believes that revising policies every three years is arbitrary and policies will be revised as indicated pursuant to the result of the yearly review.

*\*\* The City was not required to respond to Recommendations 6 and 7. \*\**

8. *Cities should undertake a full-scale competitive process every five years for the selection of an independent external auditor.*

Response: The City agrees with the recommendation.

Action: The recommendation has been implemented.

The City's independent auditor has historically been retained on a three-year contract (with the option to extend for an additional three years thereafter). The City's last auditor served for three years (2009-2011). The City conducted a competitive RFP process in

Honorable David S. Wesley, Presiding Judge  
Los Angeles County Superior Court  
August 27, 2013  
Page 7

2011. The current auditor is completing its first year of its three-year contract after the prior auditor served for three years.

The City of Hawaiian Gardens appreciates the opportunity to respond to the Grand Jury's report and should there be any questions relating to the City's response, please contact City Manager Ernesto Marquez at (562) 421-1206, Ext. 201.

Sincerely,

A handwritten signature in black ink, appearing to read 'Victor Farfan', written over a light gray circular stamp.

Victor Farfan  
Mayor



January 27, 2014

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

RE: City of Hawthorne's Response to 2012-13 Civil Grand Jury Recommendations.

Dear Presiding Judge:

The following are the responses of the City of Hawthorne to the recommendations found in the 2012-2013 Report of the Civil Grand Jury.

**Fiscal Health**

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

*The City of Hawthorne concurs with this recommendation.*

*The City of Hawthorne will be adopting a two year budget with a five year financial plan beginning with fiscal year 2014-16.*

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

*The City of Hawthorne concurs with this recommendation.*

*The City of Hawthorne has adopted balanced budgets for the last two years and have operated within the budget constraints.*

3. Cities should commit to not using onetime revenues to fund recurring or ongoing expenditures.

*The City of Hawthorne concurs with this recommendation.*

*The City Council and City Manager are committed to not using onetime revenues to fund recurring or ongoing expenditures.*

4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.

*The City of Hawthorne concurs with this recommendation.*

*The City Council in June 2013 recognizing the importance of a “reserve” increased the city’s reserve from 20% to 25%; with the upcoming 2014-16, two year budget and five year financial plan a strategy and plan for increasing the reserve will be included.*

### **Governance Practices**

1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the City.

*The City of Hawthorne concurs with this recommendation.*

*The City of Hawthorne’s Mission Statement and Core Values are reviewed and adopted with each annual budget. A vision statement will be added to the 2014-16 two year budgets to be adopted; along with a five year economic strategy to eliminate the Cities use of one time funds to balance the budget.*

### **Financial Management**

2. Cities that do not currently select the auditor through a competitive process should do so.

*The City of Hawthorne concurs with this recommendation.*

*The City of Hawthorne does select the auditor through a competitive process and will continue the practice when the current contract has expired.*

5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

*The City of Hawthorne concurs with this recommendation.*

*The City of Hawthorne has established a policy of reviewing financial policies and procedures annually and updating at least every three years.*

8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

*The City of Hawthorne concurs with this recommendation.*

*The City of Hawthorne currently complies with this recommendation. We contract with outside auditors for a period of three years with one two year extension. We review the performance of the auditors on an annual basis.*

Sincerely,

A handwritten signature in black ink, appearing to read "Michael L. Goodson", written over a faint dotted line.

Michael L. Goodson  
City Manager





# City of Hermosa Beach

Civic Center, 1315 Valley Drive, Hermosa Beach, CA 90254-3885

September 26, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Honorable Presiding Judge and Grand Jury:

Pursuant to California Penal Code 933.05, attached is the written response of the City of Hermosa Beach ("City") to the Recommendations pertaining to the City contained in the Grand Jury report entitled "CITIES OF LOS ANGELES COUNTY Fiscal Health, Governance, Management and Compensation" ("Report").

The City appreciates the dedication of the Grand Jury and the input given in the report.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Bakaly', written over a horizontal line.

Tom Bakaly  
City Manager

Fiscal Health

Recommendation 1      Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

Response 1              The City agrees with the recommendation and has implemented it. Attached please find the City’s Financial Policies which were adopted on June 11, 2013. Policies on revenue and budget directly address this recommendation.

Recommendation 2      Cities should develop a balanced budget and commit to operate within budget constraints.

Response 2              The City agrees with the recommendation and follows it. The City’s budget for the years reviewed 2010-11 and 2011-12, as well as the ensuing years, 2012-13 and 2013-14 are balanced as shown below. The attached Financial Policy, adopted on June 11, 2013, addresses the balanced budget recommendation directly.

General Fund

	10/11	<u>Actual</u>	11/12	12/13	<u>Budget</u>	13/14
Revenue	\$27,196,751		\$28,674,890	\$30,190,866		\$32,088,297
Expenditures	\$24,321,633		\$24,769,924	\$27,961,912		\$30,112,732

Recommendation 3      Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.

Response 3              The City agrees with the recommendation and follows it. The City’s Financial Policies on Budget states that “one time revenue will be reserved or used for one-time expenditures or capital improvements. Conversely, on-going revenues will be used to fund on-going expenditures”.

Recommendation 4      Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.

Response 4              The City agrees with the recommendation and follows it. The City’s Financial Policies indicate that “The adopted goal is to maintain fund balance equal to 16% of the General Fund appropriations for economic uncertainties or unforeseen emergencies.” The City’s balance in the Contingency is 16% for 2013-14. The previous goal was 15%; balances were maintained at that level for year being reviewed, 2010-11 and 2011-12, as well as 2012-13.

## Governance

- Recommendation 1**      Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.
- Response 1**              The City agrees with the recommendation and follows it. The City submitted the draft of the strategic plan in response to the Grand Jury's original request. The draft was adopted by the City Council on 4/9/13. The plan, which addresses all of the items in the recommendation, is attached.
- Recommendation 2**      Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.
- Response 2**              The City agrees with the recommendation. All City departments provide monthly activity reports to the City Council on a variety of activities and indicators. A copy of those reports is attached. The City is in the process of developing performance measures for each department, which will be included in the budget document in the future.

## Financial Management

- Recommendation 1**      Cities should establish an audit committee making it directly responsible for the work of the independent auditor.
- Response 1**              The City believes a committee may not be necessary in our city but the recommendation will be considered by the City in the next six months.
- The contract for independent auditor is awarded by the City Council. The City Manager and Finance Director provide oversight on investments and the Finance Director on annual audit, which is managed on a day to day basis by the Accounting Supervisor. The City Council has considered establishment of a Finance Committee in the past however has chosen not to do so to date.
- Recommendation 8**      Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.
- Response 8**              The City issued Requests for Proposals in 2000, 2007 and 2012. The contract for 2000-2005 was extended for one year however the City required a change in Audit Managers and audit personnel during that time to ensure a rigorous audit. We believe the course we have followed has been in keeping with the spirit of the recommendation. Circumstances may arise which would cause a variation from issuing an RFP every five years but staff would always seek approval from

City Council if the need arises. The City agrees with the recommendation but recognizes that there may be exceptions.

REC 9/13



# City of Hidden Hills

6165 Spring Valley Road • Hidden Hills, California 91302  
(818) 888-9281 • Fax (818) 719-0083

September 10, 2013

Honorable Charlene Olmedo, Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Re: Response to the County of Los Angeles Civil Grand Jury Report: Cities of Los Angeles County Fiscal Health, Governance, Financial Management and Compensation

Honorable Judge Olmedo:

This letter is in response to the 2012-2103 County of Los Angeles Civil Grand Jury report entitled "Cities of Los Angeles County Fiscal Health, Governance, Financial Management and Compensation" received by the City on July 5, 2013 ("Report").

In December, 2012, the County of Los Angeles Civil Grand Jury (Grand Jury) requested information to determine the fiscal health of all 88 incorporated cities within the County. The Grand Jury made seventeen general findings and seventeen recommendations in three areas: fiscal health, governance practices and financial management. With regard to the recommendation, four recommendations were directed to numerous cities, including Hidden Hills regarding its fiscal health, five recommendations were directed to numerous cities regarding governance practices, only four of which were directed to Hidden Hills, and eight recommendations were directed to numerous cities regarding financial management, only five of which were directed to Hidden Hills.

In accordance with Penal Code Sections 933 and 933.05, listed below are the City of Hidden Hills' responses to the general findings as well as the thirteen (13) more specific recommendations. Note that because of the very general nature of the Grand Jury's findings (i.e. often applicable to many or most cities in the County), the City of Hidden Hills responded based on the practices of the City of Hidden Hills and had no basis for commenting on the practices of other cities. However, where applicable and appropriate, the City's policies or actions related to the finding are described.

By way of background, the City of Hidden Hills is unlike many if not most of the 88 cities in the County of Los Angeles. We are a very small general law city of just under two square miles, with a population of approximately 1,850 residents, of which 1,245 are registered to vote. Our community is a gated community that contains approximately 650 home sites with mostly private interior streets, no street lights, and a very small commercial area of 61,102 square feet. We have three full-time employees and an annual budget of approximately \$1.5 million, with the majority of the City's revenue derived from property taxes and other state and local taxes. While the City appreciates the efforts of the Grand Jury, as set forth in our response, many of the recommendations applicable to the other 87 cities in the County of Los Angeles, are simply not applicable or practicable for our very small town.

### **Grand Jury Findings in the Area of Fiscal Health**

#### **Finding 1:**

Most cities expended more than they received in revenues during FY 2011-12.

#### **Response to Finding 1:**

The City of Hidden Hills did not expend more than it received in Fiscal Year 2011-12 (See page 104 of Report). The City of Hidden Hills has not studied whether or not most cities in Los Angeles County expended more than they received in fiscal year 2011-12 and, therefore, has no basis for commenting further on this finding.

#### **Finding 2:**

Most cities' total net assets and general fund balances declined during FY 2011-12, and several cities' ratios of total net assets to total liabilities are lower than desirable.

#### **Response to Finding 2:**

The City of Hidden Hills' net assets (ratio of assets to liabilities) was above the ideal ratio of 2.0 noted in the Grand Jury report (See page 108 of Report) in both 2010-11 (10.54 ratio) and 2011-12 (12.22). The City of Hidden Hills has not studied the net assets and fund balances of other cities in Los Angeles County and, therefore, has no basis for commenting further on this finding.

## **Grand Jury Findings in the Area of Governance Practices**

### **Finding 1:**

Most cities have developed strategic plans to provide appropriate strategic focus and direction for the city.

### **Response to Finding 1:**

The City of Hidden Hills has not studied whether or not most cities in Los Angeles County have developed strategic plans and, therefore, has no basis for commenting on this finding.

### **Finding 2:**

Most cities have developed performance measures to demonstrate the results of their organizational activities and goals.

### **Response to Finding 2:**

The City of Hidden Hills has not studied whether or not most cities in Los Angeles County have performance measures and, therefore, has no basis for commenting on this finding.

### **Finding 3:**

All cities stated they have a formal policy agreement, or other documents that define the roles of city council and city executive.

### **Response to Finding 3:**

The City of Hidden Hills Municipal Code defines the roles of the City Council and the City Manager. The City of Hidden Hills has not studied whether or not all cities in Los Angeles County have a formal policy defining the roles of city council and city executive and, therefore, has no basis for further commenting on this finding.

### **Finding 4:**

Most city councils have established specific goals for executives at least annually.

**Response to Finding 4:**

The City of Hidden Hills has not studied whether or not most cities in Los Angeles County have established specific annual goals for executives and, therefore, has no basis for commenting on this finding.

**Finding 5:**

Most cities have adopted a “Conflict of Interest” code.

**Response to Finding 5:**

The City of Hidden Hills has adopted a “Conflict of Interest” code. The City of Hidden Hills has not studied whether or not most cities in Los Angeles County have adopted a “Conflict of Interest” code and, therefore, has no basis for further commenting on this finding.

**Finding 6:**

Most cities have adopted an “Investment” Policy.

**Response to Finding 6:**

The City of Hidden Hills has adopted an Investment Policy. The City of Hidden Hills has not studied whether or not most cities in Los Angeles County have adopted an Investment Policy and, therefore, has no basis for further commenting on this finding.

**Finding 7:**

Most cities published their financial reports or CAFR to their website.

**Response to Finding 7:**

The City of Hidden Hills has not studied whether or not most cities in Los Angeles County publish their financial reports or CAFR to their website and, therefore, has no basis for commenting on this finding.



## **Grand Jury Findings in the Area of Financial Management Practices**

### **Finding 1:**

Few cities formally established an audit committee responsible for monitoring and overseeing financial reporting.

### **Response to Finding 1:**

The City of Hidden Hills has not studied whether or not other cities in Los Angeles County have formally established an audit committee and, therefore, has no basis for commenting on this finding.

### **Finding 2:**

All cities required their auditors to comply with independence standards and most selected their auditors through a competitive process. Most also precluded the auditor from providing non-audit services.

### **Response to Finding 2:**

The City of Hidden Hills has not studied whether or not other cities in Los Angeles County require their auditors to comply with independence standards, select their auditors through competitive process, or preclude the auditor from providing non-audit services and, therefore, has no basis for commenting on this finding.

### **Finding 3:**

Many cities could improve their documentation and maintenance of accounting policies and procedures.

### **Response to Finding 3:**

The City of Hidden Hills has not studied whether or not cities in Los Angeles County could improve their documentation and maintenance of accounting policies and procedures and, therefore, has no basis for commenting on this finding.

### **Finding 4:**

Many cities could improve their policies and procedures for reporting fraud, abuse, and questionable practices.

**Response to Finding 4:**

The City of Hidden Hills has not studied whether or not cities in Los Angeles County could improve their policies and procedures for reporting fraud, abuse, and questionable practices and, therefore, has no basis for commenting on this finding.

**Finding 5:**

Many cities could improve their internal control procedures over financial management.

**Response to Finding 5:**

The City of Hidden Hills has not studied whether or not cities in Los Angeles County could improve their internal control procedures over financial management and, therefore, has no basis for commenting on this finding.

**Finding 6:**

Most cities did not have a formal internal audit function.

**Response to Finding 6:**

The City of Hidden Hills has not studied whether or not other cities in Los Angeles County have a formal internal audit function and, therefore, has no basis for further commenting on this finding

**Finding 7:**

Many cities' policies and procedures governing general fund unrestricted fund balance could be improved.

**Response to Finding 7:**

The City of Hidden Hills has not studied whether or not cities in Los Angeles County have policies and procedures governing general fund unrestricted fund balance that could be improved and, therefore, has no basis for commenting on this finding.

**Finding 8:**

All cities maintained an adequate accounting system. Most issued timely financial statements and a CAFR in compliance with standards, and most made the CAFR readily accessible to the general public on their website.

**Response to Finding 8:**

The City of Hidden Hills maintains an adequate accounting system and issues timely financial statements. The City of Hidden Hills has not studied whether or not other cities in Los Angeles County maintain an adequate accounting system, issue timely financial statements and a CAFR in compliance with standards, and make the CAFR readily accessible to the general public on their website and, therefore, has no basis for further commenting on this finding.

**Grand Jury Recommendations in the Area of Fiscal Health**

**Recommendation 1:**

Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

**Response to Recommendation 1:**

The City of Hidden Hills disagrees with this recommendation as it applies to our unique city and therefore the recommendation will not be implemented because it is not warranted. The City of Hidden Hills has only three employees and because of its size, the policies that would guide the budgets of other cities are not necessarily applicable to us. The City Council is deeply involved in the operation of the City and actually directs and sets the policy although such policies may not always be in a formal manner. In addition, the budget/financial statements are provided monthly as part of the agenda packet; this information is also available to the public. Because of our unique size, we have two council members who, along with the City Treasurer, serve as the Finance Committee and assist with directing the financial planning for the City. The City Council along with the City Treasurer and City Manager will continue to direct the operations of the City and be involved in the budgeting process. The City will determine in the future if more financial planning items through written policies are warranted or necessary.

**Recommendation 2:**

Cities should develop a balanced budget and commit to operate within the budget constraints.

**Response to Recommendation 2:**

This recommendation has already been implemented. The City of Hidden Hills adopts budgets that are balanced and we have operated and will continue to operate within the budget adopted by the City Council.

**Recommendation 3:**

Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

**Response to Recommendation 3:**

The City of Hidden Hills generally agrees with the recommendation but it will not be implemented because it is not warranted. Because of our unique size, it is rare that we receive one-time revenues. Furthermore, general fund monies are utilized to fund on-going City operations.

**Recommendation 4:**

Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenues in years of shortfall.

**Response to Recommendation 4:**

This recommendation has already been implemented. The City Council through its financial planning and direction has implemented a course of action which has already resulted in the accumulation of substantial “rainy day” reserves. As noted within the Report, the City of Hidden Hills is number 2 and 3 in the years reported on having undesignated reserves over expenditures. In both years there is over 200% reserves to expenditures.

**Grand Jury Recommendations in the Area of Governance**

**Recommendation 1:**

Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.

**Response to Recommendation 1:**

The City of Hidden Hills disagrees with this recommendation as it applies to our unique city and therefore the recommendation will not be implemented because it is not warranted. While a strategic plan may be appropriate for other cities, such a document is not practical or necessary in a city that has three employees. Furthermore, priorities and goals are already addressed yearly with the Finance Committee during the annual budget process and addressed on an on-going basis at our City Council meetings.

**Recommendation 2:**

Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes, and information should be provided for several years to allow evaluation of progress over time.

**Response to Recommendation 2:**

The City of Hidden Hills disagrees with this recommendation as it applies to our unique city and therefore the recommendation will not be implemented because it is not warranted. While performance measures may be appropriate for other cities, this approach is not practical or necessary in a city that has three employees. Furthermore, progress on the City Council's priorities and goals is evaluated on an ongoing basis. City staff is in direct contact with Council Members on a daily basis.

**Recommendation 3:**

City councils should develop specific annual goals for the city's executive.

**Response to Recommendation 3:**

The City of Hidden Hills disagrees with this recommendation as it applies to our unique city and therefore the recommendation will not be implemented because it is not warranted. The City Manager is one of three City employees and unlike other cities, she works hand-in-hand with each member of the City Council on a variety of matters on a daily basis. Goals to be accomplished are established annually during the budget process as well as during Council meetings as needed or warranted.

**Recommendation 4:**

City councils should conduct meaningful evaluations of the city's executive at least annually. The City of Hidden Hills disagrees with this recommendation as it applies to our unique city and therefore the recommendation will not be implemented because it is not warranted. The City Manager is one of three City employees and unlike other cities, she works hand-in-hand with each member of the City Council on a variety of matters on a daily basis. As such, the City Manager is continually being evaluated and provided feedback directly from members of the Council as a result of her continual and daily interactions with them. Any issues or problems are addressed immediately.

## **Grand Jury Recommendations in the Area of Financial Management**

### **Recommendation 1:**

Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

### **Response to Recommendation 1:**

This recommendation has already been implemented. The City has a Finance Committee which serves as the Audit Committee. Further, each year the City Auditor reports directly to the entire City Council on the results of the audit at a public meeting.

### **Recommendation 2:**

Cities that do not currently select the auditor through a competitive process should do so.

### **Response to Recommendation 2:**

The City of Hidden Hills disagrees with this recommendation as it applies to our unique city and therefore the recommendation will not be implemented because it is not warranted. While a competitive process may be warranted for other cities, this approach is not practical or necessary in a small city that has three employees with an equally lean budget. From our perspective, this would lead to higher costs for the City. That said, our audit firm sends new auditors to our city every year so that a “fresh” pair of eyes reviews our accounts.

### **Recommendation 4:**

Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.

### **Response to Recommendation 4:**

The City of Hidden Hills disagrees with this recommendation as it applies to our unique city and therefore the recommendation will not be implemented because it is not warranted. While an accounting procedural manual may be warranted for other cities that have more staff, this is not necessary in Hidden Hills where we have three employees, only one of which is our “finance department.” That said, we have engaged the services of an independent financial consultant to provide an additional level of review over the work of the City’s finance department and the independent auditor. In addition, the independent financial consultant and the independent auditor review our internal controls on a yearly basis to ensure that we have the fiscal controls necessary as it pertains to the public’s money.

**Recommendation 5:**

Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

**Response to Recommendation 5:**

The City of Hidden Hills disagrees with this recommendation as it applies to our unique city and therefore the recommendation will not be implemented because it is not warranted. While a policy requiring policies and procedures to be reviewed annually and updated may be warranted for other cities, this is not necessary in Hidden Hills where we have only one employee who constitutes the "finance department." That said, we have engaged the services of an independent financial consultant to provide an additional level of review over the work of the City's finance department and the independent auditor. Both will make recommendations for policies and procedures if warranted. This along with an independent auditor who reviews our internal controls on a yearly basis and also makes recommendations for policies and procedures ensures that we have the fiscal controls necessary as it pertains to the public's money.

**Recommendation 8:**

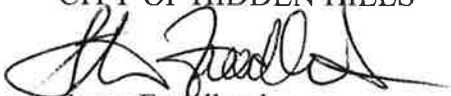
Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

**Response to Recommendation 8:**

The City of Hidden Hills disagrees with this recommendation as it applies to our unique city and therefore the recommendation will not be implemented because it is not warranted. While a competitive process may be warranted for other cities, this approach is not practical or necessary in a small city that has three employees with an equally lean budget. From our perspective, this would lead to higher costs for the City as well as additional staff time. We often find that firms, contractors and other vendors do not want to do business with our city because we are so small and unique and we do not offer the volume of continuing business that other cities can provide.

Respectfully,

CITY OF HIDDEN HILLS



Steve Freedland  
Mayor

SF/dlg



City of  
**HUNTINGTON PARK** California

**RENÉ BOBADILLA, P.E.**  
CITY MANAGER

VIA CERTIFIED MAIL

December 4, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

Re: City of Huntington Park's Response to the 2012-13 Los Angeles County Civil Grand Jury Report

Dear Presiding Judge:

The City of Huntington Park submits this letter in response to the 2012-13 Los Angeles County Grand Jury Report ("Report"). The Grand Jury has asked for a written response to the following Recommendations in the Report, pursuant to Penal Code Section 933.05.

The City of Huntington Park strives to maintain excellent leadership and management over its fiscal health. The Finance Department has policies that address Reserve Levels, Budget Processes, Debt Limits, and Accounting Procedures, which have been reviewed and adopted by the City Council. The City Manager holds a strategic planning session and goal-setting workshop with key executive staff and City Council each year. The City also plans to develop a 5-year Capital Improvement Plan in the future to serve as a financial planning tool.

**Fiscal Health – Recommendations**

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

**Response:** The Finance Department has a policy and procedure manual, which includes reserve, budget, investment and debt policies. This manual was presented and adopted by the City Council in 2004 and subsequently revised and updated in 2007. City staff plans to review and update these policies and procedures in the next fiscal year. The City has faced structural deficits over the past few years and working toward establishing a balanced budget in the next fiscal year.



2. Cities should develop a balanced budget and commit to operate within the budget constraints.

**Response:** The City had operated with a surplus for many years and maintained adequate levels of reserves. However, during the current economic downturn the City has been faced with declining revenues and increasing financial pressures from increased medical, pension, and employee costs. These financial pressures have been exacerbated by the dissolution of redevelopment. As a result, the City has faced structural deficit the past two years. The City currently estimates having a structural deficit of approximately \$3.0 million in the General Fund for the period ending June 30, 2014 (FY 13-14).

The City has worked in conjunction with its bargaining units and taken the following key measures to address its structural deficit:

- Workforce reduction: 7 Police / 6 Redevelopment & Planning Staff
- CalPERS employee contribution: 7% (miscellaneous) / 9% (safety)

The City Council has held several special budget workshops this fiscal year to address its structural deficit and is currently in the second phase of its implementation strategy. It plans to address increasing medical costs, OPEB, contracts, and cost effectiveness of services. The City Council expects to identify solutions to its structural deficit during this fiscal year.

3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

**Response:** The City has always implemented this recommendation. The City Council is committed to not using one-time revenues to fund on-going operational expenses. This past year the City added \$3.0 million of one-time revenues, these monies were added to the City's General Fund reserves.

4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement revenue in years of short fall.

**Response:** The City Finance Department has official reserve policies for the City's General Fund as well as for the Water and Sewer funds respectively. The policy set a reserve target of \$10 million or 50% of annual General Fund Revenues.

The City was in compliance with the policy for the past several years. The City reported \$16.0 million in the General Fund reserves or fund balance for the fiscal year ending June 30, 2012. After the preparation of the FY 11-12 audited financial statements, the City made adjustments to eliminate negative fund balances in five of its other funds, reducing its General Fund Reserves by \$5.7 to \$10.3 million.

The City has faced structural deficits in the General Fund for the past few years, resulting in declining reserves. The City expects to have \$5-7 million in General Fund reserves at the end of this fiscal year (June 30, 2014). Although this amount should prove sufficient to provide internal working capital / liquidity, it may fall below the adopted policy target: 50% of General Fund Revenues ~\$12.0 million. Once it addresses it

structural imbalances, the City Council will endeavor to rebuild its fund balance in order to maintain an adequate level of reserves in the future.

### **Governance Practices – Recommendations**

1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.

**Response:** In 2013, the City Manager conducted a retreat to discuss goal-setting and long-range planning regarding the betterment of the community. This strategic planning process involves goal setting workshops with the City Council. Furthermore, the Council and City Manager establish annual goals, consistent with the City's long-range plans and financial resources.

The City Council and City staff also have taken significant measures to discuss, develop, and implement short-term and long-term financial plans. Since January 2013, the City Council has addressed budget issues during 13 special budget workshops as well as regularly scheduled City Council meetings. The budget workshops have served to provide Council with the in-depth financial details that they need to make financial decisions for the City. In addition, the City has taken additional measures to increase public involvement through quarterly Town Hall meetings held in different venues throughout the City. The City posts the budget, audited financial statements and presentations on its website. Collectively, these efforts have greatly increased transparency in the City's financial decision-making process.

2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.

**Response:** The City utilizes a number of performance measures in various departments for reporting activity and progress in its numerous grant programs. However, the City has not incorporate formalized performance measures into the budgeting process. The City is endeavoring to incorporate quantitative performance metrics into its budgeting and financial decision-making process. The process commences in the Finance Department, which is changing its focus from accounting-based decisions to conducting financial analysis and measurement in order to make reasoned financial management decisions.

### **Financial Management – Recommendations**

1. Cities should formally establish an audit committee making it directly responsible for the work on the independent auditor.

**Response:** The City's Finance Policies and Procedures Manual call for a City Council Budget Sub Committee, but not an audit committee. This recommendation will be reviewed and evaluated in the next fiscal year.

3. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.

**Response:** The City does not have a formal policy that prohibits its audit firm from providing non-audit services; however, the City does not currently utilize non-audit services from its current auditor.

6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.

**Response:** The Finance Department has a set of formally Policy and Procedures Manual, which addresses fraud and potential abuses in a number of areas: Accounts Payable, Purchasing, and Travel/Reimbursement. Given the size of the City (170 employees), a fraud hotline is likely not cost-effective; however, the City Manager and senior staff have an open door policy to address personnel matters and potential employee fraud/abuses. Finance staff will work with its auditor to review and update policies and procedures for reporting fraud, abuse and questionable practices in this fiscal year.

8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

**Response:** The City has already implemented this recommendation. The City last undertook a full-scale competitive process for independent external auditors in June of 2012. The current agreement calls for a five-year term, which runs through fiscal year ending June 30, 2016. The City plans on undertaking a full-scale competitive RFP process again in 2016.

In conclusion, this completes the City of Huntington Park's response to the Report. The City trusts that the information provided adequately responds to the Grand Jury's Findings and Recommendations.

If you have any additional questions, please contact Julio Morales, Director of Finance at (323) 584-6201.

Sincerely,

THE CITY OF HUNTINGTON PARK



René Bobadilla, P.E.  
City Manager



# CITY OF INDUSTRY

Incorporated June 18, 1957

September 27, 2013

## BY OVERNIGHT MAIL

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
219 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Re: **City of Industry Responses to 2012-2013 Civil Grand Jury Report:**  
*Cities of Los Angeles County Fiscal Health, Governance, Financial  
Management & Compensation*

---

To the Honorable Presiding Judge:

The City of Industry has reviewed the 2012-2013 Civil Grand Jury Report regarding Los Angeles County cities' fiscal health, governance, financial management, and compensation practices, and has prepared the attached responses to the Grand Jury's recommendations. In preparing these responses, the City of Industry considered factors such as the City's small staff size, current practices, as well as recently approved and pending revisions to certain City policies, procedures and practices noted in the Report.

Sincerely,

KEVIN RADECKI  
CITY MANAGER, CITY OF INDUSTRY

### **Fiscal Health**

**Recommendation 1.** Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

The City of Industry has implemented this recommendation by adopting Resolution CC 2013-12 (attached), which implemented financial policies pertaining to accounting, auditing, financial reporting, fund balance, debt, revenue, capital improvements, capitalization and depreciation, cash management and investment, and the City's operating budget.

**Recommendation 2.** Cities should develop a balanced budget and commit to operate within the budget constraints.

The City of Industry has implemented this recommendation by adopting Resolution CC 2013-12, which implemented financial policies pertaining to accounting, auditing, financial reporting, fund balance, debt, revenue, capital improvements, capitalization and depreciation, cash management and investment, and the City's operating budget. Under these financial policies, the City has committed to adopting a balanced budget and operating within budget constraints when feasible.

**Recommendation 3.** Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

The City of Industry has implemented this recommendation by adopting Resolution CC 2013-12, which implemented financial policies pertaining to accounting, auditing, financial reporting, fund balance, debt, revenue, capital improvements, capitalization and depreciation, cash management and investment, and the City's operating budget. Under these financial policies, the City strives to not rely on one-time revenues to balance the annual operating budget.

**Recommendation 4.** Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.

The City of Industry has implemented this recommendation by adopting Resolution CC 2013-12, which implemented financial policies pertaining to accounting, auditing, financial reporting, fund balance, debt, revenue, capital improvements, capitalization and depreciation, cash management and investment, and the City's operating budget. Under these financial policies, the City has developed procedures for contributing to, maintaining, and utilizing reserve funds.

### **Governance Practices**

Recommendation 1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.

The City agrees with this recommendation and anticipates implementation of a strategic plan by the end of the calendar year. An initial draft of the strategic plan is currently being finalized for City staff review and comment, followed by a public hearing and implementation by the City Council.

Recommendation 2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.

The City agrees with this recommendation, which will be incorporated into the City's strategic plan. As explained above, the City anticipates implementation of the strategic plan by the end of the calendar year.

Recommendation 3. City councils should develop specific annual goals for the city's executive.

The City of Industry has implemented this recommendation by adopting Resolution CC 2013-12, which implemented the City Manager Evaluation Policy. The first City Manger evaluation under this new policy has taken place, and the City Council has established goals, objectives, and policy direction for the City Manager for the upcoming fiscal year.

Recommendation 4. City councils should conduct meaningful evaluations of the city's executive at least annually.

The City of Industry has implemented this recommendation by adopting Resolution CC 2013-12, which implemented the City Manager Evaluation Policy. Under the Policy, the City Council has and will continue to conduct annual evaluations of the City Manager's performance for each fiscal year.

Recommendation 5. Cities should publish their financial reports or CAFR on their city's website.

The City of Industry has implemented this recommendation by posting the City's Financial Statements with Independent Auditor's Reports on the City's website.

## **Financial Management**

**Recommendation 1.** Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

The City of Industry has implemented this recommendation by adopting Resolution CC 2013-18 (attached), which established an audit committee that is responsible for providing recommendations to the City Council regarding the appointment, compensation, retention, and oversight of the work of the independent accounting firm engaged to perform the City's annual financial report.

**Recommendation 2.** Cities that do not currently select the auditor through a competitive process should do so.

The City of Industry has implemented this recommendation by adopting Resolution CC 2013-12, which implemented financial policies pertaining to accounting, auditing, financial reporting, fund balance, debt, revenue, capital improvements, capitalization and depreciation, cash management and investment, and the City's operating budget. Under the financial policies, the City will select its independent audit firm through a competitive process at least once every five years.

**Recommendation 4.** Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.

The City of Industry has implemented this recommendation by adopting Resolution CC 2013-12, which implemented financial policies pertaining to accounting, auditing, financial reporting, fund balance, debt, revenue, capital improvements, capitalization and depreciation, cash management and investment, and the City's operating budget.

**Recommendation 5.** Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

The City of Industry has implemented this recommendation by adopting Resolution CC 2013-12, which implemented financial policies pertaining to accounting, auditing, financial reporting, fund balance, debt, revenue, capital improvements, capitalization and depreciation, cash management and investment, and the City's operating budget. Under these financial policies, the City will annually review accounting policies and procedures and update such procedures at least once every three years.

Recommendation 6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.

The City of Industry has implemented this recommendation by adopting Resolution CC 2013-12, which implemented the City's Fraud, Waste and Abuse Policy. The Policy includes a mechanism for anonymously reporting suspected fraudulent activity.

Recommendation 7. Cities should periodically review and update internal control procedures over financial management.

The City of Industry has implemented this recommendation by adopting Resolution CC 2013-12, which implemented financial policies pertaining to accounting, auditing, financial reporting, fund balance, debt, revenue, capital improvements, capitalization and depreciation, cash management and investment, and the City's operating budget. Under these financial policies, the City will annually review internal control procedures over financial management and update such procedures at least once every three years.

Recommendation 8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

The City of Industry has implemented this recommendation by adopting Resolution CC 2013-12, which implemented financial policies pertaining to accounting, auditing, financial reporting, fund balance, debt, revenue, capital improvements, capitalization and depreciation, cash management and investment, and the City's operating budget. Under these financial policies, the City will select its independent audit firm through a competitive process at least once every five years.



## RESOLUTION NO. CC 2013-18

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, ESTABLISHING AN AUDIT COMMITTEE AND DESIGNATING ITS FUNCTIONS

THE CITY COUNCIL OF THE CITY OF INDUSTRY RESOLVES AS FOLLOWS:

**SECTION 1. Findings.** The City Council finds as follows:

A. On June 27, 2013 the City Council adopted Resolution No. CC 2013-12 to establish policies relating to financial management to help promote efficient and effective management and operation of the City.

B. Under the City's adopted financial policies, the City Council is directed to establish an Audit Committee that is responsible for the appointment, compensation, retention and oversight of the work of the independent accounting firm engaged to perform the annual audit of the City's annual financial report.

C. Article VIII of the Charter of the City of Industry grants to the City Council the authority to create such commissions, committees and agencies as are required (Section 800) and to appropriate necessary funds sufficient for the proper functioning of such commissions, committees and agencies (Section 801), and to establish operating standards including, but not limited to, standards for appointment of members, any necessary procedural rules and regulations (Section 802) and provisions for reimbursement of expenses and compensation (Section 804).

D. The City Council desires to create an Audit Committee consistent with the authority of the above-referenced provisions of the Charter of the City of Industry and the City's financial policies.

**SECTION 2. Creation of Committee.** The City Council hereby creates the Audit Committee of the City of Industry.

**SECTION 3. Committee Membership.** The Audit Committee will consist of two members appointed by the City Council and will serve at the pleasure of the City Council. Every person appointed to the Audit Committee will, at the time of his or her appointment, be a member of the City Council of the City of Industry. Should any person so appointed cease to be a member of the Industry City Council, that person will be ineligible to continue to serve as a member of the Committee. Strong consideration will be given to Council members who have a background in financial services, including but not limited to financial management, accounting, or auditing.

**SECTION 4. Meetings.** All meetings of the Committee will be held in accordance with and subject to the applicable provisions of the Ralph M. Brown Act.

**SECTION 5. Functions and Responsibilities.** The function and purpose of the Audit Committee is to assist the City Council by making recommendations pertaining to the appointment, compensation, retention and oversight of the work of the independent accounting firm engaged to perform the annual audit of the City's annual financial report. The Audit Committee, in addition to any other duties requested by the City Council, will do the following:

A. Hold an annual meeting at least once each fiscal year, as well as at additional times as requested by the City Council.

B. Designate the City Manager and Controller as Committee Advisors, to provide assistance and recommendations in all matters reviewed by the Audit Committee.

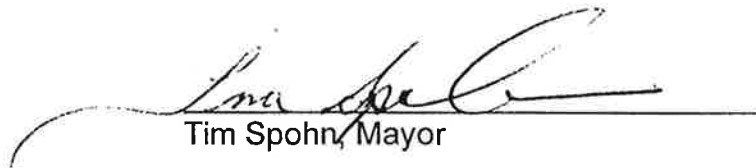
C. Review the year-end financial audit for the City with Committee Advisors, along with representatives from the independent accounting firm charged with preparing the year-end audit. Prepare and present a summary of the year end audit for Council review at the next regularly scheduled Council meeting following the Audit Committee's review.

D. At least once every five years, receive and review recommendations and information from staff regarding the selection of an independent audit firm through a competitive process. Make a final recommendation to the Council regarding the award of the audit contract.

E. Review and make a final recommendation to Council on any proposed contract between the City and the selected independent audit firm for non-audit services.

**SECTION 6.** The City Clerk is directed to certify to the adoption of this resolution.

**PASSED, APPROVED and ADOPTED** by the City Council of the City of Industry at a regular meeting held on September 26, 2013.

  
\_\_\_\_\_  
Tim Spohn, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Jodi L. Scrivens, City Clerk

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

CITY CLERK'S CERTIFICATION  
RE: ADOPTION OF CITY RESOLUTION

I, Jodi L. Scrivens, City Clerk of the City of Industry, do hereby certify that the foregoing Resolution No. CC 2013-18 was duly passed and adopted at a regular meeting of the City Council on September 26, 2013, by the following vote, to wit:

AYES:	COUNCIL MEMBERS:	Ferrero, Haber, Marcellin, MPT/Parriott, M/Spohn
NOES:	COUNCIL MEMBERS:	None
ABSENT:	COUNCIL MEMBERS:	None
ABSTAIN:	COUNCIL MEMBERS:	None

  
\_\_\_\_\_  
Jodi L. Scrivens  
City Clerk, City of Industry

(SEAL)

I hereby certify that the above and foregoing document is a true and correct copy of the original record on file in this office.

  
\_\_\_\_\_  
Jodi L. Scrivens, City Clerk  
City of Industry

**RESOLUTION NO. CC 2013-12**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
INDUSTRY, CALIFORNIA, ADOPTING POLICIES RELATING TO  
FINANCIAL MANAGEMENT, FRAUD REPORTING,  
PROCUREMENT PROCEDURES, AND CITY MANAGER  
PERFORMANCE EVALUATIONS.**

**THE CITY COUNCIL OF THE CITY OF INDUSTRY RESOLVES AS FOLLOWS:**

**SECTION 1.** The City Council finds as follows:

A. To ensure sound financial management, the City desires to adopt a formal set of financial policies to provide a basic foundation and framework for elected officials and staff when making financial decisions on behalf of the City.

B. The City desires to adopt a fraud, waste, and abuse policy to protect the City's revenue, property, proprietary information, and other assets from any attempt by City officials, employees, contractors or vendors to gain financial or other benefits through fraud or deception.

C. Chapter 3.04 of Title 3 of the Industry Municipal Code provides the general authority and procedures for making purchases on behalf of the City. To ensure continuity and uniformity in the City's contracting and purchasing operations, the City desires to adopt a procurement policy detailing the procedures for contracting for services and purchasing supplies and equipment for the City.

D. To help identify and achieve annual goals, objectives, and policy directions, the City desires to implement a City Manager evaluation policy to provide guidelines for the City Manager's annual performance evaluation, where the Council will review the City Manager's past performance and set goals for the upcoming fiscal year.

**SECTION 2.** The City Council hereby adopts the Financial Policies, attached as Exhibit A.

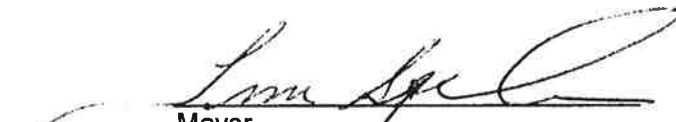
**SECTION 3.** The City Council hereby adopts the Fraud, Waste and Abuse Policy, attached as Exhibit B.

**SECTION 4.** The City Council hereby adopts the Procurement Policy, attached as Exhibit C.

**SECTION 5.** The City Council hereby adopts the City Manager Evaluation Policy, attached as Exhibit D.

**SECTION 6.** The City Clerk is directed to certify to the adoption of this Resolution.

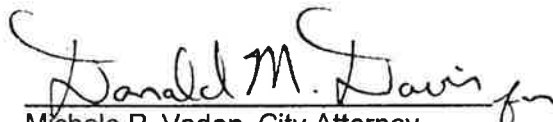
**PASSED, APPROVED AND ADOPTED** this 27 day of June, 2013.

  
\_\_\_\_\_  
Mayor

**ATTEST:**

  
\_\_\_\_\_  
Jodi L. Scrivens, City Clerk

**APPROVED AS TO FORM:**


  
\_\_\_\_\_  
Michele R. Vadon, City Attorney

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

CITY CLERK'S CERTIFICATION  
RE: ADOPTION OF CITY RESOLUTION

I, Jodi L. Scrivens, City Clerk of the City of Industry, do hereby certify that the foregoing Resolution No. CC 2013-12 was duly passed and adopted at a regular meeting of the City Council on June 27, 2013, by the following vote, to wit:

AYES:	COUNCIL MEMBERS:	Ferrero, Haber, Marcellin, MPT/Parriott M/Spohn
NOES:	COUNCIL MEMBERS:	None
ABSENT:	COUNCIL MEMBERS:	None
ABSTAIN:	COUNCIL MEMBERS:	None

  
\_\_\_\_\_  
Jodi L. Scrivens  
City Clerk, City of Industry

(SEAL)

**EXHIBIT A**  
**Financial Policies**

## CITY OF INDUSTRY

---

Section:	Finance	Date Adopted:
Subject:	<b>Financial Policies</b>	Last Amended:
Number:		Page 1 of ___

---

### SECTION 1. GENERAL POLICIES

The City will:

- Manage its financial assets in a sound and prudent manner;
- Maintain and further develop programs to ensure its long term ability to pay all costs necessary to provide the level and quality of service required by its citizens; and
- Establish and maintain investment policies that are in accordance with State laws.

### SECTION 2. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICIES

A. Financial Information.

It is the policy of the City of Industry to provide all financial information in a thorough, timely fashion, and in a format that is easy for the City Council, and City boards, commissions, employees as well as citizens to understand and utilize.

B. Accounting Standards.

The City's accounting of financial systems will be maintained in accordance with Generally Accepted Accounting Principles (GAAP), standards of the Governmental Accounting Standards Board (GASB), and the Government Finance Officers Association (GFOA).

C. Accounting Policies and Procedures Manual.

The City will maintain a manual on accounting policies and procedures, which will include details of procedures and define specific financial authority and responsibilities of employees. These policies and procedures will be reviewed annually and updated at least once every three years as needed.

As part of this review, the City will review and update its internal control procedures over financial management.

D. Audit Committee.



The City Council will appoint two members of the City Council to act as members of the audit committee. The audit committee will be responsible for the appointment, compensation, retention and oversight of the work of the independent accounting firm engaged to perform the annual audit of the City's annual financial report.

E. Annual Audit.

An independent public accounting firm will perform an annual audit and its opinions will be included in the annual financial report.

The independent audit firm will be selected through a competitive process at least once every five years. The City Manager and staff will review the qualifications of prospective firms and make a recommendation to the audit committee. The audit committee will make the final recommendation to the City Council. The audit contract, and any extensions, will be awarded by the City Council.

The independent audit firm must confirm to the City that it is in compliance with applicable standards of independence for external auditors regarding the City and its entities.

The independent audit firm may provide non-audit services as requested and approved by the City Council. The proposed non-audit contract will be reviewed by the audit committee, and a recommendation made to the City Council.

The annual audited financial statement will be posted on the City's website.

### **SECTION 3. FUND BALANCE POLICIES**

The City utilizes a variety of accounting funds for recording revenues and expenditures. At the end of each fiscal year, budgeted/appropriated expenditure authority lapses with the exception of operating expenses that have been incurred but not paid for. The remaining dollars left in each fund that are unassigned constitute available funds of the City. The Council authorizes the City Manager to make assignment of unassigned funds as needed.

A. General Fund.

The General Fund Unassigned Fund Balance will be maintained in an amount as determined by the City Council based upon the facts and circumstances facing the City at that time. These funds are designed to be used in the event of significant financial emergency. Such additional amounts may be allocated for specific purposes, such as capital projects or for known significant future cost items. Any residual balance will be

available for general operational working capital uses.

**B. City Council Contingency Account.**

A contingency account will be maintained annually in the City's General Fund. The amount will be determined annually by the City Council as dictated by the facts and circumstances facing the City at that time. This account will be available for unanticipated, unbudgeted expenditures and will require City Council approval to spend. The purpose of this account is to provide some flexibility for unforeseen events without the necessity to appropriate additional funds from the City's Unassigned Fund Balance.

**C. Enterprise Funds.**

The City's Enterprise Funds will maintain reserves as determined by the City Council as dictated by the facts and circumstances facing the City at that time.

**D. Trust and Agency Funds.**

The City maintains funds on a trustee basis for a number of purposes, including City-sponsored post-employment benefits programs and trust accounts for special assessment districts and the Successor Agency of the Industry Urban Development Agency. These funds will be segregated from the City's general funds.

The estimated cost of City-sponsored retirement programs will be actuarially valued biennially. Ongoing annual normal costs for such programs will be budgeted in the department receiving the benefit. Unfunded liabilities will be disclosed and accounted for in accordance with Generally Accepted Accounting Principles (GAAP).

**SECTION 4. DEBT POLICIES**

**A. Issuance of Debt.**

The City will not use long-term debt to pay for current operations.

The use of bonds or certificates of participation will only be considered for significant capital and infrastructure improvements.

The term of the debt may never extend beyond the useful life of the improvements to be financed.

## **SECTION 5. REVENUE POLICIES**

### **A. General Fund Revenue.**

The City will strive to develop and maintain a diversified and reliable revenue stream so as to avoid becoming overly dependent on any single type of revenue. Efforts will be directed to optimize existing revenue sources while periodically reviewing potential new revenue sources.

Budgeted revenues will be estimated conservatively using accepted standards and estimates provided by the state, other governmental agencies or reliable economic forecasters when available.

If revenues from "one-time" or limited duration sources are used to balance the City's annual operating budget, it is to be fully disclosed and explained at the time the budget is presented. It is the City's goal to not rely on these types of revenues to balance the operating budget.

The City will pursue revenue collection and auditing to assure that moneys due the City are accurately received in a timely manner.

The City will seek reimbursement for state and federal mandated costs whenever possible.

### **B. Grants and Gifts.**

The City will actively pursue federal, state and other grant opportunities when deemed appropriate. Before accepting any grant, the City will thoroughly consider the implications in terms of ongoing obligations that will be required in connection with acceptance of such grant.

### **C. Enterprise Fund Charges.**

The City will set user fees for each enterprise fund at a rate that fully covers direct and indirect costs of providing the service, as well as planned capital improvements that may be necessary from time to time.

## **SECTION 6. CAPITAL IMPROVEMENT POLICIES**

### **A. Capital Improvement Policies Funding Sources.**

Most of the City's infrastructure has a designated revenue source to pay for its upgrade or replacement, as appropriate. For example, water/wastewater rates fund utility infrastructure needs; gas tax revenues fund street needs; and storm drainage needs are paid for with related fees and assessments. The City's public buildings and properties are the primary beneficiaries of the City's Capital Projects Fund.

Transfers into the Capital Projects Fund will be processed by the Finance Department on a monthly basis and recorded as such in the annual adopted budget.

**B. Three Year Capital Projects Program.**

The City will annually prepare a capital projects spending program projecting capital needs for a three year period (shorter period budget if deemed appropriate due to circumstances). This spending program will address all of the City's funds.

The first year of the three year capital projects program will be consistent with, and adopted as a component of, the annual operating budget.

In the development of the capital projects program, the operating costs associated with the capital project will be projected and considered in conjunction with the capital projects program.

**C. Enterprise Fund Capital Improvements.**

Capital improvements funded from the Enterprise Funds will be paid for in combination of current operating cash flows, transfers from the general fund and the use of long-term debt financing. The City will periodically review its enterprise capital needs and establish capital spending plans that are appropriate.

**SECTION 7. CAPITALIZATION AND DEPRECIATION POLICIES**

The City will capitalize capital assets purchases in excess of \$5,000.

The City will depreciate capital assets such as machinery, equipment, buildings and improvements, and infrastructure (roads, sidewalks, parks, etc.). Depreciation will be performed on a straight line basis over the expected useful life of the asset and in accordance with Generally Accepted Accounting Principles (GAAP).

**SECTION 8. CASH MANAGEMENT & INVESTMENT POLICIES**

The City Treasurer will annually review and update, or modify as appropriate, the City's investment policy. Review will take place at public meetings and the policy will be adopted by minute action of the City Council based upon the City Treasurer's recommendations

City funds will be managed in a prudent and diligent manner with emphasis on safety, liquidity, and yield in accordance with the applicable investment provisions of the California Government Code.

**SECTION 9. OPERATING BUDGET POLICIES**

A. Balanced Operating Budget.

It is the policy of the City to adopt a balanced budget, where operating revenues are equal to, or exceed, operating expenditures. In the event a balanced budget is not attainable, and the cause of the imbalance is expected to last for no more than one year, the planned use of reserves to balance the budget is permitted. In the event that a budget shortfall is expected to continue beyond one year, the planned use of reserves must be developed as part of a corresponding strategic financial plan to close the gap through revenue increases or expenditure decreases.

Any year end operating surpluses will revert to unappropriated balances for use in maintaining reserve levels set by policy and will be available for capital projects and/or "one-time only" General Fund expenditures.

B. Budget Document.

The operating budget will serve as the annual financial plan for the City. It will serve as the policy document of the City Council for implementing Council goals and objectives. The budget will provide the staff the resources necessary to accomplish City Council determined service levels.

The City Manager will prepare a two-year (one year budget if deemed appropriate due to circumstances) proposed operating budget and present the proposed operating budget to the City Council no later than the second regular Council meeting in May of every two years; and Council will adopt such budget no later than June 30 of each year. Funds may not be expended or encumbered for the following fiscal year until the budget has been adopted by the City Council.

The City's annual budget will be presented by department, with a logical breakdown of programs and proposed expenses. The budget document will also summarize expenditures at the personnel, operating and maintenance, and capital levels.

Each year the City's budget will be reviewed for possible amendments to the budgeted amounts and presented to the City Council for approval.

C. Budget Control and Accountability.

Budget control is maintained at the departmental level. The City Manager has the authority to approve appropriation transfers between programs or departments. In no case may total expenditures of a particular fund exceed that which is appropriated by the City Council without a budget amendment. Amendments to the budget are approved by the City Council

with the exception of the appropriation and transfer of funds from employee leave reserves to a specific department's program budget to cover unplanned customary termination leave expenditures within a given year. Such amendments may be approved by the City Manager.

Budget accountability rests primarily with the operating departments of the City.

D. Capital Plant and Equipment.

The annual budget will provide for adequate maintenance and replacement of capital assets.

E. Enterprise Funds.

The Enterprise Funds will be supported by their own rates and charges, and, if needed, will be subsidized by transfers from other available funds approved in the annual budget. The amount of the transfers may be changed if approved by the City Manager.

**EXHIBIT B**

**Fraud, Waste and Abuse Policy**

## CITY OF INDUSTRY

---

Section: Finance

Date Adopted:  
Last Amended:

Subject: **Fraud, Waste and Abuse Policy**

Number:

Page 1 of \_\_

---

### SECTION 1. PURPOSE

The City is committed to protecting its revenue, property, proprietary information and other assets from any attempt by City officials, employees, contractors or vendors to gain financial or other benefits through fraud and deception. The City does not tolerate misuse or misappropriation of City assets. It is the City's intent to promptly and fully investigate any suspected acts of "fraud," as it is defined in this Policy, in an impartial manner regardless of the suspected wrongdoer's length of service, position, title or relationship to the City.

This Policy addresses specific guidelines and responsibilities regarding appropriate actions for detecting, reporting, and investigating fraud or other similar irregularities.

### SECTION 2. APPLICABILITY

This Policy applies to all City officials, employees and those doing business with the City.

### SECTION 3. POLICY

The City will identify and promptly investigate any possible acts of fraud or related dishonest activities against the City. When appropriate, the City will take disciplinary action against officials and employees, including the possibility of termination of employment or contract, and will also pursue other available legal remedies, including forwarding information to the appropriate authorities for criminal prosecution.

### SECTION 4. DEFINITIONS

For the purposes of this Policy, "fraud" is the act of intentional deception as a tool for personal gain. Fraud also includes any intentional waste, abuse, or attempt to use a City asset or position for personal gain or for purposes unrelated to City business, and other similar misconduct that is prohibited under California law. Examples of fraud include, but are not limited to:

- Using one's position for personal gain
- Stealing or removing City assets from City property



- Using City equipment, facilities, supplies or funds for purposes unrelated to City business
- Falsifying any City document or record
- Seeking or obtaining anything of material value in excess of permitted gift limits from those doing business with the City in exchange for favors in performing one's official duties
- Willful misrepresentations or providing false statements, certificates, reports, forms or claims
- Improprieties in the handling or reporting of money transactions
- Authorization or receipt of payments for goods not received or services not performed
- Authorization or receipt of payment for hours not worked
- Any claim for reimbursement of expenses that are not made for the benefit of the City or to perform one's official duties
- Unnecessary spending of City funds to purchase supplies or equipment
- Using one's position in one City department to gain an advantage over another City resident when conducting personal business in another City department
- Willful violations of federal, state or local laws related to fraudulent activities, including the Political Reform Act (Govt. Code §81000 and following), Government Code section 1090, the Regulations of the Fair Political Practices Commission, etc.

For the purposes of this Policy, "fraud investigator" includes any one of the following individuals: City Manager, City Attorney, City Clerk.

## **SECTION 5. MANAGEMENT RESPONSIBILITY**

Members of management (i.e., department heads and supervisors) are responsible for establishing and maintaining a system of internal controls to ensure the detection and prevention of fraud and other irregularities.

Management should be reasonably familiar with the types of fraud that might occur within their area of responsibility, and be alert for any indication of fraud.

Management has the same responsibility with respect to reporting fraud as do all other employees of the City as outlined below. Management will support and co-operate with the fraud investigators, independent investigators, and law enforcement agencies in the detection, reporting and investigation of all fraudulent acts, including the prosecution of offenders.

Upon notification of suspected fraud from an employee or a member of the public, or if management has reason to suspect fraud has occurred, he/she will contact a fraud investigator. The fraud investigator will then contact each of the other fraud investigators, unless one or more of the investigators is suspected of fraud. The fraud investigator(s) will then conduct the investigation, or retain an independent investigator if necessary. If all fraud investigators are suspected of fraud, the fraudulent activity should be reported to law enforcement.

After reporting the suspected fraud to the appropriate person, management will not attempt to conduct individual investigations, interviews, or interrogations.

Great care must be taken in dealing with suspected fraudulent activities to avoid the following:

- Incorrect accusations;
- Alerting suspected individuals/companies that an investigation is underway;
- Treating employees/third parties unfairly; or
- Making statements that could lead to claims of false accusations or other offenses.

Responsibilities of management in handling fraudulent activities include the following:

- Not contacting the suspected individual to determine facts or demand restitution.
- Not discussing the case, facts, suspicions, or allegations with anyone outside the City, unless specifically directed to do so by the fraud investigator(s), or independent investigator.
- Not discussing the case with anyone inside the City other than employees who have a need to know, such as the City Manager.
- Directing all inquiries from the suspected individual/company or his/her/its representative/attorney to the City Manager.
- Directing all inquiries from the media to the City Manager's Office. A proper response to such an inquiry might be, "I'm not at liberty to discuss this matter. Let me refer you to the City Manager's Office". The City Manager's Office will determine the appropriate media messages and identify an appropriate City spokesperson, as required.

Upon completion of an investigation, management is responsible for taking appropriate corrective actions as recommended by the applicable investigator to ensure adequate controls exist to prevent reoccurrence of improper actions.

## **SECTION 6. EMPLOYEE RESPONSIBILITIES**

Any employee of the City who knows or has reason to believe that a fraudulent act or practice has occurred must do the following:

- Report the incident or practice to at least one fraud investigator.
- Refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone other than the fraud investigator(s), independent investigator, or law enforcement personnel.

Employees who wish to remain anonymous when reporting a suspected fraudulent activity may submit an anonymous online Fraud Report form at:  
[http://www.cityofindustry.org/\\_\\_\\_\\_\\_](http://www.cityofindustry.org/).

It is expected that employees (other than those who chose to remain anonymous) will fully co-operate with the fraud investigator(s), independent investigators and law enforcement agencies during the course of an investigation and will make all reasonable efforts to be available to assist with the investigation.

Employees that have a reasonable basis for reporting a fraudulent act or practice will be protected from retaliation under applicable City personnel policies and rules.

## **SECTION 7. INVESTIGATION**

The fraud investigator(s) will carry out an initial review. After this review is completed, a determination of whether the suspected fraud warrants additional investigation will be made.

Where appropriate, a prompt and thorough investigation will be conducted and will include detailed analyses of available records. Within the scope of their investigation, the fraud investigator(s), or outside investigator, as applicable, will have unrestricted access to all City records, employees and City premises and the authority to examine, copy, or remove all or any portion of the contents of files, desks, cabinets, computers and other City resources, equipment and facilities without prior knowledge or consent of any individual who might use or have custody of any such items when there is a reasonable suspicion of a dishonest or fraudulent activity, which makes such inspection appropriate. There is no assumption of privacy in such cases.

The person conducting the investigation will proceed as follows, if evidence is uncovered showing possible fraudulent activities:

- Discuss the findings and recommendations for prevention of future similar occurrences with management and appropriate administrators.
- Determine if disciplinary actions should be taken.
- If criminal activity appears to have occurred, in consultation with the City Attorney, report the findings to the appropriate law enforcement agency.

Decisions to prosecute or refer the investigation results to an appropriate law enforcement agency for independent investigation will be made by the City Manager in appropriate circumstances and in consultation with the City Attorney.

## **SECTION 8. CONFIDENTIALITY**

All participants in a fraud investigation will treat all information received confidentially. To the extent permitted by law, the identity of individuals involved in an investigation including the identity of an individual alleging fraud and the identity of an individual alleged to have committed fraud will be protected. Disclosure of the identity of witnesses may be required, however, pursuant to a subpoena or in other circumstances where the City is required by law to release information. In addition, persons reporting fraud

should also be aware that public testimony might be needed to prove the case against the accused.

**EXHIBIT C**  
**Procurement Policy**

## CITY OF INDUSTRY

---

Section: City Manager

Date Adopted:

Last Amended:

Subject: **Procurement Policy**

Number:

Page 1 of \_\_\_

---

### **SECTION 1. PURPOSE**

The purpose of this policy is to provide the City of Industry a means of assuring continuity and uniformity in its contracting and purchasing operations, and to define the responsibilities for contracting for services and purchasing supplies and equipment for the City. This policy is in furtherance of the general authority and procedures set forth in Chapter 3.04 (Purchasing System) of Title 3 of the Industry Municipal Code, and while comprehensive is not intended to address every issue, exception, or contingency that may arise in the course of City contracting and purchasing activities. The basic standard that should always prevail is to exercise good judgment in the use and stewardship of City resources, including keeping within the budget authorized by the City Council.

This policy does not address the purchase of supplies, equipment and services, which are included within the definition of a "public works" project subject to the requirements of the California Public Contract Code.

### **SECTION 2. PROCUREMENT OFFICER**

The City Manager is designated as the Procurement Officer for the City and may delegate the administration of the program to a designee. The Procurement Officer is charged with the responsibility and authority for coordinating and managing the procurement of the City's supplies, equipment and services according to this policy.

The Procurement Officer and all departments must adhere to this policy when procuring supplies, equipment and services. This policy strives to define decision making with prudent review and internal control procedures and to maintain departmental responsibility and flexibility in evaluating, selecting, and procurement supplies, equipment and services.

### **SECTION 3. RESPONSIBILITIES OF THE PROCUREMENT OFFICER**

The Procurement Officer is responsible for 1) the procurement of supplies, equipment and services; 2) the administration of this procurement policy; and 3) the management of surplus city property. To perform these functions efficiently and assist departments, the Procurement Officer will:

- A. Coordinate and manage the procurement of the City's supplies, equipment and services from the lowest responsive and responsible bidder when required by this policy.
- B. Ensure full and open competition on all purchases as required by this policy.
- C. Identify, evaluate and utilize procurement methods which best meet the needs of the City (i.e., cooperative purchases, blanket purchase orders, contractual agreements, etc.)
- D. Assist all departments with research and recommendations in developing specifications; review specifications for completeness of information to ensure specifications are not unnecessarily restrictive.
- E. Coordinate vendor relations, locate sources of supply, and evaluate vendor performance.
- F. Recommend revisions to procurement procedures when necessary and keep informed of current developments in the field of public contracting and purchasing.
- G. Prescribe and maintain all forms and records necessary for the efficient operation of the procurement function.
- H. Act as the City's agent in the transfer and disposal of surplus equipment and materials.
- I. Investigate the cost of recycled and non-recycled products to determine if the purchase of recycled products is practical and economical. To be considered economical, the added costs should not exceed 10% of the lowest non-recycled product price.
- J. Make purchase award recommendations to the appropriate authority.

#### **SECTION 4. RESPONSIBILITIES OF DEPARTMENTS**

Departments are charged with the following responsibilities in the procurement process:

- A. To anticipate requirements sufficiently in advance to allow adequate time to obtain goods in accordance with the best procurement practices.
- B. To communicate and coordinate purchases with the Procurement Officer, as necessary.
- C. To provide detailed, accurate specifications to ensure goods obtained are consistent with requirements and expectations.

- D. To prepare requisitions in accordance with instructions so as to minimize the processing effort.
- E. To inform the Procurement Officer of any vendor relations problems, shipping problems (i.e., damaged goods, late delivery, wrong items delivered, incorrect quantity delivered, etc.) and any situations that could negatively affect the procurement function.
- F. To minimize urgent and sole source purchases and to provide written documentation when such purchases may be necessary.
- G. To assist the Procurement Officer with the review of all bids received for compliance with specifications, and provide the Procurement Officer with written documentation regarding their findings.
- H. To notify vendors of purchase award when authorized by the Procurement Officer.
- I. To not "split" orders for the purpose of avoiding procurement requirements. See Definitions.
- J. To consider the use of recycled products when practical and economically feasible. To be considered economical, the added costs should not exceed 10% of the lowest non-recycled product price.

## **SECTION 5. VENDOR AND CONSULTANT RELATIONS**

It is to the City's advantage to promote and maintain good relations with vendors and service providers. The Procurement Officer and department staff will conduct their dealings with vendors and consultants in a professional manner and will promote equal opportunity and demonstrate fairness, integrity, and courtesy in all relations. When feasible and cost-effective to do so, as determined by the Procurement Officer, vendors within the City of Industry should be utilized for supplies and equipment.

## **SECTION 6. SPECIFICATIONS**

It is the responsibility of each department to provide detailed, accurate specifications when requisitioning supplies and equipment. Accurate specifications are essential for effective bidding.

### **A. Sole Source Specifications.**

Sole source specifications must be avoided whenever possible, as they minimize or eliminate competition. The appropriate authority (Procurement Officer if total purchase for supplies or equipment is \$100,000 or less; City Council if total purchase for supplies or equipment is more than \$100,000) may waive bidding requirements if sufficient written justification for a sole source purchase exists. Written documentation signed by the appropriate



department head must accompany the requisition for any sole source request.

B. Standardization.

Standardization of specifications for items common to several departments can facilitate the procurement process. The Procurement Officer and departments are encouraged to work together to establish standard specifications for such items.

C. Brand Name, or Equal, Specifications.

In purchasing equipment or supplies needed to be compatible with existing equipment, or to perform complex or unique functions, the Procurement Officer may limit bidding to a specific product type or a brand name product. Use of brand names in specifications will be for the purpose of describing the standard of quality, performance, and characteristics the City desires and not be intended to limit or restrict competition. If a brand name is incorporated into a specification, a minimum of two acceptable brands will be listed whenever possible and will be followed by the statement "or approved equal" unless the sole source rule applies. Using specifications provided by a specific manufacturer should be avoided, however, if used, the name of the manufacturer, model number, etc., should be indicated. The bid document must clearly state that the use of the manufacturer's specifications are for the sole purpose of establishing the level of quality desired. The Procurement Officer reserves the right to determine and approve any product submitted as an "or equal."

D. Vendor Assistance in Writing Specifications.

There may be occasions when vendor assistance is required to develop a specification. Such specifications must be written in general terms and the vendor will be informed that the information they provide may be used to develop specifications for a competitive bid process. The vendor will be allowed to submit a bid, but will not be given any preference over the other bids.

## **SECTION 7. SUPPLIES & EQUIPMENT: PROCUREMENT METHODS**

A. Requirements for Certain Procurement Dollar Limits.

Procurement dollar limits are "per order". This policy specifically prohibits splitting an order to circumvent the specified dollar limits. Departments should contact the Procurement Officer to coordinate volume bids of repetitive requirements (i.e., the frequent purchase of items such as chemical, paper goods, etc., which annually exceed the specified limits).

1. Purchases of Less than \$10,000 – Over-the-Counter.

For purchases of less than \$10,000, the authority to award is the Procurement Officer. Comparative pricing is not required but will be used when practical. Prudent judgment must be used at all times. All departments may purchase supplies and equipment of less than \$10,000 without competitive bidding and without a purchase order. A purchase order may be requested by the department if required by the vendor or if the department wishes to use the purchase order as a mechanism to encumber funds.

2. Purchases Between \$10,000 - \$100,000 – Open Market.

For purchases of between \$10,000 - \$100,000 the authority to award is the Procurement Officer. Department staff may not award purchase orders for \$10,000 or more without the approval of the Procurement Officer, except in the event of an urgency purchase. All departments must obtain at least three oral or written competitive proposals whenever possible for purchases, unless the Procurement Officer determines that it is not possible to obtain three such proposals. The Procurement Officer may be requested to assist in this process. The department must submit a requisition, which includes the recommended vendor, with all supporting documentation to the Procurement Officer. Supporting documentation will include competitive price quotes obtained, names of vendors contacted, description of the items required, and certificates of insurance as applicable. The Procurement Officer will review the recommendation and supporting documentation and may contact additional sources for quotations. The Procurement Officer may award purchase to the lowest responsive and responsible bidder whose quotation fulfills the intended purpose, quality, and delivery needs of the solicitation, provided that an unencumbered appropriation for that item exists. In lieu of awarding the purchase, the Procurement Officer may reject bids, or may negotiate further to obtain terms more acceptable to the City.

3. Purchases of More than \$100,000 – Formal Bid.

Purchases that exceed \$100,000 require a Formal Bid Process, and City Council approval. See Section 9.

B. Blanket Purchase Orders.

A blanket purchase order is an agreement whereby the City contracts with a vendor to provide equipment or supplies on an as-needed and often over-the-counter basis. Blanket purchase orders provide a mechanism whereby items which are uneconomical to stock may be purchased in a

manner that allows field operations timely access to necessary materials. Blanket purchase orders may not be used to purchase services, capital assets or items maintained in stock.

1. Review.

The Procurement Officer will request confirmation of blanket purchase orders annually, before the beginning of the fiscal year. Requests for blanket purchase orders may also be submitted to the Procurement Officer on an as-needed basis. The Procurement Officer will review blanket purchase order requests based upon the following criteria:

- a. Geographic location.
- b. Responsiveness and capabilities.
- c. Average dollar value and type of items to be purchased.
- d. Frequency of need.

2. Contents.

All blanket purchase orders must include the following information:

- a. A general description of the equipment or supplies that may be charged.
- b. The period of time the order will remain open, not to exceed one year.
- c. The maximum total amount that may be charged on the purchase order.
- d. The maximum amount that may be charged each time the employee implementing a purchase enters the vendor's place of business, or if unspecified, \$250 per visit and \$750 per month.
- e. Items excluded from the purchase, if applicable.
- f. The phone number of the Purchasing Officer for questions or approval of charges that exceed the limit.
- g. Identification of the department(s) and employee(s) who may charge against the order.
- h. Requirement that the employee show City identification.

- i. Requirement that employees print and sign their names when picking up goods.
- j. City account number(s) to be charged.

Once a Blanket Purchase Order is issued to a vendor, any authorized City employee may contact the vendor directly to place orders per the terms and conditions specified in the Blanket Purchase Order.

C. Contract Purchase Orders.

Contract purchase orders are the preferred method of procurement repetitive-use items that may be common to several departments or within one department. Establishing contract purchase orders provides a means of obtaining volume pricing based upon the combined needs of all departments, reduces the administrative costs associated with seeking redundant competitive bids and processing a contract purchase order each time an order is placed, and allows departments to order as needed, reducing the requirement to maintain large inventories of stock.

If a contract purchase order exists, departments will order all of their requirements from the successful vendor. No other source may be used without prior approval of the Procurement Officer. Departments must submit, in writing to the Procurement Officer, any performance problem encountered immediately following the occurrence so that corrective action may be taken.

Contract purchase orders are annual and may include option for renewal for specific products, product types, or services at agreed upon prices or pricing structure and for a specified period of time.

D. Cooperative Purchases.

The Procurement Officer may participate in purchases and contracts established by other political jurisdictions, provided the cooperative agreement is established following a competitive bid process. The Procurement Officer may authorize the award of cooperative purchase agreements up to and including \$100,000. City Council approval is required for the award of any cooperative purchase of more than \$100,000.

E. Sole Source Purchases.

Supplies and equipment that can be obtained from only one vendor are exempt from competitive bidding. Sole source purchases may include proprietary items sold directly from the manufacturer, items that have only one distributor authorized to sell in this area or a certain product has been proven to be the only product that has proven to be acceptable. All sole

source purchases must be supported by written documentation signed by the appropriate department head and forwarded to the Procurement Officer. Final determination that an item is a valid sole source purchase will be made by the Procurement Officer.

F. Urgency Purchases.

1. Applicability.

Urgency purchases may be made without competitive bidding when time is of the essence, and will be made only for the following reasons:

- a. to preserve or protect life, health or property; or
- b. upon natural disaster; or
- c. to forestall a shutdown of essential public services.

2. Requirements.

Since urgency purchases do not normally provide the City an opportunity to obtain competitive quotations or properly encumber funds committed, sound judgment must be used in keeping such orders to an absolute minimum. In addition, the following requirements apply:

- a. The Procurement Officer must be contacted as soon as possible for approval, which may be given verbally, to cover the urgent transaction. If unable to contact the Procurement Officer, place the order and contact the Procurement Officer the next workday.
- b. A completed purchase requisition must be submitted to the Procurement Officer within two working days, or as soon as the information is available. All purchase requisitions for urgent purchases must be signed by the appropriate department head.
- c. Documentation explaining the circumstances and nature of the urgency purchase must be submitted by the appropriate department head as follows:
  - (i) Purchases less than \$10,000: Use standard procurement procedures.

- (ii) Purchases in the amount of \$10,000 - \$100,000: Report to the Procurement Officer by processing requisition within one week.
    - (iii) Purchases of more than \$100,000: 1) Report to Procurement Officer within two working days, and 2) Report to the City Council at its next scheduled meeting for ratification.
  - d. If the urgency purchase causes any budget line item to exceed the approved budget, it will be the responsibility of the department requesting the purchase to obtain subsequent City Council approval for an additional appropriation or to make a transfer to cover the purchase.
- G. Change Orders.

Purchase orders represent a contract between the City and the vendor. Any substantial change to a purchase order must be documented as a change order. Change orders will be reviewed and approved by the Procurement Officer. Any change order that causes the purchase order to exceed \$10,000 must be reported to City Council as part of an agenda report. Any change order that results in the purchase order exceeding \$100,000 must be approved by City Council. Urgency changes must comply with Section 7.F. A purchase order may not be increased by more than 10% or \$2,500, whichever is less, without a change order, except for taxes, shipping and handling as discussed below. Taxes, shipping and handling may cause the purchase order to exceed the authorized purchase order amount. These items do not require a change order, even if they exceed 10% of the original purchase order amount.

## **SECTION 8. SUPPLIES & EQUIPMENT: PURCHASE AWARD**

- A. Lowest Responsive and Qualified Bidder.
  - 1. Bids will be awarded to the “responsive” and “qualified” bidder who submits the lowest bid.
  - 2. In determining the lowest “responsive” bid, the following elements will be considered in addition to price:
    - a. A responsive bid is one that is in substantial conformance with the requirements of the invitation to bid, including specifications and the City’s contractual terms and conditions. Bidders who substitute terms and conditions or who qualify their bids in such a manner as to nullify or limit their liability will be considered non-responsive bidders.

- b. Conformance with the requirements of the invitation to bid may also include providing proof of insurance, completing all forms, including references, and all other information as requested in the bid document.
  - c. The successful bidder must demonstrate the ability to successfully fulfill a contract, including rendering of subsequent and continuing service. Staff may request proof of a prospective bidder's reliability. Prospective bidders may be requested to furnish proof of financial resources, a list of current or previous customers, and other pertinent data. Such action may also be taken after receipt of bids.
  - d. A bidder may be determined to be non-responsive if a prospective bidder fails to furnish proof of qualifications when required.
3. In determining the lowest "qualified" bidder, the following elements will be considered in addition to price:
- a. That the products offered provide the quality, fitness, and capacity for the required usage.
  - b. That the bidder has the ability, capacity and skill to perform the contract satisfactorily and within the time required.
  - c. That the bidder's experience(s) regarding past purchases or services received by the City or other public agencies demonstrates the reliability of the bidder to perform the contract.
4. When a bid is recommended to be awarded to other than the low bidder, written justification is required, signed by the appropriate department head.

**B. Rejection of Bids.**

The Procurement Officer or the requesting department may recommend rejection of any or all bids if it is determined to be in the best interests of the City. Reasons for rejection may include, but are not limited to, the following: a bid is determined to be non-responsive, the number of bids received is inadequate, bids received are not reasonably uniform in price, or the lowest bid received is deemed to be too high. The Procurement Officer may, in any given case, reject all bids with or without cause and submit the supplies, equipment or service involved to a new bidding process. If all bids are rejected, the Procurement Officer may be authorized to re-solicit bids, negotiate a contract for the purchase, or abandon the purchase.

C. Tie Bids.

If two or more bids are received that are in all respects equal, the Procurement Officer, in the Officer's discretion, may accept the one deemed to be in the best interests of the City.

**SECTION 9. INFORMAL AND FORMAL BID PROCESS**

- A. Except as otherwise exempted in the policy, supplies and equipment with an estimated value of \$10,000 to \$100,000 will be purchased following an Informal Bid Process and purchases of more than \$100,000 will be made following a Formal Bid Process.
- B. To initiate the informal/formal bid process, the department making the request must provide specifications for the item to be purchased and documentation showing the existence of an unencumbered appropriation for the item in the current approved budget. The Procurement Officer or requesting department will solicit informal/formal bids as prescribed by the Industry Municipal Code.
- C. Informal bids may be posted at City Hall, mailed to prospective bidders a minimum of ten calendar days before the due date, or solicited over the phone or otherwise.
- D. Formal bids will be published in a newspaper of general circulation in the City, posted in at least three public places in the City designated by ordinance for the posting of public notices, and posted on the City's website. The Procurement Officer will also mail a copy to anyone who has requested to be so notified. All notices must be published, posted, or mailed at least 10 days before the date specified for the opening of bids. All formal bids must be sealed and will be publicly opened and read at the date, time, and place indicated in the published notice.
- E. Copies of all bids received by the Procurement Officer will be retained by the City Clerk and will be generally available public inspection during regular business hours for at least thirty days following the bid opening.
- F. Bids will be reviewed for compliance with specifications by the requesting department. All deviations from the specifications must be fully documented by the requesting department and the impact of the deviations on the performance or suitability of the bid item will be detailed. Staff will prepare and forward a recommendation for approval of purchase.
- G. Informal bids will be approved by the City Manager.
- H. Formal bids will be approved by the City Council. The City Council may reject any and all bids, and may waive any irregularity in any bid.



## **SECTION 10. CREDIT CARD USAGE**

Under certain circumstances, the use of a city credit card may be the most appropriate method for certain purchases. The following policies and procedures are established to insure internal control and timely payment of charges.

- A. City credit cards will be distributed on an as-needed basis to department heads. City credit cards will only be available for the conduct of official City business. Use of the City credit card for personal purchases or cash advances is prohibited.
- B. Purchases with a credit card may not exceed \$10,000 without prior written approval of the City Manager.
- C. All receipts must be turned in when the credit card is turned in.
- D. Failure to comply with established procedures may result in discontinuance of use of the City credit card by the employee/department, and may subject the employee to disciplinary personnel action, including but not limited to reimbursement.

## **SECTION 11. UNAUTHORIZED PURCHASES**

Except for urgencies, departmental purchases, or other authorized exemptions stated in these policies, no purchase of supplies, equipment or services may be made without an authorized purchase order. Otherwise, such purchases are void and not considered an obligation of the City. Any invoices without an authorized purchase order may be returned to the vendor unpaid. Purchase orders must be issued prior to ordering supplies, equipment and services and not "after the fact" for work already done or materials already ordered.

## **SECTION 12. PROFESSIONAL SERVICES: CONSULTANT SELECTION**

- A. Selection of Consultants for Professional Services (General):
  - 1. As used in this policy, "professional services" are those professional services listed in California Government Code sections 4525-4529.5, 37103, and 53060. The following criteria will be used to determine approval authority for consultants for professional service contracts:  
  
Contracts of \$100,000 or less/year: Procurement Officer approval.  
  
Contracts of more than \$100,000/year: City Council approval.
  - 2. This policy specifically prohibits splitting scope of services to circumvent the limits set forth in Section 12.A.1, above.

3. The appropriate department head, with the approval of the Procurement Officer, will prepare a scope of work consistent with the proposed budget. A Request for Proposal (RFP) or Request for Qualifications (RFQ) process may be used at the discretion of the Procurement Officer. If utilized, the RFP or RFQ will outline the City's requirements and project description. The list of solicited firms may be drawn from firms who, in the opinion of the department head, can perform the work. In addition, upon request, department heads will maintain a list of interested bidders who will be included in future solicitations.
4. In the event a RFP or RFQ is issued, the initial review of proposals will be conducted by the involved department head(s), who will make a recommendation to the Procurement Officer regarding which consultants should be invited to interviews. Formal interviews will be conducted by the Procurement Officer and applicable department heads, who, where applicable, will make a recommendation to the City Council for final selection.
5. Qualifications should be the primary factor in the selection of a professional services consultant.
6. Prior to approval of a contract, the department head must conduct appropriate background and reference checks and ensure that adequate bonding or security, if required, is posted.
7. Consultants must comply with all regulations and laws dealing with conflict of interest disclosure and reporting. Consultants will not be engaged if a conflict of interest exists.
8. Approval of "additional scope of work" items must comply with the limits of Section 12.A.1, above.

B. Selection of Consultants for Professional Services for Continuing Services:

1. Firms providing professional services may be retained on a continuing basis to provide professional services. The department head may recommend to the Procurement Officer that the City contract on a project-by-project or on a retainer basis for additional work/services without going through the RFP and selection process. At least every five years these arrangements will be reviewed and, if deemed appropriate or necessary, the City will solicit proposals from at least three consultants to perform the same services. This is to ensure the City is receiving the best value in their services.

2. Beginning each fiscal year, the Procurement Officer will make a written request to each department head to submit to the Procurement Officer a list of consultants currently under contract by their department, setting forth name of firms, type of services, cost of contracts, length of contracts and date entered into, and the number of years retained by the City.

**SECTION 13. SPECIALTY SERVICES: CONSULTANT SELECTION**

**A. Selection of Consultants for Specialty Services (General):**

1. As used in this policy, “specialty services” are those professional services that are not specifically listed in California Government Code sections 4525-4529.5, 37103, and 53060. The following criteria will be used to determine approval authority for consultants for specialty service contracts:  
  
Contracts of \$100,000 or less/year: Procurement Officer approval.  
  
Contracts of more than \$100,000/year: City Council approval.
2. This policy specifically prohibits splitting contract services to circumvent the limits set forth in Section 13.A.1, above.
3. The appropriate department head, with the approval of the Procurement Officer, will prepare a scope of work consistent with the proposed budget. A Request for Proposal (RFP) or Request for Qualifications (RFQ) process may be used at the discretion of the Procurement Officer. If utilized, the RFP or RFQ will outline the City’s requirements and project description. The list of solicited firms may be drawn from firms who, in the opinion of the department head, can perform the work. In addition, upon request, department heads will maintain a list of interested bidders who will be included in future solicitations.
4. In the event a RFP or RFQ is issued, the initial review of proposals will be conducted by the involved department head(s), who will make a recommendation to the Procurement Officer regarding which consultants should be invited to interviews. Formal interviews will be conducted by the Procurement Officer and applicable department heads, who, where applicable, will make a recommendation to the City Council for final selection.
5. Qualifications should be the primary factor in the selection of a specialty services consultant.

6. Prior to approval of a contract, the department head must conduct appropriate background and reference checks and ensure that adequate bonding or security, if required, is posted.
  7. Consultants must comply with all regulations and laws dealing with conflict of interest disclosure and reporting. Consultants will not be engaged if a conflict of interest exists.
  8. Approval of "additional scope of work" items must comply with the limits of Section 13.A.1.
- B. Selection of Consultants for Specialty Services for Continuing Services:
1. Consultants providing specialty services may be retained on a continuing basis. The department head, with the approval of the Procurement Officer, may contract on a project-by-project or on a retainer basis for additional work/services without going through the RFP and selection process. At least every five years these arrangements will be reviewed and, if deemed appropriate or necessary, the City will solicit proposals from at least three consultants to perform the same services. This is to ensure the City is receiving the best value in their services.
  2. Beginning each fiscal year, the Procurement Officer will make a written request to each department head to submit to the Procurement Officer a list of consultants for specialty services currently under contract by their department, setting forth name of firms, type of services, cost of contracts, length of contracts and date entered into, and the number of years retained by the City.

#### **SECTION 14. PROTEST PROCEDURES**

Any person or entity may present a formal protest to the City with respect to solicitations. The protest must be in writing, addressed to the City Manager and delivered to the City Clerk. These protest procedures will only apply to non-federally funded bids (formal or informal) over \$10,000.

A. Timeframes.

Protests of any kind regarding the solicitation including, but not limited to, specifications, scope of work or process, must be received by the City not more than five business days after the last day for questions or the last addendum is issued, whichever is later. Protests regarding bid responses or award of contract must be received by the City within five business days of when the protester knew or should have known of the facts and circumstances on which the protest is based. For information that is made public, including posting intent of the award on City Council Agendas, the time will start from the date the information is made public or is publicly

available.

B. Format.

The protest must include the following information at a minimum:

1. The name, address and phone number of the protester, or the authorized representative of the protester;
2. The signature of the protester or authorized representative of the protester;
3. The bid number and title under which the protest is submitted;
4. A detailed description of the legal or factual grounds for the protest and all supporting documentation. For protests containing elements not based on publicly released information the protest must contain documentation clearly showing the date on which the protester received the information; and
5. The form of relief requested.

C. Protest Review.

The protest will be reviewed by the Procurement Officer, who will issue a response to the protester. If the protest is incomplete, the City reserves the right to deny the protest on that ground or to request additional information. The Procurement Officer will provide a written response to the protester within ten business days of receipt of the protest unless additional information is requested, in which case the response will be provided within ten business days of receipt of that information.

D. Appeal.

Any appeal of the Procurement Officer's decision must be made to the City Council prior to the final award. The City Council's decision will be binding and final.

E. Mandatory Procedure.

This administrative procedure and the time limits set forth herein are mandatory. Failure to comply with these mandatory procedures constitutes a waiver of any right to pursue the bid protest, including filing a Government Code claim or any legal proceedings or actions.

## SECTION 15. SURPLUS PERSONAL PROPERTY

The Procurement Officer is responsible for the transfer and disposition of surplus City property. "Surplus property" is used generically to describe any City property that is no longer needed or useable by the applicable department. The Procurement Officer has the authority to declare item(s) surplus.

### A. Methods of Disposition.

The Procurement Officer will determine or approve one of the following methods of disposition that is most appropriate and in the best interests of the City.

#### 1. Transfer to Another Department.

Surplus property may be transferred between City departments. All transfers of items with an estimated value of \$1,000 or more require approval of the department heads from each department affected by the transfer.

#### 2. Trade-In.

Property declared as surplus may be offered as a trade-in for credit toward the acquisition of new property. All trade-in offers will be submitted for the review and approval of the Procurement Officer. If surplus property is to be applied to a purchase order, the trade-in value must be itemized on the Purchase Order. The amount charged against the expenditure account will be the value of the purchase before application of the trade-in credit.

#### 3. Return to Manufacturer.

Surplus property may, when possible, be returned to the manufacturer for buy-back or credit toward the purchase of new property.

#### 4. Disposal.

Surplus property may be offered for sale by the Procurement Officer. All surplus property is for sale "as is" and "where is", with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability or the property offered for sale. Appropriate methods of sale are as follows:

- a. Public Auction - Surplus property may be sold at public auction. Public Auctions may be conducted by City staff, or the City may contract with a professional auctioneer including professional auction services.

- b. Sealed Bids - Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsible bidder.
- c. Selling for Scrap - Surplus property may be sold as scrap if the Procurement Officer deems that the value of the raw material exceeds the value of the property as a whole.
- d. Negotiated Sale - Surplus property may be sold outright if the Procurement Officer determines that only one known buyer is available or interested in acquiring the property.
- e. Donation to Non-Profit – Surplus property may be donated to a non-profit organization if the Procurement Officer determines that: (i) the resale value of the item is limited, (ii) the cost of other means of disposal would potentially exceed the recovery value, or (iii) the surplus property may be used by a non-profit in a manner that would provide a general public benefit.
- f. No Value Item – Where the Procurement Officer determines that specific supplies or equipment are surplus and of minimal value to the City due to spoilage, obsolescence or other cause or where the Procurement Officer determines that the cost of disposal of such supplies or equipment would exceed the recovery value, the Procurement Officer will dispose of the same in such a manner as he or she deems appropriate and in the best interest of the City.

B. Proceeds.

Proceeds from the sale or trade-in of surplus property will be returned to the appropriate fund.

**EXHIBIT D**

**City Manager Evaluation Policy**



## CITY OF INDUSTRY

---

Section:	City Council	Date Adopted:
Subject:	<b>City Manager Evaluation Policy</b>	Last Amended:
Number:		Page 1 of __

---

### **SECTION 1. PURPOSE**

The City is committed to identifying and fulfilling annual goals, objectives, and policy directions to bring projects to successful completion and to provide residents and businesses within the City with the best and most efficient service. This policy provides guidelines for the City Manager's performance evaluation, where the Council will evaluate the City Manager's past performance and set goals, objectives, and policy direction for the upcoming fiscal year.

### **SECTION 2. POLICY**

The City Council will evaluate the performance of the City Manager annually. The evaluation process is intended to be a positive interchange between the Council and City Manager, resulting in the documentation of performance, strengths, weaknesses, accomplishments, and expectations.

### **SECTION 3. EVALUATION PROCESS**

Evaluations will occur six months after initial hire, and, thereafter, on an annual basis within three months after the close of the fiscal year.

The City Manager will prepare a written summary of accomplishments in the past year, including progress towards meeting the goals and objectives established by City Council, and present the summary to Councilmembers before the evaluation meeting.

City Councilmembers should complete the standard evaluation forms and meet with the City Manager in closed session. At the conclusion of the session, the City Council will, by consensus, determine an overall evaluation of the City Manager's performance in the past year, and complete a group evaluation form.

During this process, the City Manager and City Council should take into consideration, among other things, the powers and duties of the City Manager set forth in the Industry Charter and Industry Municipal Code section 2.08.070 ("Powers and duties"), as well as Industry Municipal Code section 2.08.100 ("Relations with city council").

#### SECTION 4. CONFIDENTIALITY

The evaluations completed pursuant to these policies are intended to be a candid disclosure of performance between the City Manager and City Council. Therefore, such evaluations will remain confidential, and will not be made available to the general public.

I hereby certify that the above and foregoing document is a true and correct copy of the original record on file in this office.

  
\_\_\_\_\_  
Jodi L. Scrivens, City Clerk  
City of Industry



December 4, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Dear Sir or Madam:

Enclosed please find the City of Irwindale's response to the 2012-13 Los Angeles County Civil Grand Jury Final Report for Charter Cities Fiscal Health, Governance and Management Practices.

We apologize for the delay in submitting our response. Thank you for the extension of time that was granted to us. We are having our response delivered via messenger to ensure it gets to your office by today, which is 30 days from the November 4, 2013 date of the attached letter.

Please feel free to contact me via email at [ecarreon@ci.irwindale.ca.us](mailto:ecarreon@ci.irwindale.ca.us), or at (626) 430-2221, if you have any follow-up questions.

Sincerely,

Eva Carreon  
Director of Finance



**CITY OF IRWINDALE  
RESPONSE TO 2012-13 LOS ANGELES GRAND JURY FINAL REPORT**

<b>RECOMMENDATION/FINDING</b>	<b>AGREE/DISAGREE</b>	<b>EXPLANATION</b>	<b>ACTION</b>
<p><b>FISCAL HEALTH</b></p> <p>1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.</p>	<p>AGREE</p>	<p>While the optimal definition of a balanced budget is revenues equaling or exceeding expenditures, this is not always possible especially during recessionary times. A balanced budget could also be defined as revenues plus economic contingency reserves equal to expenditures. These reserves are built during good years in order to allow a City time to work on stabilizing a deficit situation during difficult economic times. Starting in 2007 through 2012, the nation experienced the biggest recession since the great depression, which even the best economists did not anticipate. While a balanced budget is ideal, it is not always possible. Sometimes there is a need to use economic contingency reserves or rainy day to continue to provide essential services. These reserves are specifically maintained for this purpose.</p>	<p>The City will take steps to prepare policies, and if possible include in next year's budget document.</p> <p>The City will continue its diligent efforts to reduce costs through labor negotiations and other cost reduction efforts, as well as, seeking new revenue opportunities in order to ultimately obtain a structurally balanced budget. This may take a few budget cycles to complete, however the City will comply with the General Fund Reserve Policy as approved by the City Council in June 2010 requiring a minimum of \$5,000,000 which represents currently 29% of budgeted expenditures. The Government Finance Officers Association recommends a 15% economic contingency reserve balance.</p>
<p>2. Cities should develop a balanced budget and commit to operate within budget constraints.</p>	<p>AGREE, PARTIALLY</p>	<p>While the optimal definition of a balanced budget is revenues equaling or exceeding expenditures, this is not always possible especially during recessionary times. A balanced budget could also be defined as revenues plus economic contingency reserves equal to expenditures. These reserves are built during good years in order to allow a City time to work on stabilizing a deficit situation during difficult economic times. Starting in 2007 through 2012, the nation experienced the biggest recession since the great depression, which even the best economists did not anticipate. While a balanced budget is ideal, it is not always possible. Sometimes there is a need to use economic contingency reserves or rainy day to continue to provide essential services. These reserves are specifically maintained for this purpose.</p>	<p>The City will continue its diligent efforts to reduce costs through labor negotiations and other cost reduction efforts, as well as, seeking new revenue opportunities in order to ultimately obtain a structurally balanced budget. This may take a few budget cycles to complete, however the City will comply with the General Fund Reserve Policy as approved by the City Council in June 2010 requiring a minimum of \$5,000,000 which represents currently 29% of budgeted expenditures. The Government Finance Officers Association recommends a 15% economic contingency reserve balance.</p>
<p>3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.</p>	<p>AGREE, PARTIALLY</p>	<p>This is an ideal strategy, but not always realistic. See answer to number 2.</p>	<p>As outlined in 2 above, the City will continue its targeted efforts to minimize the use of one-time revenues to fund on-going expenditures.</p>

**CITY OF IRWINDALE  
 RESPONSE TO 2012-13 LOS ANGELES GRAND JURY FINAL REPORT**

<b>RECOMMENDATION/FINDING</b>	<b>AGREE/DISAGREE</b>	<b>EXPLANATION</b>	<b>ACTION</b>
4. Cities should adopt a method and practice for saving into a reserve or "rainy day" fund to be supplemental to operating revenue in years of shortfall.	AGREE		As noted in #2 above, the City Council has already approved an Economic Contingency Reserve (or what others call a Rainy Day fund).
<b>GOVERNANCE PRACTICES</b>			
1. N/A TO IRWINDALE			
2. N/A TO IRWINDALE			
3. N/A TO IRWINDALE			
4. N/A TO IRWINDALE			
5. N/A TO IRWINDALE			
<b>FINANCIAL MANAGEMENT</b>			
1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor..	DISAGREE	As noted in our response to the questionnaire, being a small City, the full City Council acts as the Audit Committee. The Auditor communicates early on in the audit process each year by sending a SAS114 audit planning letter directly to the Mayor and City Council to outline the planning, scope and timing of the upcoming audit and to serve as a way to establish two-way communication with the auditors. In addition, annually our independent auditors present the final audit reports and audit committee letter to the City Council at a public meeting within 6 months of the close of the fiscal year as required by State Law. Adding another layer of oversight would result in delays, confusion, and increased costs and would add no value to a City the size of Irwindale.	This recommendation will not be implemented.

**CITY OF IRWINDALE  
 RESPONSE TO 2012-13 LOS ANGELES GRAND JURY FINAL REPORT**

<b>RECOMMENDATION/FINDING</b>	<b>AGREE/DISAGREE</b>	<b>EXPLANATION</b>	<b>ACTION</b>
2. Cites that do not currently select the auditor through a competitive bid process should do so.	AGREE		The City required the current audit firm to change partners upon starting the current contract for fiscal year ended June 30, 2010. As outlined to the City Council with approval of the current contract, it is Staff's intent to select an auditor through a competitive bid process at the termination of the current contract which will end after completion of the audit for fiscal year end June 30, 2014.
3. N/A TO IRWINDALE			
4. N/A TO IRWINDALE			
5. N/A TO IRWINDALE			
6. Cites should review and update policies and procedures reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hotline, to permit the confidential anonymous reporting of concerns.	AGREE		We will draft and implement a policy by the end of the current fiscal year.
7. N/A TO IRWINDALE			
8. Cites should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.	AGREE		Please see answer to #2 above.



**City Council**  
Laura Olhasso, Mayor  
Michael T. Davitt, Mayor Pro Tem  
Jonathan C. Curtis  
David A. Spence  
Donald R. Voss

September 24, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

**Re: City of La Canada Flintridge Responses to the 2012-13 Los Angeles County Civil Grand Jury Report**

Dear Sir or Madam,

Attached are the City of La Canada Flintridge's responses to the recommendations of the 2012-13 Los Angeles County Civil Grand Jury Report entitled "Cities of Los Angeles County: Fiscal Health, Governance, Financial Management and Compensation."

Please feel free to contact me at 818-790-8880 if you have any questions

Regards,

Mark R. Alexander  
City Manager  
City of La Cañada Flintridge  
1327 Foothill Blvd.  
La Canada Flintridge, CA 91011  
(p) 818.790.8880  
(f) 818.790.7536

Attachment: City Responses

**City of La Cañada Flintridge**  
**Responses to 2012-2013 Los Angeles County Civil Grand Jury Report**

**Fiscal Health Recommendations**

**Recommendations**

- (1) Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets
  
  
  
  
  
  
  
  
  
  
- (2) Cities should develop a balanced budget and commit to operate within the budget constraints
  
  
  
  
  
  
  
  
  
  
- (3) Cities should commit to not using one-time revenues to fund recurring or on-going expenditures
  
  
  
  
  
  
  
  
  
  
- (4) Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall

**City Response**

**The recommendation has been implemented.** The City adheres to a variety of policies and practices that result in sustainable, balanced budgets. This includes monthly revenue and expenditure budget-to-actual reports, a comprehensive Mid-Year Budget Report, long-range budget projections, and conservative revenue estimating. In addition, the City Council has formally adopted the policy goal of "maintaining a healthy financial condition," and has a set of policy objectives and tasks (e.g., long-range budget projections, maintenance of minimum reserve levels) to accomplish that goal.

**The recommendation has been implemented.** The City develops and adopts a balanced budget each fiscal year. In addition, various internal control practices and reports (e.g., monthly revenue and expenditure budget-to-actual reporting, an annual Mid-Year Budget Report) ensure that the City operates within budget constraints throughout the fiscal year.

**The recommendation has been implemented.** While the City has no formal policy on the use of "one-time" revenues, the City maintains the practice of not using significant one-time revenues to fund recurring or ongoing expenditures. This is accomplished through the annual budgeting process in which ongoing operating revenues are segregated from significant one-time sources (e.g., large disaster-reimbursement payments) to ensure that annual operating expenditures are funded through ongoing revenues

**The recommendation has been implemented.** The City Council's formally adopted policy is to maintain General Fund reserves at between 100-150% of the annual operating budget. This is a practice that has long been maintained and the City's historic healthy reserves reflects this. The City's ability to maintain reserves at this level is evaluated as part of both the annual budget process and the annual Mid-Year Budget Report, and budget adjustments are made as necessary.



**City of La Cañada Flintridge**  
**Responses to 2012-2013 Los Angeles County Civil Grand Jury Report**

**Financial Management Recommendations**

**Recommendations**

- (2) Cities that do not currently select the auditor through a competitive process should do so.
  
  
  
  
  
- (5) Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years
  
  
  
  
  
- (8) Cities should undertake a full-scale competitive process every five years for the selection of an independent external auditor

**City Response**

**The recommendation has been implemented.** For the Fiscal ("FY") 2012-13 financial audit, the City conducted a formal, competitive Request for Proposal (RFP) process to select an external auditor. That process resulted in the selection of a new firm to conduct the annual audit.

**The recommendation has not been implemented, but will be implemented in the future.** Currently, the City reviews and updates its financial policies and procedures on a periodic, as-needed basis. Within the next six months, the City will implement a policy that specifies an annual timeframe for the review of all financial policies and procedures and three year cycle for updating same.

**The recommendation has been implemented.** As noted above, the City undertook a full-scale competitive process for it's FY 2012-13 audit, and that process resulted in the selection of a new external audit firm. The City has a three-year contract with this new firm, with the option to extend that contract for an additional two years. At the end of this five-year period, the City intends to conduct another full-scale competitive selection process for audit services.



**City of La Habra Heights**

1245 N. Hacienda Road  
La Habra Heights, CA 90631  
(562)694-6302  
www.lhcity.org

RECEIVED  
2013 OCT -3 PM 3:30

OFFICE OF  
PRESIDING JUDGE

September 30, 2013

Presiding Judge David S. Wesley  
Los Angeles County Superior Court  
111 N. Hill Street, Room 105  
Los Angeles, CA 90012

Re: 2013 Grand Jury Report on Cities of Los Angeles County Fiscal Health,  
Governance, Financial Management and Compensation

Honorable Judge Wesley:

The following are responses from the City of La Habra Heights to the above Grand Jury Report. The responses are listed in order based on Exhibit 12 which begins on Page 156. Those that pertain to La Habra Heights are listed in italics with the answers in text.

---

Fiscal Health

---

1. *Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets*

Concur. The City Council takes a very conservative approach to spending. La Habra Heights is relatively small with a \$3 million general fund budget. Over the last six years every budget was balanced. Each fiscal year has ended with a surplus; as a result, the unallocated general fund balance has grown. Currently it is more than \$6 million, twice the size of annual general fund expenditures. The City of La Habra Heights has no long-term debt nor does it need to do any short term borrowing to cover the rise and fall of the revenue cycle. Equipment and facility improvements are paid for from fund balance.

2. *Cities should develop a balanced budget and commit to operate within the budget constraints*

Concur. The City of La Habra Heights has adopted a balanced budget in each of the last six years. At mid-year, spending and revenue levels are analyzed and if necessary budget adjustments are made. Over the last six years, La Habra Heights has ended the year with

a surplus, which explains how the undesignated general fund balance has increased by 40% over that period.

*3. Cities should commit to not using one-time revenues to fund recurring or ongoing expenses.*

Concur: The City Council of the City of La Habra Heights has agreed with the approach and has practiced it for the last six budgets.

*4. Cities should adopt a method and practice of saving in a reserve or "rainy day" fund to supplement operating revenue in years of shortfall.*

Concur. As noted above, the City's undesignated fund balance is twice the general fund. When operating revenues faltered during the recession, the City chose to cut back on staffing and service levels rather than tap into fund balances for annual operations. Nevertheless the City has twice its general fund budget available in savings should the situation change.

---

#### Governance Practices

---

*1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities of the City*

Concur: The City Council is working with the City Manager on a strategic plan. We have developed a draft SWOT analysis and some goals. However, the type of strategic plan that this city would develop would be minimal as compared to others. This is a low-service city that is 99% residential. There are no schools and no social service programs. Essentially we have LA County Sheriff and a Fire Department. Many of the roads are private. Our plans focus on internal goals for continuous improvement of operations and strengthening revenue flows.

PERS has chosen to make it nearly impossible to contract for any services which could be provided to residents except for those that cover public safety. This has severely limited our choices in fulfilling functions a city normally provides to residents or even to perform those required of a city.

*2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.*

For many of the reasons above, the City of La Habra Heights has not adopted specific performance measures; however, we track performance in a number of areas including crime rates, repeat calls for service, EMS data for measuring response times, and financial data. Our Fire suppression and EMS data capabilities are about to improve exponentially due to a recent contract with Downey to perform fire dispatch. Their

CADS/RMS produces better data than our previous system. We also perform management audits. Last year the Fire Department was audited. Based on that audit, we sought information from Los Angeles County on what they would charge to provide fire services to our city. We learned from that report that our Fire Department has a relatively small and cost-effective operation compared to what LA County would charge; however, we continue to pursue working with LA County to perfect service delivery. In previous years the Finance and Community Development Departments underwent audits performed by Management Partners. Both of these management audits resulted in operational improvements.

---

Financial Management

---

*5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.*

The City of La Habra Heights has a total of two people in the Finance Department who are swamped performing day-to-day accounting tasks. We are in the process of seeking a contractor to update our accounting manual which will incorporate all policies related to finance, accounting, payroll, wages and hours, accounts payable, etc. The manual will also include the requirement for annual review as suggested herein.

*8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.*

The City of La Habra Heights has this policy in place. As it happens, this is the year that we go out for a new audit firm. The RFP has been drafted and will be released soon.

We hope we have thoroughly addressed your questions but if more information is needed please feel free to contract me at 562 694 6302 x221 or via email at [sclark@lhcity.org](mailto:sclark@lhcity.org).

Sincerely



Shauna Clark  
City Manager



**CITY OF LA MIRADA**  
DEDICATED TO SERVICE

13700 La Mirada Boulevard  
La Mirada, California 90638  
P.O. Box 828  
La Mirada, California 90637-0828  
Phone: (562) 943-0131 Fax: (562) 943-1464  
www.cityoflamirada.org

September 11, 2013

Honorable David S. Wesley  
Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 W. Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

**SUBJECT: RESPONSES TO CIVIL GRAND JURY RECOMMENDATIONS ON  
FISCAL HEALTH, GOVERNANCE, MANAGEMENT &  
COMPENSATION**

Dear Hon. Judge Wesley:

The 2012-13 Los Angeles County Civil Grand Jury issued a report regarding the fiscal health, governance, management and compensation practices of cities in Los Angeles County. This report was based on the findings of a survey sent to each of the 88 incorporated cities in Los Angeles County, including the City of La Mirada.

The report identified a number of recommendations, each of which requires a response from the affected cities. The City of La Mirada had nine such recommendations; four in the area of fiscal health, which required responses from all cities, and five in the area of financial management.

The Executive Summary of the report indicates that the fiscal health of cities in Los Angeles County has been severely impacted by the economic downturn that began in 2008. It states cities have responded to the downturn and have made substantial efforts to reduce costs consistent with reduced revenues. Most cities have improved their asset to liability ratio and have increased their total net assets.

A number of specific recommendations regarding fiscal health are made in the report for all 88 cities located in Los Angeles County, including La Mirada. The recommendations, and the City's responses, are:

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

*The recommendation has been implemented.*

*Since its incorporation in 1960, the City Council and staff of the City of La Mirada have followed a conservative fiscal philosophy which emphasizes "saving first and spending second". Balanced budgets have been adopted routinely as a matter of practice. The City budgets revenues and expenditures in a manner which is sustainable, and delivers the municipal services and facilities La Mirada residents and businesses have come to expect.*

*The City's Finance Policies and Procedures Manual includes a number of items to guide the City in continuing to develop sustainable, balanced budgets. These items include, but are not limited to: budget adoption, amendment and transfer policy; treasury policy; purchasing policy; general billing policy; investment policy; expense reimbursement policy; capital asset policy; cash receipts procedures; grants management procedures; year-end accrual procedures; and records management and retention procedures.*

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

*The recommendation has been implemented.*

*The City's tradition for many years has been to develop and adopt a balanced budget each year. This year was no exception, as the FY 2013-14 adopted budget was balanced and on-time. The City operates within budgeted parameters approved by the City Council. The City maintains an emergency reserve fund of \$6,625,000 which is roughly equivalent to 20 percent of the City's annual General Fund expenditures. The City's current unassigned General Fund balance is approximately \$18 million. This can be used for capital improvement projects or other contingencies as deemed necessary by the City Council. In recent years, the City has taken numerous steps to reduce operating costs by cutting full-time and part-time staffing by approximately 30 percent, renegotiating contracts, and expanding contract services.*

3. Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.

*The recommendation has been implemented.*

*The City's conservative approach to revenue forecasting and commitment to fiscal responsibility has resulted in the adoption of a balanced budget on an annual basis. Operating expenditures are funded with current year revenues or fund balance. The City does not use one-time revenues to fund recurring or ongoing expenditures. Capital projects are funded with fund balance, bond proceeds, or other funding sources from federal and state agencies.*

4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.

*The recommendation has been implemented.*

*The City Council adopted Resolution No. 13-15 on March 26, 2013 committing \$6.625 million of the fund balance of the General Fund for Economic Uncertainty. This committed amount cannot be used for any other purpose unless the City Council removes or changes the specific use through the same formal action taken to establish the commitment. Since this action was taken after the deadline to submit responses to the Grand Jury it was not included in the findings. As stated earlier, in addition to the \$6.625 million dedicated for emergencies, the City has a prudent level of unassigned reserves of approximately \$18 million.*

The financial management process is responsible for managing and protecting the resources of the city. The report indicates effective fiscal management requires systems of internal controls to ensure funds are used for intended purposes. The "Best Practices and Advisories" from the Government Financial Officers Association (GFOA) were used for evaluating fiscal management practices.

Recommendations in the area of financial management were also made for various cities. Responses are required by the City of La Mirada on five specific recommendations. These recommendations, and the City's responses, are:

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

*The recommendation has not yet been implemented, but will be implemented in the future.*

*The City is currently reviewing audit committee examples from other Southern California cities, and will make a recommendation to the City Council for establishing an audit committee by June 2014.*

2. Cities that do not currently select the auditor through a competitive process should do so.

*The recommendation has been implemented.*

*The City's current auditor was selected through a formal, and competitive, Request for Proposal process prior to FY 2004-05. The original agreement was for six years. In 2010, the City Council entered into another agreement with the auditor due to the firm's high quality of work. The existing agreement will expire after FY 2014-15, and the City anticipates undertaking a competitive process to select its next auditor.*

3. Cities should establish a policy requiring financial policies and procedures to be reviewed at least annually and updated at least once every three years.

*The recommendation has not yet been implemented, but will be implemented in the future.*

*The City routinely reviews its various policies. For example, the City just recently reviewed and updated its Capital Asset Policy and its Investment Policy. The City will move toward adopting a policy that establishes a more standardized process for reviewing financial policies and procedures annually with updates every three years. This action should be completed by April 2014.*

4. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit confidential, anonymous reporting of concerns.

*The recommendation has been implemented, and additional actions will be taken to permit confidential, anonymous reporting of concerns.*

*All City employees are encouraged to make suggestions for improving operations and reporting concerns. A Suggestion Box is available in City Hall where employees can make suggestions and*



*other comments anonymously. This box is checked weekly by the Human Resources Manager and Administrative Analyst. Staff will further explore practical mechanisms that may be available to employees for reporting fraud, abuse, and questionable practices anonymously.*

5. Cities should undertake a full-scale competitive process every five years for the selection of an independent external auditor.

*The recommendation has been implemented, and additional actions will be taken in the future to ensure a full-scale competitive process is taken every five years in selecting an independent external auditor.*

*The City's current auditor was selected through a formal Request for Proposal process prior to FY 2004-05. The original agreement was for six years. In 2010, the City Council entered into another agreement with the auditor due to the firm's high quality of work. The existing agreement will expire after FY 2014-15, and the City anticipates undertaking a competitive process to select its next auditor.*

On behalf of the City of La Mirada, I appreciate the opportunity to respond to these recommendations. If you have any questions, please do not hesitate to contact my office at (562) 943-0131.

Sincerely,

**CITY OF LA MIRADA**



Thomas E. Robinson  
City Manager

TER:jb



# City of La Puente

15900 E. Main Street La Puente, CA 91744-4719 Telephone (626) 855-1500 Fax (626) 961-4626 [www.lapuente.org](http://www.lapuente.org)

September 25, 2013

Via Certified Mail Return Receipt  
#7010-1670-0001-5875-1782

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

## **RE: CITY OF LA PUENTE RESPONSE TO THE 2012-2013 LOS ANGELES COUNTY CIVIL GRAND JURY REPORT**

Dear Presiding Judge:

The City of La Puente ("City") is in receipt of those portions of the 2012-2013 Los Angeles County Civil Grand Jury Report ("Report"). In accordance with the provisions of Penal Code Section 933.05, the City is providing its responses to each grand jury finding and each grand jury recommendation found in the Report.

### **FISCAL HEALTH**

#### **Findings:**

1. Most cities expended more than they received in revenues during FY 2011-12.
2. Most cities' total net assets and general fund balances declined during FY 2011-12, and several cities' ratios of total net assets to total liabilities are lower than desirable.

#### **City's Response:**

The City agrees with the grand jury's findings.

The City of La Puente did not expend more revenue than what was received during Fiscal Year 2011-2012. Total revenues exceeded total expenditures in the amount of \$2,294,776.00. Further, while some cities experienced a decline in general fund balances, the City's total net assets increased by \$3,781,990.00 during FY 2011-2012. The ratio of total net cash assets to total liabilities is 1.82, which is better than the one to one benchmark. The unassigned general fund reserve for Fiscal Year 2011-2012 was healthy at \$4,843,455.00.

#### **Recommendations:**

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

**The recommendation has been implemented.** The City has existing financial planning, revenue and expenditure policies to develop balanced budgets.

The City has developed a calendar and process for considering and adopting its annual budget. When developing its annual budget, the City Council holds hearings and receives information from all City Departments regarding the City's Finances. Further, the City's budget document, which is approved by the City Council, contains the following policies: budget procedures and

methods, basis of accounting and budgeting, internal controls, long term debt and budgetary controls. These also include the description of all funds and glossary of budget terms.

In addition to the above policies, the City has an internal accounting policy for all revenue collection, accounts payable and expenditure processing and bank reconciliations.

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

**The recommendation has been implemented.** The City adopted a balanced budget for FY 2013-14, and commits to operate within those budget constraints.

The City adopts an annual budget and for Fiscal Year 2011-2012, this budget was adopted by the Council via a resolution, and the City operated within the budget constraints. The annual budget for fiscal years 2012-2013 and 2013-2014, were also adopted by the Council.

3. Cities should commit to not using onetime revenues to fund recurring or ongoing expenditures.

**The recommendation has been implemented.** The City has not been using onetime revenues to fund recurring or ongoing expenditures.

4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.

**The recommendation has been implemented.** The City has adopted a method and practice of saving into the General Fund Reserve, which is used to fund supplement operating revenue in years of short fall.

With the adoption of the Fiscal Year 2012-2013 budget, the City created new funds to supplement any shortfall in the future. The following new funds were created: worker’s compensation fund (fund 64), risk management liability fund (fund 65), post-retirement healthcare benefits fund (fund 66), fleet maintenance replacement fund (fund 62), building maintenance replacement fund (fund 63) and general plan update (fund 67). For Fiscal Year 2012-2013, there is an expected savings from the adopted budget and after audit, this amount will be recommended to Council to be added to the general fund reserves and to the newly created funds.

## **FINANCIAL MANAGEMENT:**

### **Findings:**

1. Few cities formally established an audit committee responsible for monitoring and overseeing financial reporting.
2. All cities required their auditors to comply with independence standards and most selected their auditors through a competitive process. Most also precluded their auditor from providing non-audit services.
3. Many cities could improve their documentation and maintenance of accounting policies and procedures.
4. Many cities could improve their policies and procedures for reporting fraud, abuse, and questionable practices.
5. Many cities could improve their internal control procedures over financial management.
6. Most cities did not have a formal internal audit function.
7. All cities maintained an adequate accounting system. Most issued timely financial statements and a CAFR in compliance with standards, and most made the CAFR readily available to the general public on their website.

### **City’s Response:**

The City agrees with the grand jury’s findings.

The City does not have a separate audit committee or an internal audit function responsible for monitoring and overseeing financial reporting. The monitoring and overseeing of financial reporting is handled by the City Council. The financial reports are reported to the executive committee, chaired by the City Manager and submitted to the Council. The City contracts with an external auditor (selected through a competitive bid process) to perform annual financial and single audits and express an audit opinion for the Comprehensive Annual Financial Report and Single Audit Report. The external auditor also issues an annual management letter to the City to improve internal controls, and accounting policies and procedures.

**Recommendations:**

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

**The recommendation requires further analysis.** At present, there is no audit committee, the recommendation to establish an audit committee will be studied further by the City and along with general budget policies, will be reported to City Council for review and consideration. This will be presented to the City Council by December 17, 2013.

5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

**The recommendation requires further analysis.** While the City does not have a formal policy requiring the annual review of its financial policies, as a matter of practice, the City conducts an annual review of its financial policies and procedures. If these policies and procedures are for budget reporting, these are all included in the annual budget that is reviewed and approved by City Council. If these policies and procedures are for financial reporting, these are all included in the comprehensive annual financial report that is reviewed by the external auditor and reported to the Council. If these policies and procedures are for other accounting and administrative functions, these are reviewed and approved by the Director of Administrative Services. City Staff will present a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years to the City Council by December 17, 2013.

8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

**The recommendation has been implemented.** The City established a competitive process for the selection of an independent external auditor.

The City follows a competitive process for the selection of an independent external auditor, in accordance with the provisions of the City's Municipal Code. The frequency is based on the expiration of the existing contract with the external auditor. The current contract for audit services will expire in 2014. At that time, in accordance with the provisions of the Municipal Code, the City will put the services out to bid.

Sincerely,



Charlie Klinakis  
Mayor  
City of La Puente



# CITY OF LA VERNE CITY HALL

3660 "D" Street, La Verne, California 91750-3599

[www.ci.la-verne.ca.us](http://www.ci.la-verne.ca.us)

DATE: September 16, 2013

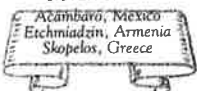
## MEMORANDUM OF TRANSMITTAL

TO: Presiding Judge Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street, Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

DOCUMENT: City of La Verne responses to the 2012-2013 CGJ Final Report's  
recommendations

FROM: Ronald L. Clark  
Finance Officer

### SISTER CITIES



General Administration 909/596-8726 • Water Customer Service 909/596-8744 • Parks & Community Services 909/596-8700  
Public Works 909/596-8741 • Finance 909/596-8716 • Community Development 909/596-8706 • Building 909/596-8713  
Police Department 909/596-1913 • Fire Department 909/596-5991 • General Fax 909/596-8737

## City of La Verne responses to 2012-2013 CGJ Final Report

### **Fiscal Health:**

#### Question #1

Response - City agrees with the finding.

Actions - Recommendation has been implemented through adoption of multi year Strategic Plan.

#### Question #2

Response - City agrees with the finding.

Actions - Recommendation has been implemented through adoption of annual budget.

#### Question #3

Response - City partially disagrees with the finding given that it provides no Council/Management decision making flexibility in dealing with economic downturns.

Actions - City's past budget approvals has generally implemented this recommendation.

#### Question #4

Response - City agrees with the finding.

Actions - Recommendation has been implemented through Council policy that requires a 15% reserve equal to the General Fund operating budget.

### **Financial Management:**

#### Question #1

Response - City partially disagrees with the finding given that it tries to fit various forms of governmental activities into one fixed type of organizational style/operation.

Actions - City has implemented this recommendation through a Council Finance Committee that was created many years ago.

#### Question #3

Response - City agrees with the finding.

Actions - City has implemented the recommendation when applicable services were needed.

#### Question #4

Response - City agrees with the finding.

Actions - City has implemented this recommendation through adoption of an updated Accounting Policies and Procedures Manual in 2013.

#### Questions #8

Response - City partially disagrees with the finding given that it reflects a mandate that provides no Council/Management decision making flexibility.

Actions - City has implemented this recommendation given that a competitive process was performed a few years ago in the selection of an independent external auditor whose contract is for a fixed length of time with an ending date.

## NEW LEGISLATION

The Grand Jury desires all citizens within Los Angeles County and its incorporated cities avail themselves of recent legislation specific to the California State Auditor and its Local High Risk Program. The following is from the California State Auditor website ([www.bsa.ca.gov](http://www.bsa.ca.gov)):

*Recent legislation—AB187, which went into effect in January 2012—permits the California State Auditor to develop a high-risk local government agency audit program for the purpose of identifying, auditing, and issuing reports on any local agency, including a city, county, special district, or other publicly created entity, that the State Auditor identifies as being at high risk for waste, fraud, abuse, and mismanagement or as having major challenges associated with its economy, efficiency, or effectiveness. However, any audit that the State Auditor wishes to perform under this authority must be authorized by the Legislature’s Joint Legislative Audit Committee before it may move forward.*

*Because this legislation just recently took effect, the program still is being developed. Please check back periodically for updates regarding the implementation of this program. As we establish protocols for the program, we will post the information on our Web site ([www.bsa.ca.gov](http://www.bsa.ca.gov)). In the meantime, if you have any information about a local government agency that you would like to share with us, refer to “Report an Improper Activity” on our home page.*

The Grand Jury believes that the State Auditor’s “Local High Risk Program” once established, will provide the public with greater oversight over local government agencies, which includes cities. Citizens need to work through their local State Representatives in order to expedite the implementation of this Program.

## RECOMMENDATIONS AND REQUIRED RESPONSES

Responses are required from the following cities:

<b>Exhibit 12: Recap of Recommendations and Required Responses</b>	
<b>Recommendation</b>	<b>Response Required From</b>
<b>Fiscal Health</b>	
1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.	Agoura Hills, Alhambra, Arcadia, Artesia, Avalon, Azusa, Baldwin Park, Bell, Bell Gardens, Bellflower, Beverly Hills, Bradbury, Burbank, Calabasas, Carson, Cerritos, Claremont, Commerce, Compton, Covina, Cudahy, Culver City, Diamond Bar, Downey, Duarte, El Monte, El Segundo, Gardena, Glendale, Glendora, Hawaiian Gardens, Hawthorne, Hermosa Beach, Hidden Hills, Huntington Park, Industry, Inglewood, Irwindale, La Canada Flintridge, La Habra Heights, La Mirada, La Puente, La Verne, Lakewood, Lancaster, Lawndale, Lomita, Long Beach, Los Angeles, Lynwood, Malibu, Manhattan Beach, Maywood, Monrovia, Montebello, Monterey Park, Norwalk, Palmdale, Palos Verdes Estates, Paramount, Pasadena, Pico Rivera, Pomona, Rancho Palos Verdes, Redondo Beach, Rolling

**Exhibit 12: Recap of Recommendations and Required Responses**

Recommendation	Response Required From
	Hills, Rolling Hills Estates, Rosemead, San Dimas, San Fernando, San Gabriel, San Marino, Santa Clarita, Santa Fe Springs, Santa Monica, Sierra Madre, Signal Hill, South El Monte, South Gate, South Pasadena, Temple City, Torrance, Vernon, Walnut, West Covina, West Hollywood, Westlake Village, Whittier
2. Cities should develop a balanced budget and commit to operate within the budget constraints.	Agoura Hills, Alhambra, Arcadia, Artesia, Avalon, Azusa, Baldwin Park, Bell, Bell Gardens, Bellflower, Beverly Hills, Bradbury, Burbank, Calabasas, Carson, Cerritos, Claremont, Commerce, Compton, Covina, Cudahy, Culver City, Diamond Bar, Downey, Duarte, El Monte, El Segundo, Gardena, Glendale, Glendora, Hawaiian Gardens, Hawthorne, Hermosa Beach, Hidden Hills, Huntington Park, Industry, Inglewood, Irwindale, La Canada Flintridge, La Habra Heights, La Mirada, La Puente, La Verne, Lakewood, Lancaster, Lawndale, Lomita, Long Beach, Los Angeles, Lynwood, Malibu, Manhattan Beach, Maywood, Monrovia, Montebello, Monterey Park, Norwalk, Palmdale, Palos Verdes Estates, Paramount, Pasadena, Pico Rivera, Pomona, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates, Rosemead, San Dimas, San Fernando, San Gabriel, San Marino, Santa Clarita, Santa Fe Springs, Santa Monica, Sierra Madre, Signal Hill, South El Monte, South Gate, South Pasadena, Temple City, Torrance, Vernon, Walnut, West Covina, West Hollywood, Westlake Village, Whittier
3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.	Agoura Hills, Alhambra, Arcadia, Artesia, Avalon, Azusa, Baldwin Park, Bell, Bell Gardens, Bellflower, Beverly Hills, Bradbury, Burbank, Calabasas, Carson, Cerritos, Claremont, Commerce, Compton, Covina, Cudahy, Culver City, Diamond Bar, Downey, Duarte, El Monte, El Segundo, Gardena, Glendale, Glendora, Hawaiian Gardens, Hawthorne, Hermosa Beach, Hidden Hills, Huntington Park, Industry, Inglewood, Irwindale, La Canada Flintridge, La Habra Heights, La Mirada, La Puente, La Verne, Lakewood, Lancaster, Lawndale, Lomita, Long Beach, Los Angeles, Lynwood, Malibu, Manhattan Beach, Maywood, Monrovia, Montebello, Monterey Park, Norwalk, Palmdale, Palos Verdes Estates, Paramount, Pasadena, Pico Rivera, Pomona, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates, Rosemead, San Dimas, San Fernando, San Gabriel, San Marino, Santa Clarita, Santa Fe Springs, Santa Monica, Sierra Madre, Signal Hill, South El Monte, South Gate, South Pasadena, Temple City, Torrance, Vernon, Walnut, West Covina, West Hollywood, Westlake Village, Whittier
4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.	Agoura Hills, Alhambra, Arcadia, Artesia, Avalon, Azusa, Baldwin Park, Bell, Bell Gardens, Bellflower, Beverly Hills, Bradbury, Burbank, Calabasas, Carson, Cerritos, Claremont, Commerce, Compton, Covina, Cudahy, Culver City, Diamond Bar, Downey, Duarte, El Monte, El Segundo, Gardena, Glendale, Glendora, Hawaiian Gardens, Hawthorne, Hermosa Beach, Hidden Hills, Huntington



**Exhibit 12: Recap of Recommendations and Required Responses**

Recommendation	Response Required From
	Park, Industry, Inglewood, Irwindale, La Canada Flintridge, La Habra Heights, La Mirada, La Puente, La Verne, Lakewood, Lancaster, Lawndale, Lomita, Long Beach, Los Angeles, Lynwood, Malibu, Manhattan Beach, Maywood, Monrovia, Montebello, Monterey Park, Norwalk, Palmdale, Palos Verdes Estates, Paramount, Pasadena, Pico Rivera, Pomona, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates, Rosemead, San Dimas, San Fernando, San Gabriel, San Marino, Santa Clarita, Santa Fe Springs, Santa Monica, Sierra Madre, Signal Hill, South El Monte, South Gate, South Pasadena, Temple City, Torrance, Vernon, Walnut, West Covina, West Hollywood, Westlake Village, Whittier
<b>Governance Practices</b>	
1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.	Agoura Hills, Arcadia, Avalon, Azusa, Baldwin Park, Bell Gardens, Calabassas, Carson, Compton, Cudahy, Hawthorne, Hermosa Beach, Hidden Hills, Huntington Park, Industry, Inglewood, La Habra Heights, Lomita, Malibu, Palos Verdes Estates, Pico Rivera, Rolling Hills, Rolling Hills Estates, San Dimas, San Fernando, South El Monte
2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.	Agoura Hills, Arcadia, Avalon, Azusa, Bell, Bell Gardens, Bradbury, Calabassas, Carson, Commerce, Compton, Cudahy, Diamond Bar, El Monte, Gardena, Hermosa Beach, Hidden Hills, Huntington Park, Industry, Inglewood, La Habra Heights, Lancaster, Lawndale, Lomita, Malibu, Montebello, Paramount, Rolling Hills, San Dimas, San Fernando, San Marino, Santa Clarita, Santa Fe Springs, South El Monte, South Pasadena, West Covina
3. City councils should develop specific annual goals for the city's executive.	Avalon, Compton, Cudahy, Diamond Bar, Hidden Hills, Industry, Inglewood, Norwalk, Palos Verdes Estates, San Fernando, San Marin, South El Monte, South Pasadena
4. City councils should conduct meaningful evaluations of the city's executive at least annually.	Alhambra, Compton, Cudahy, Hidden Hills, Industry, Lancaster, Maywood, Palos Verdes Estates, Paramount, Rolling Hills, San Fernando
5. Cities should publish their financial reports or CAFR on their city's website.	Cudahy, Industry, Maywood
<b>Financial Management</b>	
1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.	Alhambra, Arcadia, Azusa, Bell, Bell Gardens, Bellflower, Bradbury, Calabassas, Carson, Cerritos, Claremont, Compton, Cudahy, Diamond Bar, Duarte, El Monte, El Segundo, Gardena,

**Exhibit 12: Recap of Recommendations and Required Responses**

Recommendation	Response Required From
	Glendora, Hawaiian Gardens, Hermosa Beach, Hidden Hills, Huntington Park, Industry, Inglewood, Irwindale, La Mirada, La Puente, La Verne, Lakewood, Manhattan Beach, Maywood, Monrovia, Monterrey Park, Norwalk, Palos Verdes Estates, Paramount, Pico Rivera, Pomona, Rancho Palos Verdes, Rolling Hills, Rosemead, San Fernando, San Gabriel, San Marin, Santa Clarita, Santa Fe Springs, Santa Monica, Sierra Madre, Signal Hill, South El Monte, South Pasadena, Southgate, Temple City, West Covina, West Hollywood, Westlake Village, Whittier
2. Cities that do not currently select the auditor through a competitive process should do so.	Bellflower, Glendora, Hawthorne, Hidden Hills, Industry, Irwindale, La Canada-Flintridge, La Mirada, Lakewood, Malibu, Palos Verdes Estates, San Dimas, San Marino, Santa Fe Springs, Walnut, West Covina, Whittier
3. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.	Arcadia, Avalon, Baldwin Park, Bellflower, Beverly Hills, Carson, Claremont, Commerce, Diamond Bar, Glendale, Huntington Park, Inglewood, La Vern, Lawndale, Monrovia, Montebello, Palmdale, Paramount, Rancho Palos Verdes, Rolling Hills, Rolling Hills Estates, San Gabriel, Santa Fe Springs, Santa Monica, Southgate.
4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.	Beverly Hills, Bradbury, Burbank, Carson, Commerce, Cudahy, El Monte, Hawaiian Gardens, Hidden Hills, Industry, La Verne, Lomita, Manhattan Beach, Norwalk, Santa Monica, Sierra Madre, Southgate, West Covina, Whittier
5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.	Agoura Hills, Alhambra, Arcadia, Avalon, Azusa, Bell Gardens, Bellflower, Bradbury, Burbank, Carson, Commerce, Cudahy, Diamond Bar, El Monte, Glendora, Hawaiian Gardens, Hawthorne, Hidden Hills, Industry, Inglewood, La Canada-Flintridge, La Habra Heights, La Mirada, La Puente, Lancaster, Lawndale, Lomita, Los Angeles, Manhattan Beach, Montebello, Norwalk, Pasadena, Rolling Hills Estates, Rosemead, San Fernando, Santa Clarita, Santa Fe Springs, Santa Monica, South Pasadena, Southgate, Walnut, West Covina

Exhibit 12: Recap of Recommendations and Required Responses	
Recommendation	Response Required From
6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.	Alhambra, Arcadia, Avalon, Azusa, Bell Gardens, Bellflower, Bradbury, Burbank, Covina, Cudahy, El Monte, Glendora, Huntington Park, Industry, Inglewood, Irwindale, La Mirada, Lakewood, Lomita, Lynwood, Manhattan Beach, Montebello, Norwalk, Rancho Palos Verdes, Rolling Hills, Rosemead, San Fernando, San Gabriel, San Marino, Santa Fe Springs, Santa Monica, Sierra Madre, Temple City, West Covina
7. Cities should periodically review and update internal control procedures over financial management.	Bell, Cudahy, Industry, Inglewood, Lomita, Montebello, South El Monte
8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.	Agoura Hills, Alhambra, Arcadia, Artesia, Avalon, Azusa, Baldwin Park, Bell, Bell Gardens, Bellflower, Beverly Hills, Bradbury, Burbank, Calabasas, Carson, Cerritos, Claremont, Commerce, Compton, Covina, Cudahy, Culver City, Diamond Bar, Downey, Duarte, El Monte, El Segundo, Gardena, Glendale, Glendora, Hawaiian Gardens, Hawthorne, Hermosa Beach, Hidden Hills, Huntington Park, Industry, Inglewood, Irwindale, La Canada Flintridge, La Habra Heights, La Mirada, La Puente, La Verne, Lakewood, Lancaster, Lawndale, Lomita, Long Beach, Los Angeles, Lynwood, Malibu, Manhattan Beach, Maywood, Monrovia, Montebello, Monterey Park, Norwalk, Palmdale, Palos Verdes Estates, Paramount, Pasadena, Pico Rivera, Pomona, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates, Rosemead, San Dimas, San Fernando, San Gabriel, San Marino, Santa Clarita, Santa Fe Springs, Santa Monica, Sierra Madre, Signal Hill, South El Monte, South Gate, South Pasadena, Temple City, Torrance, Vemon, Walnut, West Covina, West Hollywood, Westlake Village, Whittier

Todd Rogers  
Vice Mayor

Diane DuBois  
Council Member



Steve Croft  
Mayor

Jeff Wood  
Council Member

Ron Piazza  
Council Member

September 26, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Flotz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Presiding Judge:

We have reviewed the Civil Grand Jury report titled Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation.

Before providing our response to the Civil Grand Jury recommendations in the report, I would first like to make a few observations made by Lakewood's Director of Administrative Services regarding the report methodology, specifically the ratios and criteria used, as listed in the report on page 86, the *developed financial ratios and criteria to rate the financial health of cities, and ranked the cities based on the financial ratios and criteria.*

Exhibit 1 starting on page 91 and the Detailed Analysis section starting on page 96 of the report include tables ranking cities based on the ratios as developed by the Civil Grand Jury. Although the ratios used are standard in financial practice and the data is accurate in so much that it mirrors the cities' comprehensive annual financial report, the efficacy of the ranking is questionable.

The ranking would lead someone unfamiliar with the listed cities to conclude that the cities ranked in the top five of each criterion practice superior fiscal management relative to the other cities. Yet, a closer look of the top five ranked cities based on the six ratios to evaluate fiscal proficiency, illustrates the inadequacies of such a simplistic approach.

# Lakewood

To honestly examine the fiscal condition of cities requires a more meaningful approach. The report should provide readers what they need to know to make a truthful evaluation of cities.

First, readers need quantitative data on the year-over-year operations of the cities indicating whether each city is able to cover on-going expenses with on-going revenues. The report attempts to provide such operational indices for the reader with the *Net Revenue Percent* and *General Fund Net Revenue* ratios. The *Net Revenue Percent* covers all funds, which includes special revenue funds for capital. Capital expenditure patterns vary widely from year to year and from city to city. A city may save up special revenue funds over a number of years, and then spend the funds in one year. The index, *Net Revenue Percent*, as provided in the report leads the reader to conclude that during the savings years the city was financially adept, and in the spending years the city was not. The *General Fund Net Revenue* as an index of operations is also lacking in validity. The *General Fund Net Revenue* ratio does not include transfers. This is likely an attempt to only include operational revenues and expenses, however, transfers-in often represent on-going revenues to support on-going operations as provided for under certain tax assessments, as is the case for the City of Lakewood and other cities that receive gas tax revenue. Both indices, *Net Revenue Percent* and *General Fund Net Revenue*, as presented in the report, do not provide the reader with a clear understanding of the operational status of cities.

Second, to make a complete opinion as to the operational means of cities, the reader needs qualitative information (statistics) beyond the quantitative data and indices provided in the report. Data regarding service levels and investment in infrastructure are requisite.

For the eleven of the fourteen top-five ranked cities (three cities did not have this data on-line) only two cities had increases in staffing levels from the start of the recession of 2009; two others remained stable. The other cities experienced great declines in staffing between fiscal years 2008 and 2012, of 7% to 31%. These staffing declines included core service areas of public safety, community development, community services and transit. Public safety and access to a quality level of living and business are key for a city to increase revenues through higher property values, commercial sales and jobs. A city's good fiscal condition as represented by the indices in the report may mask devastation in core services that can result in future fiscal instability for the city.

The reader also needs to know the cities' investment in capital infrastructure. Does the city have streets without potholes, are the streets kept clean, is there an urban forest plan, are trees and foliage well manicured, are city buildings in good condition, does the city provide open/green space, passive and active parks, is the city active in ensuring private properties are well kept and businesses respectable? The list is endless and unique for each city, and it is this qualitative data that is most important to residents, business community and visitors – paradoxically, the report ranks cities higher when they are not making capital infrastructure investments, and lower when they do.

Finally, the reader needs to know how proactive cities are in managing reserves and long-term liabilities. The report makes an effort to illustrate this with the ratio *Unassigned General Fund Balance*. The report takes the stance on Page 98 that the Unassigned portion of the general fund balance is the city's "rainy day" funds. The *Unassigned General Fund Balance* index does not necessarily represent total "rainy-day" funds, or "rainy day" funds at all. Many cities, the City of Lakewood included, thoughtfully itemized and quantified the components of their Governmental Fund Balance as recommended by GASB Statement No. 54, and made policy decisions to include "rainy-day" funds within the Commitments and Assignments of reserve balances. The Commitments and Assignments portion of the reserve balance can also include funds for long-term liabilities and had the report taken this into consideration the reader would have gained greater insight into how a city is planning to meet its long-term liabilities, as well as, on-going/operational and unanticipated costs ("rainy day" funds). Basically, it would have been far more useful to the reader to compare the total of general fund balances that are exposed to council discretion, which would include all Committed, Assigned and Unassigned Funds. In fact the Civil Grand Jury took this approach in reviewing the City of Hermosa Beach. The City of Hermosa Beach is one of the top-five ranked cities and has zero Unassigned funds at the close of fiscal year 2012. The report used the city's Assigned funds to satisfy the criterion. The City of Hermosa Beach may be an anomaly, nevertheless it further illustrates the inadequacies of the *Unassigned General Fund Balance* ratio.

In addition to the above mentioned short-comings of the report, the data as presented is of little value. The top five ranked cities for *General Fund Net Revenue*, *Change in General Fund Balance*, and *Unassigned General Fund Balance* are comprised of fourteen cities. Only one city achieves the top five ranking for two out of the three criteria, no city attains all three. Cities that achieved the highest rankings for *General Fund Net Revenue* of 14%-26%, rank much lower in the other two criteria; similarly for cities that ranked high (60% to 25%) in *Change in General Fund Balance*, and *Unassigned General Fund Balance* (455% to 116%) as a percent of operations. The report attempts to resolve this volatility in Exhibit 1 by averaging the rankings of the six ratios. The rankings include the three detailed rankings for all funds (includes the general fund and capital expenditures) and the three detailed rankings of the general fund. However, beyond the inherent limitations of an two-year comparative ranking of this sort, the value to the reader is further degraded for the reason that the detailed rankings were not correctly averaged for Fiscal Year 2011, resulting in ranking errors ranging -35 to 31 for the fourteen top-five ranked cities.

The City of Lakewood was not one of the top-five ranked cities listed in the report. Yet, Lakewood maintained a positive general fund operational net revenue through the worst economic downturn since the Great Depression. The following table contains Lakewood General Fund financial statements for fiscal years 2007 through 2012. Listed within the table is the *General Fund Net Revenue* index as used in the Civil Grand Jury report. However, we propose that a more accurate indicator of the Lakewood operational financial position is the last line of the table which includes all operational revenue (contains transfers-in) and operational expenditures, and excludes transfers for

capital improvements and transfers to the City's OPEB trust to cover non-current long-term liabilities. To provide greater context to the quantitative data provided by the table, we add that Lakewood did not reduce service levels during this same time period. Staffing levels were maintained and no furloughs or salary cuts were implemented. And although, investment in the City's infrastructure declined over the six years presented because of the last recession, it was preserved at a level necessary to ensure proper improvements were made to mitigate even greater expense in future years. The following table illustrates Lakewood's tradition and well known commitment to sound financial practices, maintenance of a structural surplus and responsible funding of long-term obligations.

	2007	2008	2009	2010	2011	2012
<b>Revenue</b>						
Taxes	\$ 20,569,828	\$ 20,305,698	\$ 20,713,399	\$ 19,548,657	\$ 20,793,564	\$ 21,178,208
Licenses and permits	712,472	690,948	592,929	713,054	770,650	635,098
Fine and forfeiture	716,319	824,290	1,208,896	1,013,090	881,450	817,092
Investment income <sup>(3)</sup>	1,663,700	2,496,515	2,059,892	1,506,627	5,217,577	3,556,130
From other agencies	10,247,785	9,667,856	8,310,727	7,649,321	7,097,751	7,622,461
Current service charges	7,651,476	7,863,790	7,532,352	7,634,788	7,746,660	8,015,864
Other	214,936	478,407	472,799	4,157	-	-
<b>Total Revenue</b>	<b>41,776,516</b>	<b>42,327,504</b>	<b>40,890,994</b>	<b>38,069,694</b>	<b>42,507,652</b>	<b>41,824,853</b>
<b>Expenditures</b>						
General government	7,953,264	7,637,161	11,806,571 <sup>(2)</sup>	7,221,204	6,748,930	6,780,482
Public safety	11,681,352	11,927,864	12,397,982	12,483,955	12,363,381	12,118,551
Transportation	3,666,367	3,782,907	3,925,892	4,043,762	3,941,050	3,914,598
Community development	3,602,681	3,409,621	3,223,477	3,227,056	3,325,637	3,605,062
Health and sanitation	4,238,095	4,401,637	4,209,922	4,271,868	4,417,288	4,497,425
Culture and leisure	8,260,888	8,109,872	8,554,827	8,670,757	9,071,742	8,543,106
<b>Total Expenditures</b>	<b>39,402,647</b>	<b>39,269,062</b>	<b>44,118,671</b>	<b>39,918,602</b>	<b>39,868,028</b>	<b>39,459,224</b>
Civil Grand Jury Report Index	5.7%	7.2%	-7.9%	-4.9%	6.2%	5.7%
<b>Transfers</b>						
Transfers in	2,510,591	2,029,352	2,082,654	2,158,110	2,208,860	2,324,619
Transfers out	-	(773,809)	(530,203)	-	-	-
Transfers out - Capital <sup>(1)</sup>	(6,487,612)	(2,767,184)	(2,512,935)	(2,047,175)	(988,791)	(980,242)
<b>Total Transfers</b>	<b>(3,977,021)</b>	<b>(1,511,641)</b>	<b>(960,484)</b>	<b>110,935</b>	<b>1,220,069</b>	<b>1,344,377</b>
<b>Total Net Change</b>	<b>(1,603,152)</b>	<b>1,546,801</b>	<b>(4,188,161)</b>	<b>(1,737,973)</b>	<b>3,859,693</b>	<b>3,710,006</b>
Less:						
<sup>(1)</sup> Transfer out for capital improvement projects						
<sup>(2)</sup> Transfer to OPEB Trust \$4,464,565						
<b>Operations Net Change</b>	<b>4,884,460</b>	<b>4,313,985</b>	<b>2,789,339</b>	<b>309,202</b>	<b>4,848,484</b>	<b>4,690,248</b>
<b>Net Revenue</b>	<b>11.7%</b>	<b>10.2%</b>	<b>6.8%</b>	<b>0.8%</b>	<b>11.4%</b>	<b>11.2%</b>

The City of Lakewood has always been very protective of its General Fund Balance Reserve, which is why when the City developed a policy for the implementation of GASB Statement No. 54 we carefully considered both the purpose and amounts that

should be designated as Committed, Assigned and Unassigned. The “rainy day” funds for the City are included in the Committed portion of the Fund balance labeled Economic Uncertainties, which is pegged at 20% of operational expenses, or 2.4 months. In addition to the Economic Uncertainties “rainy day” funds, the City has also designated funds for other unanticipated or emergency type situations; these include funds within the Committed and Assigned portions of the fund balance labeled Self Insurance, Refuse Stabilization, Capital Replacement and Repairs, and Contract Emergency Services. Overall, the City has set-aside \$22.6 million for “rainy-day” type situations, equivalent to 57% of operational expenditures. The city has also diligently set-aside funds for pension liability and compensated absences in addition to a separate OPEB Trust that now exceeds a 100% funding level. The following table shows the City’s adherence to systematic long-term financial planning.

	2007	2008	2009	2010	2011	(1)	2012
<b>Nonspendable</b>							
Prepaid Items	\$ 8,012	\$ 85,988	\$ 9,119	\$ 404,656	\$ 897,974		\$ 1,168,907
Inventories	68,457	24,213	12,472	8,491	6,767		10,273
LRA/RDA Advances	20,314,012	21,471,735	21,471,735	21,334,562	16,775,167		16,695,657
<b>Committed</b>							
Self insurance	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000		4,000,000
Pension and personnel liability	4,221,641	4,464,565	642,377	568,217	13,015,905	(2)	15,260,655
Capital projects in progress	4,184,650	3,282,479	3,124,532	2,322,725	871,757		510,417
Refuse Stabilization	1,357,495	1,834,277	1,802,240	1,964,966	1,964,966		1,964,966
Economic uncertainties	6,400,000	8,400,000	9,050,000	8,550,000	8,550,000	(6)	8,300,000
<b>Assigned</b>							
Capital replacement and repairs	8,331,979	8,646,385	7,720,215	6,736,603	6,736,750	(7)	6,944,212
Contract emergency services					1,037,265	(8)	1,404,981
<b>Unassigned</b>	6,572,037	5,000,000	5,222,854	5,364,904	1,258,266		2,564,755
Civil Grand Jury Report Index	16.7%	12.7%	11.8%	13.4%	3.2%		6.5%
<b>Total Fund Balance</b>	<b>55,458,283</b>	<b>57,209,642</b>	<b>53,055,544</b>	<b>51,255,124</b>	<b>55,114,817</b>		<b>58,824,823</b>
<b>Total Fund Balance open to Council discretion</b>							
Committed/Assigned/Unassigned	<b>35,067,802</b>	<b>35,627,706</b>	<b>31,562,218</b>	<b>29,507,415</b>	<b>37,434,909</b>		<b>40,949,986</b>
As a percent of operational expenditures	<b>89.0%</b>	<b>90.7%</b>	<b>71.5%</b>	<b>73.9%</b>	<b>93.9%</b>		<b>103.8%</b>

(1) Implementation of Governmental Fund Balance Policy GASB Statement No. 54

(2) Transfer to OPEB Trust \$4,464,565

(6) Economic uncertainties is set at 20% of the General Fund operating budget

(7) Capital replacement and repairs is for unforeseen events, and is based on the depreciation schedule of all equipment and facilities

(8) Contract emergency services is to pay for one month's cost for contract services in the cases of an emergency

Our careful application of designating the general fund balance to Committed and Assigned leaves the Unassigned portion of the general fund balance as truly “unassigned” and deemed an amount above what is necessary to carry on operations under the worst of conditions. The segment of the table that is in blue type is what is open for Council discretion and is a more accurate comparison to the other cities over what is presented in the report.



Our only observation regarding the criteria developed to measure governance and financial management practices is that it depended solely on the availability of certain policies rather than the actual activities of our City. Specifically, the recommendation that Lakewood should develop balanced budgets and operate within budget constraints, commit to not using one-time revenues to fund reoccurring costs, and save for a rainy day where not reflective of the City's financial statements, which clearly show the City has practiced these recommendations, rather it was because the City does not have a specific policy stating the obvious when it comes to best financial practices.

## **CIVIL GRAND JURY RECOMMENDATIONS AND REQUIRED RESPONSES**

The City recognizes that certain written policies are not currently in place, yet disagrees with the broad sweeping inference made by the Civil Grand Jury that because policies are not in place the City has made or is making poor fiscal decisions. Having financial related policies does not ensure a city will be fiscally prudent or wise, and reap sound fiscal standing. Conversely, a city that has sound fiscal standing as evident by its financial statements and statistics is however prudent and wise in its financial decisions, whether there is a policy in place or not – and this represents the City of Lakewood.

The City of Lakewood's responses to the Civil Grand Jury's recommendations are as follows.

### **FISCAL HEALTH**

1. Recommendation     *Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.*

Response     The City of Lakewood has a long history and practice of developing sustainable balanced budgets as is evident in its financial statements, which are the result of careful budget planning and documentation.

The recommendation requires further analysis as we develop financial, operating budget, and capital improvement program and replacement of assets type policies to complement current fiscal policies and put in writing the sound fiscal practices and procedures that the City has long cultured. The policies will be made available for City Manager Review by December 2013.

2. Recommendation     *Cities should develop a balanced budget to commit to operate within the budget constraints.*

Response The City disagrees wholly with the finding. The City has a long history of developing balanced operating budgets and committing to operating within the constraints of a balanced budget. This commitment is evident in the Grand Jury's report, Exhibits 3 – 9, which show year-over-year positive change to net revenue and net assets for All Funds and for the General Fund by itself. This history of developing balanced budgets is further illustrated on page 4 of this letter, where a summary of the City's General Fund financial statements are provided for Fiscal Years 2007 through 2012.

All Funds				General Fund				
<b>Exhibit 3</b>	<b>Net Revenue Percent pg 99 100</b>			<b>Exhibit 3</b>	<b>Net Revenue Percent pg 100</b>			
	FY 2010-2011		FY 2011-2012		FY 2010-2011		FY 2011-2012	
	Rank	Percent	Rank	Percent	Rank	Percent	Rank	Percent
	15	2.40%	21	0.70%	27	6.20%	29	5.70%
<b>Exhibit 4</b>	<b>Net Revenue Percent pg 104</b>			<b>Exhibit 7</b>	<b>Net Revenue Percent pg 118-119</b>			
	FY 2010-2011		FY 2011-2012		FY 2010-2011		FY 2011-2012	
	Revenue	\$ 63,285,286	Revenue	\$ 54,708,076	Revenue	\$ 42,507,652	Revenue	\$ 41,824,853
	Expense	\$ 61,764,234	Expense	\$ 54,346,475	Expense	\$ 39,868,028	Expense	\$ 39,459,224
	Net	\$ 1,521,052	Net	\$ 361,601	Net	\$ 2,639,624	Net	\$ 2,365,629
<b>Exhibit 3</b>	<b>Ratio of Assets to Liabilities pg 99 100</b>			<b>Exhibit 3</b>	<b>Change in Fund Balance pg 100</b>			
	FY 2010-2011		FY 2011-2012		FY 2010-2011		FY 2011-2012	
	Rank	Percent	Rank	Percent	Rank	Percent	Rank	Percent
	11	8.85%	11	17.97%	26	7.60%	17	6.70%
<b>Exhibit 5</b>	<b>Ratio of Assets to Liabilities pg 109</b>			<b>Exhibit 8</b>	<b>Change in Fund Balance pg 123</b>			
	Assets	\$ 196,928,360	Assets	\$ 230,380,255 <sup>(1)</sup>	Beginning	\$ 51,225,124	Beginning	\$ 55,114,817
	Liabilities	\$ 22,239,508	Liabilities	\$ 12,818,746	Ending	\$ 55,114,817	Ending	\$ 58,824,823
	Net	\$ 174,688,852	Net	\$ 217,561,509	Change	\$ 3,889,693	Change	\$ 3,710,006
<b>Exhibit 3</b>	<b>Change in Net Assets pg 99 100</b>			<b>Exhibit 3</b>	<b>Unassigned General Fund Balance pg 100</b>			
	FY 2010-2011		FY 2011-2012		FY 2010-2011		FY 2011-2012	
	Rank	Percent	Rank	Percent	Rank	Percent	Rank	Percent
	24	2.80%	24	24.50%	68	3.20%	59	6.50%
<b>Exhibit 6</b>	<b>Change in Net Assets pg 114</b>			<b>Exhibit 9</b>	<b>Fund Balance as Percent of GF Expenses pg 128-129</b>			
	Beginning	\$ 169,950,296	Beginning	\$ 174,688,852	Balance (all)	138.2%	Balance (all)	149.1%
	Ending	\$ 174,688,852	Ending	\$ 217,561,509	Unassigned	\$ 1,258,266	Unassigned	\$ 2,564,755
	Change	\$ 4,738,556	Change	\$ 42,872,657 <sup>(1)</sup>	Percent	3.2%	Percent	6.5%

<sup>(1)</sup> Includes \$36,004,386 Receivable from Successor Agency/Dissolution of RDA

However, this recommendation by its similarity to Recommendation #1 will be by reviewed as part of Response #1, and as such, the recommendation requires further analysis as we develop an operating budget type policy to complement current fiscal policies and to put in writing the City's long practice of adopting balanced budgets. The policy will be made available for City Manager Review by December 2013.

3. Recommendation *Cities should commit to not using onetime revenues to fund reoccurring or on-going expenses.*

Response The City disagrees wholly with the finding. The City does not utilize one-time revenue for on-going expenses. One-time revenues are spent on capital improvements, and saved for emergencies or dire economic situations. Again, this commitment is evident in the Grand Jury's report, Exhibits 3 – 9, which show year-over-year positive change to net revenue for All Funds and for the General Fund by itself. Provided on page 4 of this letter is a table of the City's General Fund from Fiscal Year 2007 through 2012 to illustrate the prudent fiscal practices of the City and management of its General Fund through the last recession.

However, this recommendation by its similarity to Recommendation #1 will be by reviewed as part of Response #1, and as such, the recommendation requires further analysis as we develop financial and operating budget type policies to complement current fiscal policies and to put in writing the City's prudent practice of not using one-time funds for on-going expenses. The policy will be made available for City Manager Review by December 2013.

4. Recommendation *Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of shortfall.*

Response The City disagrees wholly with the finding. The City has a strong tradition of setting aside funds for not only for a rainy day fund, but also for capital improvements, pension obligations and unforeseen events and emergencies. This commitment is also already in place by the City's current Governmental Fund Balance Policy, which requires the City maintain a committed reserve for economic uncertainties equivalent to 20% of the City's General Fund operating budget, there are also funds are set aside for unforeseeable capital expenditures and for one-month's cost of contract services for emergency response in cases of a natural or manmade disaster. Again, the city's practice of setting aside funds is evidenced in the Grand Jury Report Exhibits 3-9 showing year-over-year positive change to net assets, as well as by the Fund Balance schedule provided on page 5 of this letter.

However, this recommendation by its similarity to Recommendation #1 will be by reviewed as part of Response #1, and as such, the recommendation requires further analysis as we develop operating budget type policy to complement current fiscal policies and to put in writing the City's prudent

practice of setting aside funds for a rainy day. The policy will be made available for City Manager Review by December 2013.

## **FINANCIAL MANAGEMENT**

1. Recommendation *Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.*

Response As stated in Response #1, the City plans to analyze implementing a financial type policy, which would include criteria for the implementation of an Audit Committee. The policy will be made available for City Manager Review by December 2013.

2. Recommendation *Cities that do not currently select the auditor through a competitive process should do so.*

Response As stated in Response #1, the City plans to analyze implementing a financial type policy, which would include criteria for the selection of an independent auditor. The policy will be made available for City Manager review by December 2013.

6. Recommendation *Cities should review and update their policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.*

Response The City plans to review its practice on governing fraud and abuse, which will include the analysis for implementation and maintenance of a system for the reporting of fraud, abuse and questionable practices. The findings of the review will be made available for City Manager review by December 2013.

8. Recommendation *Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.*

Response As stated in Response #1, the City plans to analyze implementing a financial type policy, which would include criteria for the selection of an independent auditor. The policy will be made available for City Manager review by December 2013.

Please send all further notices and/or requests to my designee as the City of Lakewood's contact regarding this matter. The City of Lakewood's contact person is:

Diane Perkin  
Director of Administrative Services  
City of Lakewood, CA  
562-866-9771 ext 2601  
[dperkin@lakewoodcity.org](mailto:dperkin@lakewoodcity.org)

Sincerely,

A handwritten signature in black ink, appearing to read "H. Chambers", written in a cursive style.

Howard L. Chambers  
City Manager



R. Rex Parris Mayor  
Marvin E. Crist Vice Mayor  
Ronald D. Smith Council Member  
Ken Mann Council Member  
Sandra Johnson Council Member  
Mark V. Bozigian City Manager

September 23, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Your Honor:

As requested by the Civil Grand Jury, and as required by California Penal Code Section 933(c), pleased find attached the City of Lancaster's response to the 2012-2013 County of Los Angeles Civil Grand Jury Report regarding *Cities of Los Angeles County Fiscal Health, Governance, Financial Management, and Compensation*.

We are supportive of and applaud the Civil Grand Jury's efforts and commend the Grand Jury for their important work in reviewing all cities in Los Angeles County.

If you should have any questions or would like to discuss this matter further, please feel free to contact me at [mbozigian@cityoflancasterca.org](mailto:mbozigian@cityoflancasterca.org) or at (661) 723-6133.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Bozigian", written over a light blue horizontal line.

Mark V. Bozigian, City Manager  
City of Lancaster

Cc: Mayor Parris and Lancaster City Council Members  
Allison E. Burns, City Attorney  
Jason Caudle, Deputy City Manager  
Barbara Boswell, Finance Director

Attachment: City of Lancaster Response to Civil Grand Jury 2012-2013 Report

## City of Lancaster Responses to Recommendations 2012-2013 Civil Grand Jury Report

### Fiscal Health

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

**Response: The City of Lancaster agrees with this finding.** The City develops its budget annually using policies and practices reliant upon multi-year revenue and expenditure projections and other aspects of good municipal financial planning and budget development. Some notable financial planning practices include: conservative revenue projections; revenue projections only include existing revenue sources, not projected revenues from new sources; expense projections are realistic, achievable, and sustainable; not funding ongoing expenses with one-time revenue sources or grants; maintaining adequate reserves and fund / replenish reserves as necessary and prudent; and clearly communicating assumptions and goals through the annual budget document. We believe we have been successful in following good, sound municipal budgeting practices as evidenced by the City's ability to maintain and expand municipal services during the most recent economic downturn, the ability of the City to maintain adequate financial reserves, and the fact that the City has been awarded the *Certificate of Achievement for Excellence in Financial Reporting* from the Government Finance Officers Association of the United States and Canada (GFOA) for 26 consecutive years.

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

**Response: The City of Lancaster agrees with this finding.** Every year, the City's goal is to develop a balanced budget. Additionally, once adopted by the City Council, the City must operate within the adopted budget constraints. There are times, however, when conditions and events may conflict with a balanced budget goal. One such instance is a significant economic downturn such as occurred in 2008 and which is still impacting the nation. During good economic times many cities, including Lancaster, fund and expand financial reserves in preparation for economic downturns, where they may need to draw down reserves. As economic conditions improve, cities should, and Lancaster will, replenish these reserves. Another negative economic condition which unfortunately occurs too often is state legislation which is adverse to the financial health of cities. One such recent example is the state dissolution of all Redevelopment Agencies in California and the massive shift of funds and assets from Agencies / Cities to the State and other taxing entities such as Counties and School Districts. The impact of this is evidenced in Lancaster's Fiscal Year 2012 financial reporting, where the "Change in General Fund Balance" was entirely based on a one-time financial statement adjustment of \$25.3 million as an extraordinary loss due to the state dissolution of Redevelopment – essentially writing off the loans owed to the City General Fund from the former Redevelopment Agency. If the Grand Jury analysis had been adjusted for this one time financial statement adjustment, the change due to operations would have actually been an increase in the General Fund of \$874,087 or a 1.4% increase, as opposed to a 38.6% decrease.

3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

**Response: The City of Lancaster agrees with this finding.** As stated above, through the City's budget development process, the City does not budget one-time revenues to fund recurring or ongoing operational expenses as this is not a sustainable approach over a long term period.

4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.

**Response: The City of Lancaster agrees with this finding.** While the City agrees with the substance of this finding, and while the City does maintain a financial reserve in excess of the amount recommended in the Grand Jury Report, we do not wholly agree with the Grand Jury Report's focus on one rigid "solution" rather than recognizing cities have several means and ways to get to the result the Report recommends. In essence, the Report recommends a policy that would require a reserve equal to "two months of general fund revenues or expenditures." This equates to a 16.6% reserve on average. One complication in this is that City general fund revenues and expenditures vary widely on a monthly basis due to numerous factors, subjecting such a policy to confusion and potential abuse. The City of Lancaster's policy is a City Council mandated 10% operating reserve and an unreserved financial stability reserve. The City's recently adopted FY 2013-2014 Budget projects a total reserve of approximately 21% to 24% by the end of FY 2014, above the Civil Grand Jury recommended 16.6% reserve.

### Governance Practices

2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.

**Response: The City of Lancaster agrees with this finding.** While the City agrees with this finding, we don't completely agree with the Grand Jury's interpretation of Performance Indicators as it applies to Lancaster. The Report does acknowledge that every year the City undertakes Strategic Planning through our annual Budget development process. However, the Report does not acknowledge Lancaster's efforts in utilizing meaningful performance indicators and measures to provide effective municipal services on a daily basis. The City has attempted to move beyond overall indicators, which primarily meet a reporting requirement, to more discrete measures. An example of an overall performance measure might be to "put on four BLVD events per year and a weekly Farmer's Market." In accomplishing this goal, the City actually uses more discrete measures that address attendance, number and mix of vendors, number and mix of entertainment, parking management, public safety, etc. for each event.

Three other examples of performance measures utilized by the City of Lancaster include: in Code Enforcement, the City uses the Comcate System to manage and measure progress in roughly 10,000 open cases citywide. The system is used to measure progress towards compliance and includes documentation of every contact with citizens or businesses, time and resources expended on each case, and a pictorial history of every case; in Public Safety, the City uses multiple law enforcement data bases to report discrete public safety measures (crimes, arrests, trends, maps, projections, etc.) to our citizen Criminal Justice Commission (CJC) on a



monthly basis to meet the Council goal of a crime rate under 300 per 10,000 residents (which the City continues to achieve). This same information is available to the public on the City's web site. In the City's annual adopted budget, the City does measure and report on City programs, Capital projects, duties, and tasks in the City Statistics section. The City also reports on accomplishments and goals for each Department in the Departments section of the budget. This is formally reviewed and adopted by the Council each year after a noticed public hearing and is published on the City website.

4. City councils should conduct meaningful evaluations of the city's executive at least annually.

**Response: The City of Lancaster in general agrees with this finding.** As City Manager for Lancaster, it is accurate that I have not asked for nor had a formal annual evaluation or merit salary increase; although I did receive a contract extension last year (without a request for a salary increase), which is an affirmation of the relationship with and trust of Council. The relationship between the City Council and the City Manager is specifically defined in the City Charter, Municipal Code and formal employment agreement between the City Council and City Manager. Specific goals and direction are established by Council as a part of the budget adoption and through bimonthly Council meetings. There exists a meaningful and productive relationship between the Council and City Manager where the parties speak daily to discuss established or emergent priorities and issues and the parties hold each other accountable on a daily basis. As City Manager, I feel I am personally most productive, motivated, and effective through our current practice – that may not be true for all City Managers but it is for me.

### Financial Management

5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

**Response: The City of Lancaster agrees with this finding.** The Report suggests that financial policies be updated on a predetermined schedule at least every three years. The City's practice has been to review financial policies and procedures and revise such based on accounting procedure changes, input from audits, or changing organization needs evaluated each year. For example, the City recently revised its Purchasing Policy based on changes in law and direction from Council to include a robust local preference component. That said, within 6 months the City will develop a policy to formalize financial policy and procedure review and update at least once every three years.

8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

**Response: The City of Lancaster agrees with this finding.** The Report recommends that City audit firms be replaced every 5 years with a different firm. This was a recommendation of the prior FY 2011-2012 Civil Grand Jury Report and the City has since complied, whereby the City Council did select a new audit firm by approving a new contract with White Nelson Diehl Evans LLP at its May 28, 2013 City Council meeting. Lancaster complies with this recommendation.



September 23, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Re: Final Responses for the 2012-2013 Civil Grand Jury  
Cities of Los Angeles County  
Fiscal Health, Governance, Financial Management and Compensation

### **Final Report Recommendations**

Dear Honorable Presiding Judge:

The City of Lawndale responds to **Exhibit 12** as follows:

#### **Fiscal Health**

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

**Answer:** *The City of Lawndale has multiple fiscal policies to guide officials in proper fiscal management. Some of the policies include, but are not limited to, investment management, fund balance reserve minimums, and purchasing policies.*

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

**Answer:** *The City of Lawndale annually adopts a balanced budget and has a self-imposed policy of maintaining over 100% in reserves.*

3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

**Answer:** *One-time revenues are specifically called to the attention of the City Council and are generally not used to pay for ongoing expenditures.*

4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.

**Answer:** *The City of Lawndale has a formal policy of keeping 100% of the annual budget in reserves and currently has close to 150% in reserves at the time of this writing.*

### **Governance Practices**

2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.

**Answer:** *During the budget process, a multi-year evaluation of fund balance and fiscal history is presented to the City Council. At the mid-year point, an additional analysis is done for both fiscal and capital improvement plans.*

### **Financial Management**

3. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.

**Answer:** *The City of Lawndale, in general, only uses the auditor to conduct the annual audit.*

5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

**Answer:** *The City of Lawndale annually reviews its policies and makes adjustments where necessary.*

8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

**Answer:** *This is currently the practice at Lawndale.*

Should you require additional information, please feel free to contact me.

Sincerely,



Stephen N. Mandoki  
City Manager  
City of Lawndale

C: Ken Louie, Finance Director/City Treasurer

## CITY COUNCIL

MARGARET ESTRADA  
JIM GAZELEY  
HENRY SANCHEZ JR.  
MICHAEL G. SAVIDAN  
BEN TRAINA



## ADMINISTRATION

MICHAEL ROCK  
CITY MANAGER

## CITY OF LOMITA

September 19, 2013

Presiding Judge

Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Subject: LA County Civil Grand Jury Report on Cities of Los Angeles County - Fiscal Health, Governance, Financial Management and Compensation

Thank you for the opportunity to respond to the aforementioned report. The City has the following comments on the recommendations starting on page 156 of the report (for those required responses from Lomita):

### **RECOMMENDATIONS – FISCAL HEALTH**

1. All cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets. **City agrees and is currently developing these policies.**
2. All cities should develop a balanced budget and commit to operate within the budget constraints. **City agrees with the recommendation.**
3. All cities should not use one-time revenues to fund recurring or on-going expenditures. **City agrees with the recommendation.**
4. All cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall. **City agrees with the recommendation.**

### **RECOMMENDATIONS – GOVERNANCE PRACTICES**

1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city. **City agrees and approved a mission, vision and core values statement on March 18, 2013.**
2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes, and information should be provided for several years to allow evaluation of progress over time. **City agrees with the recommendation.**

### **RECOMMENDATIONS – FINANCIAL MANAGEMENT 3**

4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees. **City agrees and is currently developing these policies.**

5. Cities should establish a policy requiring policies and procedures to be reviewed annually and updated at least once every three years. **City agrees with the recommendation.**
6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns. **City agrees with the recommendation.**
8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor. **City agrees with the recommendation.**

Should you have any questions or need additional information you may contact Gary Sugano, Assistant City Manager at (310) 325-7110, x121 or at [g.sugano@lomitacity.com](mailto:g.sugano@lomitacity.com)

Sincerely,

A handwritten signature in black ink, appearing to read "M. Rock", with a long horizontal flourish extending to the right.

Michael Rock  
City Manager



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6<sup>th</sup> Floor • Long Beach, CA 90802 • (562) 570-6845 • Fax (562) 570 -5836

September 10, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

To Whom It May Concern:

As required, attached please find the City of Long Beach's responses, and supporting documents, to the 2012-2013 County of Los Angeles Civil Grand Jury Final Report's recommendations.

Should you have any questions regarding this transmittal, please do not hesitate to call me at (562) 570-6237.

Regards,

Rebecca G. Jimenez  
Administrative Officer  
Department of Financial Management

## Civil Grand Jury Recommendations for the City of Long Beach

EACH GRAND JURY RECOMMENDATION SHALL REPORT ONE OF THE FOLLOWING ACTIONS:

1. The recommendation has been implemented, with a summary regarding the implementation action.
2. The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.
3. The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency where applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.
4. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefore.

### **RECOMMENDATIONS – FISCAL HEALTH**

1. All cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budget.
2. All cities should develop a balanced budget and commit to operate within the budget constraints.
3. All cities should not use one-time revenues to fund recurring or on-going expenditures.
4. All cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplemental operating revenue in years of short fall.

Recommendation	Response
1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.	The recommendation has been implemented. The City of Long Beach has Financial Policies in place that address this recommendation. The Financial Policies were adopted by the City Council on 9-23-03, and amended 10-9-07 (see attached copy).
2. Cities should develop a balanced budget and commit to operate within the budget constraints.	The recommendation has been implemented. The City of Long Beach has Financial Policies in place that address this recommendation. The Financial Policies were adopted by the City Council on 9-23-03, and amended 10-9-07 (see attached copy).
3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.	The recommendation has been implemented. The City of Long Beach has Financial Policies in place that address this recommendation. The Financial Policies were adopted by the City Council on 9-23-03, and amended 10-9-07 (see attached copy).
4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.	The recommendation has been implemented. The City of Long Beach has Financial Policies in place that address this recommendation. The Financial Policies were adopted by the City Council on 9-23-03, and amended 10-9-07 (see attached copy).

**RECOMMENDATIONS – FINANCIAL MANAGEMENT**

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.
2. Cities that do not currently select the auditor through a competitive process should do so.
3. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.
4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.
5. Cities should establish a policy requiring policies and procedures to be reviewed annually and updated at least once every three years.
6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.
7. Cities should periodically review and update internal control procedures over financial management.
8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

Recommendation	Response
8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.	The recommendation has been implemented. The City underwent a full-scale competitive process during Fiscal Year 2013 for the selection of an independent external auditor. The City will repeat the process within a 5-year period.



# **City of Long Beach Financial Policies**

---

## **1) Structurally Balanced Budget**

The annual budgets for all City funds will be structurally balanced throughout the budget process. Recurring revenue will equal or exceed recurring expenditures in both the Proposed and Adopted Budgets. If a structural imbalance occurs, a plan will be developed and implemented to bring the budget back into structural balance.

## **2) Report on How the Budget is Balanced**

The City Manager will include in the narrative transmitting the Proposed Budget a concise discussion on how the proposed budget is balanced. If the structural balance changes between the Proposed and Adopted Budgets, the City Manager will clearly delineate the changes and the resulting structural balance in the Adopted Budget.

## **3) General Fund Reserves**

The City shall maintain an Emergency Reserve equivalent to 10 percent of General Fund recurring expenditures and an Operating Reserve equivalent to 10 percent of General Fund recurring expenditures. Once the General Fund budget is brought into structural balance, a minimum of 5 percent of all new (ongoing) discretionary revenue will be devoted to the operating fund reserve. If these reserves are used, a plan will be developed and implemented to replenish the funds used.

## **4) Use of One-Time Resources**

Once the General Fund budget is brought into structural balance, one-time resources such as proceeds from asset sales, debt refinancing, one-time grants, revenue spikes, budget savings and similar nonrecurring revenue shall not be used for current or new ongoing operating expenses. Appropriate uses of one-time resources include establishing and rebuilding the Emergency Reserve and the Operating Reserve, early retirement of debt, capital expenditures and other nonrecurring expenditures.

## **5) Use of New Discretionary Revenue**

Once the General Fund budget is brought into structural balance, a minimum of 10 percent of all new (ongoing) discretionary revenue will be devoted to capital projects including deferred maintenance and infrastructure needs.

## **6) Accounting and Financial Reporting**

The City will conform to Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standards Board (GASB). Reporting will include the following:

- Interim Financial Reports: staff will prepare monthly reports for the City Council that analyze and evaluate financial performance.

## **City of Long Beach Financial Policies**

---

- Red Flag Exceptions: The City Manager shall advise the City Council of troubling and/or positive financial information including an assessment of the impact on the City budget and financial condition. Thresholds for this reporting include:
  - Whenever a major expenditure exception occurs that will impact a fund's expenditure budget by one percent or totals over \$500,000; or
  - Whenever a major revenue exception occurs that will impact a fund's revenue budget by one percent or totals over \$500,000.

### **7) User Fees and Charges**

The City of Long Beach is empowered to recapture, through fees, up to the full cost of providing specific services. Regular and consistent review of all fees is necessary to ensure that the costs associated with delivery of individual services have been appropriately identified, and that the City is fully recovering those costs. It is the City's policy to set user fees at full cost recovery levels, except where a greater public benefit is demonstrated to the satisfaction of the City Council, or when it is not cost effective to do so.

### **8) Grants**

City staff will seek out, apply for and effectively administer federal, state and other grants that address the City's priorities and policy objectives and provide a positive benefit to the City. Before any grant is pursued, staff shall provide a detailed pro-forma that addresses the immediate and long-term costs and benefits to the City.

### **9) Long-Term Financial Plan**

Each year, staff shall develop a Long-Term Financial Plan that forecasts operating expenditures and revenue for the next three to five years and capital expenditures and revenue for the next seven years. The Long-Term Financial Plan will be updated prior to the start of the annual budget process. As part of the budget message, the City Manager will advise the City Council of potential long-term positive and adverse trends along with his or her analysis of the trends. The Long-Term Financial Plan will include, but not be limited to, an analysis of such factors as:

- Economic Growth Rates
- Retail Sales Activity
- State of California Revenue and Expenditure Impacts
- Census Data
- Residential Development Activity
- Industrial Activity
- Demographic Changes
- Legal and Regulatory Changes

## City of Long Beach Financial Policies

---

- The costs that are deferred or postponed until the future
- The full ongoing impacts of grants
- The future costs of PERS
- The accumulation of benefit liabilities
- The costs of new programs that are not fully funded
- The difference between ongoing and one-time expenses and revenue
- The operating costs associated with capital improvement projects
- The impact of demographic and economic changes on services, revenue and program costs
- Analyze financial trends
- Assess problems and opportunities facing Long Beach
- Identify alternative strategies needed to address the issues
- Develop long-term forecasts and revenue and expenditures using alternative economic, planning and policy assumptions

### **10) Debt Issuance**

General Fund long-term debt payments shall not exceed 10 percent of operating expenditures. In addition, the City shall not issue long-term (over 1-year) General Fund debt to support operating costs. All General Fund debt issuances shall identify the method of repayment (or have a dedicated revenue source).

### **11) Budget Requests During the Fiscal Year**

All elected officials and departments requesting new programs, services or staff requests during the fiscal year that are unbudgeted must propose a spending offset at the time of the request (if costs are known) or before final approval, so that the request has a net zero effect on the budget. Individual and/or collective requests from elected officials and departments made during a City Council meeting or separately must be approved by a majority of the City Council if there is a potential fiscal or service impact.

# CITY OF LOS ANGELES

CALIFORNIA

MIGUEL A. SANTANA  
CITY ADMINISTRATIVE OFFICER

ASSISTANT  
CITY ADMINISTRATIVE OFFICERS

BEN CEJA  
ROBIN P. ENGEL  
PATRICIA J. HUBER



ERIC GARCETTI  
MAYOR

December 2, 2013

Clara Shortridge-Foltz Criminal Justice Center  
The Honorable David S. Wesley  
Presiding Judge of the Los Angeles Superior Court  
Los Angeles County Civil Grand Jury  
2010 West Temple Street, Room 11-506  
Los Angeles, CA 90012

Dear Presiding Judge Wesley:

The Office of the City Administrative Officer for the City of Los Angeles has received the Los Angeles County Grand Jury's report entitled "Cities of Los Angeles County Fiscal Health, Governance, Financial Management and Compensation." Our Office has reviewed the Grand Jury's recommendations and is providing its response enclosed with this correspondence, in compliance with California Penal Code Sections 933(c) and 933.05.

If you have any questions concerning the City's response, or if you require additional supporting documentation, please contact Melissa Krance of my staff at (213) 473-7582 or via email at [melissa.krance@lacity.org](mailto:melissa.krance@lacity.org).

Sincerely,

Miguel A. Santana  
City Administrative Officer

MAS:JWW/mck:01140034

Enclosure



City of Los Angeles  
Response to Los Angeles County Grand Jury Report: Cities of Los Angeles County  
Fiscal Health, Governance, Financial Management and Compensation

---

The Los Angeles Grand Jury Report "Cities of Los Angeles County Fiscal Health, Governance, Financial Management and Compensation" made seventeen recommendations concerning municipal fiscal health, governance practices and financial management practices. The City of Los Angeles is required to provide a response to six of these recommendations, which are provided below. Attachments are included in support of required responses.

**Fiscal Health**

1. Cities should adopt financial planning revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

The City adopted "Financial Policies for the City of Los Angeles" in March 2005 in order to address the City's General Fund structural deficit. The policies are provided as an attachment to this correspondence. Some of the specific provisions that promote the development of a sustainable, balanced budget include:

- Requiring recurring expenditures to be funded by ongoing revenues, and limiting the use of one-time revenues for one-time expenditures.
- Prohibiting the use of special revenues to support general fund expenditures.
- Ensuring full cost recovery for provided services when permissible.
- Requiring ordinances that reduce revenue to be temporary reductions.
- Incorporating multi-year forecasts for revenue and expenditures in the formal budget process.
- Informing Council and Mayor of the current and ongoing fiscal impact of programs, services and capital projects.
- Establishing a Reserve Fund Balance equal to five percent of General Fund revenues.
- Establishing a total debt service cap equal to fifteen percent of General Fund revenues.
- Informing Council and Mayor whether actions conform to the City's financial policies.

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

The City made this commitment with the adoption of the "Financial Policies for the City of Los Angeles" in March 2005.

*Current appropriations for all funds are limited to the sum of available, unencumbered cash balances and revenues estimated to be received in the current budget year. (Financial Policies, Section 1, Item I of Budgetary Policies.)*

3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

The City made this commitment with the adoption of the "Financial Policies for the City of Los Angeles" in March 2005.

*To the extent possible, current operations will be funded by current revenues. The use of unencumbered prior year balances in all funds shall be scrutinized and carefully limited to be used primarily for one-time expenditures. One-time revenues will only be used for one-time expenditures. The City will avoid using temporary revenues to fund ongoing programs or services. (Financial Policies, Section 1, Item V of Budgetary Policies.)*

4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.

The City established a Reserve Fund minimum balance with its adoption of the Reserve Fund Policy in August 1998. The City subsequently increased the minimum balance of the fund and specified the requirements that needed to be met to utilize Reserve Fund monies with the adoption of the “Financial Policies for the City of Los Angeles” in March 2005.

*The Reserve Fund shall be five (5) percent of the General Fund budget. (Financial Polices, Section 4, Item III.B.)*

Additionally, to set aside funding for services specifically for those periods of declining revenues, the City created the Budget Stabilization Fund (BSF) in June 2009. Voters subsequently made the fund a charter-required fund in March 2011, and the City has since detailed funding requirements and use with the adoption of the Budget Stabilization Fund Policy in June 2013. The policy is provided as an attachment to this correspondence.

*[A] deposit to the BSF will occur when the anticipated combined revenue growth of the seven general fund tax revenue sources...is greater than 3.4 percent growth. When this condition is met, the amount of the deposit will be the difference between the anticipated growth and the growth at 3.4 percent. (Budget Stabilization Fund Report)*

### **Governance Practices**

1. No response required from City.
2. No response required from City.
3. No response required from City.
4. No response required from City.
5. No response required from City.

### **Financial Management**

1. No response required from City.
2. No response required from City.

City of Los Angeles  
Response to Los Angeles County Grand Jury Report: Cities of Los Angeles County  
Fiscal Health, Governance, Financial Management and Compensation

---

3. No response required from City.
4. No response required from City.
5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

The City's Financial Policies are included in the Mayor's Proposed Budget and are reviewed by Council during consideration of the budget each year. Additionally, since Fiscal Year 2009-10, the City Administrative Officer has issued annual reports that examine the City's long-term financial outlook and make recommendations to improve its financial health and sustainability, which include improvements to financial management practices and policies.

6. No response required from City.
7. No response required from City.
8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

The City Controller released a Request for Proposals in November 2013 for selection of an independent external auditor. The selected auditor would provide services for a three-year term, with two, one-year renewable options, for a total term not-to-exceed five years.

Attachments

1. *Financial Policies for the City of Los Angeles*
2. *Budget Stabilization Fund Policy*

---

# FINANCIAL POLICIES FOR THE CITY OF LOS ANGELES



April 2005

---



**CITY OF LOS ANGELES  
FINANCIAL POLICIES**

Table of Contents

	Page No.
Introduction – Financial Policies .....	2
Section 1 - Fiscal Policies .....	3
Section 2 – Fee Waiver Policy .....	6
Section 3 – Capital Improvement Program Funding Policy .....	7
Section 4 - Pension and Retirement Funding Policy .....	9
Section 5 - Reserve Fund Policy .....	11
Section 6 - Debt Management Policy .....	16
Glossary of Key Terms for Section 5 – Debt Management Policy .....	45

## **CITY OF LOS ANGELES FINANCIAL POLICIES**

### **INTRODUCTION**

The City of Los Angeles enjoys some of the highest credit ratings of any major urban area in the nation. These high ratings reflect a variety of factors, including the strength and diversity of the regional economy, moderate City debt levels and historically strong fiscal management, including the provision of adequate reserves. The City is committed to implementing and maintaining strong fiscal policies and financial discipline. In previous years, the City has established a Reserve Fund Policy, a Debt Management Policy, a one-time funding policy, and an ongoing funding policy for new programs. These existing policies have been updated and incorporated into one comprehensive City Financial Policy document as contained herein.

## **SECTION 1 FISCAL POLICIES**

### **OBJECTIVE**

The City is supported by various financial resources and must function within the limits of these financial resources each fiscal year. A balance must be maintained between revenues and expenditures so that the public can realize the benefits of a strong and stable local government. It is important to understand that these policies are to be applied over a period of time that extends beyond the current year appropriations. By law, the annual budget cannot exceed available resources, defined as revenues generated in the current year added to balances carried forward from prior years. Temporary operating deficits measured against current revenue can and do occur, but they will not be tolerated as extended trends. The City cannot develop a legacy of operating deficits or a legacy of mixing one-time revenues against ongoing expenditures and expect the continued delivery of high quality services to City residents.

As part of the City Administrative Officer's (CAO) continuing responsibility to ensure the financial stability of the City, these Policies will be continuously updated and maintained as needed. Any recommendation put forth to the Mayor and Council that is not in compliance with these Policies will be indicated as part of any report.

### **BUDGETARY POLICIES**

- I. Current appropriations for all funds are limited to the sum of available, unencumbered cash balances and revenues estimated to be received in the current budget year.
- II. General Fund expenditures and subsidy appropriations for mandated and priority programs are to be made against current revenue sources and not dependent upon uncertain reserves or fluctuating prior period cash balances.
- III. Special Revenue Funds are supported by special levies and fees, grants or intergovernmental revenues. Expenditures in these funds are strictly limited to the mandates of the funding source. Special Revenue Funds are not to be used to subsidize other funds, except as required or permitted by program regulations.
- IV. The City will consider General Fund requests for new or expanded programs during the course of the annual budget process. Only in extreme circumstances will such requests be considered on an interim basis during the course of the fiscal year.
- V. To the extent possible, current operations will be funded by current revenues. The use of unencumbered prior year balances in all funds shall be scrutinized

and carefully limited to be used primarily for one-time expenditures. One-time revenues will only be used for one-time expenditures. The City will avoid using temporary revenues to fund ongoing programs or services.

- VI. Multi-year operating cost projections, which forecast revenues and expenditures, shall be prepared and updated each year, or as necessary, to identify and evaluate the financial condition of the City over a five year period, at a minimum. This forecast shall be recognized through City Council action, along with the adoption of the budget for the next fiscal year.
- VII. The City recognizes the importance of emergency reserves that can provide a financial cushion in years of poor revenue receipts or in the event of a major emergency. A Reserve Fund Policy has previously been developed and approved by the Mayor and Council. The revised Reserve Fund Policy is incorporated herein in Section 4.
- VIII. To the extent possible, the City shall annually budget one percent of General Fund revenue to fund capital or infrastructure improvements. This policy recognizes the importance of maintaining the City's capital assets on a regular basis to avoid major deferred maintenance and to extend the useful life of the asset.
- IX. The Comprehensive Annual Financial Report, prepared by the Controller will include debt information on a consolidated basis for the entire City. The City Administrative Officer will also review the outstanding debt of the City and prepare a detailed report to Council, in conjunction with the annual budget.
- X. All City funds shall be reconciled at the close of the fiscal year. This reconciliation will compare all fund revenue and liabilities to determine the available cash balance at year-end.
- XI. Reports to the Mayor and Council shall include Fiscal Impact Statements that include the full cost of the program or service in the current year, plus the future annual costs.
- XII. All City Council motions for consideration before Council shall include a statement that is easily identifiable indicating whether or not the motion or requested action conforms with the City's adopted financial policies.

## **REVENUE POLICIES**

- I. The City will charge fees for services where such an approach is permissible by state and federal law, and where a group of beneficiaries who can pay such fees is identifiable.

- II. Sufficient user charges and fees shall be pursued and levied to support the full cost of operations for which fees are charged, including all operating (direct and indirect) and capital costs. All user charges and fees for the City shall be monitored annually to determine that rates are adequate and each source is maximized. If fees or charges are not set at 100 percent full cost recovery, the Mayor and Council will specifically recognize the subsidy and shall take specific action to appropriate the necessary funds to subsidize the fee for service.
- III. Enterprise Funds are expected to derive 100 percent of their revenues from charges, user fees, and interest. Enterprise agencies or departments should be 100 percent self-supporting entities through annual reviews of its fee structure, charges for services, and other operating revenues and expenditures.
- IV. New and expanded unrestricted revenues sources should be first applied to support existing programs prior to funding new programs.
- V. The City will pursue federal, state, and private grants but will strictly limit financial support of these programs to avoid commitments that continue beyond available funding.
- VI. The City will continuously seek new revenues and pursue a diverse revenue base to limit the dependence on one or only a few revenue sources. This revenue diversity will shelter the City from short-time fluctuations in any one revenue source.
- VII. Any revenue reductions for both the General Fund and special funds shall only be approved as temporary adjustments with a sunset clause. Permanent revenue reductions should not implemented due to Proposition 218 restrictions that prohibit increasing revenue without voter approval.
- VIII. Any surplus equipment and vehicles will be sold at current market rates to both profit and non-profit agencies except for agencies that are performing specific work for and in the City of Los Angeles.

## SECTION 2 FEE WAIVER POLICY

### OBJECTIVE

From time to time, Council may decide to waive fees when it can be demonstrated that a direct public benefit can be obtained. Separate fee waiver policies are included in this section so that they can be defined and presented for clarification purposes. These policies are not intended to replace or supersede Revenue Policy III stating "Sufficient user charges and fees shall be pursued and levied to support the full cost of operations for which fees are charged, including all operating (direct and indirect) and capital costs. All user charges and fees for the City shall be monitored annually to determine that rates are adequate and each source is maximized. If fees or charges are not set at 100 percent full cost recovery, the Mayor and Council will specifically recognize the subsidy and shall take specific action to appropriate the necessary funds to subsidize the fee for service."

#### Fee Waiver Policies

I. Special Event Fee Waivers

A proposed policy is currently in review and will be incorporated into this document at a subsequent date.

II. Non-Profit Lease Agreements

A proposed policy will be developed and submitted for approval for incorporation into this document at a subsequent date.

III. Development Fee Waivers

A proposed policy will be developed and submitted for approval for incorporation into this document at a subsequent date.

IV. Convention Center Fee Waivers

A proposed policy will be developed and submitted for approval for incorporation into this document at a subsequent date.

**SECTION 3**  
**CAPITAL IMPROVEMENT EXPENDITURE PROGRAM FUNDING POLICY**  
**(Facilities and Infrastructure)**

**OBJECTIVE**

The City's Capital Improvement Expenditure Program includes the purchase, renovation, or upgrade of new and existing municipal facilities or physical plant infrastructure. The Program is also funded by multiple sources of funding depending on the type of project and the use of the facility. As such, the City should develop and maintain a five-year capital improvement program budget encompassing all City municipal and physical plant facilities. It is also important for the City to realize the impact of capital assets on the operating budget of the City and understand that capital assets need to be regularly maintained to avoid major deferred maintenance expenditures and to extend useful life whenever possible.

- I. A five-year capital improvement program shall be prepared and updated each year. The operating impact of each project shall be identified and incorporated into the annual operating budget. Capital assets purchased by the City shall be maintained on a regular schedule. Within legal limits and the constraints of operating budgets, debt may be issued for the purchase or renovation of capital assets.
- II. New projects shall be specifically approved to be added to the Capital Improvement Program. This approval shall include information on the complete scope of work, a description of the different project phases, a Class C cost estimate for the total project, which has been adjusted for inflation based upon the construction schedule, and recommended funding sources for the total project. Significant changes to the scope of work concerning existing projects must also be approved.
- III. The City will recognize the impact of new capital projects on the annual operating budget of the City. Future maintenance costs need to be identified and incorporated into the annual operating budget when new projects are completed. These costs include items such as departmental staffing, building maintenance, custodial services, landscaping, furniture or fixtures, etc. It is important to understand that capital assets need to be regularly maintained to extend the useful life of the capital asset.
- IV. The City Administrative Officer will prepare a Capital Financing Plan in conjunction with the Capital Budget. The Plan will detail the sources of financing for all facilities in the Capital Budget, establish funding priorities and review the impact of all borrowings on the long-term debt affordability ratios. The Plan will consider all potential sources of financing, including non-debt options. This Plan

shall be revised annually by the City Administrative Officer and presented for approval as part of the Adopted Budget.

- V. The City will recognize the impact of depreciation of existing capital assets on the annual operating budget of the City. Maintenance costs need to be identified and incorporated into the annual operating budget as necessary. These costs include items such as building renovations and building maintenance. It is important to understand that capital assets need to be regularly maintained to extend the useful life of the capital asset.



## **SECTION 4 PENSION AND RETIREMENT FUNDING POLICY**

### **OBJECTIVE**

The City is committed to its employee workforce and will execute its Charter requirements by fully funding both its pension and retirement systems based on the annual actuarial studies. These actuarial studies may change from year-to-year based on recent experience data, actuarial assumption changes, actuarial funding method changes, market conditions, future Governmental Accounting Standards Board reporting requirements, or other factors that may influence the actuarial process. It should be noted and understood by the City that both the Los Angeles City Employees' Retirement System and the Fire and Police Pension System are affected by market conditions over time. These market conditions affect the funding ratio calculated at the end of each fiscal year through the actuarial process for both Systems. Over time, depending on market conditions and the actuarial computed contribution rates, the City's annual contribution rate will increase and decrease.

### **POLICY**

During those fiscal years when either the Los Angeles City Employees' Retirement System or the Fire and Police Pension System are over-funded (greater than 100% funded) and therefore the total annual required contribution, as adopted by the respective Boards, is less than the amount required to fund the normal cost of retirement and health benefits for employees, the City will limit the extent to which it will recognize these savings (negative unfunded actuarial accrued liability) in the budget. Specifically, the amount budgeted for retirement and health contributions will be no less than the amount derived by reducing the normal cost contribution rate to ninety (90) percent. An adopted contribution rate that would allow the City to contribute an amount less than ninety (90) percent of the normal cost shall trigger this provision that prohibits the City from utilizing this savings to fund the City's ongoing service and program costs. Any savings or reduction in funding calculated due to the incremental contribution rate below the ninety (90) percent threshold, will only be budgeted for one-time expenditures, such as capital projects, capital asset renovations, deferred capital maintenance, reduction of outstanding debt, or to build future reserves to offset future market conditions.

This policy would only be triggered when either System has a total, negative unfunded actuarial accrued liability (UAAL) that would cause the actual contribution rate to be below the ninety (90) percent threshold of the normal cost amount. When the total UAAL is positive, the City will continue to fully fund both the normal cost and UAAL as required by the City Charter.

An example is provided on the next page to illustrate this funding policy. The example use rates computed from the June 30, 2004 actuarial studies for both the Fire and Police Pension System (F&PPS) and the Los Angeles City Employees Retirement System (LACERS). These rates will be used to calculate the City's contributions in the 2005-06 Proposed Budget. The ninety (90) percent funding threshold would be applied to both F&PPS and LACERS as follows:

<u>Provision Calculation</u>	<u>Rate as a Percent of Pay</u>	
	<u>F&amp;PPS</u>	<u>LACERS</u>
Normal Cost:		
Pension/Retirement Benefits (1)	14.92	8.44
<u>Health Benefits (1)</u>	<u>1.76</u>	<u>2.03</u>
Total Normal Cost	16.68	10.47
Funding Threshold (Normal Cost times 90%)	15.01	9.42
<u>Normal Cost and Unfunded Actuarial Accrued Liability (1)</u>	<u>(15.69)</u>	<u>(18.96)</u>
Credit (to be calculated against estimated salaries and used for one-time expenditures) or Cost of Unfunded Actuarial Accrued Liability (2)	(0.68)	(9.54)

- (1) These percentages are available in both F&PPS' and LACERS' annual actuarial reports.  
(2) If the rate is positive, then the City must set aside the calculated amount based on estimated salaries for one-time expenditures. If the rate is negative, a credit is not earned and funding would not be set aside per this provision.

Since the contribution rates (including normal costs and unfunded actuarial accrued liability) for F&PPS and LACERS were over the funding threshold of 15.01 percent and 9.42 percent, respectively, incremental savings were not available to fund one-time expenditures, such as capital projects, renovations, or deferred capital maintenance.

The City Administrative Officer will be required to complete this analysis in preparation of the Proposed Budget. Any subsequent changes approved by the Council that affect the annual contribution rate for either System will then require the City Administrative Officer to re-calculate the funding threshold for the final Adopted Budget amount.

## SECTION 5 RESERVE FUND POLICY

### OBJECTIVES

The Reserve Fund Policy is intended to provide guidelines during the preparation of and deliberations on the annual budget on sizing the Reserve Fund to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls, and to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. The objective is for the City to be in a strong fiscal position that will be better able to weather negative economic trends. This is important since the City is bound by the requirements of Proposition 218, which prevents the City from raising taxes without voter approval. Factors for maintaining sufficient Reserve Funds include the ability to:

- Mitigate State budget actions that may reduce City revenue;
- Mitigate economic downturns that the City may face in the future;
- Absorb escalating pension, retirement, and health insurance costs for the City.
- Fund the City's expenditures during the first few months of the year instead of issuing tax and revenue anticipation notes, which cost the City close to \$3 million per year.
- Absorb large liability settlements without the need for issuing judgment obligation bonds;
- Purchase capital assets without the need to finance the purchase of assets; and,
- Front-fund or completely fund, if necessary, disaster or costs associated with the City being self-insured.

The Debt Management Policy for the City of Los Angeles recognizes the importance of emergency reserves and calls for the establishment of a Reserve Fund Policy. The Reserve Fund Policy was developed by the City Administrative Officer, in consultation with the City Controller and Chief Legislative Analyst, and was originally approved by the Mayor and City Council in connection with the approval of the Debt Management Policy, on August 4, 1998.

According to Ian Allan, Government Finance Officers Association's (GFOA) Government Finance Research Center Manager, in his article *Unreserved Fund Balance and Local Government Finance*, "Of particular importance to the credit rating agencies are the size of "fund balance" [the Reserve Fund] (resources available for contingencies) and the trend in the size of fund balance. A fund balance that

decreases in size from year to year can be seen as an indicator of fiscal weakness. A small fund balance (under five (5) percent of annual operating expenditures) could also be looked upon negatively if the government has experienced financial difficulties in the past due to external factors, such as a slump in the economy."<sup>1</sup> The GFOA recommends a minimum of five (5) percent to be held in a unreserved fund balance. Below is a discussion of how each of the three credit rating agencies uses the Reserve Fund balance as a criterion for rating the City's financial condition.

Fitch Ratings (Fitch) indicates that a Reserve Fund provides a government with available resources in the event of unforeseeable occurrences. "Most [Fitch] analysts look to a fund balance [Reserve Fund] of about 5% of revenues as a prudent level to allow for a reasonable degree of error in budget forecasting. . . ." but recognize that the "appropriate level may vary according to a city's needs."<sup>2</sup>

Moody's Investors Service (Moody's) uses the size of the Reserve Fund as well as a percentage of unreserved fund balance to revenues as an indicator of financial strength. "As a general rule of thumb, Moody's likes to\* see a General Fund balance equal to at least 5% of revenues. . . ."<sup>3</sup>

Standard and Poor's (S&P) states that a key credit rating factor for cities is the percentage of unreserved fund balances to budget. "The average [Reserve Fund] balance as a percentage of the budget for all "AAA" rated municipalities is very strong, at 25%. This financial cushion gives local governments great flexibility in dealing with unforeseen events such as an unexpected shortfall in revenues or rise in expenses."<sup>4</sup>

## POLICIES

I. The City's total reserves shall include two funds:

A. Reserve Fund

The Reserve Fund shall include funding for unanticipated expenditures and revenue shortfalls in the general City budget. It shall also include two accounts within the fund, the Contingency Reserve and the Emergency Reserve.

B. Liability Claims Fund

The Liability Claims Fund shall include funding for liability claims.

### Footnotes:

1. Allan, Ian J., GFOA Research Bulletin, Unreserved Fund Balance and Local Government Finance, November 1990.
2. Fitch Rating, Rating for General Obligation Bonds, July 2001.
3. Perspective on Municipal Issues, Key Factors in Moody's Credit Analysis of Tax-Support Debt, April 15, 1993.
4. Standard & Poor's Creditwire, Los Angeles, California General Obligation Bond Rating, November 2000.

## II. Accessing City Reserves

### A. Reserve Fund

#### 1. Contingency Reserve Account

In the event that during the year there are unanticipated expenses or revenue shortfalls impacting programs already approved in conjunction with the current year budget, the Contingency Reserve Account will be the source of any additional funding for those programs. Funds must be appropriated by a vote of at least a majority of the Council, with Mayoral concurrence, or by a super-majority of the Council in the event of a Mayoral veto. The Contingency Reserve Account shall not be used to fund new programs or positions added outside of the current year budget. Such funding must come from other non-Reserve Fund sources.

#### 2. Emergency Reserve Account

To utilize funds from the Emergency Reserve Account, a finding by the Mayor, with confirmation by the Council, of "urgent economic necessity" will be required, as well as a determination that no other viable sources of funds are available. A finding of urgent economic necessity would be based on a significant economic downturn after the budget is completed or an earthquake or other natural disaster.

### B. Liability Claims Fund

The City Attorney will periodically recommend to the City Council that the City resolve or settle claims brought against the City. Upon review of the settlement terms, the City Council will then authorize payments from the Liability Claims Fund for these settlements.

## III. Sizing of Total Reserves

### A. Liability Claims Fund

The Liability Claims Fund shall be budgeted in an amount reasonably expected to be expended on liability claims for the ensuing fiscal year. The City Attorney shall provide an estimate based on potential pending claims against the City. Any unspent funds at year-end would revert to the Reserve Fund.

## B. Reserve Fund

The Reserve Fund shall be five (5) percent of the General Fund budget. The amount placed in each of the Reserve Fund Accounts shall be determined as follows:

### 1. Contingency Reserve Account

The Contingency Reserve shall be sized at approximately three (3) percent of the General Fund budget. The amount may be higher depending on recent experience with the need for supplemental funding during the year for programs approved in conjunction with the budget, but the amount is expected to remain relatively constant and will be determined as a percent of General Fund revenues of the Adopted Budget.

### 2. Emergency Reserve Account

The Emergency Reserve Account shall be set at a minimum of two (2) percent of the General Fund Adopted budget.

## IV. Phased-In Reserve Fund Sizing

Increasing and maintaining the overall Reserve Fund balance to five (5) percent may need to be phased in over a period of several years. The 2004-05 Adopted Budget set aside \$112.7 million or approximately 3.1 percent of the General Fund budget. Due to the structural deficit between estimated revenues and expenditures in 2005-06, it may not be feasible to increase the Reserve Fund balance to the full five (5) percent. Depending on resolution of the structural deficit, a targeted annual increase should be established to increase the Reserve Fund balance to five (5) percent within ten years. For 2005-06, the Emergency Account shall be set at two percent, with any additional funds placed in the Contingency Account. For each subsequent year, the Reserve Fund balance shall be increased no later than 2006-07. However, should the performance of revenues and expenditures during the 2004-05 and 2005-06 be better than expected, the City shall increase the Reserve Fund by the amount available in conjunction with the adoption of the 2006-07 Budget.

## V. Restoration of the Reserve Fund Balance to Five (5) Percent

In fiscal years where it becomes necessary for the City to utilize monies in the Reserve Fund on an interim basis or to offset a significant negative economic event wherein the Reserve Fund balance drops below the five (5) percent level, the City will initiate action in the subsequent year to replenish the Reserve Fund to the level of five (5) percent of General Fund revenue. If utilization of Reserve Fund monies is less than one (1) percent of General Fund revenue, the City shall

attempt to replenish the five (5) percent balance in the subsequent fiscal year. If utilization of Reserve Fund monies is more than one (1) percent of General Fund revenue, the City shall attempt to replenish the five (5) percent balance by one (1) percent over a period of years as necessary to restore the Reserve Fund balance to the level of five (5) percent of General Fund revenue.

**SECTION 6**  
**DEBT MANAGEMENT POLICY**  
(As amended on April 19, 2005)

**INTRODUCTION**

The Debt Management Policy has been developed to provide guidelines for the issuance of bonds and other forms of indebtedness to finance capital improvements, equipment acquisition and other items for the City. Over the past five years, the City has approved several new debt policies in response to the issuance of a variety of debt instruments. This amended Policy incorporates the original Debt Management Policy approved by the Mayor and City Council in 1998, the Municipal Improvement Corporation of Los Angeles (the "MICLA") Departmental Operating Policies approved by the Mayor and City Council in 2000 and the Variable Rate and Swap Policies approved by the Mayor and Council in 2003. Although the Mello-Roos Policies and Procedures, adopted in 1994, remain as separate policies based on the unique nature of this debt structure, they are incorporated and attached for reference.

While the issuance of debt is frequently an appropriate method of financing capital projects and major equipment acquisition, careful monitoring of such issuances is required to preserve the City's credit strength and budget flexibility. These guidelines will assist the City in determining the appropriate uses for debt financing, structuring debt financings and establishing certain debt management goals.

The City Administrative Officer, Debt Management Group (the "CAO"), as part of its ongoing responsibility to manage the City's Debt Program, will use these policies in determining the appropriate uses for fixed-rate, long-term rate, variable rate debt, commercial paper and interest rate risk reduction products and establishing parameters for their use, when recommending their use to the Mayor and City Council. In evaluating a particular transaction involving the use of any of these financing products, the CAO will review the long-term implications, including costs of borrowing, historical interest rate trends, variable rate capacity, credit enhancement capacity, opportunities to refund related debt obligations and other similar considerations. This analysis will be included in the CAO report recommending a transaction to the Mayor and City Council. In addition, the CAO will report on revenue bonds issued by the propriety departments.

This policy describes the circumstances and methods with which certain types of financing products can be used, the guidelines that will be imposed on them, and who in the City is responsible for implementing these policies. A *Glossary of Key Terms* is provided at the end of this Policy.

**OBJECTIVES**

The City of Los Angeles has earned some of the highest credit ratings of any major urban area in the nation. These high credit ratings reduce the interest costs



paid by the City on the amounts borrowed. Lower interest costs result in lower tax rates and a reduced burden on the General Fund. This Policy is intended to help in maintaining the City's high credit ratings so that access to borrowed funds is provided at the lowest possible interest rates. Additionally, these policies are intended to set forth selection criteria for certain financial consultants and attorneys that will ensure a fair and open selection process, provide opportunities for all firms, including minority, women and other business enterprise firms, to participate in City contracts, and result in the selection of the best qualified professionals.

## **GENERAL POLICIES**

### **I. Designated Managers of City Debt**

The City Administrative Officer, Debt Management Group structures debt issuances and oversees the ongoing management of all the General Fund and certain special fund debt programs. These include General Obligation Bonds, lease purchase obligations, revenue obligations, Judgment Obligation Bonds, special tax obligations, and Mello-Roos and special assessment obligations. Other programs are added from time to time as new debt instruments are developed.

The Departments of Airports, Harbor, Water and Power, the Housing and Industrial Development Authorities (IDAs) through the Housing and Community Development Departments, and the Community Redevelopment Agency, are responsible for issuing and administering their own debt due to the specialized aspects of the debt issued by these agencies and the integral ties between the debt that is issued and the programs these agencies administer. Charter Section 291(i) instructs the CAO to provide information or recommendations to the Mayor and City Council. As part of this duty, the CAO reviews and monitors the proprietary departments' debt programs. In accordance with Charter Section 609(a), the CAO makes recommendations to the Mayor and City Council on the proposed issuance of revenue bonds by these departments. Although the IDAs issue separately, they are still Council-controlled departments and are expected to adhere to the guidelines set forth in these Policies. As such, the City Council is the final issuer of all City debt and awards all contracts for the purchase of bonds.

### **II. Method of Sale**

There are two methods of issuing debt obligations, a competitive sale and a negotiated sale. In a competitive sale, underwriters submit sealed bids and the underwriter or underwriting syndicate with the lowest True Interest Cost (TIC) is awarded the sale. In a negotiated sale, the underwriter or underwriting syndicate is selected through a Request for Proposal (RFP) process. The interest rate and underwriter's fee are negotiated prior to the sale, based on market conditions.

It shall be the policy of the City to issue debt through a competitive sale whenever feasible, as a competitive sale usually results in the lowest cost of borrowing to a

high rated issuer like the City. This policy follows the City Charter and a City Attorney Opinion, dated November 27, 1985 (R85-1129), which stipulates that the sale of bonds is subject to Charter provisions relative to the award of contracts through a competitive process.

Charter Sections 371 and 372 describe the process that requires the use of competitive bidding with some exceptions. One of the exceptions, under Section 371(e)(2) states "(2) Contracts, as determined by the contracting authority, for the performance of professional . . . or other special services . . . finds that competitive bidding is not practicable or advantageous." Any finding that a negotiated bond sale is appropriate will be based on advice by an independent financial advisor and the City Attorney.

It is usually not feasible to issue bonds through a competitive sale for certain types of financings, such as variable rate debt, commercial paper and specialized financings like Mello-Roos. Still, a competitive process should be used to choose the appropriate underwriter and financing team to ensure the most qualified firms are used for a specific financing.

When determining whether to use a competitive or negotiated sale, the following criteria shall be used by the CAO:

A. Issuer Characteristics

1. Market Familiarity. A frequent issuer can generally sell most issues through a competitive sale since investors and underwriters are familiar with its credit quality. A successful sale does not require as much pre-marketing from frequent issuers. A negotiated sale may be appropriate if extensive pre-marketing to investors is advantageous.
2. Credit Strength. The higher the credit quality of the issuer, the less likely the need for a negotiated sale due to the demand for high quality municipal bonds. Strong issuers fare well in competitive bidding compared to issuers with credit ratings below "A."
3. Policy Goals. The competitive sale does not provide the issuer influence over choosing the underwriting syndicate. If the issuer finds that influencing the composition of the syndicate and the distribution of bonds are worthwhile policy objectives for a particular financing, then the issuer may have a negotiated sale. If the issuer chooses a negotiated sale for this policy reason, the issuer should then clearly specify the rationale and criteria for the selection of the underwriters to avoid the appearance of favoritism.

## B. Financing Characteristics

1. Type of Debt Instrument. The market responds well to familiar debt instruments and is often leery of innovations. New types of instruments may require an education process that is more conducive to the negotiated sale. Thus, as the market becomes more familiar with the issuer's debt instrument, the need to educate the market diminishes. All things being equal, familiar debt instruments would be better suited to competitive sales.
2. Issue Size. The bond size influences both investor interest and the market's ability to absorb the bonds. In general, if the bond amount is too small or too large, then the issuer should consider a negotiated sale. A small bond sale may not attract market attention without a sales effort while a large sale may be difficult for the market to absorb without the pre-sale activity offered by the negotiated sale process.
3. Market Conditions. When the market has interest rate stability, flexibility in the timing of the sale is not critical. However, the timing of the sale is critical when there is a volatile market. If this is the case, then a negotiated sale could be more appropriate.
4. Story Bonds. When bonds are unique or have a "story" associated with them, then the pre-marketing process is essential. These bonds require additional explanation and are called "story" bonds because to develop sufficient market interest, the issuer has to "tell a story" and explain why the bonds are a solid investment.

## III. Debt Capacity

- A. Debt Affordability: The determination of how much indebtedness the City should incur will be based on a Capital Financing Plan (the "Plan"), which analyzes the long-term borrowing needs of the City and the impact of planned debt issuances on the long-term affordability of all outstanding debt. The Plan will incorporate the City's current five-year capital plan and will include all presently known City financings to be repaid from the General Fund and relevant special funds. The affordability of the incurrence of debt will be determined by calculating various debt ratios (itemized below) that would result after issuance of the debt and analyzing the trends over time.
- B. Ceilings for Debt Affordability: One of the strengths behind the City's high credit ratings is its moderate debt level relative to other cities and as compared to the resources available to repay the debt. The issuance of debt must be carefully monitored to maintain a balance between debt and resources. Ceilings have been developed as guidelines in evaluating the affordability of future debt.

Table I provides the various debt ratios that are measured and the maximum levels for those ratios.

1. Debt Ratios.

Table I

Ratio	Ceiling
Total Direct Debt Service as Percent of General Fund Revenues	15% <sup>1</sup>
Non-voted Direct Debt Service as Percent of General Fund Revenues	6% <sup>2</sup>

Direct debt includes all debt that is repaid from the General Fund or from any tax revenues deposited into special funds not supporting revenue bonds, such as General Obligation bonds and City-wide parcel tax bonds. "General Revenues" consist primarily of the General Fund, as well as the revenues to the special funds supporting direct debt.

2. Rapidity of Debt Repayment. To provide additional debt capacity through relatively rapid retirement of outstanding debt, debt issuances will be structured to reach a target of 50% of all outstanding direct debt being repaid within 10 years.
  3. Pay-As-You-Go Financing. Except in extenuating circumstances, the City will fund routine maintenance projects in each year's capital program with pay-as-you-go financing. Extenuating circumstances may include unusually large and non-recurring budgeted expenditures, or when depleted reserves and weak revenues would require the delay or deletion of necessary capital projects.
- C. Plan Revision: The CAO will revise the Plan on an annual basis or as part of the annual budget process. The Debt Affordability Chart will be updated at least annually. In addition, each time the CAO recommends the issuance of debt, the Debt Affordability Chart will be included in the CAO report in conjunction with the Debt Impact Statement and Fiscal Impact Statement required by Charter.

<sup>1</sup> The ratio of debt service payments to General Fund revenues for voter-approved debt shall be no more than 15% including the percent for non-voter approved debt.

<sup>2</sup> The 6% ceiling may be exceeded only in the following situation: (1) if there is a guaranteed new revenue stream for the debt payments and the additional debt will not cause the ratio to exceed 7.5% or, (2) there is not a guaranteed revenue stream but the 6% ceiling will only be exceeded for one year.

- D. Monitor Impact on City Taxpayer of All Fees and Taxes: In addition to the analysis of the City's debt affordability, the Plan will review the impact of debt issuance on City taxpayers. This analysis will incorporate the City's tax levy, other jurisdictions' tax levies, additional taxes for voter-approved debt, and assessments and fees used by the City or related agencies to service revenue bonds.
- E. Update Specific Revenue Sources: If the financing plan for a project incorporates assumptions that identified revenue sources sufficient to repay the debt, the CAO will annually prepare an analysis of whether the identified revenues are performing as expected.

#### IV. Rating Agency Strategy

- A. Communication: The CAO will continue its practice of meeting regularly with credit analysts from the rating agencies to keep them informed of the City's borrowing plans and financial condition. Face-to-face meetings will generally occur at least once annually with each agency and, at a minimum, conference calls will be offered to credit analysts in connection with each issuance of debt.
- B. Strategic Plan: The CAO will prepare an annual report to the Mayor and City Council detailing the City's credit strengths and weaknesses as perceived by credit analysts. The CAO will include recommended actions to address any weaknesses identified by the rating agencies. This report may occur as part of the annual budget deliberations. The annual report recommendations will take into consideration potential credit impacts of budget balancing options.

#### V. Refinancing Outstanding Debt

- A. Monitor Potential Savings: The CAO, with the assistance of City's general financial advisors, will monitor on an ongoing basis potential savings available by refinancing outstanding debt of the City. Savings will be analyzed on a present value basis by using either a percent of maximum call option value or a percentage of the refunded par amount. All costs and benefits of the refinancing will be taken into account.
- B. Target Savings Amounts: A present value analysis must be prepared to identify the economic effect of any proposed refunding. To proceed with a refinancing, either of two methodologies may be used to analyze the targeted savings. The first is that a minimum of 90% of the maximum call option value, as calculated by the City's general financial advisors, should generally be achieved. The CAO will have the final discretion to recommend individual refunding candidates above or below the target to optimize the City's financial objectives. Alternatively, the second method that may be used is the more traditional methodology of measuring the net present value savings as a percentage of the refunded par amount with a minimum average savings of 3% for any one

refunding transaction. It is at the discretion of the CAO to utilize either method for recommendation to the Mayor and City Council.

- C. Other Considerations: Some refundings may be executed for other than economic purposes, such as to restructure debt, to change the type of debt instrument, or to retire a bond issue and indenture for more desirable covenants. The CAO may recommend this type of refunding. In addition, if the benefits outweigh the costs and the refunding opportunity would otherwise be lost, the CAO may recommend a refunding that has economic benefit but does not meet the criteria stated above in the Target Savings Amount paragraph above. In either case, the CAO must inform the Mayor and City Council that this refunding does not meet the criteria set forth in the Target Savings Amount paragraph above.

## VI. Structure of City Debt Instruments

- A. General Obligation Bonds: The final maturity of General Obligation bonds will be limited to the shorter of the average useful life of the asset financed or 20 years. Principal will be amortized in equal annual amounts or faster to meet the rapidity of debt repayment goals. The bonds should be callable in no later than 10 years. General Obligation Bond issues will generally be sized to the amount reasonably expected to be required for one year's commitments. General obligation bonds issued for new money purposes will be sold at a minimum price equal to the par amount of the bonds offered for sale. Any premium above par received from the sale of the bonds will first be used to pay costs of issuance of the bonds. Any premium in excess of the costs of issuance of the bonds will either be deposited into the construction fund and used for voter approved project costs or into the debt service account.
- B. Municipal Improvement Corporation of Los Angeles (MICLA) Lease Obligations. MICLA is a non-profit corporation established by the City of Los Angeles in 1984 to serve as the lessor in lease-purchase transactions involving the City. MICLA was organized for social welfare purposes within the meaning of Section 501(c)(4) of the Internal Revenue Code. MICLA plays no active role in either the procurement of funds or equipment, but must review and approve the projects proposed by the City for financing through MICLA. Board members were originally appointed by the Mayor and concurred by the City Council. Appointments to subsequent vacancies are made by the Board with the concurrence of the City Council. Representatives of the Board of Directors must execute documents assigning responsibility to other parties, including the City of Los Angeles and trustees.

In 2000, the Mayor and City Council adopted the MICLA departmental operating policies including:

1. MICLA funding shall only be provided for those vehicles, equipment, and capital projects for which final plans and/or design have been completed, which have been competitively bid, and which are ready for bid award. Equipment deviation requests (CAO Rule 11) shall not be approved beyond the date of MICLA funding availability, except for safety or regulatory reasons. Any other exceptions shall require Mayor and City Council approval. The General Services Department (GSD) has been instructed to only approve departmental purchase order changes that result from safety or regulatory reasons that occur during the ordering period. GSD and user departments have also been instructed to custom order vehicles only in instances when manufacturers do not have standard models that will reasonably meet the City's operational requirements.
  2. Any existing and new MICLA funds that remain unspent for a period longer than three years from the date of availability shall be subject to reversion to pay debt service and/or to offset new MICLA projects. The City Controller and the CAO are authorized to implement this Policy and to ensure funds are closed at the appropriate time. Any exceptions shall require Mayor and City Council approval.
  3. Any new MICLA funds remaining unencumbered after 18 months from the availability of the bond proceeds shall be subject to reversion and such funds may be reallocated for other capital projects with similar useful lives or to pay debt service. The City Controller and the CAO are authorized to implement this Policy and to ensure funds are either reappropriated or transferred to the Trustee with the necessary administrative approvals. Any exceptions shall require Mayor and City Council approval.
  4. MICLA funding approved in the Adopted Budget will be made available to departments as early in the fiscal year as practicable, unless a determination is made by the City Council that an alternate financing method can efficiently meet the City's needs.
- C. Other Lease-Purchase Obligations: The final maturity of equipment obligations will be limited to the average useful life of the equipment to be financed. The final maturity of real property obligations will be determined by the size of the financing, 10 to 15 years for small issues, 20 to 25 years for large issues and 30 years for exceptional projects or those with a direct revenue component such as a special tax. Principal will generally be amortized to result in level annual lease payments; however, more rapid principal amortization may occur where permissible to meet debt repayment goals. The obligations should be callable in no later than 10 years.
- D. Revenue Obligations: The final maturity of bonds or other debt obligations secured by enterprise or other special revenues will be determined by the expected useful life of the financed project and the revenues available to repay

the debt. Principal amortization will be appropriate for the project, based on the useful life of the project and other revenue bonds outstanding. The obligations should be callable in no later than 10 years. These include the Parking Revenue Bond Program, the Sanitation Equipment Charge Revenue Bond Program and the Wastewater System Revenue Bond Program.

- E. Judgment Obligation Bonds: The final maturity of any bonds issued as a result of obligations arising from unusual and non-recurring court judgments will be limited to 10 years to demonstrate the willingness of the City to repay such obligations quickly. Principal amortization will be appropriate for the particular transaction.
- F. Special Tax Obligations: The final maturity of special tax obligations will be limited to 20 years. Principal will be amortized as quickly as feasible, with a preference for equal annual principal payments. The obligations should be callable in no later than 10 years.
- G. Mello-Roos and Special Assessment Obligations: These obligations, although repaid through additional taxes levied on a discrete group of taxpayers, constitute overlapping indebtedness of the City and have an impact on the overall level of debt affordability. The City has developed separate guidelines for the issuance of Mello-Roos and Special Assessment Obligations. The City of Los Angeles Policies and Procedures for Mello-Roos and Assessment Districts, adopted by the City Council on November 1, 1994, and all subsequent amendments, are hereby incorporated into the City's Financial Policies, Debt Management Section. A copy of the Mello-Roos Policy is attached.
- H. Section 108 Loans: Section 108 loans are administered by the Housing Department. These loans will be structured to be sound loans to assist in economic development projects. In addition, Section 108 loans will also be structured to provide sufficient guarantees so that if the loan is in default, the General Fund would be the payment of last resort. It is preferable, in compliance with the Block Grant Investment Fund (BGIF) Policy, for block grants to be used as first guarantor for payment. In addition, the Housing Department will adhere to these Policies as feasible as it is a Council-controlled department.
- I. Use of Capitalized Interest: Capitalized interest increases the amount of debt to be issued and therefore will be avoided unless essential from a credit standpoint, as in the case of lease-purchase obligations. Interest on General Obligation Bonds will not be capitalized. Generally, interest on lease-purchase obligations will be capitalized for a maximum of one year following a conservatively based estimate of project completion to provide a cushion for project slippage.



## VII. Continuing Disclosure

The City will comply with Rule 15(c)2-12 of the Securities and Exchange Commission by filing an annual report with each Nationally Recognized Municipal Securities Information Repository and State Repository, if any, that provides certain financial information and operating data relevant to investors in City obligations. In addition, the City will take additional efforts to make information available to investors through its web site and other appropriate communication platforms. Below is a description of the City's Due Diligence process to be followed:

- A. The City provides financial disclosure information in every bond issuance. The summary of City information, known as Appendix A, contains all City financial and municipal information and discloses the financial risks of the City. Appendix A is updated every time the City issues debt. In addition, the City Controller prepares the Basic Financial Statements of the City that are included in all Official Statements, known as Appendix B.
- B. For bond issuances that the CAO administers, prior to submission to the Mayor and Council, staff from the CAO's Debt Management Group, Finance Group, and Employee Relations Group, the Risk Management Group, at least two Assistant CAOs and the CAO review the data included in Appendix A for accuracy and completeness, and discuss other information that should be considered for inclusion. Representatives from the Offices of the City Attorney, the Treasurer, the Controller and the affected departments also review the document.
- C. To ensure that all disclosure information is available for Mayor and Council review and approval, the CAO includes the final Preliminary Official Statement in its bond issuance reports for Mayor and Council approval. The Mayor and Council then authorize the CAO to finalize the Official Statement, to disseminate the information to potential bond investors and to ensure that the information is accurate and complete. The City Council is, however, the final issuer of all City debt and awards all contracts for the purchase of bonds regardless of the City issuing agency.

Departments and agencies that issue their own debt, the Departments of Airports, Harbor, Water and Power, Housing and Community Development, the Community Redevelopment Agency and the Housing and Industrial Development Authorities, also use the general City information contained in Appendix A in their debt documents. To ensure consistent City disclosure regardless of the issuing City agency, the other agencies submit copies of their City information before disseminating the information. These departments and agencies should also abide by these same policies and their financial disclosure documents should be consistent with those of the rest of the City.

## LONG-TERM FIXED-RATE DEBT

### I. Purposes

Debt should be used to finance essential capital assets such as facilities, real property, and certain equipment where it is appropriate to spread the cost of the asset over more than one budget year. In so doing, the City recognizes that future taxpayers, who will benefit from the investment, will pay a share of its cost. Projects that are not appropriate for spreading costs over future years will not be debt financed. Under no circumstances will long-term debt be used to fund City operations or maintenance.

### II. Uses of Long-Term Debt

A. Equipment Financing: Lease obligations are a routine and appropriate means of financing capital equipment. However, lease obligations also have the greatest impact on debt capacity and budget flexibility. Therefore, efforts will be made to fund capital equipment with pay-as-you-go financing where feasible, and only the highest priority equipment purchases will be funded with lease obligations. All equipment with a useful life of less than six (6) years shall be funded on a pay-as-you-go basis unless the following conditions are met:

1. In connection with the Proposed Budget, the Mayor makes a finding that there is an "economic necessity" based on a significant economic downturn, earthquake or other natural disaster and there are no other viable sources of funds to purchase the equipment.
2. The City Council concurs with the Mayor's finding in the adoption of the budget.
3. The various debt ceilings, as discussed in the above paragraph on Debt Capacity, are not exceeded except as provided in said paragraph.

B. Lease Financing of Real Property: Lease financing for facilities and real property is appropriate if the City desires to finance them from existing revenue sources, and not through voter-approved bonds secured by an increase in property taxes. Such financings will be structured in accordance with the above Other Lease Obligations paragraph.

C. Identified Repayment Source: The City will, when feasible, issue debt with a defined revenue source to preserve the use of General Fund-supported debt for projects with no stream of user-fee revenues. Examples of revenue sources include voter-approved taxes (General Obligation or special tax bonds), user fees (Sanitation Equipment Charge or the Sewer Construction and Maintenance Fund) and other appropriate revenues.

- D. Use of General Obligation Bonds: Voter-approved General Obligation Bonds provide the lowest cost of borrowing to finance the acquisition or improvement of real property, and provide a new and dedicated revenue source in the form of additional ad valorem taxes to pay debt service. In recognition of the difficulty in achieving the required two-thirds voter-approval to issue General Obligation Bonds, such bonds will be generally limited to facilities that provide wide public benefit and that have generated broad public support.
- E. Use of Revenue Bonds: Revenue bonds supported solely from fees are not included when rating agencies calculate debt ratios. Such bonds include those revenue bonds issued by the Wastewater System, Sanitation Equipment Charge Special Revenue Fund and the Special Parking Revenue Fund. Accordingly, to preserve General Fund debt capacity and budget flexibility, revenue bonds will be preferred to General Fund-supported debt when a distinct and identifiable revenue stream can be identified to support the issuance of bonds.
- F. Use of Asset Transfer Lease: The City will use "asset transfer" or "asset strip" leases to finance capital needs when there are no other viable financing options or to reduce the amount of interest that must be capitalized from proceeds. Additionally, asset transfer leases may be used if significant savings in financing costs can be generated compared to other financing alternatives.
- G. Deep Discount Debt: Deep discount debt is sold to investors at prices significantly less than the face value of the debt. Under certain market conditions, the use of deep discount debt may provide a lower cost of borrowing. The CAO will review the use of deep discount debt, taking into consideration the additional debt capacity that is utilized by the discount and the impact on future refinancing flexibility of the lower than market rate interest coupon.

### III. Arbitrage Requirements

The City agrees to comply with all of its tax certificates for tax-exempt financings by monitoring the arbitrage earned on bond proceeds and by rebating all positive arbitrage, pursuant to Internal Revenue Code Section 148. The CAO may choose to hire an arbitrage consultant to prepare the calculations required by the Internal Revenue Service. Contractor payments shall be made from either the General Fund or from the special fund for which the calculation was made.

## VARIABLE RATE AND SHORT TERM DEBT

### I. Purposes

Variable interest rate debt instruments may be used for the following purposes:

- A. As a balance sheet management tool, offsetting the risks inherent in variable rate assets. The maintenance of variable rate debt liabilities in an amount equal to or less than the amount of variable rate assets prudently reduces the City's risk of exposure to changes in interest rates. For example, the City currently maintains significant exposure from variable rate assets in the form of the short-term investment of available cash, while a large portion of its liabilities are in the form of fixed-rated debt. When interest rates fall, the City's Budget experiences reduced revenues. Offsetting this exposure with variable rate liabilities would serve to hedge against such interest rate risk. The CAO, with the assistance of the City Treasurer, will provide an analysis of asset and liability balance on a fund-by-fund basis and include it in its report to the Mayor and City Council when recommending variable rate debt.
  - B. To achieve an expected lower net cost of borrowing with respect to the City's debt by accepting a limited level of interest rate risk. Since the inception of municipal variable rate products in the early 1980s, variable interest rates have borne an average rate that is substantially below the average for fixed rates. For example, since 1990, the average rate on California variable rate bonds has been 3.25%, substantially lower than the lowest 30-year rate experienced over this same period (4.7%). Accordingly, issuers who have accepted variable rate risk have experienced reduced costs of borrowing. One of the goals of this Policy is to define a prudent range of risk exposure.
  - C. As a tool for interim financing. Since the expectations of variable-rate investors are, by their nature, short-term, variable rate debt can be redeemed on short notice without any penalty in the form of a call premium or higher initial interest rates. This feature makes variable rate debt a preferred tool for financing projects for which a prepayment or restructuring is a high probability. Certain variable rate products, most notably commercial paper, can be issued incrementally as funds are needed to finance current construction, and can reduce the long-term cost of construction financing. Often, commercial paper will be refunded with a long-term financing when the project is completed.
- II. Uses of variable rate and short-term debt
- A. Tax and Revenue Anticipation Notes: Borrowing for cash flow purposes through the use of tax and revenue anticipation notes is often desirable to manage the timing mismatch between revenues and expenditures over the course of a fiscal year.
  - B. Bond Anticipation Financing: In certain circumstances, it may be appropriate for the City to issue short-term obligations to finance a capital project, with this obligation refunded with a more conventional long-term financing.

- C. Grant Anticipation Notes: The City may issue short-term notes to be repaid with the proceeds of State or Federal grants if appropriate for the project and in the best interest of the City. Generally, grant anticipation notes will only be issued if there is no other viable source of up-front cash for the project.
- D. Variable Rate Debt: It is often appropriate to issue variable rate debt to diversify the debt portfolio and improve the match of assets to liabilities. Variable rate debt may also provide interest cost savings. If variable rate debt is used, the CAO will periodically, but at least annually, determine if it is appropriate to convert the debt to fixed interest rate.
- E. Commercial Paper: Commercial Paper (CP) is a short-term obligation with maturities ranging from 1 to 270 days. It is often used as interim financing until a project is completed to take advantage of lower interest rates. Once a project is completed, the CAO may recommend to refund CP with a long-term financing obligation, if appropriate.

### III. Criteria for use of variable rate debt

Any staff recommendation for the use of variable rate debt must make findings consistent with the following criteria:

- A. Balance sheet risk mitigation: In determining the appropriate amount of variable rate debt to be issued for risk mitigation purposes, the following factors should be analyzed on the basis of the fund that will be repaying the debt:
- The historic average of cash balances over the course of several prior fiscal years.
  - Projected cash balances based on known demands on a given fund and on City fund balance policies.
  - Any basis risk, such as the difference in the performance or duration of the City's investment vehicle compared to the variable rate debt instrument to be used by the City.
- B. Risk exposure: It may be appropriate for the City to accept a moderate exposure to interest rate risk to benefit from what has been the historic out-performance of the variable rate market. This Policy incorporates the rating agencies guidelines that 20% to 25% of outstanding debt can be in a variable rate mode without representing undue risk. In determining the amount of such risk the City should take, the CAO should consider the specific fund exposed to the risk, and the budgetary flexibility that fund has in accommodating such risk. The analysis of risk exposure should be performed on the basis of "net" risk; that is, variable rate liability exposure net of any interest rate hedge provided by the availability of cash or risk mitigation tools such as interest rate swaps.

- C. Interim financing: The City should consider issuing commercial paper in connection with its major debt-financed construction programs, especially when interest earnings on construction and capitalized interest funds are at a rate lower than the rate of long-term bonds, thereby increasing the amount of debt that must be issued to fund a program. Variable rate debt should also be considered in lieu of a long-term fixed rate financing when a refunding or restructuring of the debt is likely due to potential changes in use of the project or credit quality.
- D. Synthetic fixed rate: In some markets, the City can simultaneously issue variable rate debt and enter into corresponding swap agreements that have the effect of creating a net fixed rate obligation at a significantly lower net interest cost than the cost of issuing traditional fixed rate debt. The use of variable rate debt should be considered in those instances where the issuance of synthetic fixed rate debt is a viable and cost-effective alternative, subject to the provisions of the Interest Rate Risk Mitigation Products section below.

#### IV. Selection and Diversification of Remarketing Agents and Counterparties

In selecting remarketing agents for its various variable rate programs, the City should choose remarketing agents that diversify its exposure and create competition among the various remarketing agents. Similarly, in selecting institutions to provide liquidity or credit enhancement, the City should seek to diversify its exposure.

#### V. Budgeting

The CAO will analyze each variable rate bond program to determine the budgeted amount for debt service. The factors to be analyzed will include historic interest rates, projected interest rates, the effect of risk mitigation products such as interest rate swaps or caps, and the availability of fund balances carried-forward from savings in previous years. To protect against volatile interest rate surges, some cushion will be included in the budgeted amount. This analysis will be done in conjunction with the formulation of the Mayor's Proposed Budget.

#### VI. Monitoring and Reporting

- A. CAO Responsibilities: The CAO will manage the City's variable rate programs, including the performance of actual interest rates compared to the interest rates assumed at the time of budget formulation. The CAO will recommend any appropriate mid-year budget adjustments. The CAO will review and report on the following on a periodic basis:
  1. Whether balances remaining at the end of the fiscal year, accruing from actual lower interest rates than those assumed in the budget process, will

be reserved for future interest rate stabilization or otherwise applied for interest rate management.

3. The performance of the individual remarketing agents as compared to other remarketing agents, other similar programs and market indices.
4. The factual circumstances, such as balance sheet factors or the relative amount of debt that supported the original issuance of the variable rate debt.

C. Controller Responsibilities: The Controller will be responsible for monitoring the City's variable debt programs and will report as appropriate to the Mayor and City Council in accordance with the Controller's Charter responsibilities. In addition, the Controller is responsible for reflecting variable rate debt in accordance with Generally Accepted Accounting Principles (GAAP) and with rules promulgated by the General Accounting Standards Board (GASB).

## **INTEREST RATE RISK MITIGATION PRODUCTS**

### **I. Purpose**

The purposes for which the City will consider the use of these products are as follows:

- A. To prudently reduce exposure to changes in interest rates in the context of a particular financing or the overall asset/liability management of the City; or
- B. To achieve a lower net cost of borrowing with respect to the City's debt.

### **II. Uses of Interest Rate Risk Mitigation Products**

The purposes for which the City may use interest rate risk mitigation products are specified in Section 5922(a) of the Government Code of the State of California. The CAO will recommend the use of these products only in a manner consistent with the Government Code and only if the Mayor and City Council can make the requisite finding required therein.

As required by the Government Code, no local agency may enter into any contracts or arrangements unless its governing body first determines that the contract, arrangement or program of contracts is designed to reduce the amount or duration of payment, currency, rate, spread, or similar risk or result in a lower cost of borrowing when used in combination with the issuance of bonds or enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incident to, the contract or arrangement which is to be entered into. When the CAO recommends the use of interest rate reduction

products, the CAO will provide information to the Mayor and City Council necessary to make the determinations required by the Government Code.

### III. No Speculation

Interest rate risk mitigation products will not be used for speculative purposes.

### IV. Form of Swap Agreements

To the extent possible, the interest rate swap agreements entered into by the City will contain the terms and conditions set forth in the International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement, including any schedules and confirmation. However, the City reserves the right to amend these terms and conditions including the remedies and obligations as are appropriate to benefit the City. The schedule may be modified to reflect specific legal requirements, business terms and changes to the remedies and obligations as determined by the CAO. The CAO will consider whether to include provisions that permit it to assign its rights and obligations under interest rate swap agreements and to optionally terminate the agreement at its market value at any time. The CAO will transmit the proposed Form of Swap Agreements with negotiating parameters to the Mayor and Council for approval. The CAO will then request authority from the Mayor and City Council to negotiate and execute these agreements, within those parameters, with the assistance of the City Treasurer and the City Attorney, and to modify those agreements to achieve the best interests for the City.

### V. Methods to solicit and procure Interest Rate Swaps:

The CAO will solicit and procure interest rate swap agreements by competitive bid whenever feasible. The CAO will determine which parties are allowed to participate in a competitive transaction but these parties must conform to the minimum credit standards outlined in this Policy.

Notwithstanding the above, the CAO may procure interest rate swap agreements by negotiated methods if it is determined that due to the size or complexity of a particular interest rate swap competitive bidding is undesirable, impractical or impossible and a negotiated transaction would result in the most favorable pricing.

Such finding will be based on advice by an independent financial advisory firm and with the assistance of the City Attorney. In this situation, the CAO should attempt to price the swap based upon an agreed-to methodology relying on available pricing screens to obtain inputs to a mathematical model. If appropriate, the CAO should use an independent financial advisory firm to assist in the price negotiations.

Regardless of the method of procurement, the CAO will obtain a finding from an independent financial advisory firm that the terms and conditions of the interest



rate swap agreement reflect a fair market value of such agreement as of the date of its execution.

## VI. Aspects of Risk Exposure

Before entering into an interest rate swap agreement, the CAO will evaluate the risks inherent in the transaction. The risks to be evaluated could include amortization risk, basis risk, credit risk, counterparty risk, interest rate risk, rollover risk, tax event risk and termination risk. Identification of the risks and discussion of the means, if any, employed to mitigate the risks will be contained in the CAO report recommending to the Mayor and City Council approval of the swap agreement.

- A. Amortization Risk: Amortization risk is defined as the mismatch of the expiration of the underlying obligation and its hedge, the swap agreements. Amortization risk is the possibility that as the result of early redemption of the underlying variable rate bonds, the repayment schedule of the bonds differs from the underlying notional amount of the swap agreement. This risk will only arise if the City wants to redeem the variable rate bonds ahead of schedule, which is not expected for most City bond financings. Before undertaking a refunding of the bonds, the CAO will consider the implications on the related swap agreement.
- B. Basis Risk: Basis risk refers to the mismatch between the actual variable rate debt service and variable rate index used to determine the swap payments. The CAO will evaluate different swap indices as part of its analysis of the swap agreement and identify the amount of basis risk that may result from various indices.
- C. Credit Risk: Credit risk refers to the occurrence of an event modifying the credit rating of the counterparty. Certain interest rate risk mitigation products create a continuing exposure to the creditworthiness of financial institutions that serve as the City's counterparties on such transactions. Setting credit standards that must be met by the counterparty to participate in a transaction can minimize this risk.
- D. Counterparty Risk: Counterparty risk refers to the failure of the counterparty to make its required payments. The CAO will attempt to minimize counterparty risk by establishing strong minimum credit standards and diversifying the City's exposure to counterparties. To that end, before entering into a transaction, the CAO will analyze the City's existing exposure to that counterparty and then determine how the proposed transaction would affect the exposure. The exposure should not be measured solely in terms of the amount, but rather how changes in interest rates would affect the City's exposure ("Value at Risk"). The Value at Risk should be based on all outstanding swap and interest rate risk reduction agreements of the City.

- E. Rollover Risk: Rollover risk refers to the potential need to find a replacement counterparty as part of the overall plan of finance if the interest rate swap does not extend to the final maturity of the underlying variable rate bonds. Rollover risk can be minimized through the initial plan of finance by not relying on the execution of future swap agreements.
- F. Tax Events Risk: Tax events risk is defined as the risk created by potential changes to Federal and State income tax codes on the interest rates to be paid by the City on its variable rate bonds. Tax events risk is a form of basis risk. The CAO will evaluate the potential impact of changes in marginal tax brackets as part of its analysis of basis risk.
- G. Termination Risk: Termination risk refers to the possibility that, upon a default by the counterparty, the City may be required to make a large payment to the counterparty if the swap agreement is terminated prior to its scheduled maturity pursuant to its terms. For certain types of swaps, a payment by the City may be required if interest rates have fallen causing the market value of the remaining payments to be in favor of the counterparty. The CAO will minimize termination risk by recommending to the Mayor and City Council the selection of counterparties with strong creditworthiness, the requirement for the counterparty to post collateral in excess of the swap agreement's market value, the limitation of the circumstances where a payment may be required, and the ability to assign the agreement to a creditworthy entity in lieu of termination.

## VII. Counterparty Credit Standards

To protect the City's interests in the event of a credit problem, the CAO will recommend entering into a swap agreement with a counterparty only if it meets the following standards:

- A. At least two of the counterparty's credit ratings are rated at least "Aa3" or "AA-", or equivalent, by any two of the nationally recognized rating agencies (i.e. Moody's, Standard and Poor's, or Fitch); or
- B. The payment obligations of the counterparty are unconditionally guaranteed by an entity with such a credit rating.

## VIII. Collateralization on Downgrade

The obligations of the counterparty will be collateralized at levels and with securities acceptable to the CAO, as set forth in the swap agreement, should the rating:

- A. of the counterparty, if its payment obligations are not unconditionally guaranteed by another entity, or

B. of the entity that unconditionally guarantees its payment obligations, if so secured.

#### IX. Termination

A termination payment to or from the City may be required in the event of a termination of a swap agreement due to a default of either the City or the counterparty, certain additional termination events or optional termination by the City. Prior to making any termination payment due to the default of a counterparty, the CAO will evaluate whether it is financially advantageous for the City to obtain a replacement counterparty to avoid making such termination payment.

#### X. Legality

The City Attorney must receive an opinion reasonably acceptable to the market from a nationally recognized law firm that any interest rate risk mitigation product contract that the City enters, is a legal, valid and binding obligation of the City.

#### XI. Monitoring and Reporting

A. CAO Responsibilities: The CAO is responsible for determining the appropriate uses for interest rate risk mitigation products in conjunction with the City's debt financing and programmatic needs, and making recommendations to the Mayor and City Council.

The CAO may issue a quarterly report to the Mayor and City Council on the month following the end of each quarter in which the City enters into or continues to have an interest rate swap agreement. Alternatively, the CAO may provide information on swaps in a subsequent Financial Status Report. The report will include the following information, to the extent applicable:

1. Highlights of all material changes to interest rate swap agreements including counterparty downgrades and/or terminations;
2. A summary of any new interest rate swap agreements entered into by the City since the last report;
3. A summary of any planned interest rate swap transactions and the impact of such transactions on the City;
4. A description of each outstanding interest rate swap agreement, including a summary of its terms and conditions, the notional amount, rates, maturity, the estimated market value of each agreement, the method of procurement (competitive or negotiated), and the full name, description and credit ratings of the agreement's counterparty and, if applicable, its guarantor;

5. Any amounts that were required to be paid and received, and any amounts that were actually paid and received under each outstanding interest rate swap agreement;
  6. Any credit enhancement, liquidity facility or reserves associated with the swap including an accounting of all costs and expenses incurred, whether or not in conjunction with the procurement of credit enhancement or liquidity facilities under each outstanding interest rate swap agreement;
  7. An assessment of the counterparty risk, termination risk, and other risks associated therewith, which will include the aggregate marked to market value for each counterparty and relative exposure compared to other counterparties and a calculation of the City's Value at Risk for each counterparty; and,
  8. A copy of this Policy in the quarter after it is adopted or subsequently modified.
- B. Controller Responsibilities: The City Controller is responsible for monitoring and reporting on all City debt obligations and reporting on such debt to the Mayor and City Council. In this capacity, the City Controller will review and report on the activities and assumptions related to the various interest rate risk mitigation transactions. In addition, the Controller is responsible for reflecting the use of interest rate swap agreements and other financing transactions on the City's financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and with rules promulgated by the General Accounting Standards Board (GASB).

## **MICLA COMMERCIAL PAPER POLICIES**

### **I. Purpose**

The Mayor and City Council approved the Lease Revenue Commercial Paper Note Program (the "CP Program") for the purpose of financing the acquisition of various capital assets, including equipment and real property. This Program gives the City tremendous flexibility in financing its capital program, including quicker implementation and reduced costs. The CP Program is designed to be a form of "bond anticipation note", with lease revenue bonds being issued from time to time refund the CP and provide permanent financing.

### **II. Administrative Procedures**

The CAO has developed a set of administrative policies and procedures (the "CP Policies") and a computer model to assist in the management of this Program.

These documents will be amended from time to time as appropriate to incorporate staff's experience with the Program. The following are among the matters currently discussed in the CP Policies:

- A. Project approval process: Although the Mayor and City Council have approved the establishment of a General Fund MICLA CP Program (currently \$200 million), specific approval will be required for the funding of each project. From time to time, the CAO will prepare a report to the Mayor and Council recommending the allocation of a portion of this capacity and its appropriation to specific projects.
- B. CAO administrative responsibilities: The CAO will be responsible for the overall management of this program and has been delegated to perform most MICLA responsibilities. These responsibilities include requesting that the dealers issue new CP as needed to fund approved projects; managing the roll-over of maturing notes until there is a long-term take out financing; planning and executing the take-out financing; and budgeting for debt service and on-going administrative expenses.
- C. Controller responsibilities: The Controller is responsible for creating and maintaining the CP Fund, and approving demands in the same manner as other City funds. The Controller will also provide such reports as necessary and appropriate to show the financial condition of the CP Fund.
- D. Departmental responsibilities: Each department is responsible for awarding contracts, encumbering funds, processing payment for approved projects, and providing the CAO sufficient information so that CP can be issued in a timely as-needed basis.

### III. Debt Structure and Amortization

The City intends to pay interest on CP as it becomes due, and to begin amortization of the principal associated with each project in the same manner as if it were financed with long-term lease revenue obligations.

## FINANCIAL MANAGEMENT GOALS

### I. Multi-Year Budget

As part of its annual budget process, the CAO intends to prepare a multi-year budget, which forecasts revenues and expenditures to evaluate the financial condition of the City for the subsequent five years. This forecast shall be recognized through action of the Council along with the adoption of the budget for the coming fiscal year.

## II. Fund Balance Policy

The City recognizes the importance of emergency reserves that can provide a financial cushion in years of poor revenue receipts. A Reserve Fund Policy has been developed and approved by the Mayor and Council. A copy of the Reserve Fund Policy is part of these Financial Policies of which this is a section.

## III. Annual Debt Report

The CAO will annually prepare a report to the Mayor and City Council, which reviews the outstanding debt of the City. This may occur in conjunction with the annual budget.

## IV. Work with Overlapping Jurisdictions

The City recognizes the impact that the borrowing of overlapping jurisdictions can have on the City's own debt affordability. The CAO will maintain contact with the major overlapping debt issuers to coordinate borrowing plans.

## VI. Applicability of Policies to Other City Issuers

The Departments of Airports, Harbor, and Water and Power, the Housing and Industrial Development Authorities (IDAs) through the Community Development and Housing Departments, the Community Redevelopment Agency, and the Housing Authority issue debt on their own behalf. It is understood that various requirements of State law and the City Charter, which apply to these programs as well as unique aspects of these financing programs, make across the board application of these Policies in their entirety to all City issuers not possible. However, it is the intent of the Mayor and Council that where practicable, these policies apply to all City issuers, especially the Conduit Financing Policies detailed below to the Housing and Community Development Departments. Deviations from the Policies should be fully explained to the Mayor and Council at the time authority to enter into debt is requested.

## FINANCIAL CONSULTANTS

### I. Retention of Consultants

- A. General: All financial advisors, bond counsel and underwriters will be selected through a Request for Proposals (RFP) or Request for Qualifications (RFQ) process, whichever is most appropriate given the circumstances. In isolated instances, such contracts may be awarded on a sole source basis if it is clear that a RFP/RFQ process would not be feasible or in the City's interests. The City's contracting policies, including Affirmative Action, Child Care, Minority/Women/Other Business Enterprise (MBE/WBE/OBE) participation,

- Living Wage, and any other policies in effect at the time, will apply to all contracts with finance professionals, as permitted by Federal and State law. Generally, the terms of the contracts for financial advisor and bond counsel will depend on each financing program. In the event that the City issues bonds through a negotiated sale, the selection of underwriters will generally be for a single transaction. Underwriters may be selected for multiple transactions if multiple issuances are planned for the same project.
- B. General Financial Advisor: The City will retain a general financial advisory team to provide general advice on the City's debt management program, financial condition, budget options and rating agency relations. Additionally, the general financial advisors will structure the City's General Obligation Bond issuances and may be used on an as-needed basis to structure bond issuances that do not fall into the other categories of City debt obligations.
- C. Financial Advisors: The City will retain financial advisors for each of the City's various bond financing programs. The CAO will issue either a RFP or RFQ depending on the needs of the City. The CAO will recommend one or two advisors for each financing depending on the size, complexity and timing of the bond sale.
- D. Bond Counsel Services: The City will select bond counsel teams for its current bond programs. As-needed bond counsel teams will be selected for those issuances that do not fall into any other categories of City debt obligations. Firms chosen to serve on teams may be called upon to provide general legal advice on a debt financing matter arising after the close of a transaction. A Bond Council team will consist of Bond Counsel, Special Tax Counsel and Disclosure Counsel depending on the specifics of the financing and may involve up to three different firms.
- E. City Financing Teams: Financial advisors, bond counsel, and underwriters, where applicable, will be selected through a competitive process for the City's General Fund lease financings, Wastewater System Revenue Bond Program, Special Parking Revenue Fund Program, Sanitation Equipment Charge Revenue Bond Program, Mello-Roos and special assessment bonds, and any other bond program that may be created. Depending on particular expertise and consultant availability, some firms may be used on more than one program. However, efforts will be made to establish different teams to provide a number of firms the opportunity to participate in City contracts.
- F. Location of Consultants: Generally, financial advisors, bond counsel, and underwriters who participate in City contracts must have an office in the City of Los Angeles. Exceptions may be made for small firms serving as co-bond counsel or co-financial advisor and who are seeking to expand their client base and open new offices. Additionally, exceptions will be made when specialized

expertise is required and such expertise is best provided by a firm located outside of Los Angeles County.

## II. Use of Independent Financial Advisors

- A. Use of Independent Financial Advisors on Competitive Sales: The City will hire financial advisors who are independent and do not participate in the underwriting or trading of bonds or other securities. Under certain circumstances, however, it may be in the City's interests to hire an investment banking firm to act as co-financial advisor on a specific bond issue. In the event that a financial advisor working for the City does underwrite, the firm will, under no circumstances, be permitted to lead a syndicate that is bidding on the project for which the firm is acting as financial advisor. In some circumstances, such as very routine financings and financings for which the financial advisor did not play a lead role in structuring the transaction and upon request of the firm, the City may allow the firm to participate in a bidding syndicate in a non-book running role.
- B. Use of Independent Financial Advisors on Negotiated Sales: In recognition of the fact that in a negotiated sale the goals of the underwriters and the issuer are inherently in conflict, the City **will** hire financial advisors who do not participate in the underwriting or trading of bonds or other securities to represent the City. The only exception to this policy would be that all independent financial advisory firms, which responded to the RFP, are found to be unqualified. In this event, the City may hire an underwriter to act as financial advisor to the City. However, the underwriter would be prevented from participating in the underwriting of the transaction, and no firm that has any profit sharing or other type of agreement with any member of the underwriting team for the transaction in question or any other transaction for any issuer will be allowed to serve as financial advisor.
- C. Use of Financial Advisors for Investment Advice: Although the City Treasurer makes all investment decisions relative to temporary investments pending the expenditure of bond proceeds, the financial advisor may provide investment advice on refundings and other transactions with specialized investment needs. Under no circumstances will the City enter into any investments for which the financial advisor receives any fee or compensation from the investment provider or any outside party.

## III. Disclosure by Financing Team Members

All financing team members will be required to provide full and complete disclosure, under penalty of perjury, relative to any and all agreements with other financing team members and outside parties. The extent of the disclosure may vary depending on the nature of the transaction. However, in general terms, no agreements will be permitted that would compromise any firm's ability to provide



independent advice that is solely in the best interests of the City, or that could reasonably be perceived as a conflict of interest.

## CONDUIT FINANCING POLICIES

### I. General

- A. Federal Tax Law: Federal tax law allows for state and local governments to issue tax-exempt securities on behalf of nonprofit corporations exempt from taxes under Section 501(C)(3) of the Internal Revenue Service (IRS) Code.
- B. City Liability: While the City issues Certificates of Participation (COPs) on behalf of these organizations, repayment of the debt is secured solely by the nonprofit corporation. No City funds are pledged to support the COPs and no appropriation will be made in the event of default. As such, these financings are referred to as "conduit" financings.
- C. Administration: Until Fiscal Year 1995-96, the CAO was the agency that structured conduit financings and was responsible for ongoing administration. The CAO will continue to administer conduit financings completed prior to 1995-96. However, beginning in 1995-96, the Industrial Development Authority (IDA) assumed the responsibility for conduit financings for the City. All future issuances will be structured and administered by the IDA. These policies will apply generally to conduit financings through the IDA and will apply to all future conduit issuances through the CAO, if any.
- D. California Statewide Community Development Authority (CSCDA): The State has established the CSCDA to, among other things, act as the conduit for 501(C)(3) financings. The City's only involvement when the CSCDA acts as the conduit is to hold the public hearing as explained more fully below. These policies, therefore, apply only to those financings for which the City acts as the conduit.

### II. Qualified Organizations

- D. Charter Provisions: The City's legal ability to participate in conduit financings is derived primarily from Charter Section 102(b), which empowers the City to "participate in the financing efforts...with...other governmental bodies."
- E. Tax-Exemption: Organizations for which the City acts as a conduit must be nonprofit corporations exempt from federal taxes under section 501(C)(3). The types of projects that have been financed in the past include hospitals, retirement facilities, museums and community centers.

### III. Conduit Procedures

- A. Pre-application Meetings: Early communication with Council Office staff and the CAO is strongly encouraged. In most cases, a meeting of the applicant, the CAO, and the Council district staff in which the project is located will be required prior to submission of the formal application for funding.
- B. Selection of Financing Team: The applicant will select its own financing team (underwriters and bond counsel), subject to the approval of the City.
- C. Form of Application: Applications will be in the form of a letter request, to be submitted to the Council Office in which the project is located. The letter will request that the matter be forwarded to the IDA or CAO for processing who will report back to the Mayor and Council. A copy of this letter will be sent to the City Administrative Officer, attention: Debt Management Group.
- D. Application Information: The application letter should include the name, address and telephone number of all principals, including underwriter and bond counsel; a history of the applicant and its facilities; the population served by the facilities, including, if applicable, the percentages that receive some form of public assistance such as Medicare or MediCal and the percentages that are residents of the City of Los Angeles; the population employed at the facilities; a complete description of the proposed project(s) to be financed; the sources and uses of funds; and, a complete statement of the public purpose served through the financing.
- E. Application Review: City staff will review the application and obtain other information as required. A report will be made to the Mayor and Council recommending whether or not the City should initiate financing activities. This action may include inducement of the project for federal tax purposes. Subsequently, assigned departmental staff will coordinate the completion of documents with the applicant, which will be submitted to the Council for approval.
- F. Public Hearing: The Tax Code requires that a public hearing be held to allow for the public to voice any objections to the project (the "TEFRA" hearing). If the CSCDA or any entity other than the City is acting as the conduit, the City's involvement begins and ends with the TEFRA hearing. In cases where the City is acting as the conduit, the TEFRA hearing will be held in conjunction with consideration of the resolution authorizing the sale of the bonds.

### IV. Conditions for Consideration

- A. Minimum Credit Ratings: All conduit financings must have a minimum credit rating of AA from Fitch, Aa from Moody's, or AA from Standard & Poor's, and must be rated by two of the agencies. If the underlying rating of the borrower is

not sufficient to provide the minimum rating, the financing must have credit support that will result in the minimum rating.

- B. Public Benefit: The proposed financing must have a public benefit to the residents of the City of Los Angeles that is sufficient to merit the City's participation in the financing.
- C. Non-Sectarian Nature: While religious ownership and sponsorship of a project are acceptable, the project for which bond proceeds will be utilized cannot be used for any sectarian purpose. In analyzing the sectarian nature of a project, the City may rely on an opinion issued by the California State Attorney General on this matter, which addressed both Federal and State constitutional prohibitions against public support for religious institutions.
- D. Fees: The City will charge a fee, payable from bond proceeds, to finance all of its costs in undertaking a financing. The fee will vary depending on the complexity of the project and will be determined prior to adoption of the resolution authorizing the sale of the bonds.
- E. Opinions of Counsel: Bond Counsel, underwriters counsel and the borrower's counsel will be required to provide the City with opinions as to the adequacy of the official statement as specified in Securities and Exchange Commission (SEC) Rule 10b-5 (a "10b-5 Opinion").
- F. Document Requirements: The following will be applicable to all documents related to conduit financings:
  - 1. All contracts to which the City is a party will comply with all City contracting provisions in effect at the time the contracts are executed.
  - 2. The transaction will be clearly structured as a limited obligation payable strictly from revenues from the nonprofit organization, and the City will in no way be obligated to make payments on the bonds or foreclose on any organization as a result of default.
  - 3. The nonprofit organization will fully indemnify the City.
  - 4. The nonprofit corporation will provide annual financial statements to the City and a statement that there has been no default or other material event that requires disclosure. Additionally, the nonprofit corporation will covenant to expeditiously provide additional information to the City and investors as may reasonably be requested. The nonprofit corporation will covenant to immediately inform the City of any event which materially affects the organization and may require disclosure and be liable for any costs incurred in connection with providing additional disclosure to investors, bond rating agencies or other parties.

5. In addition to monthly statements and other information provided for in the indenture, the Trustee will covenant to provide information to the City and investors as may reasonably be requested.
6. Closing documents will include a contract with an arbitrage consultant.
7. The nonprofit corporation will deem the preliminary official statement final for SEC purposes and will sign the final official statement.
8. The name of the City of Los Angeles in the masthead of the official statement will be in the smallest type size used in that location and the name of the nonprofit corporation will be larger and more prominently displayed than that of the City.
9. Throughout the official statement, the limited obligation of the City will be clearly disclosed.

## **GLOSSARY OF KEY TERMS**

**Amortization Risk:** Represents the cost to the issuer of servicing debt or honoring swap payments due to a mismatch between bonds and the notional amount of swap outstanding. Amortization risk is characteristic of swaps used to hedge variable rate bonds issued to finance amortizing assets, such as mortgages. Amortization risk occurs to the extent bonds and swap notional amounts become mismatched over the life of a transaction.

**Basis Risk:** Refers to a mismatch between the interest rate received from the swap contract and the interest actually owed on the issuer's bonds.

**Call Option:** A contract through which the owner is given the right but is not obligated to purchase the underlying security or commodity at a fixed price within a limited time frame.

**Cap:** A ceiling on the interest rate that would be paid.

**Collar:** The combination of owning Cap and selling a Floor. Generally, it is structured so that the net cost of the collar is zero or close to zero. This means that the expense for the long cap premium is offset by the credit received for the floor premium.

**Counter Party Risk:** The risk that the swap counterparty will not fulfill its obligation to honor its obligations as specified under the contract.

**Derivative:** A financial product that is based upon another product. Generally, derivatives are risk mitigation tools.

**Floor:** A lower limit on the interest rate that would be paid.

**Interest Rate Risk:** The risk associated with changes in general interest rate levels or Yield Curves (see Yield Curves below).

**Interest Rate Swap:** The contract whereby one party typically agrees to exchange a floating rate for a fixed coupon rate. An essential characteristic of swaps is the swapping of cashflows and not principal amounts.

**ISDA:** The International Swaps and Derivatives Association, a global trade association representing participants in the derivatives industry.

**Notional Amount:** The stipulated principal amount for a swap transaction. There is no transfer of ownership in the principal for a swap; but there is an exchange in the cash flows for the designated coupons.

**Option:** A derivative contract. There are two primary types of options (see Put Option and Call Option). An option is considered a wasting asset because it has a stipulated life to expiration and may expire worthless. Hence, the premium could be wasted.

**Put Option:** A contract that grants to the purchaser the right but not the obligation to exercise.

**Rollover Risk:** The risk that the swap contract is not coterminous with the related bonds.

**Swap:** A customized financial transaction between two or more counterparties who agree to make periodic payments to one another. Swaps cover interest rate, equity, commodity and currency products. They can be simple floating for fixed exchanges or complex hybrid products with multiple option features.

**Tax Events Risk:** Issuers that issue tax-exempt variable rate bonds inherently accept risk stemming from changes in marginal income tax rates. This is due to the tax code's impact on the trading value of tax-exempt bonds. This risk is also a form of basis risk under swap contracts.

**Termination Risk:** The risk that the swap could be terminated by the counterparty due to any of several events, which may include issuer or counterparty ratings downgrade, covenant violation by either party, bankruptcy of either party, swap payment default by either party, and default events as defined in the issuer's bond indenture. The events of default and termination, which could lead to involuntary termination of the contract, would include failure to pay, bankruptcy, merger without assumption of obligations and legality.

**Yield Curve:** Refers to the graphical or tabular representation of interest rates across different maturities. The presentation often starts with the shortest-term rates and extends towards longer maturities. It reflects the market's views about implied inflation/deflation, liquidity, economic and financial activity, and other market forces.

FORM GEN. 160

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

C.F. No. 10-0600

Date: April 15, 2013

To: The Honorable City Council

From: Miguel A. Santana, City Administrative Officer

Gerry F. Miller, Chief Legislative Analyst

Subject: **BUDGET STABILIZATION FUND POLICY****SUMMARY**

At the height of the Great Recession, the City of Los Angeles experienced a loss of \$250 million in General Fund revenue; going from an adopted budget amount in 2008-09 of \$4.55 billion to actual receipts of \$4.30 billion in 2010-11. Without alternative revenue sources to rely on, the City managed this six percent loss in revenue through expenditure cuts, and ultimately, the reduction of services and reliance on the Reserve Fund.

Today, the City continues to endure major fiscal stress, challenging the City's ability to provide even the most basic municipal services. While the adopted budget for 2012-13 anticipates General Fund revenue once again reaching the \$4.55 billion level, and revenue trends appear to support future growth, the cost of providing services also continues to increase. Until the City's revenues match up with its expenditures, the structural deficit the City has struggled to address will continue to hamper the fiscal sustainability of the City. Consequently, investments in services and the public infrastructure will continue to be inadequately funded, further deteriorating the conditions of streets and sidewalks, and threatening the availability of other critical services.

It is apparent that recovering from the financial distress the City has endured cannot occur until the stabilization of the budget is achieved. Additionally, the restoration of City services that residents depend on cannot take place without first protecting the services and service levels the City currently delivers. Toward this end, as part of the 2009-10 budget process, the Mayor and Council established a Budget Stabilization Fund (BSF) to reduce the impact on services when economic conditions turn for the worse as they did between 2008-09 and 2010-11.

Presented in this report is a recommended Financial Policy for the Budget Stabilization Fund (Attachment 1), that defines the following elements essential to its successful administration and maintenance:

1. The purpose of establishing the BSF.
2. The legal basis of the BSF and its relationship to the Reserve Fund.
3. Deposit rules to establish the amount of annual deposits to the BSF.
4. Withdrawal rules to establish the criteria for when withdraws can be made from the BSF, the size of these withdraws, and priority uses of the BSF.

## **DISCUSSION**

### **Purpose of Establishing the Fund**

A stabilization fund is created with money set aside during periods of robust economic growth or when revenue projections are exceeded to help smooth out years when revenue is stagnant or is in decline.

As recent events have shown, the City's General Fund revenue is sensitive to economic conditions as well as actions taken by outside entities including the state and federal governments. Unanticipated revenue shortfalls during a fiscal year are usually addressed through reductions in critical services and operations. Given this uncertainty, as part of the 2009-10 budget process, the Mayor and Council established the BSF with an initial deposit of \$500,000. Subsequent to this action, the Mayor and Council instructed the City Administrative Officer to draft a BSF policy for possible inclusion to the City's Financial Policy (09-0600-S159).

### **Legal Basis of the Reserve Fund and Budget Stabilization Fund**

The City Charter established the Reserve Fund which holds unrestricted cash set aside outside the budget for unforeseen expenditures, emergencies or natural disasters. Charter Section 344 requires the Controller to transfer surplus general revenues and other unspent appropriations from the General Fund to the Reserve Fund at the end of the fiscal year. In March 2011, voters passed Charter Amendment P which codified the establishment of the Contingency Reserve Account and Emergency Account within the Reserve Fund. Charter Amendment P also established the BSF in the City Treasury and authorized the requirements for transfers or expenditures from the BSF to be established by ordinance.

### **Rules for Deposits and Withdrawals**

Rules for the appropriations (deposits) and expenditures (withdrawals) from the BSF are critical to ensure that the intent of the fund is achieved: to set aside funds during periods of robust economic growth or when revenue projections are exceeded to help smooth out years when revenue is stagnant or is in decline.



## Deposits

In developing deposit rules, our offices reviewed the regulations and methods for deposit of other government entities with respect to their stabilization funds, in particular state governments which have well-documented policies. The methodologies used by states varied greatly as shown in comparison compiled by the National Conference of State Legislatures (Attachment 2). In some states, the rules result in automatic deposits to the stabilization fund based on certain economic conditions being met. In other states, the deposits are discretionary and subject to the budget decisions of the legislature and/or governor.

Based on the review of these methodologies, historical City General Fund revenue receipts, and consistency with the intent of the fund, our offices pursued an option that would result in required annual deposits based on economic conditions being met. Specifically, our offices examined the combined average growth of the following seven general fund tax revenue sources over the last 24 years (3.4 percent) as the index for the deposit/withdrawal rules of the BSF.

1. Property Tax
2. Utility Users' Tax
3. Business Tax
4. Sales Tax
5. Transient Occupancy Tax
6. Documentary Transfer Tax
7. Parking Users' Tax

Applying this index, a deposit to the BSF will occur when the anticipated combined revenue growth of the seven general fund tax revenue sources listed above is greater than 3.4 percent growth. When this condition is met, the amount of the deposit will be the difference between the anticipated growth and the growth at 3.4 percent.

The following simulation illustrates the budget appropriations to the BSF that would have been required as part of the development of the budgets from 2006-07 to 2012-13 had this policy been in place.

Simulation of Potential Transfers to the Budget Stabilization Fund under the  
Proposed Policy  
2005-06 to 2011-12 (Dollars in Millions)

Fiscal Year	Actual Revenue	Revenue at 3.4% growth	Upcoming Fiscal Year	Adopted Budget	Surplus (Shortfall)	To BSF
2005-06	\$2,926.8	\$3,026.3	2006-07	\$3,105.1	\$78.8	\$78.8
2006-07	3,165.0	3,272.6	2007-08	3,266.2	(6.5)	0.0
2007-08	3,205.8	3,314.8	2008-09	3,297.6	(17.2)	0.0
2008-09	3,236.7	3,346.7	2009-10	3,141.7	(205.1)	0.0
2009-10	3,082.7	3,187.5	2010-11	3,096.2	(91.3)	0.0
2010-11	3,108.7	3,214.4	2011-12	3,155.8	(58.7)	0.0
2011-12	3,142.4	3,249.3	2012-13	3,219.6	(29.6)	0.0

Based on the policy guidelines, an appropriation to the BSF would have only been required as part of the 2006-07 budget. Furthermore, since actual revenue for 2006-07 was trending higher than the budget during the year (ending about \$60 million above budget), per the proposed policy, the City Council and Mayor could have chosen to recognize a portion of this unanticipated revenue and made a subsequent mid-year deposit to the BSF. However, unlike the required deposit at the start of the year, any mid-year deposits to the BSF or deposits above the required amount are at the discretion of the City Council and Mayor. The following represents a few of the occasions when additional deposits to the BSF, or deposits above the required amount may be made:

- To deposit one-time receipts from the sale or lease of the City's assets or securitization of future revenue streams.
- To deposit unanticipated revenue recognized during the year that has not already been programmed.
- To deposit funds made available from the release of prior year encumbrances.
- To deposit anticipated year-end surpluses.

Similar to these potential upward adjustments, there may be occasions that require a downward adjustment to the required BSF deposit amount. However, downward adjustments may only be made to maintain the Reserve Fund at five percent of the General Fund, in the event a fiscal emergency is declared, if the BSF funding policy is suspended, or if an affirmative action is taken by the City, voters, or another government entity that increases or decreases the tax rates of any of the seven revenue sources used to set the index for the deposit/withdrawal rules of the BSF. In the event of the latter, a recalculation of the index by our offices will be automatically triggered.

The decision to use all seven of the above revenue sources, which comprise over 70 percent of the General Fund, as opposed to any one source alone was based on the need to best reflect economic trends across a variety of economic sectors. For example, using only the Documentary Transfer Tax as the index would potentially limit the deposits into the BSF to boom times of the housing market. This could potentially deprive the City from making contributions to the BSF during housing market lows even if other economic sectors such as tourism are doing better than expected.

#### Withdrawals

With regard to withdrawals, the amount of the transfer from the BSF in any year would be limited to 25 percent of the available balance in the BSF. This limit could be raised if a fiscal emergency for the City is declared or if the BSF funding policy is suspended by

the Council and Mayor as supported by findings that it is in the best interest of the City to suspend the policy.

The following simulation illustrates the budget transfers from the BSF that would have been possible as part of the development of the budgets from 2006-07 to 2012-13 had this policy been in place.

Simulation of Potential Transfers from the Budget Stabilization Fund under the  
Proposed Policy  
2005-06 to 2011-12 (Dollars in Millions)

Fiscal Year	Actual Revenue	Revenue at 3.4% growth	Upcoming Fiscal Year	Adopted Budget	Surplus (Shortfall)	To BSF	Transfer from BSF (Limit 25% of Balance)	BSF Balance
2005-06	\$2,926.8	\$3,026.3	2006-07	\$3,105.1	\$78.8	\$78.8	\$0	\$78.8
2006-07	3,165.0	3,272.6	2007-08	3,266.2	(6.5)	0.0	6.5	72.3
2007-08	3,205.8	3,314.8	2008-09	3,297.6	(17.2)	0.0	17.2	55.1
2008-09	3,236.7	3,346.7	2009-10	3,141.7	(205.1)	0.0	13.8	41.3
2009-10	3,082.7	3,187.5	2010-11	3,096.2	(91.3)	0.0	10.3	31.0
2010-11	3,108.7	3,214.4	2011-12	3,155.8	(58.7)	0.0	7.8	23.2
2011-12	3,142.4	3,249.3	2012-13	3,219.6	(29.6)	0.0	5.8	17.4

Due to the fact that the City was operating under a fiscal emergency in fiscal years 2009-10 to 2011-12, the remaining balance in the BSF may have been available in any of the years covered by the fiscal emergency.

Finally, in the event the combined Reserve Fund and BSF exceed 15 percent of the general fund budget, the City may elect to use the surplus for one-time uses that include, but are not limited to capital projects, infrastructure repairs, debt repayment, settlements, and equipment purchases.

#### RECOMMENDATIONS:

That the Council, subject to the approval of the Mayor:

1. Adopt the Proposed Financial Policy for the Budget Stabilization Fund for the City of Los Angeles, effective upon Mayor and Council action;
2. Request the City Attorney, with the assistance of the City Administrative Officer, to begin drafting the necessary ordinance language to codify the Proposed Financial Policy for the Budget Stabilization Fund, and any other necessary ordinance changes.

## **FISCAL IMPACT**

Adoption of all of the above recommendations will complete the implementation of Charter Amendment P which codified the establishment of the Contingency Reserve Account and Emergency Account within the Reserve Fund, and also established the BSF in the City Treasury. If adopted, the recommendations would potentially increase the City's Reserve Fund and BSF above their current amounts. The amount would be determined by subsequent Council and Mayor actions on the budget as well as the performance of the City's economically sensitive revenues. Adoption of these recommendations would also assist in addressing revenue shortfalls in times of economic distress similar to those projected by the City Administrative Officer in the Four-Year Budget Outlook.

*MAS:RPC:BC:01130040*

Attachments

## **Attachment 1**

### **Financial Policy for the Budget Stabilization Fund**

#### **Purpose**

The City's general tax revenues are sensitive to economic conditions as well as actions taken by outside entities including the state and federal governments. Unanticipated revenue shortfalls during a fiscal year are usually addressed through reductions in critical services and operations. Given this revenue uncertainty, as part of the 2009-10 budget process, the Mayor and City Council established a Budget Stabilization Fund (BSF). Subsequent to this action, in March 2011, City of Los Angeles voters amended the City Charter to include the Budget Stabilization Fund as a charter-required fund.

A stabilization fund, is created with money set aside during periods of robust economic growth or when revenue projections are exceeded to help smooth out years when revenue is stagnant or is in decline. Furthermore, it provides the following protections and benefits to the City's financial health and stability:

- Sets aside revenue during years of strong revenue growth and would prevent using above average revenue growth to finance ongoing expenses such as increased employee salaries and benefits, as well as new services and programs.
- Enforces spending discipline by setting aside money collected from revenues received during good economic conditions for use during years with lower growth or declining revenue;
- Protects against reducing services during a recession;
- Addresses temporary cash flow shortages, revenue shortfalls or unpredictable one-time expenditures;
- Mitigates long-term imbalances by curbing the use of unusual surpluses for ongoing expenditures;
- May reduce City's borrowing costs due to stronger bond ratings; and,
- Stabilizes finances during significant downturns.

#### **Legal Basis of the Reserve Fund and Budget Stabilization Fund**

##### City Charter

The City Charter established the Reserve Fund which holds unrestricted cash set aside outside the budget for unforeseen expenditures, emergencies or natural disasters. Charter Section 344 requires the Controller to transfer surplus general revenues and other unspent appropriations from the General Fund to the Reserve Fund at the end of the fiscal year. In March 2011, voters passed Charter Amendment P which codified the establishment of the Contingency Reserve Account and Emergency Account within the Reserve Fund. Charter Amendment P also established the BSF in the City Treasury and authorized the requirements for transfers or expenditures from the BSF to be established by ordinance.

## **Funding Policy**

### Minimum Balance

Unlike the Reserve Fund, the BSF does not have a minimum balance threshold amount that it must maintain. The deposit and withdrawal rules established herein will ultimately dictate the available balance in the BSF.

### Maximum Balance

The BSF does not have a maximum balance amount level.

In the event the combined balance in the Reserve Fund and the BSF will exceed 15 percent of the adopted General Fund budget, the City Council and Mayor may consider appropriating the "excess" funds to other funding priorities that are considered to be "one-time" expenditures such as:

- One-time expenses such as capital spending to meet the Capital and Infrastructure Policy;
- Prepayment of General Fund debt or other obligations.

Any balance within the BSF will not be counted toward meeting the five percent Reserve Fund policy level.

### Deposit Rules

#### **Required Budget Appropriation to the Budget Stabilization Fund**

In accordance with the budget development process established by the City Charter, beginning in 2012-13, the adopted budget for the upcoming fiscal year shall include a new budget appropriation to the BSF when the combined growth of the following seven General Fund tax revenue sources is anticipated to exceed 3.4 percent for the upcoming fiscal year:

1. Property Tax
2. Utility Users' Tax
3. Business Tax
4. Sales Tax
5. Transient Occupancy Tax
6. Documentary Transfer Tax
7. Parking Users' Tax

The amount of the new budget appropriation to the BSF shall be the difference between the anticipated combined revenue growth of the seven general fund tax revenue sources listed above and the combined value of these sources with an assumed 3.4 percent growth.

In the event an affirmative action is taken by the City, voters, or another government entity that increases or decreases the tax rates of any of the seven revenue sources used to set the index for the deposit/withdrawal rules of the BSF, a recalculation of the index by the City Administrative Officer and Chief Legislative Analyst will be automatically triggered. Any changes to the index require an amendment to this policy and related ordinances.

### **Adjustments to the Required Budget Appropriation**

The required budget appropriation to the BSF may be adjusted up or down based on the following:

- Upward adjustments may be made at the discretion of the City Council and Mayor (See other deposits to the BSF).
- Downward adjustments may only be made to maintain the Reserve Fund at five percent of the General Fund, in the event a fiscal emergency is declared by the City Council and Mayor, or if the BSF funding policy is suspended by the City Council and Mayor based on findings that it is in the best interest of the City to suspend the policy.

### **Other Deposits to the Budget Stabilization Fund**

Mid-year deposits to the BSF or deposits above the required amount may be authorized by the City Council, subject to the approval of the Mayor at any time during the year from various sources including but not limited to:

- One-time receipts from the sale or lease of the City's assets or securitization of future revenue streams.
- Any unanticipated revenue recognized during the year that has not already been programmed.
- Funds made available from the release of prior year encumbrances.
- Year-end surpluses.

Pursuant to the City Charter, prior year funds and surpluses will revert to their original funding sources. Those reverting to the General Fund will first revert to the Reserve Fund to ensure the funding level of the Reserve Fund is at 5 percent of the General Fund and to ensure sufficient funds are available in the Reserve Fund for year-end closing transfers. The balance of funds may be deposited into the BSF.

## **Withdrawals from the Budget Stabilization Fund and Priority Uses of the Fund**

Savings in the BSF will primarily be used to mitigate revenue shortfalls due to economic recessions and address the resulting short-term budgetary shortfall. It should not be used to pay for increased or enhanced services. While the BSF does not provide long-term relief from the implementation of structural reductions or solutions, it will provide a "soft landing" and transition for difficult and painful reductions to discretionary programs. Withdrawals from the BSF must be made as follows:

During the development of the budget for the upcoming fiscal year, a transfer from the BSF to the General Fund may be incorporated as part of the adopted budget when the combined growth of the following seven general fund tax revenue sources is anticipated to fall short of 3.4 percent for the upcoming fiscal year:

1. Property Tax
2. Utility Users' Tax
3. Business Tax
4. Sales Tax
5. Transient Occupancy Tax
6. Documentary Transfer Tax
7. Parking Users' Tax

The amount of the transfer from the BSF in any year shall be limited to 25 percent of the available balance in the BSF unless a fiscal emergency for the City has been declared or if the BSF funding policy is suspended by the City Council and Mayor based on findings that it is in the best interest of the City to suspend the policy.

The primary use of the BSF must be to mitigate revenue shortfalls due to economic recessions or revenue reductions and to address the resulting short-term budgetary shortfall. It shall not be used to provide increased or enhanced services or employee salaries and benefits.

In the event the combined Reserve Fund and BSF exceed 15 percent of the General Fund budget, the City may elect to use the surplus for one-time uses that include, but are not limited to capital projects, infrastructure repairs, debt repayment, settlements, and equipment purchases.



National Conference of State Legislatures - State Budget Stabilization Funds - Spring 2008 - Revised Daniel G. Thatcher

State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote to Access Fund	Repayment Provision	Caps	Note
Alabama	Education Proration Prevention Fund (1988)	S	Ala. Code § 40-1-32.1	1999	Automatic appropriation of \$11M in the first year (following the fund's depletion) and \$8M thereafter up to \$75M. Automatic appropriation can be waived via emergency resolution. At the beginning of each fiscal year, 20% of the unappropriated and unanticipated ending balance of the previous fiscal year until the fund reaches at least \$75M.	Declaration of proration by governor, or declaration of emergency by legislature with a 2/3 vote of both House and Senate	See Method for Withdrawal.	Yes, as provided by the Legislature at its discretion.	Any amount of money in the Proration Prevention Account which is in excess of 10% of the preceding year's Education Trust Fund appropriations act shall revert back to the Education Trust Fund for the support and maintenance of public education.	Any monetary interest which accrues in the Proration Prevention Account shall be retained in said account from year to year.
Alabama	Education Trust Fund (ETF) Rainy Day Account	C	Ala. Const. art. XIV, § 260.01		By constitutional amendment; one time carve-out of oil and gas royalty funds equal to 6% of the ETF FY 2002 appropriation (\$248M).	Certification that proration would occur without the funds.		Yes, replenishment within 5 years; no provision for spilling out of repayment.		
Alaska	Budget Reserve Fund	S	Alaska Stat. § 27.05.5-09		By appropriation.	By appropriation or by declaration of emergency by governor.				
Alaska	Constitutional Budget Reserve Fund	C	Alaska Const. art. IX, § 17		All money received by the state as a result of the termination, through settlement or otherwise, of an administrative proceeding or litigation in State or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund.	If the amount available for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year, or, for any public purpose with a 3/4 vote.	Yes; 3/4 vote of both House and Senate.	Yes, until the amount appropriated is repaid, the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year is deposited in the budget reserve fund.		
Arizona	Budget Stabilization Fund	S	Ariz. Rev. Stat. Ann. § 38-2101; Ariz. Const. Art. 10, § 20.01; Ariz. Rev. Stat. Ann. § 38-2102		By appropriation. (In a calendar year in which the annual growth rate exceeds budgeted growth rate, the total fund revenue of the fiscal year ending in the calendar year determines the amount to be appropriated by the legislature to the fund in the FY in which the calendar year ends.)	By appropriation (in a calendar year in which the annual growth rate is both less than 2% and less than the fund's target rate, the difference between the annual growth rate and the target growth rate when multiplied by the total general fund revenue of the fiscal year ending in the calendar year determines the amount to be transferred by the legislature from the budget stabilization fund to the state general fund at the end of the fiscal year in which the calendar year ends. The transfer calculated pursuant to this subsection shall not exceed the available balance in the fund, nor shall the legislature transfer an amount which exceeds the amount sufficient to balance the general fund budget); 2/3 vote is required to waive formula-determined withdrawal.			Fund capped at 7% of FY's GF revenues.	
California	Budget Stabilization Account	C	Cal. Const. art. XVI, art. 20	Passed by voters in 2004 primary election.	In each FY, the controller shall transfer from the GF to the Budget Stabilization Account a sum equal to 3% of the estimated amount of GF revenues for the current FY. (Transfers may be suspended or reduced by executive order of the governor.)	Moneys in the sinking fund subaccount (see Notes) are continuously appropriated to the treasurer to be expended for the purpose of retiring deficit recovery bonds. All other withdrawals are as prescribed by statute.			5% of estimated GF revenues or \$8B, whichever is greater.	Of the monies transferred to the Budget Stabilization Account each FY, 50% shall be deposited in the Deficit Recovery Bond Retirement Sinking Fund Subaccount (housed within the Budget Stabilization Account), for the purpose of retiring deficit recovery bonds.
California	Special Fund for Economic Uncertainties	S	Cal. Govt. Code § 16640	2006 Amendment: language cleanup.	Year-end surplus or by appropriation.	1) Transfer by controller to cover revenue shortfall or other GF deficiency; or 2) Director of finance can allocate (funds for disaster relief (with notification to the Joint Legislative Budget Committee)).		The Controller returns all of the monies transferred out of the Special Fund without payment of interest as there are sufficient monies in the General Fund.		
Colorado	Required Reserve	S	Colo. Rev. Stat. § 24-72-201.1	2007 Colo. S.B. 222	For each FY, unrestricted FY year-end balances equal to a reserve in an amount equal to 4% of the amount appropriated for each FY (i.e., GF operating appropriations) from the GF for that FY.	By appropriation or other statutory authorization.			4% of GF operating appropriations.	

State Budget Stabilization Funds, Appendix A

State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote Method for Withdrawal	Repayment Provision	Caps	Note
Connecticut	Budget Reserve Fund	S	Conn. Gen. Stat. § 4-30a; see also Conn. Const. Amend. Art. 3, § 18		Year-end surplus is transferred by the state treasurer to the Budget Reserve Fund.	Automatic appropriation to cover immediately preceding fiscal year's deficit to the extent funds are available. To use surplus monies for purposes beyond budget deficit relief or reduction of bonded indebtedness, authorization must be granted by 3/4 of the members of each house.	See Method for Withdrawal.		Funds can be used for appropriations for the fiscal year in progress. In the event a surplus exists after Fund appropriation, remaining surplus is appropriated to State Employees Retirement, subject to a 5% cap of the system's unfunded past service liability. In the event a surplus still remains, surplus is appropriated to reduction of bonded indebtedness as specified in statute.	Interest derived from this Fund is credited to the GF.
Delaware	Budget Reserve Account	C	Del. Const. art. VIII, § 6; Del. Code Ann. tit. 29, § 6533		Automatic deposit from previous year's unencumbered funds.	By appropriation to cover budget deficit or to compensate for revenue reductions; requires 3/5 vote.	See Method for Withdrawal.	Must be fully replenished within two years of use (50% per year).	2% of expenditures	
District of Columbia	Emergency Cash Reserve Fund	S	D.C. Code § 1-204.50a	Technical changes signed into law 2006.	Deposit required each year to maintain a balance of 2% of expenditures.	Based on a policy developed by the Chief Financial Officer, in consultation with the Mayor, for uses such as, but not limited to, unanticipated and nonrecurring extraordinary needs of an emergency nature including a natural disaster or in the event of a State of Emergency as declared by the Mayor.		Must be fully replenished within two years of use (50% per year).		
District of Columbia	Contingency Cash Reserve Fund	S	D.C. Code § 1-204.50a	Technical changes signed into law 2006.	Deposit required each year to maintain a balance of 4% of expenditures.	Based on a policy developed by the Chief Financial Officer, in consultation with the Mayor, for uses such as, but not limited to, unanticipated and nonrecurring extraordinary needs including to cover a revenue shortfall.		Must be fully replenished within two years of use (50% per year).	4% of expenditures	
Florida	Budget Stabilization Fund	S	Fla. Stat. § 215.18; Fla. Stat. § 215.22; Fla. Stat. § 215.221; Fla. Stat. § 215.222	2004 Fla. Stat. § 215.221; 2006 Fla. Stat. § 215.222; 2007 Fla. Stat. § 215.221	By Sept. 15 of each year, the governor authorizes the chief financial officer to transfer to the Budget Stabilization Fund collections for the General Revenue Fund during the last completed fiscal year. Monies needed for the Budget Stabilization Fund may be appropriated by the legislature from any funds.	Budget Stabilization Funds may be used to meet in addition the General Revenue Fund to provide temporary transfers as defined by law (see Fla. Stat. § 215.18). A transfer from the Budget Stabilization Fund may be approved: 1) by the Governor in response to a declared disaster within a declaration period (see § 252.37(2)); 2) by the Governor and Legislative Budget Commission to satisfy budget authority granted for declared disasters when not within the declaration period; 3) by the Comptroller to address an end-of-year revenue shortfall (see § 216.223); 4) by the Governor and House/Senate Appropriations Chairs to offset a revenue shortfall under 1.5% of monies appropriated from the General Revenue Fund (see § 216.222); and, 5) by the Governor and House/Senate Appropriations Chairs for temporary transfers to General Revenue (see §§ 216.222(1)(c) and 215.18).		Repayment of budget stabilization funds shall be made in five equal annual transfers from the General Revenue Fund, beginning in the third FY following the year in which the expenditure was made. If the transfer was made to address an end-of-year revenue shortfall, the Comptroller shall first repay the fund with any general revenue carried forward.	Not to exceed 10% of the last completed fiscal year's net General Revenue Fund collections.	The Budget Stabilization Fund may be used as a revolving fund for transfers as provided in Fla. Stat. § 215.18; however, any interest earned must be deposited in the General Revenue Fund.
Georgia	Revenue Shortfall Reserve	S	Ga. Code § 45-12-21; Ga. Code § 45-12-92	2005 Ga. Code § 45-12-92	Surplus in state funds existing at the end of each fiscal year are added and reserved to the Revenue Shortfall Reserve.	By appropriation to cover any deficit by which total expenditures exceed net revenues.		Not to exceed 10% of the previous fiscal year's net revenue.	Not to exceed 10% of the previous fiscal year's net revenue.	General Assembly may appropriate up to 1% of the net revenue collections of the preceding fiscal year for funding increased K-12 needs.

State Budget Stabilization Funds, Appendix A

State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote to Access Fund	Repayment Provision	Caps	Note
Hawaii	Emergency and Budget Reserve Fund	S	Hawaii Rev. Stat. § 328B-3	2002 Haw. Sess. Laws, Act 178, § 3; 2002 Haw. Sess. Laws, Act 16, § 24; 2007 Haw. Sess. Laws, Act 78, § 4	By appropriation, plus 24.5% of tobacco settlement monies received by the state.	With a 2/3 majority approval of both houses, the legislature may make appropriations from the fund for the following reasons: to maintain levels of public health, safety, welfare, and education; to provide for counter-cyclical economic and employment programs in periods of economic downturn; to restore facilities destroyed or damaged or services disrupted by disaster in any county; and to meet other emergencies when declared by the governor or determined to be urgent by the legislature. The governor, through an appropriations bill, may recommend expenditures from the fund.	Appropriations require 2/3 majority approval of both houses.		All interest earned from the fund will be credited to the general fund.	
Idaho	Budget Reserve Account	S	Idaho Code § 37-814; Idaho Code § 37-814A		If the state controller certifies that the receipts to the general fund for the fiscal year just ending have exceeded the receipts of the previous fiscal year by more than 4%, then the state controller shall transfer all general fund collections in excess of said 4% increase to the budget stabilization fund, up to a maximum of 1% of the actual general fund collections of the fiscal year just ending. The state controller shall make the transfers in four equal portions during Sept., Dec., March and June of the next fiscal year.	At the end of the fiscal year, if the state board of examiners determines that insufficient general fund monies are available to meet the level of general fund appropriations authorized by the legislature for that same fiscal year, the board is authorized to transfer certain unencumbered monies from the budget stabilization fund to the general fund. Such transfers will be fiscal year accounting adjustments to close the fiscal year and shall be limited to the amount of the insufficiency or one-half of one percent (0.5%) of the original general fund appropriations made for the fiscal year just ending, whichever is less. Any transfer made pursuant to this section from the budget stabilization fund to the general fund shall be specifically addressed in the governor's executive budget recommendation for the following year which is then subject to review or action by the legislature.	5% of the total general fund receipts for the fiscal year just ending.	5% of the total of general fund revenues.	Appropriations of monies from the budget stabilization fund in any year shall be limited to 50% after the fund balance has reached 5%. Interest earnings from the investment of monies in the Budget Reserve Account are credited to the permanent building account.	
Illinois	Budget Stabilization Fund	S	Ill. Rev. Stat. ch. 30, § 122/5; Ill. Rev. Stat. ch. 30, § 122/10; Ill. Rev. Stat. ch. 30, § 122/13; Ill. Rev. Stat. ch. 30, § 122/20; Ill. Rev. Stat. ch. 30, § 122/25; Ill. Rev. Stat. ch. 30, § 105/62-51	2003 ILL. ALS 660	If GF revenues increase by more than 4% from the prior fiscal year's revenues and appropriations from the GF do not exceed 99% of GF revenues, 0.5% of GF revenues are transferred to the Budget Stabilization Fund. If GF revenues increase by more than 4% for two consecutive fiscal years and appropriations from the GF do not exceed 98% of GF revenues, 1% of GF revenues are transferred to the Budget Stabilization Fund. Transfers to the Budget Stabilization Fund occur on the 1 <sup>st</sup> day of each month in shares of 1/12 of the total FY's Budget Stabilization Fund appropriation.	The State Comptroller may direct the State Treasurer to transfer monies from the Budget Stabilization Fund to the GF in order to meet cash flow deficits resulting from timing variations between disbursements and the receipt of funds within a fiscal year.	Monies borrowed must be repaid by June 30 of the fiscal year in which they were borrowed.	5% of the total of general fund revenues.	5% of the total of general fund revenues.	The Budget Stabilization Fund is established for the purpose of reducing the need for future tax increases; maintaining the highest possible bond rating; reducing the need for short term borrowing, providing available resources to meet State obligations whenever casual deficits or failures in revenue occur, and providing the means of addressing budgetary shortfalls. In authorizing transfers from the Budget Stabilization Fund ... priority consideration should be given to meeting obligations for [K-12] education, child care, and other programs that may provide a direct benefit to children.
Indiana	Counter-Cyclical Revenue and Economic Stabilization Fund	S	Ind. Code Ann. § 4-10-8-1, et seq.; see also Ind. Code Ann. § 2-2-1.1-2.1(2-3) and Ind. Code Ann. § 2-2-1-1-2		Statutory formula triggered when the annual growth rate in adjusted personal income exceeds 2%.	Statutory formula triggered when the annual growth rate in adjusted personal income is less than negative 2%.			Fund capped at 7% of state GF revenue.	
Iowa	Cash Reserve Fund	S	Iowa Code § 6.56; Iowa Code § 6.57		By appropriation when there is a year-end GF surplus.	By appropriation for non-recurring emergency expenditures; requires 3/5 vote if the funds balance drops to less than 3.75% of the adjusted revenue estimate for the year in which the appropriation is made.	See Method for Withdrawal.	Monies in the cash reserve fund may be used for cash flow purposes during a fiscal year provided that any monies so allocated are returned to the cash reserve fund by the end of that fiscal year.	Fund capped at 7.5% of the adjusted GF revenue estimate for the current fiscal year.	

State Budget Stabilization Funds, Appendix A

State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote to Access Fund	Repayment Provision	Caps	Note
Iowa	Economic Emergency Fund	S	Iowa Code § 84.55		By appropriation when there is a year-end GF surplus.	By appropriation for emergency expenditures. Appropriation may not exceed \$50M.			Fund capped at 2.5% of the adjusted revenue estimate for the fiscal year.	
Kentucky	Budget Reserve Trust Fund	S	Ky. Rev. Stat. § 48.205		The lesser of: 1) 50% of GF revenue surplus plus 50% of unexpended balance of GF appropriations; or 2) the amount necessary, from the GF revenue surplus plus the unexpended balance of appropriations, to make the balance of the budget reserve trust fund account equal to 5% of GF revenue receipts.	By 1) appropriation; or 2) if actual general fund revenue receipts are not sufficient to meet the GF appropriation levels authorized by the General Assembly in the branch budget bills for the executive, legislative, and judicial branches.		5% of GF revenue receipts.		
Louisiana	Budget Stabilization Fund	C	La. Const. art. VII, § 10.3; see also La. Rev. Stat. Ann. §§ 39:247, 39:255	2003 La. ALS 1307; 2005 La. ALS 34	Automatic deposit of revenues exceeding \$750M from taxes on the production of, or exploration for, minerals. With some limitations, the \$750M base may be increased every 10 years, beginning in the year 2000, by a law enacted by a 2/3 vote.	By appropriation, not to exceed one-third of the fund and requiring a 2/3 vote when: 1) the official forecast for a fiscal year is less than revenues received by the state in the preceding fiscal year; or 2) a deficit for the current fiscal year is projected due to a decrease in the official forecast.	See Method for Withdrawal.	4% of total state revenue receipts for the previous fiscal year.		
Maine	Budget Stabilization Fund	S	Me. Rev. Stat. Ann. tit. 5, §§ 5311, 5327, 5333, 5337, 5338	2005, 2007	Transfer from the GF unappropriated surplus.	Subject to annual legislative deliberations.			Fund may not exceed 12% of total GF revenues in the immediately preceding state fiscal year and may not be reduced below 1% of total GF revenue in the immediately preceding state FY.	
Maryland	Revenue Stabilization Account	S	MD Code, State Finance and Encumbrance, § 7-311	2003	By appropriation. If Account balance is below 3% of estimated GF revenues, the governor shall include in the budget bill an appropriation equal to at least \$100M; if balance is at least 3% but less than 7.5% of estimated GF revenues, the governor shall include in the budget bill an appropriation equal to at least the lesser of \$50M or the amount necessary for the fund balance to exceed 7.5% of estimated GF revenues for the fiscal year.	Transferred by governor if authorized by an act of the General Assembly or specifically authorized in the state budget bill as enacted; Legislature may reduce amount transferred by amending budget bill.			7.5% of estimated GF revenues.	
Massachusetts	Commonwealth Stabilization Fund	S	Mass. Gen. Laws Ann. Ch. 29, § 24; Ch. 29, § 5C		0.5% of the total revenue from taxes in the preceding FY shall be available to be used as revenue for the current fiscal year and 0.5% of the total revenue from taxes in the preceding FY shall be transferred to the Stabilization Fund. Any remaining amount shall be transferred to the Stabilization Fund.	By appropriation: 1) to make up any difference between actual state revenues and allowable state revenues when actual revenues fall below the allowable amount; or 2) to replace the state and local loss of federal funds; or 3) for any event that threatens the health, safety or welfare of the people or the fiscal stability of the state.			Fund capped at 15% of current fiscal year revenues.	
Michigan	Countercyclical Budget & Economic Stabilization Fund	S	Mich. Comp. Laws §§ 18.1351; 18.1352; 18.1353; 18.1354; 18.1355; 18.1356; 18.1357; 18.1358		Statute requires appropriation of an amount equal to: (annual growth rate in real personal income in excess of 2%) X (total GF revenues for the fiscal year ending in the current calendar year).	If annual growth rate in real personal income is negative, withdrawal equals (deficiency) X (total GF revenues for the fiscal year ending in the current calendar year), but no more than needed to balance budget. Also, if unemployment is between 8% and 11.5%; 2.5% of funds can be used for economic stabilization in the second quarter; if unemployment is over 12%, 5% of funds can be used for economic stabilization in the third quarter. Additionally, an emergency appropriation from the fund may be made with 2/3 majority vote of both houses.	See Method of Withdrawal.		10% of GF and school aid revenues for FY.	
Minnesota	Budget Reserve and Cash Flow Accounts	S	Minn. Stat. § 16A.152		If surplus remains in the GF after close of biennium, commissioner of finance allocates money to the following accounts in following order: (1) the cash flow account until that account reaches \$250M; (2) the budget reserve account until that account reaches \$653M; (3) the amount necessary to increase the aid payment schedule for school district aid and credit payments; and (4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift.	By transfer authorized by the commissioner of finance, with approval of the governor and in consultation with the Legislative Advisory Commission, when: (1) a negative budgetary balance is projected and when objective measures (such as reduced growth in total wages) reflect downturns in the state's economy; or (2) probable receipts for the GF will be less than anticipated and the amount available for the rest of the biennium will be insufficient.	The restoration of the budget reserve should be governed by principles based on the full economic cycle rather than the budget cycle. Restoration of the budget reserve should occur when objective measures, such as increased growth in total wages, retail sales, or employment, reflect upturns in the state's economy.	De facto cap of \$1.003M (\$350M cap on cash flow account; \$653M cap on budget reserve account).		

State Budget Stabilization Funds, Appendix A

State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote to Access Fund	Repayment Provision	Caps	Note
Mississippi	Working Cash-Stabilization Reserve Fund	S	Miss. Code Ann. § 27-103-203		Year-end surplus until the fund reaches \$40M; thereafter, 50% of the unencumbered GF cash balance until the fund reaches 7.5% of GF appropriations.	Transfer by the executive director of the Department of Finance & Administration: 1) to meet cash-flow needs; or 2) to cover deficits (up to \$50M in any one fiscal year); or 3) to provide funds for disaster assistance.		Borrowed funds must be repaid within the same FY.	7.5% of GF Working Cash-Stabilization Reserve Fund's balance exceeds \$40M.	
Missouri	Budget Reserve Fund	C	Mo. Const. art. IV, § 27.01; Mo. Rev. Stat. § 33.285		The commissioner of administration shall transfer from the GF to the budget reserve fund an amount equal to a "cash operating transfer" plus interest, prior to May 16 of the FY in which the transfer was made. A "cash operating transfer" is a transfer made by the commissioner of administration from the budget reserve fund to the GF to meet the cash requirements of the state.	If the governor reduces the expenditures of the state or any of its agencies below their appropriations, or in the event of a disaster, the governor may request the general assembly to appropriate funds from the budget reserve fund to cover the reduced expenditures or budget needs due to disasters. The maximum amount which may be appropriated at any one time for such budget-stabilization purposes shall be 1/2 of the sum of the balance in the fund.	Any transfers requested of the general assembly by the governor require a 2/3 vote of both houses of the general assembly.	1/2 of the amount transferred or expended from the budget reserve fund plus interest stand appropriated to the budget reserve fund during each of the next three fiscal years; and any such amount, and any additional amounts which may be appropriated for that purpose, shall be transferred from the fund which received such transfer to one budget reserve fund by the fiscal year end of the next three fiscal years or until the full amount, plus interest, has been returned to the budget reserve fund. The maximum amount which may be outstanding at any one time and subject to repayment to the budget reserve fund for budget stabilization purposes shall be one-half of the sum of the balance in the fund and all outstanding amounts appropriated or otherwise owed to the fund.	7.5% of net general revenue for previous FY.	
Nebraska	Cash Reserve Fund	S	Nebr. Rev. Stat. § 84-612		Transfer by state treasurer when actual GF net receipts for the preceding three months exceed estimated receipts for the three-month period.	Transfer is made to the GF when the cash balance in the GF is inadequate to meet current obligations.				
Nevada	Fund to Stabilize Operation of State Government	S	Nev. Rev. Stat. § 253.288	2001, 2003, 2005	State comptroller must deposit into the Fund to Stabilize Operation of State Government 40% of the unrestricted balance of the state GF which remains after subtracting an amount equal to 10% of all appropriations made from the GF.	By appropriation only if: 1) the total actual revenue of the state falls short by 5% or more of the total anticipated revenue for the biennium in which the appropriation is made; or 2) the legislature and governor declare a fiscal emergency.			Balance in Fund not to exceed 15% of total appropriations from GF.	
New Hampshire	Revenue Stabilization Reserve Account	S	N.H. Rev. Stat. Ann. § 2:132-e		With some limitations, transfer by comptroller of any surplus at the end of each biennium.	Transfer by comptroller with the approval of fiscal committee and governor when: 1) GF operating deficit occurred for most recently completed fiscal year; and 2) unrestricted GF revenues in the most recently completed fiscal year were less than budget forecast. Fund cannot be used for any other purpose without a 2/3 vote and governor's approval.	See Method for Withdrawal.		Fund capped at 10% of actual GF unrestricted revenues for the most recently completed fiscal year.	
New Jersey	Surplus Revenue Fund	S	N.J. Stat. Ann. § 52:9H-14; N.J. Stat. Ann. § 52:9H-15; N.J. Stat. Ann. § 52:9H-16; N.J. Stat. Ann. § 52:9H-17; N.J. Stat. Ann. § 52:9H-18; N.J. Stat. Ann. § 52:9H-19; N.J. Stat. Ann. § 52:9H-20; N.J. Stat. Ann. § 52:9H-21; N.J. Stat. Ann. § 52:9H-22		50% of actual revenue collections in excess of governor's certification of revenues.	By appropriation only: 1) upon certification by the governor that anticipated GF revenues are estimated to be less than those certified upon approval of appropriations act; 2) upon certification by the legislature that to offset anticipated GF revenue declines that would result from the fund is more prudent than a tax increase; 3) when the governor declares an emergency and notifies the Joint Legislative Budget Oversight Committee.			Fund capped at 5% of anticipated revenues.	If in a FY an appropriation is made from the Surplus Revenue Fund for reasons other than a disaster, emergency, or tax increase, existing taxes can be enacted unless a decline in GF revenue is greater than 2%.

State Budget Stabilization Funds, Appendix A

State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote to Access Fund	Repayment Provision	Caps	Note
New Mexico	Operating Reserve Fund	S	N.M. Stat. Ann. § 6-4-2.1		Transfer from GF.	By specific authorization of the legislature only in the event that GF revenues and balances are insufficient to meet authorized levels of appropriations.				
New York	Tax Stabilization Reserve Fund	S	N.Y. State Fin. Law § 82 (See also N.Y. Const. art. 7, § 17)		Any GF cash surpluses existing at year-end, up to a maximum contribution of 0.2% of total GF disbursements.	By transfer at the end of a fiscal year when GF receipts fall below the aggregate amount disbursed from the GF. The fund also can be temporarily loaned to the GF to assist with cash flow.		Once borrowed, fund must be paid back within six years in three equal installments. Repayments to the Tax Stabilization Reserve Fund shall be stipulated in annual budget bills. Monetary loans on a temporary basis must be repaid in cash by the end of the FY in which they were borrowed.	Reserve fund balance cannot exceed 2% of GF disbursements for the FY.	
New York	Rainy Day Reserve Fund	S	N.Y. State Fin. Law § 82-5c	Created 2007.	By appropriation.	In the event of an economic downturn or catastrophic event, and upon notification to leaders of the executive and legislative branches, the director of the budget may authorize and direct the comptroller to transfer from the rainy day reserve fund to the GF the amount needed to meet the requirements of the state financial plan. An economic downturn is defined as five consecutive months of decline in the composite index of business cycle indicators.		Withdrawals made due to economic downturn shall be repaid in cash within a period of three years. Withdrawals made due to catastrophic events shall be subject to repayment provisions to be proposed by the governor and implemented by appropriation or transfer of funds.	Fund cannot exceed 3% of projected GF disbursements for the upcoming FY.	
North Carolina	Savings Reserve Account	S	N.C. Gen. Stat. § 143C-4-2	2006 N.C. ALS 203	Transfer of 1/4 of any unreserved credit balance at the end of the fiscal year.	Funds reserved to the Savings Reserve Account shall be available for expenditure only upon an act of appropriation by the General Assembly "[...] to address unanticipated events and circumstances such as natural disasters, economic downturns, threats to public safety, health, and welfare, and other emergencies."			It is a goal of the General Assembly and the State to accumulate and maintain a balance in the Savings Reserve Account equal to or greater than 5% of the prior year's GF operating budget.	
North Dakota	Budget Stabilization Fund	S	N.D. Const. Code § 54-27.2-01; N.D. Const. Code § 54-27.2-02; N.D. Const. Code § 54-27.2-03		Transfer of GF surplus in excess of \$65M at the end of the biennium.	Governor may transfer for revenue shortfall in excess of 2.3% of the estimate made by the most recently adjourned Assembly.			5% of the current biennial GF budget thereafter, the cap moves from 5% to 10%.	
Ohio	Budget Stabilization Fund	S	Ohio Rev. Code Ann. § 131.43		General Assembly to maintain by appropriation an amount of money in the budget stabilization fund that amounts to approximately 5% of the GF revenues for the preceding FY.	Governor submits to the General Assembly proposals for appropriations between the GF and the budget stabilization fund.		Approximately 5% of GF revenues for the preceding FY.		The balance of the Budget Stabilization Fund may be combined with the balance in the GF for purposes of cash management.
Oklahoma	Constitutional Reserve Fund	C	OKLA. CONST. art. X, § 22		Transfer by the state treasurer of surplus of previous FY's GF revenue estimates.	Up to 3/8 of the balance may be appropriated if: 1) for any fiscal year GF revenue is certified to be less than that of current fiscal year occurred with respect to the GF of the State Treasury. Also, up to 1/4 of the balance may be appropriated if: 1) emergency declaration by governor with concurrence by Legislature with a 2/3 vote; 3) joint emergency declaration by speaker and president pro tempore with concurrence by Legislature with a 3/4 vote.	See Method for Withdrawal.		10% of GF revenue for the preceding FY.	

State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supremacy Vote or Access	Repayment Provision	Caps	Note
Oregon	Budgetary Stabilization Fund	C	Ore. Const. Art. XV, § 4; see Ore. Rev. Stat. § 348.110	2002	18% of net proceeds from the state lottery is deposited in the fund until the fund cap is reached. The legislature may make additional appropriations into the fund.	Appropriation may be made with 3/5 of each house if: 1) the quarterly economic and revenue forecast for the biennium indicates GF revenues for the next biennium will be at least 3% less than appropriations from the state's GF for the current biennium; 2) there has been a decline for two or more consecutive quarters in the last 12 months in seasonally adjusted nonfarm payroll employment; or 3) a quarterly economic and revenue forecast projects that revenues in the state's GF in the current biennium will be at least 2% below what the revenues were projected to be in the revenue forecast on which the adopted budget for the current biennium was based; or 4) if the proposed appropriation, allocation or transfer is declared an emergency.	3/5 of each house of the legislature.	5% of GF revenues from the previous biennium.	Appropriations from the fund must be used on public education.	
Oregon	Rainy Day Fund	S	Ore. Rev. Stat. § 293.145 et seq.; (Chap. 5 Oregon Laws 2007)	2007	An amount equal to 1% of the GF appropriations made for that biennium is to be transferred to the Rainy Day Fund; if the ending balance is equal to or less than 1% of the GF appropriations, then the entire amount of the ending balance is to be transferred to the Rainy Day Fund.	Appropriation may be made with 3/5 of each house if: 1) the last quarterly economic and revenue forecast for a biennium indicates GF revenues for the next biennium will be at least 3% less than appropriations from the state's GF for the current biennium; 2) there has been a decline for two or more consecutive quarters in the last 12 months in seasonally adjusted nonfarm payroll employment; or 3) a quarterly economic and revenue forecast projects that revenues in the state's GF for the current biennium will be at least 2% below what the revenues were projected to be in the revenue forecast on which the adopted budget for the current biennium was based.	3/5 of each house of the legislature.	7.5% of GF revenues from the previous biennium.	Legislature may not appropriate more than 2/3 of the fund for any one biennium.	
Pennsylvania	Budget Stabilization Reserve Fund	S	Pa. Stat. Ann. tit. 72, § 1701-1702; Pa. Stat. Stat. tit. 72, § 1702-1703; Act. 72-2, § 1703-2A	2002, 2005	In the event of a surplus in the GF, 25% of the surplus is deposited into the Budget Stabilization Reserve Fund, or by appropriation.	By appropriation with 2/3 vote when governor declares an emergency or to counterbalance downturns in the economy that will result in significant unanticipated revenue shortfalls.	By 2/3 vote of both chambers.		If the Budget Stabilization Reserve Fund exceeds 6% of the actual GF revenues received for the fiscal year in which the surplus occurs, 10% of the surplus shall be deposited by the end of the next succeeding quarter into the Budget Stabilization Reserve Fund.	Any money appropriated from Budget Stabilization Reserve Fund which has then lapsed is returned to the Budget Stabilization Reserve Fund.
Puerto Rico	Budgetary Fund	S	PR ST. T. 23 § 106		Budgetary Fund to be maintained at not less than one third of one percent (1/3 of 1%) of the total Joint Budget Resolution (the governor may order a larger deposit).	The Governor may transfer funds to cover appropriations when resources are insufficient, to provide for payment of public debt service, to address any unexpected situation in the public service, or to honor obligations of programs funded with contributions or grants from the U.S. government, that have not been received.			Fund capped at 6% of the appropriated funds of the Budget Joint Resolution in any year.	
Rhode Island	State Budget Reserve and Cash Stabilization Account	S (C)	R.I. Gen. Laws § 35-3-20; R.I. Gen. Laws § 35-3-20.1; see also R.I. Const. Art. IX, § 16; and R.I. Gen. Laws § 35-3-51	2006	State budget cannot exceed 98% (CIF09, 98.7%; FY10, 97.6%) of estimated state general revenues. An amount remaining between the budget cap (currently 98%) and 100% of estimated state general revenues is transferred by the controller into the Budget Reserve Account.	By resolution adopted by a majority vote of each house of the general assembly when the budget officer declares that actual GF revenue will not equal the original estimates upon which appropriations were based.			Fund capped at 3% (FY09, 3%, FY10, 3.8%) of total fiscal year resources.	
South Carolina	General Reserve Fund	C	S.C. Const. Art. III, § 36; see also S.C. Code Ann. § 11-11-310		Transfer of prior year unobligated cash balance.	By appropriation.			Fund capped at 3% of GF appropriations for the prior fiscal year.	

State Budget Stabilization Funds, Appendix A

State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote to Access Fund	Repayment Provision	Caps	Note
South Carolina	Capital Reserve Fund	S	S.C. Code Ann. § 11-11-320; S.C. Code Ann. § 11-11-325; S.C. Code Ann. § 11-11-335; see also S.C. Const. art. III, § 36		By appropriation an amount equal to 2% of GF revenue of the latest completed fiscal year.	By appropriation when revenues at the end of the fiscal year are projected to be less than expenditures authorized by appropriation for that year.	If the Capital Reserve Fund is not capped to address a budget deficit, the Legislature with 2/3 vote of members present and voting, but not less than 3/5 vote of total membership can appropriate money from the fund: 1) to finance in cash previously authorized capital improvement bond projects; 2) to retire interest or principal on bonds previously issued; or 3) for capital improvements or other nonrecurring purposes.		Fund capped at 2% of GF appropriations for the prior fiscal year.	Any monies remaining in the Fund at the end of the FY lapse and are credited to the GF.
South Dakota	General Reserve Fund	S	S.D. Codified Laws Ann. § 4-7-32	2002	Transfer of prior year unobligated cash balance to General Reserve Fund	By special appropriation of the Legislature to address unforeseen expenditure obligations or unforeseen revenue shortfalls.	2/3 vote of each house of the Legislature.		10% of GF	<a href="http://legis.state.sd.us/legis/News/Issues/Issues/1002-02.pdf">http://legis.state.sd.us/legis/News/Issues/Issues/1002-02.pdf</a>
Tennessee	Reserve for Revenue Fluctuations	S	Tenn. Code Ann. § 9-4-211	2003	By appropriation an amount 10% or greater of the estimated growth in state tax revenues.	By transfer by the commissioner of Finance and Administration to offset revenue shortfalls, with notification to the chairs of the Finance, Ways & Means Committees of the Senate and House. Expenditure from the fund cannot exceed \$100M or 1/2 of the available reserve to meet expenditure requirements in excess of budgeted appropriation levels.			5% of estimated state tax revenues to be allocated to the GF and education trust fund for given FY.	The statute declares legislative intent to be that revenue shortfalls will be offset by reductions in expanded expenditures using amounts in the reserve fund.
Texas	Economic Stabilization Fund	C	Tex. Const. art. III, § 49-g		The constitutional amendment creating the fund mandates the following revenue transfers to it: 1) one-half of any unencumbered general revenue fund balance at the end of each fiscal biennium; 2) an amount of general revenue equal to 75% of the amount by which oil production tax collections in any future fiscal year exceed oil production tax collections in fiscal year 1987; 3) an amount of general revenue equal to 75% of the amount by which natural gas production tax collections in any future fiscal year exceed oil production tax collections in the fiscal year 1987; 4) the Legislature also may appropriate additional funds; 25% of GF surplus.	By appropriation with a 3/5 vote of members present if: 1) the comptroller certifies that appropriations from general revenue made by the preceding legislature for the current biennium exceed available general revenues for the remainder of the biennium; 2) an estimate of anticipated revenues for a succeeding biennium is less than the revenues estimated to be available for the current biennium; 3) for any purpose with 2/3 vote of members present.	See Method for Withdrawal.		Fund capped at 10% of general revenue (excluding interest and investment income) during the preceding biennium.	
Utah	Budget Reserve Account	S	Utah Code Ann. § 63-38-2.5; see also Utah Code Ann. § 63-38-2.6		Legislature also may appropriate additional funds; 25% of GF surplus.	By appropriation to cover operating deficits, state debt retirement agreements, retroactive tax refunds, or deficits in public education appropriations.		If a surplus exists and if, within the last 10 years, the Legislature has appropriated any money from the General Fund Budget Reserve Account that has not been replaced, up to an additional 25% more of the surplus must be transferred to the General Fund Budget Reserve Account to replace the amounts appropriated from the fund.	Fund capped at 6% of the GF appropriation and Uniform School Fund appropriation for the FY in which a surplus occurred.	
Vermont	Budget Stabilization Trust Fund	S	Vt. Stat. Ann. tit. 32, § 306		Undesignated GF surplus; also, any additional amounts as may be authorized by the General Assembly.	Transfer by the commissioner of Finance and Management to the extent necessary to offset a GF deficit.			Fund is capped at 5% of GF appropriations for the prior fiscal year.	



State Budget Stabilization Funds, Appendix A										
State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote to Access Fund	Repayment Provision	Caps	Note
Virgin Islands	Budget Stabilization Fund	S	V.I. Code Ann. tit. 33, § 33.23.100m	2006	An annual appropriation of \$10M, and any FY end surplus.	Transfer by the commissioner of finance to: 1) offset an deficit in the GF at the end of a FY; 2) offset a temporary shortfall in the GF caused by lagging revenue collections; and, 3) provide emergency funding for disaster recovery.		Any monies disbursed to offset shortfall must be repaid to the fund by the end of the FY.	5% of total appropriations from the GF for FY in progress.	
Virginia	Revenue Stabilization Fund	C	Va. Const. art. X, § 8; (see also Va. Code § 2.2-18.28; Va. Code § 2.2-18.29; Va. Code § 2.2-18.30; Va. Code § 2.2-18.31)		By formula as specified in the state's constitution: Deposit $\geq 0.5 \times$ [(Certified tax revenues) $\times$ (FY's % increase - average increase over six years)]. Also, if: a) annual % increase in certified tax revenues $\geq 8\%$ ; and b) annual % increase in certified tax revenues $\geq 1.5\%$ of six year average increase; and c) estimated GF revenues for current FY $> 5\%$ of previous FY's actual GF revenues; then Governor shall submit in the budget recommendations an additional deposit into the fund $\geq 0.25 \times$ [(certified tax revenues) $\times$ (FY's % increase - average increase over six years)].	General Assembly may make a withdrawal only if GF revenues appropriated exceed revised GF revenue forecast by more than 2% of certified tax revenues collected from previous FY. Withdrawal may not exceed 1/2 of the fund, and may not compensate more than 1/2 of the projected revenue shortfall.		Fund capped at 10% of the average annual tax revenues derived from income and retail sales for the three FYs immediately preceding.		
Washington	Budget Stabilization Account	C	Wa. Const. art. VII, § 12	SJR 8206 (approved in 2007 general election)	By June 30th of each FY, an amount equal to 1% of the general state revenues for that FY shall be transferred to the budget stabilization account.	Withdrawal may be made if: 1) Governor declares emergency, legislature may by majority vote of both houses provide an appropriation; 2) employment growth forecast is less than 1%; monies may be withdrawn and appropriated from the fund by a majority vote of both houses. Additionally, 3) an appropriation may be made at any time by 3/5 vote of both houses.	See Method for Withdrawal.	10% of estimated general state revenues.		
West Virginia	Revenue Shortfall Reserve Fund	S	W. Va. Code § 11B-2-20		By transfer of the first 50% of all surplus revenues accrued during the fiscal year just ended.	By appropriation to meet any anticipated revenue needs of Governor or other disasters or for other fiscal needs as determined solely by the legislature.		Any funds borrowed must be repaid without interest and redempted to the credit of the fund within 90 days of their withdrawal.	Fund capped at 10% of GF appropriations for the fiscal year just ended.	The amount of funds borrowed shall not exceed 1.5% of the estimates of the FY in which the funds are to be borrowed, or the amount the governor determines is necessary to make timely payment of the state's obligations, whichever is less.
Wisconsin	Budget Stabilization Fund	S	Wis. Stat. § 70.875; Wis. Stat. § 75.60; Wis. Stat. § 16.465; Wis. Stat. § 16.518		By transfer of 50% of surplus revenues.	By appropriation.				
Wyoming	Budget Reserve Account	S	Wyo. Stat. § 9-2-101.4; Wyo. Stat. § 39-1-4-901	2005	Year-end surplus plus appropriations.	By appropriation.			Fund capped at 5% of estimated expenditures from the GF.	

Key:  
 S—Statutory  
 C—Constitutional  
 M—Million  
 B—Billion  
 FY—Fiscal Year  
 GF—General Fund

Source: Author's own compilation and analysis. Please contact the author for questions or revisions.

Source:  
 National Conference of State Legislatures  
 State Budget Stabilization Funds  
 Spring 2008 - Revised September 26, 2008  
 Daniel G. Thatcher



City of  
**LYNWOOD**

Incorporated 1921  
11330 Bullis Road, Lynwood, CA 90262  
(310) 603-0220  
www.lynwood.ca.us



September 24, 2013

Presiding Judge  
Los Angeles Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

**Re: City of Lynwood Response to Recommendations of 2012-2013 Los Angeles County Civil Grand Jury Report on Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation**

Dear Sir:

In accordance with California Penal Code Section 933(c) and 933.05, the following is the City of Lynwood's response to the subject Civil Grand Jury report.

**Fiscal Health**

**1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.**

Response: The City agrees with the finding. However, this recommendation was implemented prior to the completion and distribution of the Civil Grand Jury report. Per Resolution 2006.111, the City shall adopt balanced budgets, containing appropriated revenues equal to appropriated expenditures. Refer to the attached resolution.

As part of the Annual Budget Book, the City of Lynwood also includes financial planning, revenue and expenditure policies to guide City officials to develop sustainable, balanced budgets. Refer to the attached 'Budget Guide' section of the FY 14 Budget Book.

**2. Cities should develop a balanced budget and commit to operate within the budget constraints.**

Response: The City agrees with the finding. However, this recommendation was implemented prior to the completion and distribution of the Civil Grand Jury report. For the past two years, the City Manager has presented a balanced budget to the

City Council. As the City Council is responsible for adopting the City's annual operating budget, it is important to note that City Council has the discretion to make alternative recommendations and changes to the Proposed Budget.

The City strives to operate in accordance with the constraints of the annual budget, which is considered the City's financial operating plan. It is the responsibility of the City Manager to administer the budget. The City Manager has the authority to transfer budgeted amounts within departments, but changes in the total appropriation level for any given department can only be enacted by the City Council through an amendment to the current budget.

**3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.**

Response: The City agrees with the finding. However, this recommendation was implemented prior to the completion and distribution of the Civil Grand Jury report. It has not been the City's practice to use one-time revenues to fund recurring or on-going expenditures. In lieu of an anticipated shortfall in revenues, the City may utilize an approved amount from the unappropriated reserve to balance the budget. Use of reserves must be in accordance with the City's reserve level policy. Refer to '4' below for additional information on the City's reserve policies.

**4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.**

Response: The City agrees with the finding. However, this recommendation was implemented prior to the completion and distribution of the Civil Grand Jury report. Per Resolution 2006.110, the General Fund will have an undesignated, unappropriated reserve amount equal to no lower than 10% of the adopted General Fund budget. Per Resolution 2006.110, the Water Enterprise Fund will have an undesignated, unappropriated reserve amount equal to no lower than 16% of the total actual operating expenses of the most recent audited fiscal year. Refer to the attached resolution.

The FY 13 year-end estimated fund balance for the General Fund is \$4.8M, which exceeds the 10% or \$2.9M required reserve. The FY 13 year-end estimate for the Water Fund is \$15.9M, which exceeds the 16% or \$1.1M required reserve.

Per Resolution 2006.110, the City also has a requirement to maintain a \$500K Contingency Fund to provide funding for unanticipated and unavoidable expenditures or emergencies during a fiscal year.

**Financial Management**

- 6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.**

Response: The City agrees with the finding. This recommendation requires further analysis. The Director of Finance will perform research and analysis to determine the feasibility of implementing this recommendation. The City will provide a final response to this recommendation on or before December 15, 2013.

- 8. Cities should undertake a full-scale competitive process every 5-years for the selection of an independent external auditor.**

Response: The City agrees with the finding. However, this recommendation was implemented prior to the completion and distribution of the Civil Grand Jury report. The City's current auditor is Vasquez & Company, LLP. The City Council previously approved an agreement with Vasquez & Company LLP to provide auditing services for a term of three years commencing on June 2, 2009 and terminating on June 1, 2012. The City had the option to extend the term of the agreement for two additional one-year terms subject to satisfactory negotiation terms, including a price acceptable to both the City and the firm. The City extended the term of the agreement for a one-year term for audit services for the year ended June 30, 2012.

In April 2012, the City solicited bids for professional audit services. Seven firms responded to the RFP. The proposals were reviewed and the firms that stood out were interviewed by City staff. Staff selected and interviewed three finalists, which were Pun & McGeady, Vasquez & Company and White Nelson Diehl Evans. Based on the depth and quality of each firm's written RFP response, experience, audit approach, responses in the oral interview and other related factors, staff recommended Vasquez & Company LLP.

In June 2013, the City Council awarded a three-year professional auditing services contract to Vasquez & Company LLP, with the option to extend the contract for two additional years.

Should you have any questions, please direct them to Interim City Manager Richard Warne at the above address or 310-603-0220, extension 507 or [rwarne@lynwood.ca.us](mailto:rwarne@lynwood.ca.us).

Sincerely,



Richard Warne

Interim City Manager

**City of Lynwood**

**Re: Response to 2012-2013 Civil Grand Jury Report on Cities of Los Angeles County**

**September 24, 2013**

**Page 4 of 4**

Cc: City Council  
City Attorney

RESOLUTION NO. 2006.111

**A RESOLUTION OF THE LYNWOOD CITY COUNCIL  
ADOPTING THE CITY OF LYNWOOD'S POLICY  
ON BALANCED BUDGETS**

**WHEREAS**, the Government Finance Officers Association (GFOA) recommends that jurisdictions adopt policies that define a balanced budget, encourage commitment to balanced budgets under normal circumstances, and provide for disclosure when a deviation from a balanced budget is planned, or when it occurs; and

**WHEREAS**, balanced budgets ensure responsible use of the taxpayers' dollars to provide City services;

**WHEREAS**, unbalanced budgets can lead to increased interest charges, thereby reducing funds available for operations and services; and

**RESOLVED**: that the City Council of the City of Lynwood hereby finds, determines, declares and resolves as follows:

**Section 1.** All of the recitals set forth above are true and correct.

**Section 2.** The City Council hereby adopts a balanced budget policy, as set forth below:

**CITY OF LYNWOOD'S POLICY ON BALANCED BUDGETS**

**I. Purpose/Definition**

The City shall adopt balanced budgets, i.e., containing appropriated revenues equal to appropriated expenditures. This policy entails the following additional definitions and qualifications:

1. The budget must be balanced at an individual fund level.
2. City policies on reserve requirements for individual funds must be taken into account. The appropriated expenditures to be included in the balanced budget equation must include the appropriations necessary to achieve or maintain an individual fund's reserve target.
3. Appropriated revenues can include transfers from fund balance where such fund balance is reasonably expected to exist by the end of the fiscal year preceding the year of the adopted budget. Transfers from fund balance are not to be counted as revenue if the fund balance is not reasonably expected to exist by the end of the fiscal year preceding the year of the adopted budget. (Note: The precise definition of 'fund balance' will vary from fund to fund, depending on the fund's characteristics and accounting treatment.)

**II. General Responsibilities**

The City Manager shall be responsible for ensuring that the budget proposed to the City Council by the City Manager adheres to the balanced budget policy.

**III. Annual Monitoring & Reporting**

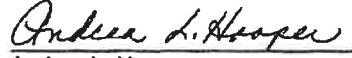
Each fiscal year, once financial audit results have been made available, the City Manager shall produce a report to the City Council, for each fund in which current year appropriations exist, whether the actual year-end data from the prior year has caused any individual fund to be in violation of the balanced budget policy. If so, the City Manager shall recommend steps to be taken to bring that fund back into compliance with the policy.

**SECTION 3.** This resolution shall become effective immediately upon adoption.

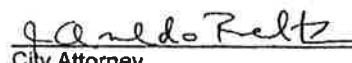
PASSED, APPROVED AND ADOPTED this 20<sup>th</sup> day of June, 2006.

  
LETICIA VASQUEZ MAYOR

ATTEST:

  
Andrea L. Hooper  
City Clerk

APPROVED AS TO FORM:

  
Leonardo Felts  
City Attorney

APPROVED AS TO CONTENT:

  
N. Enrique Martínez, City Manager

STATE OF CALIFORNIA )  
 )SS.  
COUNTY OF LOS ANGELES )

I, the undersigned, Secretary of Lynwood Information Inc, do hereby certify that the foregoing Resolution was passed and adopted by the City Council of the City of Lynwood at a regular meeting held on the 20th day of JUNE, 2006.

AYES: COUNCILMEMBERS, BYRD, JOHNSON, PEDROZA, SANTILLAN, AND VASQUEZ

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

Andrea L. Hooper  
Andrea L. Hooper, City Clerk

STATE OF CALIFORNIA )  
 )SS.  
COUNTY OF LOS ANGELES )

I, the undersigned, Secretary of the Lynwood Information Inc, do hereby certify that the above foregoing is a full, true and correct copy of Resolution No. 2006.111 on file in my office and that said Resolution was adopted on the date and by the vote therein stated.

Dated this 20th day of JUNE, 2006.

Andrea L. Hooper  
Andrea L. Hooper, City Clerk



## BUDGET POLICY

The City of Lynwood adopts an annual operating budget for the City, which serves as the City's financial operating plan to establish its goals, budget priorities, and desired service levels for the fiscal year, as well as identifies the fiscal resources (revenues) necessary to achieve them. The City Council adopts an annual operating budget for the City, the City's Capital Improvement Program, Lynwood Utility Authority, and Successor Agency.

Each year, the City will adopt a balanced budget, in which expenditures (net of one-time expenditures) will equal incoming revenues. This can be achieved by any of the following:

1. Reducing/Increasing citywide expenditures through approved budget reductions (enhancements) in order to meet anticipated revenue levels; and/or
2. In lieu of an anticipated shortfall in revenues, utilize an approved amount from the unappropriated General Fund reserve to balance the budget. Use of reserves must be in accordance with the City's reserve level policy.
3. Increasing City revenues by establishing new fees, increasing current fees or applicable taxes, and/or receiving increased revenues.

The operating and capital budgets (together, the "budget") are adopted at the department level. During the year, it is the responsibility of the City Manager to administer the budget. The City Manager has the authority to transfer budgeted amounts within departments, but changes in the total appropriation level for any given department can only be enacted by the City Council through an amendment to the current budget.

## RESERVE POLICIES

1. General Fund: Per Resolution 2006.110, the General Fund will have an undesignated, unappropriated reserve amount equal to no lower than 10% of the adopted General Fund budget.

2. Water Enterprise Fund: Per Resolution 2006.110, the Water Enterprise Fund will have an undesignated, unappropriated reserve amount equal to no lower than 16% of the total actual expenses of the most recent audited fiscal year.

## BUDGET PRACTICES (ROLES/RESPONSIBILITIES)

### Finance & Administrative Services Department:

Beginning in October, the Finance & Administrative Services Department initiates, begins, and coordinates the citywide budget development process for the upcoming new fiscal year. During this time, Finance will update current-year projections based on final year-end fiscal performance, report on the overall fiscal condition of the City, establish a budget calendar, and develop and recommend a budget policy to the City Manager.

Once a budget policy is established and budget calendar is created, departments are required to submit their budget requests to Finance. Finance will review and analyze all department budget requests, schedule Administrative Budget Hearings with the City Manager, and may make alternative, cost-saving recommendations to the City Manager. Once the City Manager presents a Proposed Budget to the City Council, Finance will coordinate all public hearings, budget workshop, and the budget adoption meeting and presentation.

### City Manager:

Beginning in January of each fiscal year, the City Manager establishes a current-year administrative budget policy and budget policy for the upcoming budget year in which departments must adhere to. Elected offices are not under the administrative purview of the City Manager and are not required to adhere to the budget policy, but may elect to do so at their discretion.

The City Manager will hold Administrative Budget Hearings with each department to receive each department's budget request for the new fiscal year. The City Manager may require departments to make changes to their budgets or make alternative recommendations. It is the City Manager's governmental authority and discretion to approve all department budgets and present a balanced budget for adoption for Council's consideration.

Departments:

Each department prepares its own budget request for consideration and submits to the City Manager by February. After a department budget is submitted, each department will have an Administrative Budget Hearing with the City Manager and Finance Department to discuss and finalize each department’s budget. During this time, the Finance Department will review each department budget request for any fiscal impacts and may make alternative recommendations to the City Manager. The City Manager may approve a department budget request or make recommended changes to each department’s budget.

To assist departments during the budget process, all departments are assigned a Budget Liaison to work closely with the Finance Department to address each department’s budgetary needs. The Budget Liaisons are responsible for submitting each department’s budget requests and ensuring all budget deadlines and requirements are met. Departments are solely responsible for submitting their proposed budgets, providing input and feedback, and attending their respective budget hearings.

City Council:

The City Council is responsible for adopting the City’s annual operating budget. Their involvement and role with the budget development process begins at the Budget Workshop that takes place in May. At this first public meeting, the City Council receives input and feedback from the general public and residents, and also receives a budget presentation from staff. The City Council can make alternative recommendations and changes to the Proposed Budget, but will not formally adopt the budget at this meeting. The budget adoption meeting will follow and takes place the first meeting in June. It is then the City Council’s responsibility to adopt a balanced budget at the budget adoption public hearing and Council meeting. If the budget does not get adopted the first meeting in June, a second public hearing and meeting will take place the 2<sup>nd</sup> meeting in June.

**BUDGET PREPARATION PROCESS**

Typically, the City’s budget preparation process is a six-to-nine month, collaborative process that is

coordinated by the Finance & Administrative Services Department, who work hand-in-hand with the City Manager to implement his/her budget priorities, goals, and directives for the upcoming fiscal year. The budget process is a collective and collaborative, as departments are involved every step and play key roles during the entire budgetary process. The following chart highlights the important budgetary benchmarks and key dates of the entire budget preparation process:

Budget Calendar	Date
1. Finance begins Budget Preparation Process: Closes FY 13 Books; Updates Year-End Budget Assumptions; Prepares Budget Calendar, Budget Instructions and Guidelines, Budget Forms	October - December
2. City Manager establishes current-year and upcoming fiscal year Budget Policy	January
3. FY 14 Budget Kickoff Meeting	January
4. Department Budget Requests Due	February
5. Mid-Year Budget Report	Mid-February
6. City Manager-Department Budget Hearings	March-April
7. FY 14 Proposed Budget Workshop	May
8. Budget Adoption Meeting	1 <sup>st</sup> Tuesday of June
9. 2 <sup>nd</sup> Budget Adoption Meeting (if necessary)	3 <sup>rd</sup> Tuesday of June

Every January, the Finance Department will hold a Budget Kickoff Meeting to introduce the upcoming fiscal year’s budget policy and budget savings target and goals for the City. All department budget requests are due by the first week of February. The City Manager-Department Budget Hearings with the City Manager take place in March and April. Once a proposed budget is established, the City will host a Budget Workshop and first public hearing in May to receive input and feedback from the general public, City Council, and key stakeholders. The City strives to adopt its budget by the first Council Meeting in June and may require multiple council meetings if not approved in the first meeting.

### INVESTMENT & CASH MANAGEMENT POLICY

The City of Lynwood has an investment and cash management policy in order to prudently manage the investment of the City's idle funds. In accordance with California Government Code 53600.5, the City Treasurer of the City of Lynwood is authorized and delegated to manage the City's investment portfolio and the safeguarding of fiscal resources. The main purpose of the investment policy follows three primary objectives:

1. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the primary purpose is to safeguard the principal of the funds under control;
2. To ensure the safety and availability of sufficient cash flow for anticipated operating costs and capital needs; and
3. Attain a market rate of return on all investments that still meet the cash flow needs of the City.

The City desires to invest all temporarily idle funds as close to 100% as is reasonably possible. The major portion of the City's investment portfolio will consist of investment securities having maturities of 1 year or less. Long-term maturities are authorized, but may not generally exceed 50% of the City's investment portfolio.

### CAPITAL FINANCING & DEBT MANAGEMENT POLICY

The Lynwood Public Finance Authority (LPFA) assists the City's capital financing needs by issuing bonds, notes, or other obligations in order to fund major capital projects. When the LPFA issues bonds, the City incurs debt and must prudently manage its debt management program and preserve a favorable credit rating. In order to do so, the City adheres to the following basic guidelines as it relates to managing its debt service:

1. The City will confine to long-term borrowing to capital improvements or projects that cannot be financed with current revenues and can undertake annual debt service payments
2. When the City finances capital projects by issuing bonds or other notes, it will pay back bonds within period not-to-exceed the expected useful life of the project.
3. The City may elect to issue new bonds to fully refund an existing bond debt and construct new

projects if it will yield annual savings in debt service for the City.

4. Should a project financed by bonds incur operational costs, the City will support all anticipated operation costs incurred which will be built into the operating budget as necessary.
5. Wherever possible, the City will utilize special assessment revenue (other than the General Fund), or other self-supported bonds instead of general obligation bonds.
6. The City will not use long-term debt for current operational costs.
7. The City will be forthright, report truthfully, and comply fully with all financial requests to all bond rating agencies with regard to its financial condition.

### BASIS OF ACCOUNTING

The City of Lynwood's basis of accounting for its major fund groups (General Fund, Special Revenue Funds, Enterprise Funds, Internal Service Funds, and Capital Projects Funds) is the modified accrual basis, per Generally Accepted Accounting Principles (GAAP).

Revenues are recorded according to when they are both measurable and available. Revenues are considered to be available when they are collected within the current period, or soon enough thereafter to pay liabilities for the current period. The City considers property taxes, franchise taxes, licenses, and interest associated with the current fiscal period susceptible to accrual if they are collected within 60 days of the end of the fiscal year. 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. Expenditures are recorded according to when the liability is incurred, regardless of the timing of related cash flow. Exceptions include debt service, compensated absences, and claims judgments, which are recorded as expenditures according to when the payments are due.

The City's basis of accounting is reflected in the City's Comprehensive Annual Financial Report (CAFR).

### **CITY REVENUE AND EXPENDITURE FORECAST METHODOLOGY**

The City prepares revenue and expenditure forecasts for its budget. The goal is to capture fiscal effects that can reasonably be expected to materialize during the period under consideration. A more detailed forecast is prepared for the General Fund, and some other key funds such as the Water Enterprise Fund.

To prepare the forecast, a comprehensive analysis of the more important components of the City's revenues and expenditures (i.e. largest revenue and expenditure categories) is performed.

These major components are projected on the basis of various related assumptions. For example, projections of property tax – the single largest source of revenues for the City's General Fund – are done based on the projected growth in net assessed value of locally assessed property, which, in turn, may increase as a result of new construction, property transfers and legally allowable assessment valuation inflation, among other factors. Similarly, forecast of General Fund expenditures is performed separately by analyzing individual expenditures (citywide and by department). Projected changes in the individual components of the City's revenues and expenditures are then reviewed and assessed to forecast overall General Fund revenues and expenditures, as well as the financial performance of other funds.

### **FORECASTING TECHNIQUES**

Citywide revenues and expenditures are projected utilizing two types of forecasting techniques: qualitative analysis and quantitative analysis.

**Qualitative Analysis** projects future revenues and/or expenditures using non-statistical techniques. These techniques rely on human judgment rather than statistical analysis to arrive at revenue projections.

Qualitative forecasting does not involve a systematic process. Unlike quantitative methods, a qualitative method may not clearly delineate or document the underlying assumptions or factors considered in making revenue or expenditure projections. Nevertheless, qualitative forecasting is essential for projecting revenue or expenditure components that are unstable, or for which there is no or limited historical information, e.g. the real estate transfer tax for revenues.

**Quantitative Analysis** involves looking at data to understand historical trends and casual relationships. One kind of quantitative analysis is time-series analysis; which based on data collected over time and can be shown chronologically on graphs. When using time-series techniques, the forecaster is especially interested in the nature of seasonal fluctuations which occur within a year, the nature of multiyear cycles, and the nature of any possible long-run trends. Causal analysis is another type of quantitative analysis; it deals with the historical interrelationships between two or more variables. One or more predictors influence, directly or indirectly, the future revenue or expenditure. The causal forecasting techniques are predicated upon selecting the correct independent variables, correctly defining their interrelationship to the dependent variable (i.e. the projected revenue or expenditure item, and, finally collecting accurate data). An advantage of causal analysis is that it allows the introduction of various "what if" scenarios, which are the building blocks of sensitivity analysis.

### **REVENUE FORECAST**

Citywide revenues are projected along the lines of the most likely scenario. The most likely scenario is a dynamic forecast which anticipates changes in revenues triggered by new economic development, changes in the level of service of departments and agencies as approved by the City Council, changes in the governmental policies at the State or Federal levels, and various economic and demographic changes. The purpose of this dynamic forecast is to

demonstrate the potential impact of various events and actions (current or future) on the selected revenue sources. Under this scenario:

- Revenues are projected to grow at rates that are responsive to dynamic forces in the economy. Generally, the assumption is that short-term revenue increases will follow recent trends in the economy, but may deviate in the long-term.
- Fee increases will likely follow the projected inflation and changes in the local population due to increased service costs and changes in demand.
- Any known or anticipated changes in revenues as a result of potential changes in State revenue streams and/or legislation are reflected in the analysis.

The revenue forecast takes into consideration a number of economic and demographic trends, including changes in population, income, sales and consumer price index (CPI), among others. Additionally, anticipated changes in State or local policy are also considered.

#### **EXPENDITURE FORECAST**

Budgeting for the City's expenditures involves analyzing, at both the Department and Division levels, four primary types of expenditures:

1. Personnel Services
2. Operations Maintenance
3. Capital Outlay
4. Debt Service

The expenditure forecast begins with the baseline budget, which represents the cost of maintaining the current level of services, while taking into account all unavoidable costs necessary to continue at that current level. Examples of unavoidable costs are pre-negotiated MOU salary levels, as well as healthcare and retirement costs that the City pays on behalf of its employees. The baseline budget is then modified to reflect changes to programs and services that the

City Manager decides to include as part of the Proposed Budget. These modifications can include additions and subtractions in any of categories (1) through (3) listed above. Changes to debt service are less discretionary, and are made based on changes mandated by the various debt schedules

## FORMAT OF THE BUDGET DOCUMENT

This section provides the reader with a brief explanation of the format and contents of the FY 2013-14 budget document. The budget document is consistent with the organizational structure of the City. A description of the major sections of this document, with an explanation of contents, is provided below.

<b>Letter of Transmittal</b>	This is the City Manager’s Budget message to the Mayor and the City Council. It outlines the FY 14 overall budgetary plan for the City, including major budget changes and anticipated challenges.
<b>Table of Contents</b>	This section outlines the order and page number of the budget document.
<b>Budget Guide</b>	This section contains an overview of the budget process. In addition, it outlines the organization of the budget document and contains a Glossary of Budget Terminology.
<b>City Facts</b>	This section provides general information about the City, including a description of the City’s history, major facts and miscellaneous statistics.
<b>Organizational Summaries</b>	This section provides tables and graphs summarizing current and historical data on the City’s staffing levels.
<b>Financial Summaries</b>	This section includes the fund balance analysis summarizing all adopted revenues and expenditures for each fund.
<b>Fund Balance Analysis</b>	This section includes the fund descriptions and detailed fund balance analysis of all funds.
<b>Revenue Summaries</b>	This section contains revenue discussion, summary of revenue by type and revenue detail by fund.
<b>Departmental Summaries</b>	This section includes the departmental expenditure and resource summary.
<b>Departmental Budgets</b>	This section provides details on each department’s structure, goals, positions, financials, and performance measures.
<b>Capital Improvement Program</b>	This section provides details on the City’s Capital Improvement Plan to design, replace, and construct the City’s infrastructure for the FY 14.
<b>Lynwood Utility Agency (LUA)</b>	This section contains FY 14 budget information for the Lynwood Utility Authority.
<b>Successor Agency</b>	This section contains FY 14 budget information for the Successor Agency to the former Lynwood Redevelopment Agency.
<b>Supplemental Information</b>	This section includes information on the City’s debt and financial policies.
<b>Legislation</b>	This section contains authorizing resolutions adopting the FY 14 Budget.

**GLOSSARY OF BUDGETARY TERMINOLOGY**

The City's Budget contains specialized and technical terminology that is unique to public finance and budgeting. To assist the reader of the budget document in understanding these terms, a glossary of budgetary terminology is included as follows:

<b>Actual</b>	Actual refers to the expenditures and/or revenues realized in the past fiscal year.
<b>Adopted Budget</b>	Revenues and expenditures approved by the City Council in June immediately preceding the new fiscal period.
<b>Appropriation</b>	An authorization made by the City Council that permits the City to incur obligations and to make expenditures of resources.
<b>Budget</b>	A financial plan for a specific period of time (fiscal period) that matches all planned revenues and expenditures with various municipal services.
<b>Budget Adjustment</b>	A legal procedure utilized by the City Manager to revise a budget appropriation. The City Manager has the prerogative to adjust expenditures within individual departments and funds. Council approval is required for transfers between departments or funds and for additional appropriations from fund balances or new revenue sources.
<b>Budget Calendar</b>	The schedule of key dates or milestones that the City follows in the preparation, adoption, and administration of the budget.
<b>Budgetary Control</b>	The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.
<b>Budget Document</b>	A financial and planning tool that reflects the proposed (and later adopted) revenues and appropriations for the City (including operating and capital), performance standards, targets, organizational structure and goals, along with historical financial information.
<b>Capital Improvement Program</b>	A plan for capital expenditures to provide for the acquisition, expansion, or rehabilitation of an element of the City's facilities and public infrastructure to be incurred over a fixed period of future years.
<b>Capital Outlay</b>	Expenditures relating to the purchase of equipment, facility modifications, land, and other fixed assets.

<b>Carry-Over</b>	Appropriations brought forward from a previous fiscal year to continue or complete a specific project.
<b>Contingency Set side</b>	Set aside established by the City Council to provide funding for unanticipated and unavoidable expenditures or emergencies during a fiscal year.
<b>Department</b>	A major unit of the organization which is managed by a Department Director and is comprised of a number of divisions which are functionally related to one another.
<b>Division</b>	A unit of organization which reports to a department or agency.
<b>Enterprise Fund</b>	A governmental accounting fund in which the services provided are financed and operated similarly to those of a private business. The rate schedules for these services are established to ensure that the revenues are adequate to meet all necessary expenditures.
<b>Expenditure</b>	The actual outlay of funds from the City's bank accounts.
<b>Expenditure Category</b>	A basis for distinguishing types of expenditures. The major expenditure categories used by the City of Lynwood are personnel services; operations maintenance; capital outlay; and debt service.
<b>Fiscal Year</b>	A twelve-month time period signifying the beginning and ending period for recording financial transactions. The City of Lynwood has specified July 1 through June 30 as its fiscal year.
<b>FTE (Full-Time Equivalent)</b>	An FTE or full-time equivalent is defined as one (1) full-time employee. For example, two employees who work part-time are considered one full-time equivalent.
<b>Fund</b>	An accounting entity that has a set of self-balancing accounts and that records all financial transactions for specific activities or government functions. The City uses different funds to account for expenditures and various revenue sources. Restricted funds may be expended for purposes specified by law or grantor regulations. Discretionary or unrestricted funds may be spent for any lawful purpose designated by the City Council.
<b>Fund Balance</b>	The net effect of assets less liabilities at any given point in time. The total fund balance includes a designated / reserved portion, usually for projects or other prior commitments, as well as an undesignated/unreserved (i.e. "available") portion.



<b>Fund Group</b>	A group of funds with similar restrictions and accounting treatment. The fund groups included in the City's budget are: general fund; special revenue funds, enterprise funds, internal service funds; capital project funds, and debt service funds.
<b>Grant</b>	A contribution by a government, other organization, or a private individual, to support a particular function. Grants may be classified as either categorical or block, depending upon the amount of discretions allowed the grantee. Grants may be competitive or based on allocation.
<b>Internal Service Fund</b>	Funds used to account for the financing of goods or services provided by one department to another department on a cost reimbursement basis.
<b>Letter of Transmittal</b>	The opening section of the budget, which provides the City Council and the public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and the view and recommendations of the City Manager.
<b>Operating Budget</b>	A financial plan for the provision of City services and basic governmental functions. The operating budget contains appropriations for expenditures such as personnel services, commodities, services and minor capital expenses. It does not include Capital Improvement Project expenditures.
<b>Operations and Maintenance</b>	Expenditures related to operating costs including supplies, commodities, contract services, materials, utilities and educational services.
<b>Personnel Service</b>	Expenditures related to employee compensation including wages and salaries, fringe benefits, retirement, premiums, allowances and special / supplemental pay such as shift differential.
<b>Reserve</b>	Portion of a fund's balance legislatively mandated at a particular minimum level. For example, the City Council has set reserve policies for the General Fund, Garage Fund, and Water Enterprise Fund. (Please see "Supplemental" portion of Budget for details.)
<b>Reserved Fund Balance</b>	A portion of a fund's balance that is legally restricted for a specific purpose and is, therefore, not available for general appropriation.
<b>Revenue</b>	Funds that the City receives as income. It includes such items as taxes, licenses, user fees, service charges, fines and penalties, and grants.

**Transfer**

A movement of budgetary or actual revenues or expenditures between organizational units, accounts, projects, programs, or funds. Transfers between funds appear as an expenditure (“transfer out”) in one fund and revenue (“transfer in”) in the other. Transfers between fiscal years represent the carryforward of funds received in previous years to be expended in the new year and appear as a revenue in the new year. All Transfers must be approved and adopted in the City Budget by the City Council.

**RESOLUTION NO. 2006.110**

**A RESOLUTION OF THE LYNWOOD CITY COUNCIL  
ADOPTING A POLICY ON RESERVES AND CONTINGENCIES**

**WHEREAS**, the ability to maintain reasonable reserve funds is one of the key financial standards used by rating agencies to evaluate the financial condition of the City of Lynwood (the "City"); and

**WHEREAS**, the lack of established reserve funds maintained by the City may have negative implications in the credit markets; and

**WHEREAS**, once a fiscal year has begun, the City has limited ability to significantly increase revenue or decrease expenditures in order to fund unanticipated expenditures during such fiscal year; and

**WHEREAS**, the City must maintain resources for its fleet replacement and repair; and

**WHEREAS**, the City must have sufficient funding to ensure capital improvements to its water and sewer infrastructure; and

**WHEREAS**, the Government Finance Officers Association (GFOA) recommends that governments establish a formal policy on the level of unreserved fund balance that should be maintained in the general fund. GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than one to two months (eight to sixteen percent) of regular general fund operating expenditures; and

**WHEREAS**, the City Council desires to set policies, and establish reserves for the City's General, Garage and Water Enterprises funds; and

**WHEREAS**, the City Council further wishes to establish a contingency set aside within the General Fund, for unanticipated and unavailable expenses during the fiscal year;

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF LYNWOOD DOES HEREBY ORDAIN AS FOLLOWS:**

**SECTION 1.** The City Council finds and determines the foregoing recitals to be true and correct and hereby adopts and incorporates them into this Resolution.

**SECTION 2. General Fund Reserve Policy**

1. The City Council hereby declares that it shall be the policy of the City of Lynwood to provide for each fiscal year an undesignated reserve equal to ten percent (10.0%) of the General Fund budget.
2. At the conclusion of each fiscal year and the availability of a financial audit, the City Manager shall report to the City Council whether the General Fund Reserve Policy has been met.
3. The amounts identified as the undesignated General Fund Reserve may be appropriated by the City Council only to fund unusual, unanticipated and seemingly insurmountable events of hardship of the City.

**SECTION 3. Garage Fund Reserve Policy**

1. The City Council hereby declares that it be the policy of the City of Lynwood to maintain a Garage Fund reserve sufficient for the replacement of vehicles planned for the next five years, as reflected in the Vehicle Depreciation and Replacement Schedule.

2. The Public Works Department shall maintain and update regularly the citywide Vehicle Depreciation and Replacement Schedule, and provide the Garage Fund Reserve calculation to the City Manager and the Finance and Administration Department during the Proposed Budget development.

3. At the conclusion of each fiscal year and upon the availability of a financial audit, the City Manager shall report to the City Council whether the Garage Fund Reserve Policy requirements have been met.

**SECTION 4. Water Enterprise Reserve Policy**

1. The City Council hereby declares that it be the policy of the City of Lynwood to maintain a Contingency Account at a rate of no less than two months (16%) of total actual operating expenses for the fiscal year most recently audited.

2. At the conclusion of each fiscal year and upon the availability of a financial audit, the City Manager shall report to the City Council whether the Water Enterprise Fund Replacement Account Policy requirements have been met.

**SECTION 5. Contingency Set Aside**

1. On an annual basis commencing with fiscal year 2006-2007, the City Council shall appropriate \$500,000.00 into the Contingency Set Aside Fund # 38

2. The purpose of this Set-Aside is to serve as a contingency to address financial volatility, and differs from the General Fund Reserve.

3. The Contingency Set Aside may be appropriated by the City Council only to fund unanticipated emergency expenditures, or to compensate for sudden and severe decreases in locally collected revenues or inter governmental funds.

4. The Contingency Set-Aside should not be set at an amount lower than \$500,000.00 in the beginning of the fiscal year and may be established at a higher level. Should the City Council appropriate a portion or all of the Contingency Set-Aside during the fiscal year, the total Set-Aside amount must be increased to \$500,000.00 or higher in the following year.

**SECTION 6.** The City Manager shall annually as part of the budget process prepare and submit to the City Council a report detailing the activity and status of accounts established pursuant to this Resolution.

**SECTION 7.** This Resolution shall become effective immediately upon adoption.

**PASSED, APPROVED AND ADOPTED** this 20<sup>th</sup> day of June, 2006.

  
LETICIA VASQUEZ, MAYOR

ATTEST:

Andrea L. Hooper  
Andrea L. Hooper  
City Clerk

APPROVED AS TO FORM:

Amanda Beltz  
City Attorney

APPROVED AS TO CONTENT:

N. Enrique Martinez  
N. Enrique Martinez, City Manager

STATE OF CALIFORNIA        )  
  ) SS.  
COUNTY OF LOS ANGELES    )

I, the undersigned, City Clerk of the City of Lynwood, do hereby certify that the foregoing Resolution was passed and adopted by the City Council of the City of Lynwood at a regular meeting held on the 20th day of JUNE, 2006.

AYES:     COUNCILMEMBERS, BYRD, JOHNSON, PEDROZA, SANTILLAN, AND VASQUEZ

NOES:     NONE

ABSENT:   NONE

ABSTAIN:  NONE

*Andrea L. Hooper*  
Andrea L. Hooper, City Clerk

STATE OF CALIFORNIA        )  
  ) SS.  
COUNTY OF LOS ANGELES    )

I, the undersigned, City Clerk of the City of Lynwood, and the Clerk of the City Council of said City, do hereby certify that the above foregoing is a full, true and correct copy of Resolution No. 2006.110 on file in my office and that said Resolution was adopted on the date and by the vote therein stated.

Dated this 20th day of JUNE, 2006.

*Andrea L. Hooper*  
Andrea L. Hooper, City Clerk



# City of Malibu

23825 Stuart Ranch Road · Malibu, California · 90265-4861  
Phone (310) 456-2489 · Fax (310) 456-3356 · www.ci.malibu.ca.us

November 13, 2013

Clara Shortridge-Foltz Criminal Justice Center  
Presiding Judge of the Los Angeles County Superior Court  
Los Angeles County Civil Grand jury  
210 West Temple Street, Room 11-506  
Los Angeles, CA 90012

**Re: City of Malibu's Response to the 2012-2013 Los Angeles County Civil Grand Jury Report**

To Whom it May Concern:

The City of Malibu was established in 1991. In just twenty two years, this young City has come to be recognized as a leader in fiscal management, sound governance and environmental stewardship. The City's financial stability and sound management have been recognized by Standard and Poors with multi-year AA+ bond ratings and by the Government Financial Officers Association with Certificates for Excellence in Comprehensive Annual Financial Reports. The Fiscal Year 2013-2014 budget was developed with a 65% General Fund Undesignated Reserve, reflecting the City's conservative budgeting approach and strong General Fund revenues. In recent years, while other municipalities experienced severe financial difficulties, the City of Malibu was able to fund its ongoing pension liabilities, develop new community assets and make major capital purchases, including a new \$20 million City Hall facility. The City's environmental stewardship is reflected with multiple nationally-recognized environmental awards, including the 2013 California League of Cities Helen Putnam Award.

The City of Malibu hereby submits its response to the 2012-2013 Los Angeles County Civil Grand Jury Report.

**Finding: Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.**

- The City of Malibu agrees with this finding.
- The recommendation has been implemented.
- This information was previously provided to Scott Bryant on January 17, 2013.
- Written policies have been in place since 1997. City Council Policy #2 (Attachment 1) was adopted on April 8, 1997 and amended on November 28, 2011 and establishes the principles that guide the City in preparing sustainable and balanced annual budgets. City Council Policy #5 (Attachment 2) was adopted on May 6, 1997 and establishes the policy on developing a balanced budget. Additionally, the City's Administration and Finance Subcommittee comprised of two councilmembers review the annual budget prior to the annual budget being reviewed and adopted by the City Council.



**Finding: Cities should develop a balanced budget and commit to operate within the budget constraints.**

- The City of Malibu agrees with this finding.
- The recommendation has been implemented.
- This information was previously provided to Scott Bryant on January 17, 2013.
- A written policy has been in place since 1997. City Council Policy #5 (Attachment 2) was adopted on May 6, 1997 and establishes the policy on developing and maintaining a balanced budget. The City has historically developed and maintained a balanced annual General Fund operating budget and revenues consistently exceed expenditures at year end. The City has at times used General Funds to pay for one-time capital expenses such as land and facility acquisitions or capital improvements. The City does not use General Fund reserves for on-going operating expenses.

**Finding: Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.**

- The City of Malibu agrees with this finding.
- The recommendation has been implemented.
- The City does not use one-time revenues to fund recurring or on-going expenditures

**Finding: Cities should adopt a method and practice of saving into a reserve or rainy day fund to supplement operating revenue in years of short fall.**

- The City of Malibu agrees with this finding.
- The recommendation has been implemented.
- This information was previously provided to Scott Bryant on January 17, 2013.
- A written policy has been in place since 1997. City Council Policy 3# (Attachment 3) was adopted on May 6, 1997 and amended on November 28, 2011 and establishes the policy on establishing a General Fund Reserve of at least 50 percent of the General Fund operating budget. In Fiscal Year 2013/2014, the City has a General Fund Undesignated Reserve of 65% of the General Fund annual operating budget.

**Finding: Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.**

- The City of Malibu agrees with this finding.
- The recommendation has been implemented.
- This information was previously provided to Scott Bryant on January 17, 2013.
- The City of Malibu adopted a General Plan (Attachment 4) in 1995 which includes the mission, vision, core values and priorities for the City:
  - **Vision Statement:** Malibu is a unique land and marine environment and residential community whose citizens have historically evidenced a commitment to sacrifice urban and suburban conveniences in order to protect that environment and lifestyle, and to preserve unaltered natural resources and rural characteristics. The people of Malibu are a responsible custodian of the area's natural resources for present and future generations.
  - **Mission Statement:** Malibu is committed to ensure the physical and biological integrity of its environment through the development of land use programs and decisions, to protect the public and private health, safety and general welfare.



Malibu will plan to preserve its natural and cultural resources, which include the ocean, marine life, tide pools, beaches, creeks, canyons, hills, mountains, ridges, views, wildlife and plant life, open spaces, archaeological, paleontological and historic sites, as well as other resources that contribute to Malibu's special natural and rural setting. Malibu will maintain its rural character by establishing programs and policies that avoid suburbanization and commercialization of its natural and cultural resources. Malibu will gradually recycle areas of deteriorated commercial development that detract from the public benefits or deteriorate the public values of its natural, cultural and rural resources. Malibu will provide passive, coastal-dependent and resource-dependent visitor-serving recreational opportunities (at proper times, places and manners) that remain subordinate to their natural, cultural and rural setting, and which are consistent with the fragility of the natural resources of the area, the proximity of the access to residential uses, the need to protect the privacy of property owners, the aesthetic values of the area, and the capacity of the area to sustain particular levels of use.

**Finding: Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.**

- The City of Malibu agrees with this finding.
- The recommendation has been implemented.
- This information was previously provided to Scott Bryant on January 17, 2013.
- The City develops goals and objectives for each department as illustrated with the work plan for Fiscal Year 2012-2013 (Attachment 5). The City's work plan and goals are presented to the City Council for approval and reviewed for outcomes on by the City Council. The annual budget is developed based on the approved work plan and goals.

**Finding: Cities that do not currently select the auditor through a competitive process should do so.**

The City of Malibu agrees with this finding.

The recommendation will be implemented when the professional services agreement with the current external auditor expires in Fiscal Year 2014-2015.

**Finding: Cities should undertake a full scale competitive process every 5 years for the selection of an independent external auditor.**

The City of Malibu agrees with this finding.

The recommendation will be implemented when the professional services agreement with the current external auditor expires in Fiscal Year 2014-2015.

Please feel free to contact me if I can provide any additional information.

Sincerely,



Reva Feldman  
Assistant City Manager

Attachments



# City of Malibu

## *City Council Policy*

*Policy #2*

---

**Title:** Budget Basic Principles

**Purpose:** To establish a set of principles which will guide the City in the preparation of its annual budget as a basic policy document for the City.

**Policy Statement:**

1. The City's goal is to accumulate an unrestricted general fund reserve equal to fifty percent of the City's annual General Fund operating budget.
2. The Council shall be kept fully informed of the budget status at all times in a clear and concise manner.
3. The City shall avail itself of available extra ordinary income.
4. The cost of services which are subsidized by the general fund and are not of community-wide benefit (e.g. planning approvals, building services) shall be reviewed annually to be fully recouped.
5. Charges for use of City-operated facilities which are subsidized by the general fund shall be reviewed annually to offset costs except for residents who cannot afford them.

**Implementation:**

Most of these principles will act as a guide for the preparation of the City's draft budget documents by the staff along with other specific policies which relate to the budget. The City Council shall receive regular reports on the fund balances of all city funds. A mid-year budget review report will be prepared and presented to the City Council for action each January.

**Date Adopted:**

April 8, 1997

**Date Amended:**

November 28, 2011



# *City of Malibu*

## *City Council Policy*

*Policy #5*

---

**Title:** Appropriation of Discretionary General Fund Reserves

**Purpose:** To establish a policy relating to the appropriation of discretionary general fund reserves in formulating the Municipal Budget.

**Policy Statement:**  
The City shall not appropriate expenditures from discretionary general fund in excess of the discretionary general fund revenues estimated to be received in that fiscal year.

**Implementation:**  
In recommending the proposed municipal budget to the City Council the City Manager shall limit the amount of money to be appropriated from the discretionary general fund to the amount of estimated discretionary general fund revenues expected to be received during the budget year

**Date Adopted:**  
May 6, 1997



# City of Malibu

## *City Council Policy*

*Policy #3*

---

Title: General Fund Undesignated Reserve Policy

Purpose: To establish a General Fund Undesignated Reserve Policy for the Malibu City Government.

Policy Statement:

The City of Malibu's goal is to maintain a minimum amount in the General Fund of at least fifty (50) percent of budgeted fiscal year expenditures for its General Fund.

Implementation:

Each fiscal year, during the budgeting process, the minimum reserve will be re-evaluated by the City Council to determine if the reserve amount is adequate based on economic conditions of the City and/or region.

The City Council shall receive regular reports on the fund balances of all city funds.

Should the fund balance of the General Fund fall below the minimum reserve level, the City Manager shall prepare a plan for consideration by the City Council to rebuild the fund balance during the next budgeting process.

Date Adopted:

May 6, 1997

Date Amended:

November 28, 2011

# City of Malibu General Plan

**November 1995**

**Supplemented and Indexed by**



8015 15th Avenue N.W.  
Suite 1  
Seattle, WA 98117  
1-800-328-4348

# City of Malibu General Plan

## Table of Contents

<b>SECTION I. INTRODUCTION .....</b>	<b>1</b>
<b>SECTION II. ELEMENTS OF THE GENERAL PLAN .....</b>	<b>5</b>
<b>CHAPTER 1.0 LAND USE ELEMENT.....</b>	<b>7</b>
1.1 Introduction.....	9
1.2 Existing Conditions.....	11
1.3 Proposed Land Uses.....	19
1.4 Goals, Objectives, Policies, and Implementation Measures .....	23
1.5 Land Use Designations .....	39
1.6 Appendix A—Neighborhood Descriptions.....	43
1.7 Appendix B—Land Use Maps.....	63
<b>CHAPTER 2.0 OPEN SPACE AND RECREATION ELEMENT .....</b>	<b>83</b>
2.1 Introduction.....	84
2.2 Description of Existing Open Space and Undeveloped Land.....	85
2.3 Description of Existing Recreation Facilities .....	87
2.4 Opportunities and Constraints.....	96
2.5 Goals, Objectives, Policies and Implementation Measures .....	100
2.6 Appendix A—Inventory of Public Recreational Resources .....	110
2.7 Appendix B—Open Space Maps .....	114
<b>CHAPTER 3.0 CONSERVATION ELEMENT .....</b>	<b>119</b>
3.1 Introduction.....	121
3.2 Existing Natural Resources.....	122
3.3 Constraints .....	163
3.4 Goals, Objectives, Policies and Implementation Measures .....	167
3.5 Appendix A—Analysis of Sensitive Terrestrial Habitats by Location.....	178
3.6 Appendix B—Conservation Element Maps.....	184
<b>CHAPTER 4.0 CIRCULATION AND INFRASTRUCTURE ELEMENT .....</b>	<b>207</b>
4.1 Introduction.....	208
4.2 Circulation System.....	209
4.3 Public Services.....	217
4.4 Goals, Objectives, Policies and Implementation Measures .....	222
4.5 Appendix—Circulation and Infrastructure Element Maps .....	227
<b>CHAPTER 5.0 SAFETY AND HEALTH ELEMENT .....</b>	<b>233</b>
5.1 Introduction.....	234
5.2 Existing Conditions.....	235

Table of Contents

5.3	Goals, Objectives, Policies and Implementation Measures .....	249
5.4	Appendix—Safety Element Maps and Figures.....	258
<b>CHAPTER 6.0 NOISE ELEMENT .....</b>		<b>285</b>
6.1	Introduction.....	286
6.2	Standards, Plans and Regulations .....	288
6.3	Existing Noise Environment.....	289
6.4	Goals, Objectives, Policies and Implementation Measures .....	295
6.5	Appendix—Noise Element Maps and Figures .....	297
<b>CHAPTER 7.0 HOUSING ELEMENT.....</b>		<b>315</b>
7.1	Introduction.....	316
7.2	Housing Needs Assessment.....	317
7.3	General Plan Consistency .....	368
7.4	Evaluation of the Previous Housing Element .....	371
7.5	Efforts to Achieve Public Participation .....	377
7.6	Goals, Objectives, Policies, and Implementation Measures .....	378
<b>SECTION III. GLOSSARIES .....</b>		<b>395</b>

## SECTION I. INTRODUCTION

### I.0 Vision and Mission Statements

The General Plan Vision and Mission statements were prepared by the General Plan Task Force and subsequently adopted by the City Council prior to the development of the goals, objectives, policies and implementation programs by the General Plan Task Force and the City's planning consulting team. The statements guide the formation of programs and policies that are included in the General Plan.

**Vision Statement**—Malibu is a unique land and marine environment and residential community whose citizens have historically evidenced a commitment to sacrifice urban and suburban conveniences in order to protect that environment and lifestyle, and to preserve unaltered natural resources and rural characteristics. The people of Malibu are a responsible custodian of the area's natural resources for present and future generations.

**Mission Statement**—Malibu is committed to ensure the physical and biological integrity of its environment through the development of land use programs and decisions, to protect the public and private health, safety and general welfare.

Malibu will plan to preserve its natural and cultural resources, which include the ocean, marine life, tide pools, beaches, creeks, canyons, hills, mountains, ridges, views, wildlife and plant life, open spaces, archaeological, paleontological and historic sites, as well as other resources that contribute to Malibu's special natural and rural setting.

Malibu will maintain its rural character by establishing programs and policies that avoid suburbanization and commercialization of its natural and cultural resources.

Malibu will gradually recycle areas of deteriorated commercial development that detract from the public benefits or deteriorate the public values of its natural, cultural and rural resources.

Malibu will provide passive, coastal-dependent and resource-dependent visitor-serving recreational opportunities (at proper times, places and manners) that remain subordinate to their natural, cultural and rural setting, and which are consistent with the fragility of the natural resources of the area, the proximity of the access to residential uses, the need to protect the privacy of property owners, the aesthetic values of the area, and the capacity of the area to sustain particular levels of use.

### I.1 Introduction to the City

The City of Malibu is located along the Pacific Ocean northwest of the City of Los Angeles. Malibu is generally bounded on the north by the Santa Monica Mountains, on the east by Topanga Canyon, on the west by Ventura County and on the south by the Pacific Ocean. Malibu was incorporated on March 28, 1991.

The Malibu area was settled in the 1890s by the Rindge Family who owned the Rancho Topanga Malibu Sequit, a large ranch. Its remote location between the ocean and the mountains led to the current small-town residential community development pattern. Malibu has remained a primarily residential community. Commercial areas are limited to small neighborhood serving and visitor serving uses interspersed throughout the City, but located primarily in the Civic Center area and the Point Dume area.



## INTRODUCTION

Prior to incorporation, the County of Los Angeles dictated development policies in the area. Many of the newer cities in Los Angeles County have experienced phenomenal growth in the past few decades. Although Malibu too experienced growth, the growth was nothing like the growth of other cities in the northern Los Angeles County. The citizens of Malibu, recognizing the need to protect the unique natural resources of the area and retain the rural feeling, attempted to secure local control over growth through cityhood several times over the past three decades.

### **1.2 The General Plan**

The City of Malibu is seeking to guide development in ways that reflect the aspirations of its residents and meet their needs. The General Plan serves as the major tool for directing growth while maintaining an attractive, viable and safe environment. It outlines a vision of what the City should be and establishes policies to achieve the objectives.

The General Plan of the City of Malibu represents the efforts of the citizens of Malibu, the General Plan Task Force (GPTF), several citizen study groups, City staff and the City Council to plan for the physical development of the City.

The City of Malibu General Plan provides an analysis of existing conditions in the City, including physical, social, cultural and environmental resources and opportunities. It looks at trends, issues and concerns that effect the region and provides policies to guide development and change by identifying common goals, objectives and programs. Because changes are not wholly predictable, updates and revisions will be undertaken periodically to keep the General Plan valid and relevant to the needs of the City.

Sections 65300-65403 and 65581-65589 of the California Government Code require each city to prepare and adopt a general plan for the physical development of the City. State law mandates the development of seven elements. These elements must form an integrated and consistent statement of the goals and programs of the City.

The Draft Malibu General Plan contains the following seven state-mandated elements:

- **Land Use Element:** Contains an analysis of the existing land uses in the City and designates areas where different types of land uses are desirable and allowed including standards for population density and building intensity.
- **Conservation Element:** Contains a plan for the conservation of natural resources, including water, land, soils, animal and plant life, and other natural resources in the City and adjacent areas.
- **Open Space and Recreation Element:** Contains an analysis of the open space lands and an action program for their preservation and conservation, scenic enjoyment, recreation and use of natural resources.
- **Circulation and Infrastructure Element:** Contains roads and highways to be correlated with the land use plan. It also includes programs and policies that will provide for an efficient transportation network in the area. An acceptable map of trails is being developed and will be included with a trails plan in a succeeding amendment to the Plan. The circulation system has been designed to accommodate public transit services. This element also analyzes the organization of public services and utilities in the City, provides mechanisms to coordinate future service expansion, and evaluates service capacities and demands.

- **Safety and Health Element:** Discusses the hazards associated with earthquakes, slope instability, flooding, geologic faulting, fires, coastal erosion, tsunamis, and other locally present hazards, and presents ways to protect the City from these risks through independent programs and standards. Emergency plans and resources are identified for coordination efforts in minimizing property damage and casualty during natural or man-made disasters.
- **Noise Element:** Identifies the noise problems in the City as related to Pacific Coast Highway and other major roads in the City, as well as specific noise-generating uses. It provides goals and programs to keep noise within acceptable levels for human activity.
- **Housing Element:** Contains an analysis of the existing population and housing stock, and provides ways for meeting the housing needs of current and future residents of the City, and to meet the City share of regional housing and employment needs. It addresses special housing needs and housing for lower income households.

All of these elements, taken together, establish a comprehensive plan, setting forth a consistent guide to future development in the City. All development plans, zoning and subdivision ordinances, coastal development permits and conditional use permits of the City are required to be consistent with the General Plan.

In addition, the General Plan relates to several requirements of the California Coastal Act; Appendix B to this General Plan provides a cross-reference of General Plan goals, objectives, policies and implementation measures that directly relate to requirements of the Coastal Act.

### **1.3 The Planning Process**

The Draft General Plan is intended to be a reflection of the needs and goals of residents, property owners, the business community, and others who have an interest in the City of Malibu. In order to ensure a wide variety of public input and a truly representative plan, public participation was encouraged through the planning process. Citizen participation was invited during all phases of the plan preparation with notices, newsletters, and news articles made at each step of the plan.

The General Plan Task Force (GPTF) was appointed by the City Council to guide the preparation of the Draft General Plan. Although membership of the GPTF changed over time, during the preparation of the Draft General Plan in 1992-93, the 23 members of the GPTF represented all sectors of the community and different neighborhoods in the City. A cross-section of residents served on the GPTF to ensure that all concerns were represented in the opinions and preferences expressed. The GPTF identified the major issues and concerns facing the City and subsequently drafted goals, objectives, policies, and implementation measures as well as a draft Land Use Policy Map. Citizen issues and concerns were gathered through public meetings, public comment and participation in regularly scheduled GPTF meetings, workshops, neighborhood meetings, and written input. The concerns were addressed during the formulation of the goals, objectives and policies.

A series of 13 neighborhood meetings conducted throughout the community by the GPTF in the spring and summer of 1991, attended by over 500 persons, identified the initial issues, concerns and preferences of the community. A community survey interview was conducted in March, 1992 by the City's planning consulting team's public participation specialists—Moore, Iacofano and Goltsman (MIG)—and gathered more detailed and focused citizen concerns regarding each general plan element. MIG surveyed 15 people from the community, including City Council members, GPTF members, and members from the community chosen by

## INTRODUCTION

the City Council. The citizens in both interview processes were asked to express their views on planning issues and the future of Malibu.

A town hall meeting was held on May 27, 1992 by the City's planning consultant to explain the General Plan process to residents and interested individuals. An explanatory document and opinion poll was distributed to participants. Subsequently, a series of three community workshops were held on June 3, 4 and 6, 1992 to identify specific issues to be addressed in the General Plan and suggestions for possible solutions to perceived deficiencies.

In October, 1992 a mail-in survey was distributed to over 6,000 Malibu households and property owners, which was followed by a second series of neighborhood meetings held October 24-25, 1992. A second series of workshops were held in August, 1993 to present the GPTF's preliminary set of draft goals, objectives, policies and implementation measures and to obtain both oral and written comments from the public. The GPTF's Draft Goals, Objectives, Policies and Implementation Programs and the Land Use Policy Map were then amended and finalized. In order to assure internal consistency and legal conformance of the Draft Goals, Objectives, Policies and Implementation Programs, a GPTF subcommittee participated with the consultant, their legal subconsultant and City Planning Department staff in a concentrated review of the GPTF's finalized draft document prior to submission to the City Council. The draft was then transmitted to the City Council and the Council held an additional 55 public hearings to receive public input on the document. The Draft General Plan was revised pursuant to City Council direction after these hearings and the official Draft General Plan was then prepared and released.

## SECTION II. ELEMENTS OF THE GENERAL PLAN

CHAPTER 1.0	LAND USE ELEMENT.....	7
1.1	Introduction.....	9
1.2	Existing Conditions.....	11
1.3	Proposed Land Uses.....	19
1.4	Goals, Objectives, Policies, and Implementation Measures .....	23
1.5	Land Use Designations .....	39
1.6	Appendix—Neighborhood Descriptions.....	43
1.7	Appendix B—Land Use Maps.....	63
CHAPTER 2.0	OPEN SPACE AND RECREATION ELEMENT .....	83
2.1	Introduction.....	84
2.2	Description of Existing Open Space and Undeveloped Land.....	85
2.3	Description of Existing Recreation Facilities .....	87
2.4	Opportunities and Constraints.....	96
2.5	Goals, Objectives, Policies and Implementation Measures .....	100
2.6	Appendix A—Inventory of Public Recreational Resources .....	110
2.7	Appendix B—Open Space Maps .....	114
CHAPTER 3.0	CONSERVATION ELEMENT .....	119
3.1	Introduction.....	121
3.2	Existing Natural Resources.....	122
3.3	Constraints .....	163
3.4	Goals, Objectives, Policies and Implementation Measures .....	167
3.5	Appendix A—Analysis of Sensitive Terrestrial Habitats by Location.....	178
3.6	Appendix B—Conservation Element Maps.....	184
CHAPTER 4.0	CIRCULATION AND INFRASTRUCTURE ELEMENT .....	207
4.1	Introduction.....	208
4.2	Circulation System.....	209
4.3	Public Services.....	217
4.4	Goals, Objectives, Policies and Implementation Measures .....	222
4.5	Appendix—Circulation and Infrastructure Element Maps .....	227
CHAPTER 5.0	SAFETY AND HEALTH ELEMENT.....	233
5.1	Introduction.....	234
5.2	Existing Conditions.....	235
5.3	Goals, Objectives, Policies and Implementation Measures .....	249
5.4	Appendix—Safety Element Maps and Figures.....	258
CHAPTER 6.0	NOISE ELEMENT .....	285
6.1	Introduction.....	286
6.2	Standards, Plans and Regulations .....	288

6.3	Existing Noise Environment.....	289
6.4	Goals, Objectives, Policies and Implementation Measures .....	295
6.5	Appendix—Noise Element Maps and Figures .....	297
CHAPTER 7.0 HOUSING ELEMENT .....		315
7.1	Introduction.....	316
7.2	Housing Needs Assessment .....	317
7.3	General Plan Consistency .....	368
7.4	Evaluation of the Previous Housing Element .....	371
7.5	Efforts to Achieve Public Participation .....	377
7.6	Goals, Objectives, Policies, and Implementation Measures .....	378

## **CHAPTER 1.0 LAND USE ELEMENT**

### **1.1 INTRODUCTION**

- 1.1.1 Legislative Authorization**
- 1.1.2 Purpose and Scope**
- 1.1.3 Relationship to Other Elements**
- 1.1.4 Relationship to the Local Coastal Program**

### **1.2 EXISTING CONDITIONS**

- 1.2.0 Purpose**
- 1.2.1 Characteristics of Development**
- 1.2.2 Land Use Trends**

### **1.3 PROPOSED LAND USES**

- 1.3.1 Buildout**
- 1.3.2 Land Use Policy Map**

### **1.4 GOALS, OBJECTIVES, POLICIES, AND IMPLEMENTATION MEASURES**

- 1.4.1 LU GOAL 1**
- 1.4.2 LU GOAL 2**
- 1.4.3 LU GOAL 3**
- 1.4.4 LU GOAL 4**
- 1.4.5 LU GOAL 5**
- 1.4.6 LU GOAL 6**
- 1.4.7 LU GOAL 7**

### **1.5 LAND USE DESIGNATIONS**

- 1.5.0 In General**
- 1.5.1 Commercial General (CG)**
- 1.5.2 Commercial Neighborhood (CN)**
- 1.5.3 Commercial Recreation (CR)**
- 1.5.4 Commercial Visitor Serving (CV)**
- 1.5.5 Community Commercial (CC)**
- 1.5.6 Flood Hazard Area Overlay (FHA)**
- 1.5.7 Historical Preservation Overlay (HP)**
- 1.5.8 Institutional (I)**
- 1.5.9 Mobile Home Residential (MHR)**
- 1.5.10 Multifamily Beach Front (MFBF)**
- 1.5.11 Multifamily Residential (MF)**
- 1.5.12 Planned Development (PD)**
- 1.5.13 Private Recreational Facilities (PRF)**
- 1.5.14 Public Open Space (OS)**
- 1.5.15 Recreational Vehicle Park (RVP)**
- 1.5.16 Rural Residential (RR)**
- 1.5.17 Single-Family Residential (SF)**
- 1.5.18 Specific Plan Overlay (SP)**

**1.6 APPENDIX A—NEIGHBORHOOD DESCRIPTIONS**

- 1.6.1 Trancas Canyon Area**
- 1.6.2 Sycamore Park Neighborhood**
- 1.6.3 Paradise Cove**
- 1.6.4 Zuma/Westward Beach to the City's West Boundary and South of Pacific Coast Highway**
- 1.6.5 Ramirez Canyon**
- 1.6.6 Las Flores Canyon Watershed**
- 1.6.6(a) Las Flores Canyon**
- 1.6.6(b) Las Flores Mesa**
- 1.6.7 La Costa**
- 1.6.8 Las Tunas Beach to Carbon Beach**
- 1.6.9 Malibu Park**
- 1.6.10 Winding Way - De Butts Terrace**
- 1.6.11 Area inland of Pacific Coast Highway west of Lunita/Bailard Tract to west City line**
- 1.6.12 Malibu Knolls**
- 1.6.13 Point Dume**
- 1.6.14 Serra Retreat**
- 1.6.15 Malibu Country Estates**
- 1.6.16 Malibu Road**
- 1.6.17 Malibu Canyon Village Homeowners' Association, Inc.; Maison de Ville Homeowners Association; Malibu Pacifica Condominium Association, Inc.**
- 1.6.18 Zuma Canyon**

**1.7 APPENDIX B—LAND USE MAPS**

## 1.1 Introduction

### 1.1.1 Legislative Authorization

The Land Use Element has the broadest scope of any of the mandated General Plan elements. Government Code, Section 65302(a), indicates that this element must designate the distribution, location, and extent of the various land uses considered in the General Plan:

*A land use element which designates the proposed general distribution and general location and extent of the uses of the land for housing, business, industry, open space, including agriculture, natural resources, recreation, enjoyment of scenic beauty, education, public buildings and grounds, solid and liquid waste disposal facilities, and other categories of public and private uses of land. The land use element shall include a statement of the standards of population density and building intensity recommended for the various districts and other territory covered by the plan. The land use element shall also identify areas covered by the plan which are subject to flooding and shall be reviewed annually with respect to such areas.*

According to the State code, the location of a particular land use may be expressed in general terms on a map. However, a property owner must be able to identify the General Plan designation for his or her parcel from the land use map or diagram contained in the Land Use Element. The zoning ordinance and zoning map must be consistent with the General Plan. The Land Use Element must also contain standards for population density and building intensity for those areas governed by the General Plan. These standards must be provided for all land use categories indicated on the map.

### 1.1.2 Purpose and Scope

Through text, tables, neighborhood descriptions, and maps, the City of Malibu Land Use Element establishes a pattern of land use and clearly identifies the standards described above. The Land Use Element and neighborhood descriptions, along with the zoning code and map, serve as a guide for future development.

The Land Use Policy Map for the City of Malibu, which is included in this element, is a diagram which indicates the distribution of land use designations geographically throughout the City. The Land Use Policy Map is a diagram which illustrates the location and extent of these designations. To a large extent, the Map reflects the existing character of development in Malibu. Where property is already subdivided into legal lots, actual densities may be higher than indicated on the Land Use Policy Map. As a result, the overall distribution of land uses in the City will not change significantly. Residential development will remain the dominant land use in Malibu aside from the expansive areas of open space located primarily in the northern part of the City. Background descriptions of residential neighborhoods in Malibu are included as an appendix to this element.

The Malibu Land Use Element is designed to provide maximum social, economic and environmental benefits for City residents through planned distribution, location and intensity of land use. The element promotes a balanced and functional mix of land uses, guide public and private investment, reflect land use opportunities and constraints identified in other General Plan elements, and reduce hazards. The Land Use Element presents a background of land use data necessary to understand the current land use needs; with other elements, identify issues and constraints confronting future development; establish goals, objectives and policies; and identify implementation programs to guide the long term physical growth of the community.



## LAND USE ELEMENT

### **1.1.3 Relationship to Other Elements**

The Land Use Element is considered the key element of any general plan because of its broad scope. This element plays a central role in synthesizing all General Plan issues, constraints and opportunities. It was prepared to ensure consistency with the information, policies, and programs contained in the Circulation, Housing, Open Space, Conservation, Safety, and Noise elements of the General Plan and Local Coastal Plan.

### **1.1.4 Relationship to the Local Coastal Program**

The California Coastal Act requires each community within the coastal zone to prepare a Local Coastal Program (LCP) including a coastal Land Use Plan to protect, maintain, and, where feasible, enhance and restore the overall quality of the coastal zone environment and its natural resources. An LCP consists of land use plans, zoning ordinances and zoning district maps. LCPs must contain a specific public access component to assure maximum public access to the coast and that public recreation areas are provided.

The entire City of Malibu is located within the Coastal Zone as defined by the Coastal Act. The Coastal Zone boundaries extend several miles north of the City limits. Portions of this area represent land which Malibu may seek to annex as its Sphere of Influence in the future. In addition to the coastal and marine resources, there are significant natural terrestrial resources both within the City boundaries and the Coastal Zone. Some of the habitat areas within the Coastal Zone adjoin the City and its jurisdiction by the City boundaries. The City, therefore, has a significant interest in protecting and preserving these resources.

Prior to the City of Malibu's incorporation, a draft Local Coastal Program Land Use Plan (LUP) was prepared by the County of Los Angeles in 1982; this LUP was not accepted by the California Coastal Commission. A revised draft LUP was then prepared by the County and approved by the Coastal Commission in 1986. After approval, Los Angeles County did not implement the LCP by completing ordinances such as zoning ordinance revisions or zoning maps. As a rule, the issues addressed in a City's LUP are addressed in its general plan. However, the LUP places more emphasis on certain issue areas. As Malibu completes its General Plan, the Malibu LUP will be prepared. The new Malibu LUP will reflect the goals and preferences of the City as set forth in its General Plan. In addition, many of the issues addressed in the General Plan will also be addressed in the Malibu LUP. The LCP will be completed in conjunction with the City's zoning ordinance.

## 1.2 Existing Conditions

### 1.2.0 Purpose

The following provides a summary and an overview of existing land uses in the City of Malibu. The material is based on information in the Land Use Background Report, which is provided in the Technical Appendix to the Malibu General Plan.

### 1.2.1 Characteristics of Development

Malibu was developed as a residential community with occasional neighborhood service facilities such as a restaurant or grocery store located on or adjacent to Pacific Coast Highway. The area remains a “haven” for people who prefer a quiet, small coastal town close to Los Angeles or other urban centers. Most residents live in the community all year and others visit seasonally or whenever they can leave the urban area.

Development in Malibu first occurred along the coast in the late 1920s. As Malibu grew, those seeking ocean views with more privacy expanded into the canyons and hillsides. As a result the City reflects characteristics of both a beach area, and a rural community.

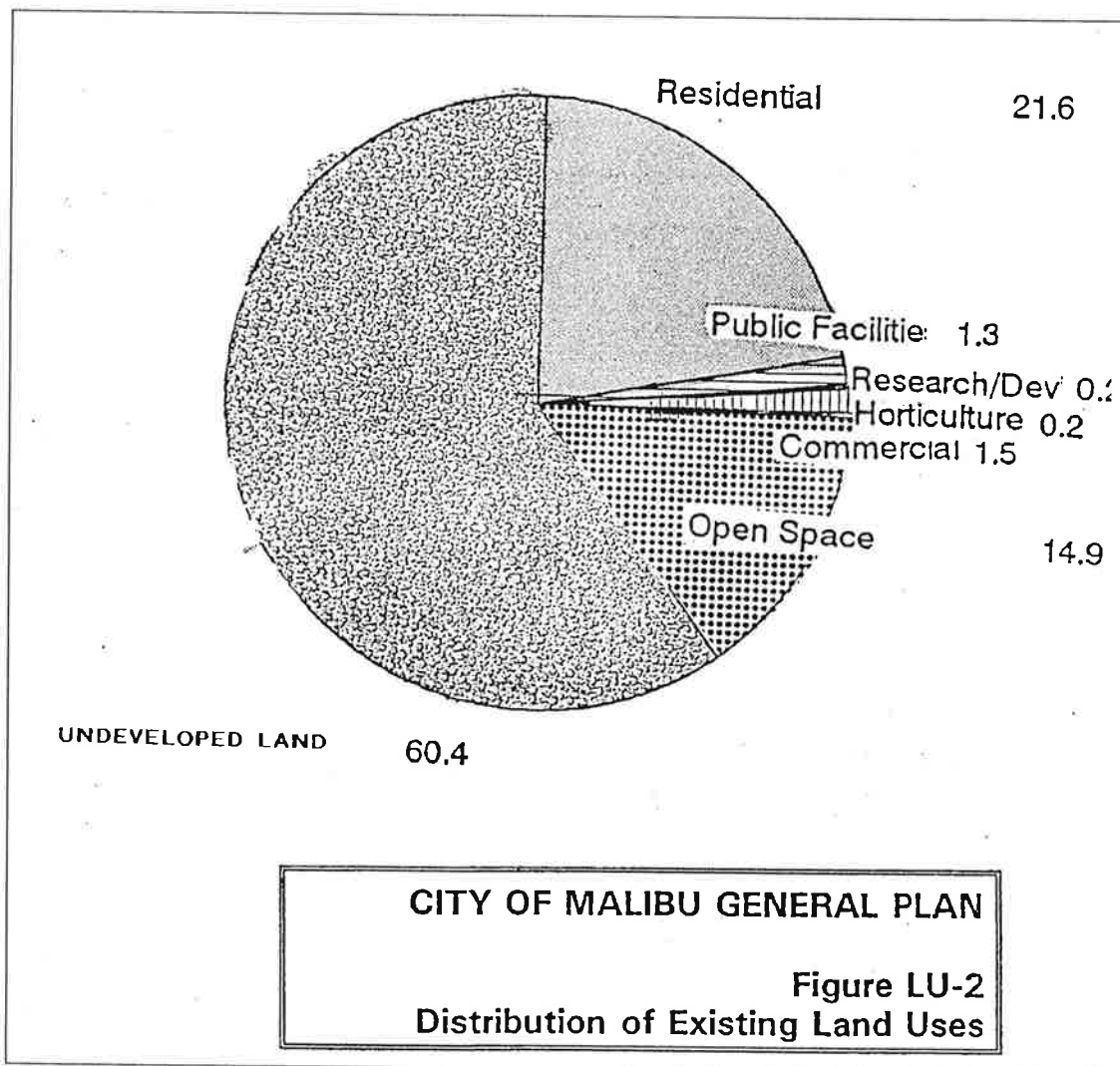
The City has retained its rural residential characteristic. Small businesses such as real estate, law firms and medical practices are located in Malibu, but only as neighborhood serving enterprises. The local employment base remains focused in a few major employers such as the Hughes research facility and, adjacent to the City, Pepperdine University. Many residents commute to Santa Monica, Los Angeles, the San Fernando Valley or Ventura County.

The more intensive land uses, such as commercial and multifamily, have tended to cluster on both sides of Pacific Coast Highway. Single-family residential neighborhoods are scattered in the hills. Although the City is characterized by vast amounts of vacant land, only a small portion is suitable for development because of the following constraints: steep hillsides, unstable soil and subsurface conditions, extreme fire hazard, and sensitive environmental resources.

Prior to incorporation, land use planning in the City was governed by the Malibu Land Use Plan (LUP) and the County of Los Angeles Zoning Ordinance. The existing distribution and extent of development in Malibu is a reflection of the planning practices of both the County of Los Angeles and the California Coastal Commission. The City is dominated by three land uses—open space (approximately 15% of the City), vacant land (approximately 60% of the City), and residential land (22%). Table 1-1 provides the distribution of existing land uses within the City.<sup>1</sup> Similar land uses have been grouped together. A generalized land use map indicating the location and extent of existing land uses is provided in Figures LU-1A to LU-1D.

<sup>1</sup> The land use map, land use designations (the descriptions of the designations are contained in the Southern California 1990 Aerial Land Use Study, Land Use Level III/IV Classification prepared by Aerial Information Systems), and associated acreage, were data provided by the County of Los Angeles Department of Regional Planning. The data for the map was developed using 1990 aerial photographs and a computer mapping program, Geographical Information System (GIS). This data was verified by members of the Malibu General Plan Task Force, confirmed by windshield survey by HBA staff, and compared against existing subdivisions. The acreage was measured by planimeter. Due to the use of aerial photographs, a margin of error should be assumed. For purposes of this analysis, it is assumed this error is random and does not affect the general distribution of land uses in the City.

LAND USE ELEMENT



**Residential**

Residential land uses constitute the majority of developed land. Residential uses include single-family, multiple-family, and mobile home developments (as shown in Table 1-1, Existing Land Use).

**Table 1-1  
EXISTING LAND USE**

LAND USE TYPE	Number of Units	Number of Acres	Percentage of Land	
			Total	Type
<b>Residential</b>				
Single-family	4,024	2,429.9	19.4	89.8
Multifamily (including all attached units)	911	175.3	1.4	6.5
Mobile homes	688	101.8	0.8	3.8
<b>Total Residential</b>	<b>5,623</b>	<b>2,707.0</b>	<b>21.6</b>	<b>100.0</b>
<b>Commercial</b>				
Retail stores and commercial services		144.9	1.2	78.4
Commercial recreational (bowling alleys, roller rinks, miniature golf, isolated driving ranges, amusement parks, commercial stadia, fairgrounds, gambling facilities, drive-in movie theaters, indoor shooting ranges, horse and car racing facilities)		40.0	3.1	21.6
<b>Total Commercial</b>	<b>769,000 sq. ft.</b>	<b>184.9</b>	<b>1.5</b>	<b>100.0</b>
<b>Research and Development</b>		17.7	0.2	100.0
<b>Public and Semi-Public Facilities</b>				
Includes government offices, sheriff stations, fire stations, religious facilities, health care facilities, libraries, community centers, and educational institutions		169.4	1.3	100.0
<b>Horticulture</b>				
Includes irrigated and non-irrigated cropland, improved pasture land, orchards, vineyards, nurseries, dairies, livestock, poultry and other agriculture		24.8	0.2	100.0
<b>Open Space</b>				
Includes regional and local parks, wildlife preserves, arboreta, beach parks, and open space/recreation		1,869.9	14.9	100.0
<b>Vacant</b>				
Includes land reserved or dedicated for open space		7,578.3	60.4	100.0
<b>Total Land Use Acreage</b>		<b>12,552</b>	<b>100.0</b>	<b>100.0</b>

\* Percentages may not total to 100 due to rounding errors

(Sources: County of Los Angeles Regional Planning Department, City of Malibu General Plan Task Force and Harland Bartholomew and Associates, 1990)

**Single-Family**—The single-family residential category includes high density (more than two units per acre) and low density (less than two units per acre) uses. The lower density single-family development is more

## LAND USE ELEMENT

dominant than higher density development. Higher densities are generally found along the beaches while low density development is in the hillsides and canyon areas of the City.

Single-family homes sit on lots ranging from small clusters of approximately 10,000 square feet up to large parcels of 40 acres or more. Single-family homes dominate both the coastline and the canyons and hillsides from the City boundary on the east to approximately one mile west of Carbon Canyon Road. Residential neighborhoods are found along canyons such as Big Rock, Las Flores, Rambla Pacifico and Carbon Canyon.

Between Carbon Canyon and Puerco Canyon, there are concentrations of single-family homes interspersed with other types of development. These residential neighborhoods are primarily located along the beach, in the hills above the Civic Center, adjacent to Pepperdine University, and clustered near the arterial roadways. Puerco Canyon is the least developed for single-family residential. The area located between Latigo Canyon and the western city limits is characterized by single-family homes on both sides of Pacific Coast Highway extending into the hillsides. The largest concentration of residential neighborhoods is in the Point Dume area and the Malibu Park area, north of Pacific Coast Highway and Zuma Beach. Residential development is the primary land use along the coast between Malibu Park and the western boundary of the City, although there are higher density multifamily developments in the Civic Center area as well as in the Trancas Beach area.

Several rural-like residential neighborhoods exist in Malibu. Rural-like residential homes are located in an open setting and include backyard animal shelters, corrals, or pens for non-commercial horses or livestock. These areas contain both high and low density residential properties. The majority of the low density rural-like residential neighborhoods are located in the hillsides between Corral Canyon, Latigo Canyon and Ramirez Canyon. Higher density areas are located seaward of Pacific Coast Highway and Corral Canyon Road. Several pockets of rural-like residential neighborhoods are also found just west of Trancas Canyon and along Decker Canyon. In addition, there is a rural-like residential area located in the eastern portion of the City adjacent to the northern City boundary along Carbon Canyon Road, although most of the parcels along Carbon Canyon Road are 1 and 2 acres in size.

**Multifamily**—175.3 acres (or 6.5% of all land developed in Malibu for residential use) is multifamily. This category includes:

- Duplexes, triplexes and two or three unit townhouses and condominiums;
- Low-rise apartments, condominiums or townhouses, mostly two stories in height, with 10 to 18 units per acre; and
- Medium-rise apartments or condominiums, between three and four stories in height with more than 18 units per acre.

The majority of multifamily units in the City are low rise apartments, condominiums or townhouses. There are three areas of duplex, triplex or fourplex type units: along the coast between Las Tunas and Las Flores Canyon Drive, east of Malibu Colony, and on Point Dume on Dume Drive. The only area which contains medium-rise apartments is located north of Pacific Coast Highway and west of Kanan Dume Drive. In addition, there are medium-rise condominiums at Pacific Coast Highway and Zumeriz Road.

The largest concentration of multifamily residential is located in the westerly areas of the Civic Center north of Pacific Coast Highway. There are a few pockets of multifamily development scattered east of this area around Las Flores Canyon and between Puerco Canyon and Latigo Canyon south of Pacific Coast Highway. In the Point Dume area there are multifamily residential units located both north and south of Pacific Coast

Highway. The only remaining two areas of multifamily development are located along Trancas Canyon and immediately west.

**Mobile Homes**—This category includes mobile homes, trailers and pre-fabricated housing which are either stationary with foundations or are capable of being moved. There are two mobile home parks in Malibu which account for about 101.8 acres or 3.8% of all residential development. The two parks are both located south of Pacific Coast Highway. The first is the Paradise Cove Mobile Home Park, located just east of Point Dume and the second is the Point Dume Mobile Home Park.

**Commercial**—Since it has been determined to retain its rural environment, there has been no emergence of a commercial center in the traditional sense. There are only about 184.9 acres of commercial land uses in the City which account for less than 2% of all land uses in the City. The stretch of Pacific Coast Highway just west of Carbon Canyon Road through the Civic Center represents the commercial core/strip of the City. Commercial uses include retail and service space and commercial recreation.

Commercial retail and service uses include strip development containing retail, restaurant, service shops and offices along major traffic corridors with off-street parking, as well as retail centers which are non-strip development with contiguous interconnected off-street parking. These retail centers typically contain one magnet store, usually a supermarket. Commercial retail and service uses also include office uses as well as hotels and motels.

The commercial retail uses in Malibu are located primarily along the Pacific Coast Highway just east of the Civic Center, in the Civic Center and surrounding area, as well as Point Dume. There are scattered pockets of a few stand-alone commercial uses along both the north and south sides of Pacific Coast Highway throughout the City, such as that found at Trancas Canyon Road.

Office uses include low and medium rise professional office buildings such as, business, medical, dental, law, and public offices. The majority of office development is located in the Civic Center with a few office buildings located at Point Dume. Commercial retail and service uses account for about 145 acres of land and 78% of all commercial uses.

There are five motels and one hotel within the City. These land uses are identified as visitor-serving uses by the Coastal Commission and contribute to the satisfaction of required facilities for the Local Coastal Program. Two of the motels, the Malibu Country Inn and the Malibu Riviera Motel, are located in the Point Dume/Paradise Cove area. The other three motels, the Casa Malibu Motel, the Malibu Shores Motel and the Malibu Surfer Motel, and the Malibu Beach Inn Hotel are located within the commercial core of the City, just east of the Civic Center area. All are relatively small, ranging in size from 13 to 47 rooms. Collectively, the hotels and motels offer 151 rooms.

There are two commercial recreational uses located within the City. The first, the Malibu Racquet Club, is located just west of City Hall, and the second site, the Malibu Riding and Tennis Club, is located in the western end of the City.

**Research and Development**—The research and development use in the City is the Hughes Research Lab which is located on Malibu Canyon Road and accounts for less than 18 acres.

**Public and Semi-Public Facilities**—Public facilities which include government offices, sheriff stations, fire stations, religious facilities, libraries, community centers, as well as educational facilities account for about one percent of all land uses within the City. These land uses are scattered throughout Malibu. There is a gov-

## LAND USE ELEMENT

ernment center, sheriff station, public library, medical offices and the Webster Elementary School located in the Civic Center area. The Malibu Middle/High School and Juan Cabrillo Elementary School are located in West Malibu in the Malibu Park area. Located in Point Dume is the Pt. Dume Community Center, which is owned by the Santa Monica-Malibu Unified School District. There are four fire stations located throughout the City. Religious facilities such as churches and synagogues are also located throughout the City.

Semi-public facilities include light industrial uses such as open storage, utility facilities, water storage facilities, and maintenance yards that are owned by State, county and municipal governments.

**Agricultural**—Traditional farming and ranching is practiced in only a minute fraction of land within the City. Horticulture and horse ranches are more prevalent, usually as a transitional use or an adjunct to residential uses. Residents view preservation of these uses as important to the preservation of the rural atmosphere of the community.

**Horticulture**—The horticulture land use category includes both retail and wholesale commercial agricultural properties of the types normally found in Malibu. Horticultural land can be used for irrigated and non-irrigated cropland, such as avocado and herb fields, and improved pasture land for horses; orchards, vineyards, and nurseries; and other agriculture. Horticultural uses account for only 0.2% of all land use in the City, or 24.8 acres. While none of these areas are of state-wide importance, there are some areas of prime soils which are described more fully in the Conservation Element. These soils and the climate may combine to make some of these properties unique for horticultural purposes.

The croplands include cultivated, in crop, harvested, fallow, or temporarily idle land. The improved pasture land may be in pasture year-round or in the cropland seasonal rotation. There are three sites of this land use type located within the City. One site is located east of Kanan Dume Road between the City limits and Pacific Coast Highway, a second site is located north of Zuma Beach and Malibu Park, just south of the City limits, and the third site is located north of the Civic Center along the City boundary.

Orchards, vineyards, and nurseries represent the greatest majority of horticultural land uses. Orchards and vineyards are typically commercially productive tree, bush, and vine crops such as fruit and nut trees and bush crops. Nurseries include land managed for the production of ornamental trees, plants and flowers, vegetable seedlings, seed farms, sod farms, and wholesale greenhouses. These uses are scattered throughout the City and found typically on the north side of Pacific Coast Highway and on Point Dume. Many small plots have been developed on vacant residential lots and are devoted to such things as herbs and avocados. There are two nurseries located west of Trancas Canyon, two orchards located north of Point Dume, one nursery located just west of Pepperdine, and two nurseries and two orchards located in the Civic Center area.

No dairies, livestock, or poultry operations exist in Malibu. Other miscellaneous horticulture includes storage facilities, compost piles, hydroponic farms, fish hatcheries, and apiaries. The category also includes, backyard lots of mixed agricultural/nonagricultural uses. One of these sites is located north of Pacific Coast Highway, east of the Point Dume area, and another site is located north of the Civic Center on the City boundary.

**Horse Ranches**—Horse ranches are not specified on the existing land use map because in Malibu they include both commercial and noncommercial ranches, stables, tracks, barns and corral areas which have differing implications for planning. This land use falls under both residential and commercial. There are at least 38.7 acres of horse ranches in Malibu which account for at least 0.3% of total land in the City. The Los Angeles County existing land use data identify four horse ranches or such areas in the City. They are located in

the hills above the Civic Center, the hills north of Paradise Cove, north of Pacific Coast Highway at the west end of Zuma Beach and north of Pacific Coast Highway between Decker Canyon and the western boundary of the City.

**Public Open Space**—Open space accounts for 14.9% of the total land in Malibu, making it the third most prevalent type of land use in Malibu. There are 1,869.9 acres of open space including regional and local parks, beach parks, and public open space used for recreation.

Local and regional parks make up 17.2 acres of the open space in Malibu. There is one local park in Malibu as defined by the Aerial Information Systems. Local parks are typically community parks or sports fields and their associated parking. Beach parks are not included in this designation. The 6.5 acre Malibu Community Center located on Point Dume is considered the only neighborhood park.

There are two regional parks in Malibu as defined by the Aerial Information Systems. Malibu Bluffs Park located at the mouth of Malibu Canyon which is approximately 8.7 acres and provides playing fields and the Michael Landon Community Center. The second regional park in Malibu is the Malibu Lagoon State Beach. The park is approximately 3.5 acres located just east of the Civic Center at the mouth of Malibu Creek. The Malibu Bluffs Park is heavily used by local residents, so is also considered a community park for recreation planning purposes. In addition, a portion of Charmlee Natural Area is also located within the City.

Beach parks and public open space used for recreation totaling 201 acres account for a large portion of the open space in Malibu. The most dominant land use in this category are the beach parks which are located throughout the City, along the coast.

**Undeveloped Land**—The land in Malibu is predominantly undeveloped. There are almost 7,296.5 acres of undeveloped land that account for about 58.1% of the total land within the City. Most of the undeveloped land in Malibu is in a natural state, containing tree, brush, shrub, or grassland vegetation. Undeveloped land includes: park land, environmentally sensitive lands, beaches, undeveloped land which may be suitable for development, abandoned agricultural land with limited improvements.

Beach areas include coastal beach areas which are not associated with a national, state, county, or a municipal beach park. In Malibu these beaches are typically private beaches. They are located along the coast extending from the east end of the City (Las Tunas Beach) to the western boundary of the City including the Las Flores, Big Rock, Carbon, La Costa and Big Rock Beach areas, Malibu Colony, Point Dume, Broad Beach, Lechuza Beach and the Encinal beaches.

### 1.2.2 Land Use Trends

According to the 1990 Census, it is estimated that there are currently a total of 5,621 residential units in the City.<sup>2</sup> Census statistics indicate that from 1980 to 1990 there was a slight increase in the development of multifamily dwelling units. This was accompanied by an increase in single-family dwelling units as well.

The population increased between 1980 and 1990 from 10,172 in 1980 to 11,116 in 1990, an increase of 9.3%.

These demographic trends indicate a pressure for continued growth. The Southern California Association of Governments (SCAG), the regional planning agency for the six-county region, prepares population forecasts for the region, including individual cities. The SCAG projections for the City of Malibu are as follows:



LAND USE ELEMENT

	<b>Population</b>	<b>Households</b>	<b>Dwelling Units</b>	<b>Employment</b>
1990	11,643	4,874 (2.02/household)	5,851	7,665
2000	12,063	5,100 (2.01/household)	6,010	7,865
2010	14,254	5,300 (2.29/household)	6,220	8,065

Development constraints in Malibu may, however, prohibit significant future growth. Constraints are fully described in the Background Reports to the remaining Elements and addressed, as appropriate, in those Elements. Soon after incorporation, the City enacted a moratorium on all development with exceptions applying to single-family units. The moratorium expired on March 28, 1993.

<sup>2</sup> The surveys for the 1990 Census were conducted prior to Malibu’s incorporation, and therefore the existing census tracts cover areas far greater than the City boundaries. To obtain estimates of the number of dwelling units and population, the County of Los Angeles Department of Regional Planning overlaid the city boundary upon the 1990 Census tract and block boundaries. Block level data was used to isolate housing counts between the City and unincorporated areas because the City lies within portions of four census tracts. Where the blocks were split by city boundaries, department staff in the field counted housing units within the portion of the block located within the City.

The following is the housing and population breakdown between the City of Malibu and the unincorporated areas for April 1, 1990. It assumes that the adopted city boundaries were in place as of April 1, 1990. In this way, census data may be used to provide a baseline for all subsequent estimates for the City. The division between the City and the unincorporated areas was conducted by the Los Angeles County Department of Regional Planning, Population Research Section.

**HOUSING**

<b>Census Tract</b>	<b>City</b>	<b>Unincorporated</b>	<b>Total</b>	<b>Percentage</b>
8004.01	408	287	695	58.7%
8004.02	3,336	303	3,639	91.7%
8005.01	754	981	1,735	43.5%
8005.02	1,123	351	1,474	76.2%
<b>Total</b>	<b>5,621</b>	<b>1,922</b>	<b>7,543</b>	<b>74.5%</b>

**POPULATION**

<b>Census Tract</b>	<b>City</b>	<b>Unincorporated</b>	<b>Total</b>	<b>Percentage</b>
8004.01	597	2,201	2,798	21.3%
8004.02	7,125	1,000	8,125	87.7%
8005.01	1,410	2,245	3,655	38.6%
8005.02	1,984	807	2,791	71.1%
<b>Total</b>	<b>11,116</b>	<b>6,253</b>	<b>17,369</b>	<b>64.0%</b>

## 1.3 Proposed Land Uses

### 1.3.1 Buildout

Table 1-2 and Figures LU-2A to LU-2E tabulate and display the planned land uses and the distribution of those land uses within the City. Table 1-2 provides an estimate of the number of units which could ultimately exist in Malibu if all areas could be developed in accordance with the land use designations without consideration to site specific topography, geologic, or environmental constraints. With regard to residential buildout, which accounts for the vast majority of the land in the City, it also estimates potential buildout based on vacant acreage, taking into account both the general topography of the City and the existing land use designations which limit potential subdivision.

The buildout figures for residential and commercial development represent the maximum theoretical buildout that would be permitted under the land use densities and intensities established in this plan. For several reasons, however, these figures do not reflect the actual level of buildout that the City projects will occur during the lifetime of this plan. Accordingly, these buildout figures are not reliable predictions and are not regarded as a regulatory tool.

First, environmental constraints will limit the ultimate buildout of both residential and commercial development in the City. For example, the City's slope density formula will reduce the potential for subdivision and development of larger parcels in the City. Furthermore, steep slopes and other geologic hazards in many cases will limit commercial development to the lower intensities permitted under the floor area ratio applicable to commercially zoned land.

Second, the buildout figures are based on the number of acres of vacant land in the City rather than the number of legal lots. Many of these acres cannot be developed because they are part of legal parcels; although they are larger than the legal minimum, they are not large enough to subdivide.

Finally, there are practical impediments to development of many areas of the City, such as natural constraints and the cost of infrastructure. For example, more than 50% of the vacant, residentially designated land in Malibu is of a slope greater than 35% and not suitable for development.

All of these factors will operate to limit both the rate and amount of growth that is expected to occur in the City during the lifetime of the plan. However, it is impossible to definitively assess the actual amount and timing of development that will occur in Malibu as implementation of the plan progresses. As a result, the buildout calculation represents a worst case scenario for environmental review and planning. For the purpose of assuring that the City meets its legal obligations under State housing law, the City has accounted for the growth projections prepared by SCAG in order to accommodate the reasonably expected growth that will create housing demands. The plan is also designed to limit growth to protect natural resources, avoid overburdening infrastructure that cannot be feasibly improved, and to maintain the rural residential character of the community.

Furthermore, to ensure that pace of development in the City does not significantly increase over historic levels, the City will establish a development monitoring program that will allow the City to monitor development and take appropriate steps to regulate the rate of growth in the event that it exceeds levels established by the City.

## LAND USE ELEMENT

### 1.3.2 Land Use Policy Map

The Land Use Policy Map (Figures LU-2A to 2E) developed for Malibu identifies 20 land use classifications including ten residential land use categories, five commercial land use categories, and categories for publicly owned land, research and development, agriculture and horticulture, private recreational facilities, and Specific Plan Districts. These categories, their total acreage throughout the City and, for residential areas, the corresponding allowable dwelling unit buildout totals are included in Table 1-2 and fully described in the Goals, Objectives, Policies, and Implementation Measures. As previously noted, where property is already subdivided into legal lots, actual densities may be higher than indicated on the table.

The data for the existing land use map (Exhibits LU-1A through 1D) was developed using 1990 aerial photographs and a computer mapping program. Due to the use of aerial photographs without regard to existing parcel lines a large margin of error can be expected. Much of the land shown as vacant is the undevelopable portion (canyons and steep slopes) of existing subdivided lots. These maps were used to estimate the number of acres of vacant land available for residential development (Table 1-2) and as such the buildout numbers are greatly exaggerated.

The Draft Land Use Policy Map, accepted by the City Council based on recommendations from the City's General Plan Task Force (GPTF) and substantial public input from July 1994 through April 1995, is based on existing land uses in the City (as depicted on previous Table 1-1), and an analysis of existing conditions and constraints. The constraints considered by the City Council and the GPTF included, but were not limited to:

- Watersheds in the City and the associated analysis of these watershed contained in the wastewater study conducted for the City by Dr. Peter Warshall (as depicted in Figure CO-2 of this General Plan);
- Environmentally sensitive areas (as depicted in Figure CO-3 in the Conservation Element of this General Plan);
- Marine resources (see Figure CO-4);
- Scenic resources (see Figure CO-5);
- Recreation facilities (see Figure OS-1 of this General Plan);
- Geologic conditions in the City (as depicted in Figures S-1 to S-10 of the Safety Element of this General Plan);
- Flooding in the City (as depicted in Figure S-11 of the Safety Element);
- Brush fire history (as depicted in Figure S-16 of the Safety Element); and
- Other background material, text and maps presented to the GPTF during the course of the preparation of the Plan.

The Land Use Policy Map for Malibu also requires the establishment of eight classification overlays reflecting existing historical and natural resource, and development constraint overlay classifications. These overlays denote historically, geologically and environmentally sensitive areas, environmental buffer areas, sloped areas, and flood and fire hazard areas. Development of properties in the areas covered by overlays will require additional study prior to development. The overlay areas are identified and described in this

LAND USE ELEMENT

Element as part of Goals, Objectives, Policies, and Implementation Policies. The background material used to develop these overlays may be found in the Safety and Conservation Elements and their Background Reports.

Additional objectives which will be achieved through this element will include:

- Promotion of a balanced and functional mix of land uses consistent with community values, neighborhood characteristics, the vision for the future of the City and sound planning techniques;
- Guidance for public and private investment; and
- Reflection of the opportunities and constraints affecting land use identified in the other elements of the general plan.

**Table 1-2  
LAND USE PLAN YIELD AT MAXIMUM BUILDOUT**

<b>Residential Uses</b>				
<b>Land Use Designation</b>	<b>Approximate Vacant Acres</b>	<b>Total Acres</b>	<b>Theoretical Potential Units <sup>1</sup></b>	<b>Potential Units <sup>2</sup> (adjusted for slope and redevelopment)</b>
1. Single-Family Medium (SFM) 2 to 4 dwelling units per acre	143	500	493 – 1,972	120 – 244
2. Single-Family Low (SFL) 1 to 2 dwelling units per acre	110	280	140 – 560	47 – 94
3. Rural Residential 1 (RR1) 1 dwelling unit per acre	254	1,184	592 – 1,184	108
4. Rural Residential 2 (RR2) 1 dwelling unit per 2 acres	1,733	1,906	482 – 964	368
5. Rural Residential 5 (RR5) 1 dwelling unit per 5 acres	1,414	1,609	161 – 322	120
6. Rural Residential 10 (RR10) 1 dwelling unit per 10 acres	368	642	32 – 64	15
7. Rural Residential 20 (RR20) 1 dwelling unit per 20 acres	1,820	2,766	69 – 138	39
8. Beach-Front Multifamily (MFBF)	1	13	97 <sup>3</sup>	15
9. Multifamily (MF)	12	138	1,331 <sup>4</sup>	72
10. Mobile Home (MH)	0	108	649	0
<b>Total Residential Uses</b>	<b>5,855</b>	<b>9,146</b>	<b>4,146 – 7,381</b>	<b>904 – 1,075</b>

LAND USE ELEMENT

Commercial Uses		
Land Use Designation	Acres	Square Feet
11. Community Commercial (CC) (FAR = 0.15 to 0.20:1.00)	156	1,010,040 – 1,354,715
12. Commercial General (CG) (FAR = 0.20 to 0.25:1.00)	100	874,685 – 1,093,355
13. Commercial Neighborhood (CN) (FAR = 0.15:1.00)	65	425,365
14. Commercial Visitor (CV) (FAR = 0.15 to 0.25:1.00)	42	361,550 – 451,935
15. Planned Development (PD)	22	958,320
<b>Total Commercial Uses</b> <sup>5</sup>	385	2,714,756 – 4,283,690

Other Uses		
Land Use Designation	Acres	Square Feet
16. Open Space	1,878	N/A
17. Institutional/Publicly Owned Land	214	N/A
18. Industrial/Research and Development	70	N/A
19. Agriculture-Horticulture	2	N/A
20. Private Recreational Facilities (PRF)	13	N/A
21. Recreational Vehicle Park (RVP)	25	N/A
<b>Total Other Land Uses</b>	2,202	—
<b>Subtotal All Land Uses</b>	11,733	—
Public/Private Roads	819	—
<b>Total All Land Uses</b>	12,552	—

<sup>1</sup> Number of units that could be built if Malibu were perfectly flat, free from any environmental constraints, and entirely undeveloped.

<sup>2</sup> Number of units theoretically possible given the average gradient for the City and the average existing parcel size in proportion to the minimum required parcel size for the land use designation. According to the Opportunities and Constraints Report for the Safety Element (May 1993) and based on topographical maps of the City, more than 50% of the vacant, residentially designated land in Malibu is of a slope greater than 30%. Thus, at least 50% of the total acreage is unsuitable for development. Further, many acres of land cannot be developed because they are part of legal parcels, though larger than the minimum required, not large enough to subdivide. A conservative estimate is that 15% of the total acreage in the City falls in this category. Thus, the potential number of units adjusted for slope and redevelopment can be estimated using this formula [(total vacant acres - 50% for slope) - 15% for non-subdividable acreage] x maximum allowable density = maximum potential number of units.

<sup>3</sup> Buildout of the MFBF is based on 2,830 sq. ft. per lot.

<sup>4</sup> 787 dwelling units including: 364 single-family units; 188 duplexes; 144 triplexes; 32 fourplexes; and 59 condominiums or apartment units.

<sup>5</sup> Includes specific plan districts.

(Resolution No. 09-43, 7/13/09)

**1.4 Goals, Objectives, Policies, and Implementation Measures**

**1.4.1 LU GOAL 1: THE NATURAL AND ENVIRONMENTAL RESOURCES OF MALIBU ARE PROTECTED AND ENHANCED**

**LU OBJECTIVE 1.1: DEVELOPMENT THAT DOES NOT DEGRADE THE ENVIRONMENT.**

- LU Policy 1.1.1:** The City shall protect the natural environment by regulating design and permitting only land uses compatible with the natural environment.
- LU Policy 1.1.2:** The City shall ensure that land uses avoid or minimize adverse impacts on water quality and other natural resources, such as undisturbed watershed and riparian areas.
- LU Policy 1.1.3:** The City shall control surface runoff into coastal waters, wetlands, and riparian area.
- LU Policy 1.1.4:** The City shall preserve the City’s rural residential character.
- LU Policy 1.1.5:** The City shall require careful site planning which blends development with the natural topography.

*To implement these policies the City shall:*

**LU Implementation Measure 2:** Identify impacts of proposed development on the sensitive environmental resources within Malibu (Table 3-5) and impose all feasible mitigation measures as conditions of development.

**LU Implementation Measure 3:** Monitor the cumulative impacts of development on sensitive environmental resources and develop environmental protection guidelines to regulate development and avoid destruction or depletion of the resources.

**LU Implementation Measure 4:** Regulate grading and excavation to minimize impacts of construction on water quality and natural resources. These regulations shall require the use of best management practices (BMPs) to control erosion and manage storm water. These BMPs may include the use of seasonal and mandatory year round control measures such as tarps, sandbag dams, on site retention of first flush rain, temporary drainage courses and erosion control measures, de-silting pounds, sediment traps, filter fencing, straw bales and catch basin filtration.

**LU Implementation Measure 5:** Minimize the deleterious effects of runoff by limiting impermeable lot coverage to no more than 45% of lot for lots one-quarter acre or smaller, 35% for lots between one-quarter and one-half acre, and 30% for lots greater than one-half acre. The maximum impermeable lot coverage shall be 25,000 square feet. Pools and spas shall not be included within the calculation for the amount of impermeable lot coverage. These limits shall not apply to beach front lots.

**LU Implementation Measure 6:** Evaluate any increase in peak flow rate from surface runoff for proposed development and mitigate any adverse impacts to property or the environment. Require a drainage control system, including on-site retention or detention where appropriate for all new development. Storm runoff control systems shall be designed to ensure that the maximum rate of storm water runoff does not exceed peak level that existed prior to development.

## LAND USE ELEMENT

**LU Implementation Measure 7:** Prohibit grading during the raining season (from November 1 to March 31) in areas which might negatively impact Resource Protection Areas (RPAs) unless a delay in grading until after the rainy season is determined to be more environmentally damaging. Where grading is permitted during the rainy season, sediment basins (including debris basins, desilting basins, or silt traps) shall be required on the project site prior to or concurrent with the initial grading operations and maintained through the development process.

**LU Implementation Measure 8:** Require cut and fill slopes to be stabilized with planting at the completion of final grading. In RPAs, planting on cut and fill slopes shall be of native plant species using accepted planting procedures, consistent with fire safety requirements. Such planting should be adequate to provide 50% permanent coverage within 365 days and full coverage within 3 years. Planting shall be repeated if necessary to provide such coverage. This requirement should apply to all disturbed soils. Jute netting or other stabilization techniques may be used as necessary as temporary methods.

**LU Implementation Measure 9:** Require that development not interfere with public and private views and view corridors to the greatest extent feasible.

**LU Implementation Measure 10:** Locate development to minimize vegetation clearance, consequent soil erosion, and adverse impacts on wildlife and visual resources by clustering development near existing roads on areas of relatively gentle slopes, as far as feasible outside of riparian areas in canyons, and outside areas which serve as primary wildlife corridors.

**LU OBJECTIVE 1.2:** PRESERVE AND PROTECT RESOURCE PROTECTION AREAS.

**LU Policy 1.2.1:** The City shall prohibit development in Environmentally Sensitive Habitat Areas (ESHA) unless no feasible alternative is available.

**LU Policy 1.2.2:** The City shall require development in and adjacent to Resource Protection Areas (RPA) to be designed to mitigate environmental impacts to the fullest extent feasible.

**LU Policy 1.2.3:** The City shall require any proposed new public access to and through ESHAs to be consistent with the natural resources of the area.

*To implement these policies the City shall:*

**LU Implementation Measure 11:** Keep a current database (inventories and/or maps) of RPAs, including ESHAs, significant watersheds, wildlife habitat linkages, disturbed sensitive resource areas, blue-line streams and significant oak woodlands; consult the database when evaluating any proposed development.

**LU Implementation Measure 12:** Require all proposed development in or adjacent to ESHAs be reviewed by the City Biologist or equivalent professional.

**LU Implementation Measure 13:** Where proposed development lies within an ESHA because no feasible alternative site exists, in addition to review of other potentially significant environmental impacts require applicants to conduct studies of biological resources to determine potential adverse environmental impacts of proposed development and impose all feasible mitigation measures.

**LU Implementation Measure 14:** Site and design development in areas adjacent to ESHAs and public parks to avoid impacts which might degrade those areas and to be compatible with the continuation of the existing habitat areas.

**LU Implementation Measure 15:** Maintain natural vegetation buffer areas that protect sensitive riparian habitats by requiring development other than driveways and walkways to be set back at least 100 feet from outer limits of sensitive riparian habitats, where feasible.

**LU Implementation Measure 16:** Require environmentally sensitive walkways, board-walks, parking, trash receptacles and restrooms where necessary and appropriate to access public parklands.

**LU Implementation Measure 17:** Develop programs to purchase conservation easements, accept donations of land or conservation easements, use transfer of development rights, develop impact mitigation fees, encourage formation of a local open space district, explore inter-governmental agreements, and seek funding from state and federal agencies for open space and natural resources protection.

**LU OBJECTIVE 1.3:** LAND USES CONSISTENT WITH FLOOD, GEOLOGIC AND FIRE SAFETY REQUIREMENTS.

**LU Policy 1.3.1:** The City shall regulate development in floodways.

**LU Policy 1.3.2:** The City shall require proposed development to avoid geologic safety hazards created by development.

**LU Policy 1.3.3:** The City shall require fire protection measures for development.

*To implement these policies the City shall:*

**LU Implementation Measure 18:** Implement the Federal Emergency Management Agency's (FEMA) Flood Insurance Rate Map (FIRM) program in Flood Hazard Overlay Areas.

**LU Implementation Measure 19:** Amend the Building Code to regulate development to respond to local conditions that require special consideration, such as impacts of septic systems on ancient and active landslides, unusual drainage problems, fire hazards and similar conditions.

**LU Implementation Measure 20:** Develop a system of incremental and progressive reviews of known or suspected geologic and liquefaction hazards in connection with development applications so that review is proportionate to the risk of such hazards.

**LU Implementation Measure 21:** Require study of potential soil creep, settling, mass movement and their attendant hazards as part of geologic review for proposed development in areas where appropriate due to known or suspected hazards.

**LU Implementation Measure 22:** Require applicants to execute release and assumption of risk from flood, geologic and fire hazards where appropriate.

**LU Implementation Measure 23:** Implement regulations, such as those of the Los Angeles County Consolidated Fire Protection District, to minimize the risk of loss of life and property as a result of fire.



## LAND USE ELEMENT

**LU Implementation Measure 24:** In consultation with the appropriate park agency, all development within 200 feet of public park lands, require a fire vegetation clearance prescription analysis and require appropriate landscaping or vegetation clearance as a condition for development.

**LU OBJECTIVE 1.4:** DEVELOPMENT CONSISTENT WITH THE PRESERVATION OF THE NATURAL TOPOGRAPHY AND VIEWSHED PROTECTION.

**LU Policy 1.4.1:** The City shall preserve significant ridgelines and other significant topographic features (such as canyons, knolls, hills and promontories).

**LU Policy 1.4.2:** The City shall minimize the visual impact of hillside development.

**LU Policy 1.4.3:** The City shall minimize the alteration of existing land forms and require design consistent with natural topography and processes of the site (i.e. geological, soils, hydrological, water percolation and runoff).

**LU Policy 1.4.4:** The City shall require development to protect significant natural drainage courses and, where safety considerations necessitate modification, require that projects provide a natural appearance.

**LU Policy 1.4.5:** The City shall require hillside management review of all hillside development prior to project approval.

*To implement these policies the City shall:*

**LU Implementation Measure 25:** Map significant ridgelines and other significant topographic features.

**LU Implementation Measure 26:** Develop a hillside management ordinance for residential and commercial lots that:

- Regulates grading and the use of retaining walls to preserve natural topography;
- Establishes a slope density formula that reduces the effective lot area of lots with an average slope greater than 10% by a factor of 1.1 for 10.1—15% average slope, 1.3 for 15.1—20% average slope, 1.5 for 20.1—25% average slope, 1.7 for 25.1—33% average slope and 1.95 for slopes over 33%;
- Precludes development on slopes greater than 40%;
- Protects significant ridgelines, hilltops and promontories by requiring appropriate setbacks;
- Facilitates reclamation and enhancement of visually degraded areas;
- Minimizes raw cut slopes; and
- Locates development so that structures blend in with the hillside and do not exacerbate existing hazards.

**LU Implementation Measure 27:** Locate development as close as feasible to existing roadways, services, and existing development to minimize the effects on sensitive environmental resources and surrounding RPAs. However, protection of ridgelines and public ocean and ridgeline views shall have priority over any increase in grading required by this policy.

**LU Implementation Measure 28:** Site and design development to protect public views from scenic roadways to and along the shoreline and to scenic coastal areas, including public parklands.

**LU Implementation Measure 29:** Require setbacks from blueline streams to protect natural drainage systems.

**LU Implementation Measure 30:** Design stream road crossings using the least environmentally damaging method. Road crossings of streams shall be accomplished by bridging, unless other methods are determined to be less damaging. Bridge columns shall be located outside stream courses if feasible.

**LU OBJECTIVE 1.5:** INTEGRATED ENVIRONMENTAL REVIEW.

**LU Policy 1.5.1:** The City shall scrutinize proposed development for any potential individual or cumulative adverse environmental impact, in addition to those impacts that are peculiar to development otherwise consistent with the General Plan.

**LU Policy 1.5.2:** The City shall reevaluate every five years the cumulative impacts predicted by general plan buildout and the effectiveness of mitigation measures imposed to implement the Plan.

*To implement these policies the City shall:*

**LU Implementation Measure 31:** Maintain an Environmental Review Board (ERB) comprised of qualified professionals with technical expertise in resource management as a technical advisory committee. The ERB shall review and make recommendations on proposed development in or adjacent to an ESHA and development that may have a potential adverse environmental impact or which impose special environmental problems.

**LU Implementation Measure 32:** Identify and evaluate individual, cumulative and secondary adverse environmental impacts of proposed development.

**LU Implementation Measure 33:** Develop local California Environmental Quality Act (CEQA) and ERB guidelines, to assure comprehensive and timely environmental analysis setting forth procedures to determine whether proposed development may have potential significant adverse environmental impacts.

**LU Implementation Measure 34:** Establish criteria for minimum qualifications of independent consultants and specialists.

**1.4.2 LU GOAL 2: MANAGE GROWTH TO PRESERVE A RURAL COMMUNITY CHARACTER**

**LU OBJECTIVE 2.1: DEVELOPMENT OF A TYPE, AMOUNT AND LOCATION CONSISTENT WITH MALIBU LIFESTYLE.**

**LU Policy 2.1.1:** The City shall promote an aesthetically pleasing and visually stimulating environment whose architecture, common and open spaces inspire and uplift the human spirit.

**LU Policy 2.1.2:** The City shall seek public input about proposed development and value the democratic participation of all citizens.

## LAND USE ELEMENT

- LU Policy 2.1.3:** The City shall proportion commercially zoned properties based on community need.
- LU Policy 2.1.4:** The City shall require development to be landscaped so that the project blends in with the environment and neighborhood.
- LU Policy 2.1.5:** Consistent with the primary objective of protecting RPAs, the City shall protect and preserve public and private ocean and mountain views, by striking an equitable balance between the right to reasonable use of one's property including the maintenance of privacy and the right to protection against unreasonable loss of views.
- LU Policy 2.1.6:** The City shall encourage pedestrian friendly design in concentrated commercial areas.
- LU Policy 2.1.7:** In the event that current building permit activity for new residential or commercial structures (not remodels) pursuant to this Plan exceeds the historic growth rate for such uses, the City shall develop and implement a permit allocation system to manage the orderly development of the City in accordance with the historic growth rate. The City shall develop and adopt standards to determine when the permit allocation system shall be implemented, based upon historic growth trends and Plan buildout data. Calculation of these standards shall exclude permits for structures rebuilt due to disaster, any periods in which the City's development moratorium was in effect, and County-issued permits during the incorporation process (December 1987—March 1991).

*To implement these policies the City shall:*

**LU Implementation Measure 35:** Prior to any required public hearing, require proponents to inform all interested persons about proposed development applications through the use of (a) site signs; (b) direct mail notification to affected residents, landowners and any person or group requesting notification; and (c) neighborhood meetings.

**LU Implementation Measure 36:** Require commercial development to be designed with a residential scale compatible with the surrounding residential neighborhoods.

**LU Implementation Measure 37:** Permit creative styling of structures to encourage a limited number of visual landmarks in areas that would not distract from the natural scenery.

**LU Implementation Measure 38:** Permit walkways and pedestrian paths made of natural materials to be used as part of commercial developments required open space.

**LU Implementation Measure 39:** Regulate on-premise signs so that they are coordinated with the environment and do not detract from the scenery.

**LU Implementation Measure 40:** Adopt landscaping requirements and where feasible and excluding private garden areas favor use of native plants.

**LU Implementation Measure 41:** Develop a master landscape plan for PCH and entryways to individual neighborhoods to provide visual continuity and enhance community identity.

**LU Implementation Measure 42:** Adopt a view protection ordinance that defines a primary view which shall be protected against proposed development including new vegetation wherever it is possible to do that without creating other significant adverse environmental impacts or unreasonably restricting the property owner's use of his/her property.

**LU Implementation Measure 43:** Require an applicant for proposed development on a beach front lot which development is either seaward of an existing structure or on a vacant lot to submit along with an application for development, a written determination from the State Lands Commission whether the development would encroach on to state tidelands and, if so, whether the State Lands Commission has approved such encroachment.

**LU OBJECTIVE 2.2:** DEVELOPMENT CONSISTENT WITH THE EFFICIENT OPERATION OF THE TRAFFIC SYSTEM AND SERVICE INFRASTRUCTURE WITH ADEQUATE CAPACITY TO SERVE ALL RESIDENTS.

**LU Policy 2.2.1:** The City shall require adequate infrastructure, including but not limited to roads, water, and wastewater disposal capacity, as a condition of proposed development.

**LU Policy 2.2.2:** The City shall maintain the City's fiscal integrity and ensure that revenues and fees generated by new development are sufficient to offset associated City costs.

**LU Policy 2.2.3:** The City shall only permit development which is consistent with the capital improvement plan and economic health of the City.

**LU Policy 2.2.4:** The City shall manage development in accordance with the efficient operation of the traffic system and service infrastructure.

**LU Policy 2.2.5:** The City shall evaluate effect on road capacity of traffic impacts from all sources when determining the type and intensity of land use.

**LU Policy 2.2.6:** The City shall coordinate with utility providers to underground all utility transmission lines and pipes when and where feasible, unless above-ground location is required for geotechnic or hydrologic safety.

**LU Policy 2.2.7:** The City shall implement the recommendations of the 1992 Malibu Wastewater Management Study or equivalent program.

**LU Policy 2.2.8:** The City shall require adequate wastewater management for development.

*To implement these policies the City shall:*

**LU Implementation Measure 44:** Prior to approval of a specific plan, subdivision map, lot split, or other development project, require applicant to demonstrate by substantial evidence that the holding capacity of the area and infrastructure are sufficient to sustain the uses and intensity of development proposed by the applicant.

**LU Implementation Measure 45:** Require fiscal/service impact analyses for proposed development. Where anticipated costs of services exceed projected revenues and fees, require development to use appropriate financing mechanisms to defray the anticipated costs of municipal services.

## LAND USE ELEMENT

**LU Implementation Measure 46:** Adopt a wastewater treatment ordinance which appropriately and safely regulates wastewater management through on-site systems or small volume neighborhood collection systems in accordance with the City's development pattern consistent with the 1992 Wastewater Management Study. This program may include the use of state of the art technologies to eliminate pathogens from wastewater prior to release into the environment.

**LU Implementation Measure 47:** Adopt greywater ordinance which appropriately and safely encourages and regulates use of greywater systems.

**LU Implementation Measure 48:** Disseminate information to the community regarding options for wastewater management and use of greywater systems, including site evaluation criteria and standards for installation and maintenance of on-site septic systems.

**LU Implementation Measure 49:** Establish water retention/detention standards.

**LU Implementation Measure 50:** Coordinate with utility providers to implement the Public Utility Commission's Rule 20A Underground Utility Program.

**LU Implementation Measure 51:** Require development to underground utilities where the cost does not exceed 10% of the total project cost.

**LU OBJECTIVE 2.3:** DEVELOPMENT OF APPROPRIATE SCALE AND CONTEXT.

**LU Policy 2.3.1:** The City shall protect and preserve the unique character of Malibu's many distinct neighborhoods.

**LU Policy 2.3.2:** The City shall discourage "mansionization" by establishing limits on height, bulk, and square footage for all new and remodel single-family residences.

*To implement these policies the City shall:*

**LU Implementation Measure 52:** Adopt community design standards that recognize Pacific Coast Highway (PCH) as a residential corridor with centers at Las Flores, Civic Center, Point Dume and Trancas. Each center should have its own character, identity and scale with landscaping along PCH having an overall unifying theme.

**LU Implementation Measure 53(a):** Develop checklist of development standards to assist staff and applicants in reviewing development permits.

**LU Implementation Measure 53(b):** Establish an administrative procedure and guidelines to interpret and balance specific standards in the General Plan where uniform application of the standards appears to produce an outcome inconsistent with the intended purpose of the standard or may defeat another policy of the General Plan. This measure shall be applied in a manner to achieve the most environmentally protective result feasible.

**LU Implementation Measure 54:** Permit individual neighborhoods to propose custom development standards. Adopt appropriate neighborhood standards.

**LU Implementation Measure 55:** Develop community design standards for multifamily residential buildings with community input.

**LU OBJECTIVE 2.4:** RURAL RESIDENTIAL NEIGHBORHOODS IN WESTERN MALIBU.

- LU Policy 2.4.1:** The City shall preserve and protect vistas and large open areas that contribute to the rural feeling of the area.
- LU Policy 2.4.2:** The City shall limit nonresidential uses to those compatible with the rural residential character of the surrounding neighborhoods.
- LU Policy 2.4.3:** The City shall maintain large lots and encourage residential and compatible agricultural uses.
- LU Policy 2.4.4:** The City shall encourage the provision of open space areas suitable for horses and other farm animals where consistent with resource protection policies.
- LU Policy 2.4.5:** The City shall promote a system of equestrian and pedestrian trails.
- LU Policy 2.4.6:** The City shall avoid improvements which create a suburban atmosphere such as sidewalks and street lights.

*To implement these policies the City shall:*

**LU Implementation Measure 56:** Cluster accessory structures to preserve open space.

**LU Implementation Measure 57:** Develop a master plan of trails as detailed in the Open Space Element.

**LU Implementation Measure 58:** Cooperate with the National Park Service to promote an integrated system of trails throughout the Santa Monica Mountains National Recreation Area.

**LU Implementation Measure 59:** Distinguish rural residential neighborhoods for purposes of infrastructure design standards, including conforming Building Code and public works standards to preserve the rural atmosphere.

**1.4.3 LU GOAL 3: RECREATIONAL OPPORTUNITIES CONSISTENT WITH PROTECTION OF THE NATURAL RESOURCES AND RESIDENTIAL CHARACTER OF MALIBU**

**LU OBJECTIVE 3.1:** PASSIVE RECREATIONAL OPPORTUNITIES COMPATIBLE WITH FRAGILE NATURAL RESOURCES.

- LU Policy 3.1.1:** The City shall ensure visitor serving and recreational uses are compatible with the natural resources and aesthetic values of the area.
- LU Policy 3.1.2:** The City shall encourage appropriate passive uses of parks and beaches such as biking, bird watching, hiking, horseback riding, kayaking, scientific study, surfing, swimming and tide pool viewing.
- LU Policy 3.1.3:** The City shall prohibit development on public beaches other than that necessary to protect public health, safety and welfare or to provide small scale beach related commercial uses.

*To implement these policies the City shall:*

LAND USE ELEMENT

**LU Implementation Measure 60:** Minimize destruction of natural areas and, where possible, prohibit transformation of natural areas to commercial ones by limiting development to that which is necessary for public access and safety.

**LU Implementation Measure 61:** Prohibit camping, except in designated areas.

**LU Implementation Measure 62:** Work with public agencies and private recreational clubs and groups to promote use of parks and beaches for passive recreation.

**LU OBJECTIVE 3.2:** VISITOR-SERVING RECREATIONAL OPPORTUNITIES CONSISTENT WITH THE RESIDENTIAL CHARACTER OF MALIBU.

**LU Policy 3.2.1:** The City shall permit the development of commercial recreational and visitor servicing facilities at suitable locations which provide convenient public access, adequate infrastructure, convenient parking and, when feasible, are located where existing low cost recreational uses will be enhanced.

**LU Policy 3.2.2:** The City shall solicit input from residents with respect to all operational aspects of recreational facilities including hours of use, location of any parking in residential areas, accessways, restrooms and trash receptacles.

**LU Policy 3.2.3:** The City shall require adequate parking for recreational facilities to avoid public parking in residential areas.

**LU Policy 3.2.4:** The City shall ensure recreational uses do not materially impair the privacy of nearby property owners.

**LU Policy 3.2.5:** The City shall ensure that recreational uses do not exceed the capacity of the area and infrastructure.

*To implement these policies the City shall:*

**LU Implementation Measure 63:** Work with public agencies to mitigate the impact of recreational uses upon the privacy of neighbors and the natural resources including the use of landscape treatments and screening devices.

**LU Implementation Measure 64:** Require noticed public hearings prior to approval of plans for recreational facilities.

**LU Implementation Measure 65:** Identify access to recreational facilities through a program of uniform signage.

**1.4.4 LU GOAL 4:** COMMERCIAL USES AND STRUCTURES IN HARMONY WITH THE RURAL RESIDENTIAL CHARACTER AND NATURAL ENVIRONMENT OF THE COMMUNITY

**LU OBJECTIVE 4.1:** COMMERCIAL STRUCTURES OF A LIMITED HEIGHT AND BULK EQUIVALENT TO THE ADJACENT RESIDENCES.

- LU Policy 4.1.1:** The City shall encourage park-like settings by requiring that structures be oriented toward open plaza areas rather than streets and parking areas and incorporating additional amenities such as benches and play areas for children.
- LU Policy 4.1.2:** The City shall encourage redesign and adaptive reuse of existing structures.
- LU Policy 4.1.3:** The City shall prohibit strip center commercial development.
- LU Policy 4.1.4:** The City shall require signage to be in harmony with the natural environment and the residential character of the community.
- LU Policy 4.1.5:** The City shall prohibit undue concentration of businesses which sell alcohol for off-site consumption.
- LU Policy 4.1.6:** The City shall promote extensive landscaping in new projects while emphasizing low volume irrigation and the use of native, fire-resistant and drought-tolerant plant materials.
- LU Policy 4.1.7:** The City shall require visually aesthetic screening of service areas and well landscaped parking lots.

*To implement these policies the City shall:*

**LU Implementation Measure 66:** Develop comprehensive commercial design guidelines that respect Malibu’s rural character including building design of a residential low-rise, small-scale, arcades and/or courtyards or other pedestrian scaled elements, designs that compliment surrounding natural areas and parking that includes native landscaping, on-site water retention and natural drainage courses where feasible.

**LU Implementation Measure 67:** Require a commercial planned development permit for any commercial development or change of use of existing development to assure compliance with current codes to enhanced and upgrade the environment of the commercial areas.

**LU Implementation Measure 68:** Require that adjacent commercial centers provide reciprocal pedestrian access to reduce vehicle trips and integrate adjacent centers.

**LU Implementation Measure 69:** Require non-automobile circulation within commercial developments.

**LU Implementation Measure 70:** Require applicants to prepare a traffic study for all new commercial developments which will generate 50 or more trips during peak traffic hours, and based on the study, mitigate (a) any impact to intersection, where the change in the volume capacity ratio is greater than or equal to 2% or (b) any impact which worsens an intersection’s LOS F rating.

**LU Implementation Measure 71:** Permit minor modifications to development standards to accommodate renovation and adaptive reuse of existing commercial/retail buildings.

**LU Implementation Measure 72:** Regulate size, height, location and placement of on-premise signs and prohibit off-premise advertising signs.

**LU Implementation Measure 73:** Require a conditional use permit for sale of alcohol for off-site consumption and permit no more than 1 off-sale license per 2,500 residents.



LAND USE ELEMENT

**LU Implementation Measure 74:** Require landscape plans designed by State-licensed landscape architects in connection with all new or remodel commercial developments.

**LU OBJECTIVE 4.2:** COMMERCIAL USES CONCENTRATED IN CERTAIN AREAS TO PREVENT SPRAWL THROUGHOUT THE CITY.

**LU Policy 4.2.1:** The City shall designate commercial areas which are accessible to major streets and adequately buffered from single-family residential uses.

*To implement these policies the City shall:*

**LU Implementation Measure 75:** Require commercial development to provide ingress and egress to parking areas in a manner that is not unreasonably intrusive to residential areas.

**LU Implementation Measure 76:** Limit commercial development west of Portshhead Road to designated commercial areas.

**LU Implementation Measure 77:** Allow waivers of parking requirements where reciprocal parking agreements can provide adequate parking for multiple uses.

**LU OBJECTIVE 4.3:** A SPECIFIC PLAN IN THE CIVIC CENTER AREA.

**LU Policy 4.3.1:** The City shall, prior to adoption of a specific plan, review any proposed development in the Civic Center Area to ensure safety, health and circulation impacts are mitigated to the extent feasible, including but not limited to high water table, threat of liquefaction, flooding and traffic congestion.

**LU Policy 4.3.2:** The City shall require buildings within the Civic Center Area to reflect (a) the uniqueness of this location as the City's town center, (b) its close proximity to the beach and ocean, and (c) a "community village" character with small-scale, low-rise buildings. Development in the Civic Center will be guided by those policies and implementation measures in the Plan that are generally applicable to commercial development.

**LU Policy 4.3.3:** The City shall integrate the Civic Center Area including adjacent parkland and the Malibu Lagoon.

**LU Policy 4.3.4:** The City shall take the lead to restore and preserve the natural state of the Malibu Lagoon.

**LU Policy 4.3.5:** The City shall develop the Civic Center Area so that it is pedestrian oriented.

**LU Policy 4.3.6:** The City shall encourage the use of scenic walkways and shuttle service, as appropriate, for circulation within the area.

**LU Policy 4.3.7:** The City shall encourage well-screened and landscaped centralized or clustered parking.

**LU Policy 4.3.8:** The City shall encourage architectural design features such as towers, cupolas, roof parapets, kiosks, changes in roof elevations and roof monuments which do not add square footage, floor area or stories to the building.

*To implement these policies the City shall:*

**LU Implementation Measure 78:** Development in the Civic Center will be guided by those policies and implementation measures in the Plan that are generally applicable to commercial development.

**LU Implementation Measure 79:** Require development in the Civic Center area to minimize impacts on Malibu Lagoon through all feasible mitigation measures, including development impacts fees where appropriate.

**LU Implementation Measure 80:** Prepare and implement a specific plan using a process which promotes community input. The specific plan shall link individual development projects to one another architecturally and by design elements such as common signage, landscape features, pedestrian walkways, lighting and paving materials.

**LU Implementation Measure 81:** Cooperate with other agencies and seek grant funding to assist in restoration of lagoon and other environmentally sensitive improvements.

**LU Implementation Measure 82:** Provide a basis for levying fees to ensure that all development shares fairly in the financing of the specific plan and necessary infrastructure improvements.

**LU OBJECTIVE 4.4:** SUCCESSFUL BUSINESSES APPROPRIATE TO MALIBU.

**LU Policy 4.4.1:** The City shall encourage establishment and continued operation of small neighborhood and community serving businesses.

**LU Policy 4.4.2:** The City shall limit commercial uses to neighborhood serving uses in the Las Flores, Point Dume and Trancas commercial areas.

**LU Policy 4.4.3:** The City shall regulate design of new bed and breakfast inns to foster “country-inn type” establishments and regulate the size and design of other hotel development to ensure development compatible with a rural residential community and discourage convention hotel developments by limiting on the same site ancillary uses such as banquet and meeting rooms and limiting restaurants to a capacity necessary to serve guests of the hotel only.

**LU Policy 4.4.4:** The City shall permit commercial uses such as home offices, art studios, family day care facilities, equestrian and other similar uses in residential areas if they do not result in any substantial diminution in the quiet rural residential character of the area.

**LU Policy 4.4.5:** The City shall encourage filming in Malibu in a manner that is not disruptive to the community.

**LU Policy 4.4.6:** The City shall favor non-polluting industrial land uses required to support the service infrastructure.

*To implement these policies the City shall:*

**LU Implementation Measure 83:** Work with the Chamber of Commerce and other community civic organizations to develop and implement an economic development plan.

LAND USE ELEMENT

**LU Implementation Measure 84:** Develop a business licensing program to assure compliance with zoning and safety codes and to raise revenue to promote the business community.

**LU Implementation Measure 85:** Support the Chamber of Commerce’s Shop Malibu campaign and other public information programs designed to support local businesses and contractors.

**LU Implementation Measure 86:** Limit industrial uses to those compatible with the City’s residential character and which serve the needs of the residents.

**LU OBJECTIVE 4.5:** ENVIRONMENTALLY SENSITIVE, EFFICIENT AND EFFECTIVE TREATMENT OF COMMERCIALLY GENERATED SEWAGE AND WASTEWATER THAT MEETS ALL HEALTH STANDARDS.

**LU Policy 4.5.1:** The City shall require commercial wastewater to be managed on-site unless an environmentally acceptable alternative exists.

**LU Policy 4.5.2:** The City shall allow cooperative wastewater treatment among commercial neighbors.

*To implement these policies the City shall:*

**LU Implementation Measure 87:** Require all sewage and wastewater created on commercial property to be processed on-site septic system or by a neighborhood sewage treatment facility or in a cooperative system with neighboring properties in a manner that avoids raising the water table.

**1.4.5 LU GOAL 5: PROTECT AGRICULTURE WHICH REQUIRES OR IS ENHANCED BY MALIBU’S UNIQUE CLIMATE**

**LU OBJECTIVE 5.1:** RURAL CHARACTER PRESERVED THROUGH AGRICULTURAL AND HORTICULTURAL LAND USES.

**LU Policy 5.1.1:** The City shall permit compatible agricultural and horticultural uses within the rural residential zones in order to maintain the rural traditions in the area.

**LU Policy 5.1.2:** The City shall prohibit development and proposed uses adjacent to agricultural and horticultural uses that degrade or substantially interfere with existing agricultural and horticultural uses.

**LU Policy 5.1.3:** The City shall encourage agricultural and horticultural uses that require limited land area such as greenhouses and nurseries.

**LU Policy 5.1.4:** The City shall develop an integrated pest management program to limit adverse impacts from herbicides, pesticides, and fertilizers.

*To implement these policies the City shall:*

**LU Implementation Measure 88:** Develop incentive and protection measures, such as regulating adjacent uses to assure that new uses do not interfere with productivity and permitting necessary accessory structures by right in Rural Residential zones, to encourage land use for production of tropical fruits, nuts and flowers where sensitive natural biota communities will not be adversely impacted.

**LU Implementation Measure 89:** Permit non-retail greenhouses and nurseries in all rural areas to encourage land use for production of tropical fruits, nuts and flowers where sensitive natural biota communities will not be adversely impacted.

**1.4.6 LU GOAL 6: PRIVATE PROPERTY RIGHTS PROTECTED**

**LU OBJECTIVE 6.1:** THE RIGHT TO REASONABLE USE OF ONE’S PROPERTY INCLUDING THE RIGHT TO QUIET ENJOYMENT AND PRIVACY PROTECTED.

**LU Policy 6.1.1:** The City shall use development standards and procedures that protect the property owners’ reasonable use of their land consistent with the goals and policies of this General Plan.

**LU Policy 6.1.2:** The City shall allow a parcel legally created and existing as of March 26, 1993, regardless of size, to be used for any purpose permitted by right or, if permits obtained, any conditionally permitted use, in the zone district in which the parcel is situated, provided that such use or any new construction complies with the requirements of the zoning ordinance.

*To implement these policies the City shall:*

**LU Implementation Measure 90:** Establish an administrative procedure and guidelines to assure that general plan standards, including land use policy map designations, are applied consistent with applicable laws, including the California and United States Constitutions. This procedure shall include review of appropriate density at the request of the property owner in areas where improvements were installed pursuant to a County initiated assessment district.

**LU Implementation Measure 91:** Prohibit demolition of a legally constructed residential improvement as a condition of development, unless required for the protection of public health or safety.

**LU Implementation Measure 92:** Allow lot line adjustments between parcels legally created and existing as of March 26, 1993, regardless of size, where the smallest resulting lot is no smaller than the smallest lot prior to the lot line adjustment and where the parcels otherwise qualify for the lot line adjustment.

**LU Implementation Measure 93:** Wherever possible, develop access to parks or trailheads in ways which will not infringe upon the privacy of neighboring residents.

**1.4.7 LU GOAL 7: DEVELOPMENT OF LAND ADJACENT TO MALIBU IS COMPATIBLE WITH THE NATURAL ENVIRONMENT, RESIDENTIAL CHARACTER AND INFRASTRUCTURE OF THE CITY**

**LU OBJECTIVE 7.1:** A SPHERE OF INFLUENCE WHICH REFLECTS THE CITY’S PROBABLE, ULTIMATE PHYSICAL BOUNDARIES AND SERVICE AREA.

**LU Policy 7.1.1:** The City shall establish that Malibu’s planning area as the area bounded by Topanga Canyon to the East, the highest ridgelines to the North, and Pt. Mugu to the West, including all 63 watersheds.

**LU Policy 7.1.2:** The City shall cooperate with surrounding cities and the County to define mutually agreeable sphere of influence boundaries.

LAND USE ELEMENT

**LU Policy 7.1.3:** The City shall promote an appreciation for the bioregional context in which the City is situated.

*To implement these policies the City shall:*

**LU Implementation Measure 94:** Collaborate with surrounding cities and County to prepare a joint application to LAFCO for a sphere of influence.

**LU Implementation Measure 95:** Petition LAFCO to establish a sphere of influence as the Malibu Coastal Zone including the area from the Ventura County line boundary to the Los Angeles city limits from the Pacific Ocean to the south and extending approximately five miles inland.

**LU OBJECTIVE 7.2:** A COOPERATIVE WORKING RELATIONSHIP BETWEEN THE CITY AND ALL LAND-USE REGULATORY AGENCIES IN THE LAND-USE PLANNING AREA.

**LU Policy 7.2.1:** The City shall work with appropriate jurisdictions, agencies and private groups to help ensure that development of land adjacent to Malibu is compatible with the natural environment, rural and residential character and infrastructure.

**LU Policy 7.2.2:** The City shall monitor actions and occurrences in the planning area which might impact public health, safety or welfare and consider joint powers agreements with other governmental entities and other actions that may be desirable to protect the City's interests and for the City's benefit.

*To implement these policies the City shall:*

**LU Implementation Measure 96:** Participate with other jurisdictions in the planning area, including the Counties of Los Angeles and Ventura and the Cities of Agoura Hills, Calabasas and Westlake Village, to develop and adopt guidelines for orderly development and protection of watersheds.

**LU Implementation Measure 97:** Pursue establishment of inter-jurisdictional agreements for the mitigation of development impacts.

**LU Implementation Measure 98:** Support educational seminars and programs and provide model projects to educate and demonstrate the innovations and environmental issues.

## 1.5 Land Use Designations

### 1.5.0 In General

Because of physical constraints and safety issues on certain properties, the identification of a maximum intensity on the General Plan Land Use Map does not imply that all parcels could be developed at their maximum intensity. For all residential uses, the basic development intensity is one dwelling unit per buildable lot. Lot sizes noted in residential land use designations are for newly created lots only.

Commercial development, either new uses or expansions of existing uses, is permitted the maximum development intensity of the site as provided for in the Zoning Ordinance if the proposed development is consistent with the goals, objectives, policies and implementation measures of the General Plan. Development intensities greater than the Zoning Ordinance maximum development intensity may be permitted up to the maximum development intensity bonus of the General Plan only if the proposed project provides public benefits or amenities as specified below.

Public benefits shall include physical improvements dedicated and reserved for public use, including, but not limited to, open space, wetlands, trails and walkways, parks, athletic fields, and civic or public buildings (such as senior centers, youth facilities, city hall, etc.). The public benefit or amenity shall warrant the burdens of the development intensity bonus over the Zoning Ordinance maximum, subject to review and approval by the City. (*Resolution No. 99-24, 4/26/99*)

### 1.5.1 Commercial General (CG)

The CG designation provides for more intense commercial uses, visitor serving uses and light industrial uses located on larger sites. Floor-to-Area Ratio (FAR) shall range from a maximum of 0.15 to 0.25. Uses that are permitted and conditionally permitted are defined in the Zoning Ordinance but would typically include the following: all permitted uses within the CN and CC designations and mixed commercial and residential projects, masonry supplies, plant nurseries, and restaurants, movie theaters and performing arts facilities. Housing affordable to low, very low and moderate income families shall also be permitted.

### 1.5.2 Commercial Neighborhood (CN)

The CN designation is intended to provide for low intensity commercial activity such as individual retail and service uses and cultural and artistic uses emphasizing convenient shopping/service to the residents in the surrounding neighborhoods. This designation ensures that the types of uses and intensity of use must be compatible with nearby and adjacent residential areas. Businesses are generally smaller in floor area than those in other commercial categories and are located on smaller sites. Floor-to-Area Ratio (FAR) shall not exceed a maximum of 0.15. Uses that are permitted and conditionally permitted are defined in the Zoning Ordinance but would typically include the following: medical offices, small retail stores, bakeries, beauty salons and bookstores, small restaurants, nursery schools/day care facilities.

Neighborhood commercial uses are generally located within a convenient walking and/or bicycling distance from intended customers and shall be linked with surrounding neighborhoods by pedestrian and/or bicycle access. Landscaped buffers shall be provided around the project site between neighborhood commercial uses and other uses to ensure compatibility. All buildings shall be low-rise and shall include architectural/design features to be compatible with the neighborhood. Permitted uses and building intensities shall be compatible with surrounding land uses.

## LAND USE ELEMENT

### **1.5.3 Commercial Recreation (CR)**

The CR designation allows for facilities utilized for low intensity recreational use and athletic activities such as hiking, equestrian, and tennis, and includes provision of food and beverage service for participants.

### **1.5.4 Commercial Visitor Serving (CV)**

The CV designation provides for visitor serving uses which serve visitors and residents such as hotels and restaurants which respect the rural character and natural environmental setting. Floor-to-Area Ratio (FAR) shall range from a maximum of 0.15 to 0.25. CV designations are divided into two levels of density. Hotels are only permitted in CV-2 designations, the highest density designation. Visitor serving uses such as motels and hotels shall be consistent with compatible accessory uses, shall protect the surrounding properties, shall ensure safe traffic circulation and shall promote economically viable visitor serving areas of the City.

### **1.5.5 Community Commercial (CC)**

The CC designation is intended to provide for the resident serving needs of the community similar to the CN designation, but on parcels of land more suitable for concentrated commercial activity. The community commercial category plans for centers that offer a greater depth and range of merchandise in shopping and speciality goods than the neighborhood center although this category may include some of the uses also found in a neighborhood center. Often a supermarket or variety store functions as the anchor tenant. Floor-to-Area Ratio (FAR) shall range from a maximum of 0.15 to 0.20. Uses that are permitted and conditionally permitted are defined in the Zoning Ordinance but would typically include the following: all permitted uses within the CN designation, financial institutions, medical clinics, restaurants, service stations and health care facilities. The uses shall be located so as to prevent detrimental effects on adjacent land and to ensure access to the street system. Locations shall be suitably separated from residential development. All areas proposing a community commercial land use shall provide details regarding location, architecture, site design, landscaping, circulation, signage, height, and scale of the proposed development.

### **1.5.6 Flood Hazard Area Overlay (FHA)**

The FHA Overlay identifies those areas identified by FEMA to be at a risk of flooding.

### **1.5.7 Historical Preservation Overlay (HP)**

The HP Overlay provides for the protection and preservation of existing historically significant sites, area, or structures which contribute to Malibu's sense of time, place, community, or identity.

### **1.5.8 Institutional (I)**

The I designation accommodates public and quasi-public facilities in the City. This designation includes educational, cultural, athletic, religious, and governmental facilities. Floor-to-Area Ratio (FAR) shall range from a maximum of 0.15 to 0.20.

### **1.5.9 Mobile Home Residential (MHR)**

The MHR designation is intended to accommodate the existing mobilehome parks and would allow single-family homes at one unit per acre.

**1.5.10 Multifamily Beach Front (MFBF)**

The MFBF designation consists primarily of existing multifamily development on beach front lots in the City and is intended to provide for a variety of residential opportunities ranging from single-family to multiple-family. Multifamily Beach Front (MFBF) allows for one unit per 1,885 square feet of lot area, not to exceed four units per lot.

**1.5.11 Multifamily Residential (MF)**

The MF designation describes an area with multifamily development and provides for a variety of residential opportunities and uses. Multifamily Residential (MF) allows for up to six units per acre with a minimum lot size of 20,000 square feet.

**1.5.12 Planned Development (PD)**

The PD designation provides for a mix of residential and recreational development on the Crummer Trust property located east of Malibu Bluffs State park and south of Pacific Coast Highway. (*Resolution No. 09-43, 7/13/09*)

**1.5.13 Private Recreational Facilities (PRF)**

The PRF designation provides for private recreational facilities whose members receive membership through deeded rights, property ownership or membership.

**1.5.14 Public Open Space (OS)**

The OS designation provides for publicly owned land which is dedicated to recreation or preservation of the City's natural resources. This designation primarily addresses public beaches, parklands and preserves within the City boundaries.

**1.5.15 Recreational Vehicle Park (RVP)**

The RVP designation provides for recreational vehicle parks and requires ten-acre minimum lot size.

**1.5.16 Rural Residential (RR)**

The RR designation is intended for sensitively designed, large lot single-family residential development, ranging from 1 to 40 acres, as well as agricultural uses and animal keeping which respects surrounding residents, and the natural environment.

**1.5.17 Single-Family Residential (SF)**

This land use designation includes all remaining single-family residential areas. It is intended to enhance the rural characteristics of the community by maintaining low density single-family residential development on lots ranging from 0.25 to 1 acre in size in a manner which respects surrounding property owners and the natural environment. Single-Family Low (SFL) allows for creation of up to two lots per acre with a minimum lot size of 0.5 acre. Single-Family Medium (SFM) allows for the creation of up to four lots per acre with a minimum lot size of 0.25 acre.



## LAND USE ELEMENT

### **1.5.18 Specific Plan Overlay (SP)**

The SP Overlay enables the City to address unique areas within the community which warrant a comprehensive set of land use policies and standards through adoption and implementation of specific plans. The SP overlay shall be developed according to adopted performance standards, including traffic, geological, hydroelectrical and wastewater impacts.

## 1.6 Appendix—Neighborhood Descriptions

### 1.6.1 Trancas Canyon Area

The Trancas Canyon area serves as a dividing line between the higher density neighborhoods of Malibu West and Malibu Park and the more sparsely developed areas of West Malibu. The area is roughly bounded to the north and northeast by National Park Service land, to the southeast by Malibu Park neighborhood and the Trancas Lagoon, to the south by Pacific Coast Highway (PCH), and to the west by the end of Bailard Road. The topography of the area ranges from the steeply mountainous areas of the parklands on the north and east to gently sloping and in places almost flat areas to the south and in the mouth of the canyon. Development in Trancas Canyon is located south of the national park, and consists of a small commercial center and three distinct neighborhoods: Malibu West; upper Trancas Canyon Road and the Trancas Highlands; and the Bailard/Lunita area. There is also a large parcel of undeveloped land, with one-half mile of frontage on the Pacific Coast Highway, separating the Malibu West and Bailard/Lunita neighborhoods. Elevations of the developed areas range from approximately 800 feet (some homes in the Trancas Highlands) to near sea level (some homes in Malibu West). Trancas Creek runs through the canyon, draining a watershed of 6233 acres, much of it outside the city's boundaries. The creek once flowed through the entire canyon bottom in years of heavy rain, but when Malibu West was built, it was lined with concrete and channelized for flood control. The creek culminates in a small disturbed coastal lagoon adjacent to the commercial center, which has been targeted for restoration by the Santa Monica Bay Restoration Project. Another unnamed blueline stream bisects the undeveloped area to the west of Trancas Canyon Road, and there are a number of other arroyos and natural drainage courses in the area. The Malibu Coast fault is shown on the U.S.G.S. map as trending through the Trancas Canyon area, running east to west through Malibu West, and into the Trancas Highlands. There is a debris basin upstream of the creek to retain materials which might impact the flood control channel, and another located above homes in Malibu West which is monitored by the County during times of heavy rainfall. Like much of Malibu, the Trancas Canyon area is in an extreme fire hazard zone, a condition exacerbated by a lack of roads which can be used for evacuation and Fire Department access in case of a wildfire, and by the limited amount of water pressure available to those areas which have water hookups, and the lack of water in those areas which do not.

The Trancas Canyon area is home to a number of species of wildlife, including deer, bobcats, mountain lions, and coyotes; owls, quail, and hawks; and several varieties of snakes and lizards. In winter and early spring, residents near Trancas Creek hear the croaking of frogs into the night. The flora of the undeveloped land in this area consists mostly of that characteristic of mountain chaparral, coastal sage scrub, and grassland habitats, and there are small areas of riparian habitat near the blueline streams. Malibu West is also home to a number of old sycamore trees, and some oak trees.

Trancas Canyon was once an important Chumash site. A Chumash burial ground was located in the area now occupied by a garden center. Though the massive grading associated with the development of Malibu West in the 1960s obliterated many traces of the settlement, some Chumash artifacts can still be found in the Trancas Canyon area. The commercial center at the intersection of Pacific Coast Highway and Trancas Canyon Road consists of a midsize grocery store, a restaurant and bar, a garden center, a gas station, and a small real estate office. Most of these establishments primarily serve the needs of the West Malibu community, though the grocery store and gas station serve large numbers of visitors during the summer months, and the restaurant attracts visitors from neighboring communities year-round with its country music and western dance lessons. A small shopping center at Busch Drive and PCH and a larger one on Point Dume also serve

## LAND USE ELEMENT

the needs of area residents. The commercial center is located in a flood hazard zone, and an area where the soils might be prone to liquefaction. The intersection of PCH and Trancas Canyon Road is the last signaled intersection between Malibu and Oxnard. It is the terminus of the Los Angeles Rapid Transit District's bus route through Malibu, except during the summer months, when service is extended to Leo Carillo Beach. The proximity of this intersection to the bus line and the garden center has led to its becoming a gathering place for transients who solicit work on the street corner, to the concern of area residents.

Malibu West is a built-out 30-year old subdivision of 200 single-family homes and 37 condominiums, 148 of which are located within Trancas Canyon (and thus not visible from the highway), and 89 of which are located alongside Trancas Canyon Road and on private streets above the canyon and Trancas Creek (including all of the 37 condominiums). Most single-family homes in Malibu West range from approximately 1,600 square feet to 2,600 square feet, on lots ranging from less than a quarter acre to more than an acre in size. Most of the homes are one- and two-story 1960s suburban-style tract homes in five or six basic floor plans. The majority of the homes are owner-occupied, many by families with children drawn by the area's proximity to local schools and the relatively moderate (for Malibu) home prices. Recreational amenities available to residents of the subdivision include two community tennis courts and a private beach club, as well as hiking and riding trails through the adjacent national parklands. Residents of the condominiums also have use of a common swimming pool. The nearest community park and playground are at the Malibu Community Center, approximately five miles away. Many of the homes in Malibu West have ocean and/or mountain views, and some of the homes in the canyon abut Trancas Creek.

The only access to PCH from Malibu West is via Trancas Canyon Road, a local collector road. A single private roadway, Principio Drive, provides the only egress to Trancas Canyon Road for those residents in the canyon, whose homes are located on a series of private streets maintained by a homeowners association, the Malibu West Swim Club. Utilities are underground, and there are no street lights. Some, but not all, of the private streets have sidewalks. Wastewater is treated at the Trancas Treatment Plant, located near the mouth of Trancas Creek, which was built for the subdivision and is maintained by the County of Los Angeles. It is currently operating at capacity. The community is served by Waterworks District #29, and receives its water from the 16-inch main under PCH.

Most of the homes in Malibu West were built in the 1960s and 1970s. As the homes have aged, and new families have moved in, residents have increasingly remodeled their homes to suit their changing needs and tastes. All building and uses within Malibu West are subject to review by the Board of Directors of the Swim Club, and governed by the Codes, Covenants and Restrictions (CC&Rs) of the association. These CC&Rs expire in 1999.

To the north of Malibu West, Trancas Canyon Road becomes much narrower and steeper, and there is a more sparsely developed area of larger homes on larger parcels, up to 10 acres in size. These homes are architecturally distinctive and mostly newer than those in Malibu West, and have ocean and canyon views some are equestrian properties, including the Kincaid Ranch at the top of Trancas Canyon Road, one of the original Malibu homesteads. There is also a specimen tree farm at the top of the road. To the west of the road is a gated area known as Trancas Highlands, comprised of 41 lots, ranging in size from 1 to 17 acres, 20 of these lots are built with architecturally distinctive homes ranging in size from 2,000 to 17,000 square feet, but generally in the 3,500 to 4,500 square feet range. Homes in Trancas Highlands are located on steep and narrow private streets, maintained by the Trancas Highlands Homeowners Association. Approximately half the roads are paved. Residents of these homes access PCH via Trancas Canyon Road. Most homes have

water tanks on the property, and rely on wells and imported water for their needs. The Homeowners Association is currently trying to form a water district to extend municipal water service from Trancas Canyon Road near Malibu West to these residences. Wastewater is treated in on-site septic tanks, and utilities are both above and underground. One home in the Highlands has a helicopter landing pad on the property and is permitted a limited number of takeoffs and landings a year. Noise from these landings has in the past been an issue of concern to residents of the Trancas area.

To the south and west, there is a small pocket of residential uses along Bailard Road near its intersection with Lunita Road. The public portion of Bailard Road is a mix of horse ranches, single-family homes, duplexes, triplexes, and one 14-unit condominium complex, on large lots ranging in size from 1 to 12 acres. Many are set far back from the street. A private extension of Bailard Road to the east contains nine additional single-family homes. There are approximately 30 parcels in this area, which is not entirely built out. Many of the homes on both Bailard Road and Bailard Road Private have at least some ocean view. Access to PCH for these residents is via Lunita Road, a two-lane light duty roadway. All of the homes in the Bailard-Lunita area are on septic systems, and all are served by Waterworks District #29. There are no street lights or sidewalks in this area.

The half-mile stretch between Trancas Canyon Road and Lunita Road south of the Trancas Highlands contains approximately 100 acres of undeveloped land. This acreage is bisected by a blueline stream running from the mountains toward the ocean, and contains a small riparian habitat and some archaeological sites. The area was once used by the Rindge family to graze its cattle, and more recently was used by hikers, mountain bikers, and dog walkers until a large parcel was fenced by its new owners in 1989. The land is sometimes used by Sheriff and Fire Department emergency helicopters as a landing pad for rescues and emergency evacuations.

### **1.6.2 Sycamore Park Neighborhood**

The Sycamore Park Community is a small residential development across Pacific Coast Highway from Escondido Beach and Cove Colony. It consists of three streets which fan out from a central, PCH entrance, at Via Escondido, which begins in a roughly north/south direction, and curves to become an east/west street at the end, Sea Vista to the east, running east/west; and Sycamore Meadows, to the west, also running east/west.

The Sycamore Park boundary cuts through Sea Vista midway, dividing it into, for these purposes, Sea Vista “east” and Sea Vista “west.” Sea Vista “east” branches off into Via Linda. Sycamore Park and Sea Vista “east” combined will be referred to as Sycamore Park.

The area is characterized by relatively dense development, consisting of about one single-family home to one-half acre, to one home to a maximum of about six acres. Homes in the area are generally from 2,000 to 8,000 square feet, and are from one to three stories in height.

The Sycamore Park development originally dates back to a style of architecture that reflects the fifties genre. Most of these older homes have been upgraded through additions and remodeling in recent years and many newer homes have been built. Some older homes still exist as they were built.

Most of the homes in the area are two-story structures, some are single-story, and some are three stories in height. Most of the lots are on hilly terrain that affords sweeping views of the ocean or/and the surrounding hillsides. All the roads are privately maintained by homeowners. Sea Vista east has many new homes that

## LAND USE ELEMENT

are frequently substantially larger than current standards allow. Most of the homes feature large backyards. There are several homes which have pools, a few with tennis courts, and some with corrals and/or stables.

Via Escondido follows the path of Escondido Creek. A bridge over the creek affords residents access to the beach, bypassing the highway. On the farthest end from the highway, Via Escondido opens into the area known as Escondido Canyon. The canyon is shared with the residents of Winding Way.

Discreetly located on Sycamore Meadows is a small apartment complex, buried in the vegetation. It is not visible from the street. Along the highway, on Sea Vista and Via Escondido, there is a private tennis club, with three tennis courts and a landscaped common area.

Sea Vista east is characterized by large, deep lots, some of which have been subdivided to afford room enough for several large houses. There are some lots with separate guest houses, garages, or servant's quarters. Some parcels are still undeveloped. These lots are surrounded by developed parcels. The most defining features of this neighborhood are the rolling hills and the canyon, formed by Escondido Creek.

The issue of public access across private property is of major concern to residents here. There is the ocean on one side of Sycamore Park and Escondido Canyon on the other. Residents often find the entrance being used as a parking lot for the general public. People use the private roads and private access to the beach. The privately deeded beach has an easement for the public to the mean high tide line. Others use the private roads to park and access Escondido Canyon.

In addition, those wishing to play tennis often find the parking is taken by public beachgoers. Mobile homes, RVs, campers, and horse trailers are sometimes parked there, seriously compromising security in the area. There have been complaints that transients, sleeping under the bridge on Via Escondido or at Latigo Canyon, next to Sea Vista east, have frightened residents and small children.

As for the canyon, residents have been bothered by off-road vehicles, mountain bike clubs, horse trailers, and hikers who generally show a disdain for the residents and their rights to private property. More seriously, Escondido Canyon, which is not patrolled or secured, has been the site of overnight camping, including open campfires. At the Via Escondido entrance to the canyon, there have been repeated episodes of illegal dumping of trash. At one time, campers were found in the canyon with an open campfire left smoldering next to a dumped gasoline container.

This is not a gated community, and law enforcement is not quick to respond to complaints. No adequate enforcement procedures are currently in place.

In recent years, the problems associated with liability have surfaced here in relation to the equestrian traffic across private property, pedestrian traffic, bicycle traffic, and beachgoers who are on private property. Because of the resources here, public access and liability are a problem.

### **1.6.3 Paradise Cove**

The area known as Paradise Cove is located at the mouth of the Ramirez Canyon watershed. The topography of the area ranges from sea level to approximately 200 feet. The boundary lines are the Pacific Ocean to the southeast, Pacific Coast Highway on the northwest, Zuma View Drive and the western watershed on the west, and a short distance east of the driveway on the east. It is approximately 80 acres in size, contains two watershed areas and consists of two large parcels and four smaller, single-family residential lots located on Zuma View and Pacific Coast Highway. Approximately 30 acres of the property lie in the Ramirez Canyon

floodplain, which drains a watershed of 2,880 acres. The area within the floodplain includes 71 mobile homes, a restaurant, parking lot, guard house, manager's office, and the remnants of a fishing pier.

Ramirez Creek is a blue-line stream that generally runs year round, and is the major drainage course into Paradise Cove. Although the portion of the stream bed within the park has been converted into a cement drainage culvert, the area still contains some ancient Sycamore trees. The western portion of the property contains a three-quarter-mile long watershed, about eight to ten acres in size. This area is basically unspoiled and still contains riparian vegetation, including coastal sage scrub and malay willows. Because of the abundance of vegetation in the western watershed, it supports a variety of wildlife such as raccoons, possums, bobcats, gray and red foxes, coyotes, bats, and birds, such as hawks, owls, roadrunners—including the local flock of Point Dume parrots—and many types of lizards, snakes, frogs and toads. This stream bed is basically seasonal, and during the dry months is a much-used wildlife corridor. Additionally, Paradise Cove contains hundreds of eucalyptus and pine trees that are home to many of the birds in the area.

Paradise Cove is a place of great cultural and archaeological importance, as the entire area is the site of the large Chumash coastal village of Sumo, which is one of the largest sites in the Los Angeles County area. It is second only to the Chumash village of Humaliwu located in the Malibu Lagoon area. Exploration indicates that Sumo was a major fishing and trade village, as its protected location on the leeward side of Point Dume afforded shelter, good fishing and easy access to the small outer islands, such as Santa Barbara. Major research over the past 50 years indicates that this site is at least 8,000 to 9,000 years old, and contains a 7,000-year-old cemetery and more recent sacred burial grounds of the Chumash Indians. Many Chumash Indians who were baptized at Mission San Fernando and Mission San Buenaventura show in the ancient registers as residents of Sumo, here in Paradise Cove.

In more recent times, the "cove" was used as a small port by the early settlers of the area, and once contained a portion of the "Hueneme Malibu and Port of Los Angeles Railroad," installed by the Mrs. Rindge in 1906 to keep the Southern Pacific Railway from laying track through the area to Santa Barbara, traces of which still exist adjacent to the mobile home park clubhouse.

In the 1940's, when the Marblehead Land Company was formed and subdivided the area, creating the Malibu Riviera's #1 - 4, Paradise Cove was a favorite picnic and fishing spot. In the 1950's, it became a mobile home park. It remained a rather rustic, sparsely developed mobile home park until it was sold to the Kissel family in 1964, who continue to operate it as the Paradise Cove Land Company. In the early 1970's the mobile home park was expanded, with the addition of 200 more residences on the higher elevations of the park, bringing the total number of homes up to the current level of 271. Residential mobile home spaces in the park range in size from 1,000 to 7,000 square feet. The mobile home park contains two laundry facilities that are open on an alternating basis, a small clubhouse, a small RV storage area, a set of children's swings, a weathered handball/basketball court, and a lovely tennis court that is maintained by a group of residents.

There is only one open access road into the park, which is Paradise Cove Road that intersects with Pacific Coast Highway. There is another entry/exit location on Pacific Coast Highway, but it is locked and used only in emergency situations. Travel within the park is by means of small, paved roadways. For emergency vehicle access, there are two unpaved fire roads that are used mainly by residents as footpaths to the beach. There are no sidewalks. The commercial area serving the public has street lights, but the residential section contains few street lights, which enhances viewing of the star-filled evening sky. Even with the added

## LAND USE ELEMENT

homes, the large expanse of open space, sandy beach, numerous trees and abundant vegetation and wildlife, the rural feeling and rustic character of the park has been maintained.

The public area contains, in addition to residential units, a guard house that is maintained on a 24-hour basis, the popular Sand Castle Restaurant for shoreline dining, a lovely beach and the Paradise Cove Land Company office. The beach is open to visitors for a fee, on a year round daily basis, with no charge to restaurant diners. During the summer months, the beach is crowded with many of the visitors to the Malibu area. The once lovely pier that had a bait shop, snack bar, and fishing boats, was destroyed during the storms in the winter of 1982, and has not been rebuilt. It is, however, open during daylight hours and still used as a location for many movie shoots, as is the rest of the park.

The utilities are varied, with some being above ground and some underground. The older residences in the creekside area are serviced by overhead electrical service and propane gas. The residences in the upper section of the park are serviced by underground utilities and natural gas. All of the park utilizes septic tanks and leach fields for disposal of wastewater. Due to the increased development of the mobile home park in the 1970's, as well as the construction of scores of condominium units directly across Pacific Coast Highway that sit at a higher elevation and possibly recharge the groundwater, the soils in the park are severely impacted. As such, the park has a variety of septic problems, and is specifically mentioned in the 1992 City of Malibu Wastewater Study as an area requiring further study of its soils and geology.

The geology of Paradise Cove is complex. The southern splay of the Malibu Fault is shown on the September 1992 Hazards Map as traversing the property in an easterly to westerly direction, entering the property east of the pier and exiting just south of Zuma View Drive. The mouth of Ramirez Creek, where the restaurant and the 71 mobile home residences are located is a liquefaction area.

The area surrounding Paradise Cove on the ocean side is developed with single-family homes on approximately 1.5 to 3.0 acre parcels, with homes ranging in size from 1,600 square feet on Zumirez Drive, to 9,000 square feet on the beach bluffs, and wood frame in construction. The style of architecture in the area is eclectic. There are small, older, ranch style residences, intermingled with large Mediterranean homes, and a variety of other styles, such as Cape Cod, Barn, and French Normandy. Due to the topography and abundance of vegetation, few of the residences are visible from the scenic corridor of Pacific Coast Highway. On the land side of Pacific Coast Highway, consists of two churches, some single-family residences and four condominium complexes. Two of these complexes have remained virtually empty, one complex is completely occupied, and one 69-unit complex is currently under construction.

Located at the mouth of a major watershed subject to wildfires and containing hundreds of towering eucalyptus trees many of which are overhanging homes, Paradise Cove is considered an area of major fire hazard, especially during the autumn season of the Santa Ana winds. And, in fact, 47 homes were lost in the major wildfire that swept the area in the fall of 1982.

(Information Sources: Chumash culture at Paradise Cove - Dr. Chester King, archaeologist; historical - Malibu Lagoon Museum Library; geological - Hannan Geotechnical Report, 1992; septic - City of Malibu 1992 Wastewater Study, Peter Warshall and Associates; biological - Dr. Martha Witter, City Biologist)

### **1.6.4 Zuma/Westward Beach to the City's West Boundary and South of Pacific Coast Highway**

The most significant element of the area between Leo Carrillo State Beach Park and Lechuza Point is Malibu's most extensive stretch of pristine shoreline. Walking along the beach one finds long expanses of

sandy beach punctuated by rock formations and tide pools at the mouths of a sequence of seven distinct watersheds and marking the points that separate the watersheds.

This shoreline is protected by the most abundant kelp beds remaining in Southern California. Once the marine hunting grounds of the Chumash people who inhabited the coastal shelf and the canyons above, these flourishing kelp beds are, today, the Southern California mainland's most prolific skin and scuba diving area, underwater photographer's paradise, and dolphin supermarket.

The principal threats to the kelp forests are inland development which causes increased turbidity, which prevents photosynthesis; siltation, which can smother the kelp holdfasts; and the prospect of shoreline barriers to protect development, which tend to result in the scouring of beaches and relocation of sand to cover the cobble where the holdfasts are anchored.

Sea lions haul out wherever they can find a deserted spot. While the tide pools have been somewhat depleted by visitors, there is surprisingly much sea life to be found there. The City could work with the State Department of Parks and Recreation to increase awareness of the fragility of this precious resource. A number of surf breaks are found between Leo Carrillo State Beach and Point Dume Headlands.

While most of the shoreline remains undeveloped, sparse clusters of homes are to be found along the way. Most of the homes in this section are located atop tall bluffs on parcels ranging from as large as eight acres to as small as one-eighth of an acre. (Specifics to follow: more about parcel sizes and small lot subdivisions.)

Malibu residents and visitors from elsewhere seeking passive recreation reach the shoreline at Leo Carrillo State Beach; Nicholas County Beach; El Sol County Beach Access (not developed); the Robert Meyer State Pocket Beaches (El Pescador, La Piedra, and El Matador); West Sealevel Drive; East Sealevel Drive; and two Broad Beach accessways managed by Los Angeles County. Several other accessways have been dedicated, but remain undeveloped.

Zuma County Beach and Westward Beach are more extensively used by the general public because they offer easy parking, food services in season, more consistent lifeguard services, volleyball courts, restrooms, competitive events, and community services such as Junior Lifeguard training. North Beach Lifeguard Headquarters are at Zuma. The fire department uses the area for training. The lifeguard boat Baywatch moors off lifeguard headquarters during times of intense use.

### **1.6.5 Ramirez Canyon**

Ramirez Canyon is a 2,880 acre watershed located between Kanan Dune Road and Escondido Canyon. The topography of the area ranges from the stream bed and flood plain area, to steep mountains. The canyon has a relatively small floor, bounded by relatively steep hills on both the East and West sides. Ramirez Creek is the major drainage course into the Paradise Cove area. With the construction of the "Roosevelt Highway" during the early part of this century, the Ramirez watershed was divided into two almost equal parts, with the mouth of the floodplain located in Paradise Cove. The Ramirez Canyon Watershed also drains many smaller drainage courses and arroyos.

Ramirez Creek is a significant blue line stream with a thriving native riparian habitat lining the creek, and includes many native tree species of oak and sycamore. Although development has disturbed native plant communities adjacent to the stream bed, the hillsides still contain coastal sage scrub. The flora of the upper, undeveloped watershed areas is thriving and consists of abundant native plant communities, such as chapar-



## LAND USE ELEMENT

ral, coastal sage scrub and grassland habitat. These remain relatively undisturbed. The lower portions of the watershed also contain exotic annual grasslands. The abundance of vegetation and a natural watercourse provides an ideal home to a number of species of wildlife, including deer, bobcat, raccoon, badger, gray fox, coyote and cougar. Additionally, many species of birds inhabit the area, including hawks, eagles, owls and roadrunners, and there are a variety of snakes, lizards and frogs.

Trails in the area include the Lower Ramirez Canyon Lateral Trail, the Ramirez Canyon Connector Trail, as well as many wildlife corridors. Additionally, a trail has been dedicated and is in the process of being completed in the upper east end of the canyon that will connect Ramirez Canyon Road to another trail easement, creating an entrance/exit to the west side of the canyon, where the trail continues and connects with Zumirez Road. Due to the fragility of this Sensitive Environmental Resource Area, no additional trails are contemplated.

The area's geology is extremely complex and is riddled with both ancient and active slides. There are four mapped slides in the watershed, as well as active debris flow areas located in the upper watershed. Recent grading for development in the upper watershed has exacerbated these problems, and there are now some areas of questionable stability that require further study. In addition, there are four splays of the Malibu Coast Fault traversing the watershed in an easterly/westerly configuration. Due to the canyon's unstable and complex geology, further studies of these problems needs to be done prior to additional development being added to this already overburdened and fragile biological habitat and watershed area.

The floodplain portion of the watershed is a liquefaction zone. Water damage has occurred in the area as a result of runoff from excavated, unstable hillsides. Any debris flow from development can have great impact on both the stream and Ramirez Canyon Road, because the road follows the natural topography, and the dips in the road are part of the bed of the running stream as it traverses the road in five places. Historically, the residents in the flood plain have not suffered any damage from severe winter storms, with the exception of locations where the water has been rechanneled, causing erosion to some stream banks and to the sides of the road, and water from excavated channels to enter some homes.

Ramirez Canyon is an area of archaeological and cultural importance, as it is an extension of the large Chumash village of "Sumo" located in Paradise Cove. There are sites identified as many thousands of years old, and there are ancient burial grounds, as well. It is believed that the canyon was used by the Chumash Indians for at least 9,000 years, until the early 19th century.

In the early part of this century, the Rindge family's Adohr Dairy Company ran their cattle in the canyon, until the area was subdivided by the Marblehead Land Company in 1941. This was the first subdivision by the Marblehead Land Company (which has since become the Adamson Company), a Delaware Corporation, and the first tract was sold and deeded in March of 1942 to Hope Ann Goodrich.

There were 38 original parcels in this subdivision which, during the ensuing years, have been subdivided down into 70 to 80 parcels, approximately three to five acres in size, with some smaller lots of one to two acres. At the present time, there are approximately 50 to 60 homes in the canyon, ranging in size from 2,000 square feet to 8,000 square feet, but including some much smaller residences. The homes vary greatly in style and architecture, including small, original cottages, medium-sized ranch style homes, and large, modern or Mediterranean structures.

Ramirez Canyon Road is a private road that is gated at the Winding Way and Paradise Cove entrances. The Ramirez Canyon community, through the Ramirez Canyon Homeowners Association, collects monies and

provides the following services: road repair and maintenance, signage, monitoring of speed limits, maintenance of gate phone, speed bumps, and bridges. Road access can only be provided to residents who have recorded deeded easements (the Hope Ann Goodrich easement). Access at the Paradise Cove location is by means of a tunnel beneath Pacific Coast Highway. Historically, all residents have been responsible for their own trash pick-up.

Wastewater in the watershed is disposed of by means of on-site septic tanks and leachfields.

(Sources: historical - Ruth White, President, Ramirez Canyon Homeowners Association; documentation Chumash culture - Dr. Chester King, archaeologist; geological - Hannan Geotechnical Report, 1992; biological - Dr. Martha Witter, City Biologist)

### **1.6.6 Las Flores Canyon Watershed**

Las Flores Canyon is one of the largest watersheds in the Malibu area. Within the watershed are the neighborhoods of Las Flores Canyon, Las Flores Mesa, Rambla Pacifico and La Costa.

**CIRCULATION:** Seven-tenths of Las Flores Canyon Road is within the Malibu city limits. Las Flores Mesa Drive, a privately maintained road, is accessed only from Las Flores Canyon Road. Rambla Pacifico, a main north/south thoroughfare until sliding caused the road to become impassable in the early 1980s, is usually reached via Las Flores Canyon Road. Over two miles of Rambla Pacifico Road are within city limits. North of the city limits, Las Flores Canyon Road interconnects with Rambla Pacific Road. Further north, hairpin-type roads off Rambla Pacifico, such as Schuerin or Piuma, provide ingress and egress to the San Fernando Valley. The neighborhood of La Costa is accessed from Pacific Coast Highway on the east via Rambla Vista and Pacific Coast Highway on the west via Rambla Vista. All of the above roads are winding, have narrow shoulders and no sidewalks or curbs. Off-site parking is limited. The exception to this is the strip of La Costa homes built on Pacific Coast Highway. The highway has curbs, and off-site parking is available.

#### **1.6.6(a) Las Flores Canyon**

**HISTORY:** Las Flores Canyon was one of the first residential settlements because a guarded Rindge Ranch fence west of the road prevented westward development. The office of Malibu's first justice of the peace (he was a bartender at the stage coach stop, now known as Charlie Brown's Sea Lion Restaurant) and some Rindge Ranch bunkhouses were on Las Flores. Two bunkhouses remain. Other buildings near the mouth of Las Flores, easily identified by their architecture and wood siding, are nearly 100 years old. Though close to Pacific Coast Highway, the area feels isolated and tranquil.

**LAND USE:** Las Flores Canyon has an eclectic mix of single-family, multifamily rentals, commercial, horticultural, institutional and public facility zoning within the city limits. A nursery sits at the opening of Las Flores. About a block and a half north on the east side of the road is a place of business. On its south is a four-unit apartment building. The balance of land north of the business and on the east side of the road is all single-family. County zoning permitted multifamily development to four-tenths of a mile up Las Flores. A private school is on the east side, a county maintenance yard on the west, at the north end of the road. The very few infill lots remaining are used for parking overflow (in particular and on a regular basis by the office building for employee parking and the 20-unit apartment building). The majority of parcels are one-quarter acre. Houses average about 2,000 to 2,500 square feet. There has been no "mansionizing." Most structures have been built at the canyon floor; a few are on hillsides or hilltops. Wood is the predominant siding for single-family and multifamily buildings and reflects the "woody," rustic character of the neighborhood.

## LAND USE ELEMENT

**HOUSING:** Multifamily rentals include four duplexes, two triplexes (one is uninhabitable due to flood damage), three fourplexes, one six-plex and one 20-unit apartment building. Units range from one- to two-bedrooms. A triplex, fourplex, and six-plex are on the creek side (west of the road). There are no condominiums. Two small Rindge bunkhouses are rentals. There are granny unit rentals in single-family residence.

**CONSERVATION:** Las Flores Canyon is the only residential deep canyon in Malibu and has been designated by the County as a “Most Important” Significant Ecological Area. A creek, which flattens as it runs through the city limits of the canyon, carries runoff from one of the largest watersheds in the Santa Monica Mountains and provides sand for Las Flores Beach. Within city limits, the creek is bounded on the east by housing and the nursery; on the west by Rambla Pacifica. Besides coastal shrub and wildflowers, Las Flores Canyon also has pine trees, sycamores, pepper trees, and cactus. Minimal formal landscaping (lawns, etc.) gives the area a “natural” appearance. Wildlife, including deer, quail and rattlesnakes, can be found in the canyon.

**OPEN SPACE:** Open space is visual, not publicly owned. The visually open, aesthetically pleasing areas are the by-product of the steep canyon walls and “natural” vegetation.

**NOISE:** Man-made sounds echo in the canyon, but are normally unobtrusive. Because the road is now a main thoroughfare, traffic sounds can be a nuisance, particularly in the warmer months. Natural sounds of frogs, coyotes and birds abound.

**HEALTH AND SAFETY:** Las Flores Canyon is a floodplain. Many of the buildings along the creek are built on pilings. Two properties, a triplex and a single-family residence which sit below the creek bed as a result of the Rambla Pacifico slide, were destroyed by flooding in February of last year. The triplex was remodeled and re-rented, but again was destroyed by flooding in December. The two Rindge bunkhouses (at creek bed level) received substantial water damage but are again rented. The balance of creekside properties sit four to fifteen feet above the creek bed. During rains, the creek either rises and widens or runs narrow and deep. Also, the bed level is negatively impacted by rocks tumbling and siltation streaming from the steep upper watershed outside the city limits.

Las Flores Canyon is sandwiched between two slides, Rambla Pacifico and Las Flores Mesa. The Rambla Pacifico slide is the subject of litigation and will not be discussed here. The recent rains caused several problems on Las Flores Canyon Road from activity on Las Flores Mesa: runoff, surficial mudsliding, rocks and boulders, a fallen tree, and a dormant, natural spring which ran down Las Flores Mesa Drive and onto Las Flores Canyon Road for several weeks. The runoff has undermined the asphalt.

### **1.6.6(b) Las Flores Mesa**

**LAND USE:** The area, which saw development begin in the late fifties, is single-family residential. Lots average one acre. Houses are frequently perched along bluffs, down steep hillsides, or in the case of Sierks Way, built on a flat promontory. Homes average around 2,000 square feet in size. However, in the last two years, houses ranging in size from 4,000 to 6,500 square feet have been constructed. Most residences have ocean views.

**HOUSING:** N/A

**CONSERVATION:** Homes on Sierks Way have lawns, but homes on Las Flores Mesa Drive and Eagle Pass Drive are primarily surrounded by natural vegetation. The undeveloped hills provide a wildlife corridor.

OPEN SPACE: Because of the steepness of the hillsides, there are acres of privately-owned open space.

NOISE: Peaceful.

HEALTH AND SAFETY: The downslope side of Las Flores Mesa Drive has experienced movement, primarily surficial sliding, as has Eagle Pass Drive. The roads are privately owned; the homeowners are responsible for maintenance and storm drains. Rainwater from the roads, which either overwhelms the drain or can't enter plugged drains, frequently floods Las Flores Canyon Road.

### **1.6.7 La Costa**

BACKGROUND: The hillside neighborhood of La Costa, the oldest subdivision in Malibu, dates back to 1926. The neighborhood's CC&Rs, which expired around 1970, required architectural review and approval of all development.

LAND USE: The area is predominately single-family residential built along narrow winding streets and on steep hillsides. On the north sides of the roads, structures are built up the hillsides primarily; obvious cuts into the hillside are infrequent. On the south sides of the roads, structures are built down the hillsides or rest on pilings. Most structures have very little or no setback from the roads. The original homes are primarily Mission Revival in design. However, since the expiration of the CC&Rs, an eclectic mix of design has emerged. Telephone lines are underground. Most homes have ocean views. La Costa now includes single-family built later along Pacific Coast Highway and these homes have setbacks.

Malibu's original mixed-use strip center is located between Rambla Pacifico and Rambla Vista on Pacific Coast Highway. In the past, the first floor was commercial while the second floor was residential. Today, the first floor is commercial/retail; the second floor is commercial/office. The first-floor businesses serve both residents and visitors.

HOUSING: On the east end of Rambla Vista, housing is primarily multifamily with five duplexes and one eight-unit apartment building.

CONSERVATION: Because of the age of the area, trees have reached enormous heights but enhance the hillside neighborhood's beauty. Vegetation is natural. Three historic structures are located on Pacific Coast Highway. Representing the Mission Revival style in design, one structure, referred to as the "Old Sheriff's Station," is made of brick; the other two, at the La Costa neighborhood shopping area, are stucco. All have tile roofs and in some rooms, original Malibu tile.

OPEN SPACE: Open space is visual, due in large part to the topography, and privately owned.

NOISE: Tranquil, except for the homes which are built along Pacific Coast Highway.

HEALTH AND SAFETY: The eastern half of La Costa has experienced slope movement. Gas lines are above ground. Rambla Orienta, Paseo Hidalgo, and Calle de Barco, at the northern top of the neighborhood, are dewatered. Due to sliding in the eighties, some houses on the east end of Rambla Orienta were destroyed, or remain but are uninhabitable.

### **1.6.8 Las Tunas Beach to Carbon Beach**

Part of the magic of Malibu is, like few places in the world, it is a place where the mountains come down to meet the sea.

## LAND USE ELEMENT

Steep unstable bluffs crisscrossed with earthquake faults line Pacific Coast Highway and present a potential danger to travelers to inclement weather. The highway bisects the bluffs from the beaches. Along the beaches are a mix of single-family and multifamily residences, some on sandy beaches and some on wet beaches. For the most part, the residences are on narrow lots and are both single and two-story construction with varied architectural styles.

The beach side of PCH has a few commercial lots and single-family and multifamily units. It has a private beach club for residents who own property above La Costa Beach. It has the only inn and motel on the sand in the Los Angeles area. There is limited public access to these beaches, no public facilities or guard stations. The Las Tunas beach portion has a groins system in place.

All of the property is serviced by septic systems, and public facilities. As in all beach communities there is heavy surf at times and beach erosion and replacement.

On the land side of PCH where the terrain has allowed, there is multifamily development, single-family residences and commercial strip, office and stores.

This side has some fault lines which may also run through some of the beach side properties but as a result some of the land side property may not be buildable.

Because of the way Pacific Coast Highway ribbons through the varied distances between bluffs and beach there is limited pedestrian accommodations and no bicycle lanes.

Highway noise and aircraft noise is endemic to the beach property.

The strip shopping was created by the Coastal Commission concept of serving tourism rather than the needs of the local community.

The most significant characteristic of this area is the beauty of the sites and the shoreline of the ocean.

### **1.6.9 Malibu Park**

The boundaries of the Malibu Park neighborhood are defined by the four shared and interconnected accesses to the Pacific Coast Highway (Bonsall Drive, Busch Drive, Morningview Drive and Guernsey Drive), including the property which fronts on PCH and lies between the Bonsall and Guernsey accesses. The Malibu Park community is bounded on the North by the Zuma-Trancas section of the Santa Monica Mountains National Recreation Area (SMMNRA) parkland, on the south by the PCH and Zuma Beach County Park, on the West by Trancas Creek and the Trancas wetlands, and less precisely, on the east by the slopes rising towards Kanan Dume Road.

Three types of topography are represented in Malibu Park. Approximately 75% of the area can be described as “coastal shelf,” rising from the 50-foot high bluffs facing PCH to an elevation of about 350 feet in a horizontal distance of about 4,500 feet—an average slope of about 15:1. This gently sloping shelf undulates transverse to the coastline as the result of a series of small intermittent streams (several are “blue-line streams”) which ultimately flow directly into the ocean, crossing PCH through culverts. Prior to 1970 virtually every parcel in the shelf area had a blue-water view, including several Channel Islands, and over half had a white-water view. Less than 10% of these views remained in 1993 as a result of view blockage by trees—primarily Blue-gum Eucalyptus and Pine.

Approximately 20% of the land can be considered to be “canyon land,” located along the Zuma Creek. Large, old sycamore trees currently dominate this area, though formerly it was meadowland. The remaining five percent of the area is steep hillside rising from the shelf area to an elevation of about 800 feet in a horizontal distance of about 1,800 feet—an average slope of about 4:1. This area, originally developed as “Horizon Hills,” features spectacular coastline views sweeping from Palos Verde to Leo Cabrillo and including five Channel Islands.

Malibu Park is crossed on its north side by an ancient fault, and several landslide or slump zones have been identified in the steeper areas. Most of the Zuma-Canyon area has a high water table, and has been identified as a potential flood zone. In the shelf area the water-table generally lies 25 to 50 feet below the surface, and periodically this underground water “surfaces” as it emerges from the coastal bluffs fronting PCH.

Portions of the Malibu Park area have been swept by wildfires, with significant loss of property. These fires are driven by Santa Ana winds channeled through Zuma and Trancas Canyons. Major fires occurred in 1956, 1967, 1970, 1977, 1978, 1980, and 1983.

The Malibu Park area is largely developed as single-family residences on large lots, though about one percent of the shelf area has been developed as small lots (smaller than one-third acre). There is no multifamily development in Malibu Park, and the only commercial development is a small neighborhood-serving shopping center at the intersection of Busch Drive and PCH.

The shelf area was used to graze cattle and raise vegetables until the 1950s. Portions of Malibu Park were divided for residential development starting in the late 1940s. The land in the “shelf” area was subdivided into two to five acre parcels, and at the south end of Bonsall Canyon Drive and in the Horizon Hills area into one to two acre parcels. Some parcels remained in the seven to 40-acre size range, particularly at the north end of Bonsall Canyon Drive, and on the eastern slope of the Trancas watershed, on the western side of Malibu Park. Most of the Malibu Park original subdivision parcels carried deed restrictions which shaped the size of the homes, and which encouraged agricultural use of the land. As these restrictions expired, some of the parcels were divided further, and a few of those divided still again. Today Malibu Park contains intermixed parcels varying in size from one-quarter acre to 12 acres, with the majority in the one to four acres range.

The nature of the land, the mild weather, and the unusually clean air, encourages agricultural uses. Wholesale orchid ranches are located on Bonsall and Harvester Roads. Small commercial Avocado orchards are scattered throughout Malibu Park. Herbs and flowers are grown commercially on the undeveloped portions of a number of parcels. Several parcels are used as wholesale tree nurseries. A large number of homes keep riding horses; and goats, chickens, and geese are raised for home consumption.

Prior to the 1970s, about 250 ranch style homes, varying in size from 1,500 to 2,500 square feet, were built in Malibu Park. In the 1970s home sizes increased to the 2,000 to 5,000 square-foot range, with a few as large as 8,000 square feet. Most of these were single-story, though about 10% of these newer homes were two-storied.

This building pattern continued in the 1980s, with a tendency towards the larger end of the size spectrum, until the vote for incorporation of the City of Malibu. After the vote in favor of incorporation, Malibu Park became the site of a building frenzy of very large homes (up to 22,000 square feet), and large homes (typically 8,000 square feet, two-story) on smaller (less than one acre) lots. Many of these were built for speculation and having not sold in two years, were foreclosed. Some of the largest “mansions” have become “show

## LAND USE ELEMENT

places,” frequently cited as examples of what should not happen in Malibu. This development brought forth the problem of excessive run-off water to Malibu Park, resulting in flooding of several homes in 1991 and 1992.

The rural character of the Malibu Park neighborhood is expressed by the low, ranch-style houses, the large lots, and the agricultural uses of the undeveloped land. It is also reflected in the virtual absence of sidewalks and curbs, and by the minimum use of street and home-security lighting.

A large parcel of land owned by the Santa Monica-Malibu (SM-M) School District is located in the center of the shelf area. The Juan Cabrillo Elementary School and the Malibu Park School (grades 7 through 12) are located on this land. The Malibu Methodist Church, which operates a nursery school, is located near the public schools.

Malibu Park contains three secondary trailheads to the SMMNRA at approximately the intersection of Guernsey and Morningview Drives (the Chumash Indian Trail), and at the north end of Busch and Bonsall Drives (the Zuma Ridge and Zuma Canyon Trails, respectively). Los Angeles County has leased a portion of the SM-M School District land for an equestrian center. This center is linked by roads and trail easements to the Chumash Trail from Morningview and Harvester Drives, to the Zuma Ridge trail head at Busch Drive, and the Zuma Canyon trail head at Bonsall Drive.

Zuma Beach receives several million visitors each year. To avoid the parking fee charged by the County at Zuma Beach, large numbers of beachgoers park along PCH, and on Morningview and Guernsey Drives. Since circa 1990 these “parkers” have created a significant problem to the neighborhood in the form of obstruction of the roadsides used by equestrians and pedestrians, trash and litter, and an increasing number of burglaries and thefts.

Opossums, raccoons, skunks, squirrels, rabbits, gophers, rattlesnakes, roadrunners, quail, redtail hawks, owls, parrots and numerous smaller animals and songbirds are found throughout Malibu Park. These, and domestic animals, provide good hunting for coyotes, owls, and hawks. Deer were abundant in Malibu Park through the 1970s, but are only seen occasionally today. Bobcats and mountain lions from the hills to the north occasionally drop in for dinner.

### **1.6.10 Winding Way - De Butts Terrace**

The area defined by Winding Way and De Butts Terrace north from Pacific Coast Highway to the Escondido Falls is a community of about 100 properties which are accessed by these private roads.

The majority of parcels are two to five acres in size, although parcels range from one-third to over 100 acres.

Lack of a county water supply had been a major obstacle to development in the area, and most of the parcels were undeveloped. When in recent years a water improvement district was formed, the property owners were assessed and a new water line and road improvements were accomplished. A five-foot equestrian easement was dedicated alongside the road as a Coastal Commission condition of these improvements.

Much new construction took place, and consequently the homes are newer, larger, and taller (exceeding current standards) than those that exist in most communities, reflecting a change in the undeveloped character of the neighborhood.

The topography is that of rolling hills that provide an opportunity for unmatched ocean and coastline views. Although the feeling is rural, most homes are no longer oriented toward equestrian uses. Property values are higher than average for the land side communities of Malibu.

The roads are private, though not gated, which is consistent with the quiet residential character that the community has traditionally enjoyed. However, with the acquisition of land by the Conservancy (the Conservancy now owns approximately 30 acres of land in the area) has come the unlimited public access for hikers, bikers, campers and gangs. Security and liability have become a problem and the fire danger has increased. Recreationists and tourists park along the equestrian trail.

Two waterfalls exist in the upper region of Escondido Canyon which are accessible by hiking or horseback along trails through private property. There is conflict among the various types of users as to the impact on the sensitivity of this area as well as the residential character.

Of utmost importance to the continuance of the historic community character is the ability of the residents to control this recent increase in public access so that the integrity of the residential lifestyle can remain intact. The residents are adamantly opposed to the acquisition of any more property in the area by the Conservancy because of these problems and the increased public use of the area which is considered sensitive in nature, and which cannot support this increased level of use.

#### **1.6.11 Area inland of Pacific Coast Highway west of Lunita/Bailard Tract to west City line**

This area's topography ranges from gently to steeply sloping terrain between Pacific Coast Highway and the Eastern boundary of the City. There is relatively sparse single-family development located on large lots usually served by private roads or driveways serving several properties. There is one semi-developed subdivision, Lechuza Highlands, which exists around the mouth of Encinal Canyon Road that was initially sold to individual buyers in late 1959 by the Crummer family. The area is about one-half developed, and subdivided lots range from several sites of one-half acre to three acres in size. The roads are private and maintained by residents. Many are dead-end and are intended to serve residents only. The neighborhood is very rural in appearance and lacks typical urban amenities such as sidewalks and streetlights. The area has a history of geological instability. There were several landslides closing Encinal Canyon Road in the late 1960s through 1980. These areas continue to be unstable. The development of structures in Lechuza Highlands was controlled by CCRs until they expired in 1986.

The general area affords wonderful views of the Pacific Ocean as well as the mountains and canyons from most existing and potential development sites. The areas not in the Lechuza subdivision are primarily larger parcels.

Existing housing development ranges from small, older structures from 2,000 square feet to recently built 8,500 square-foot structures. Most are, or appear to be, multi-story. This often can be misleading in that the structure may only be one story at the level of the access road but is built down the slope and appears two or three stories high looking up from PCH.

Land uses in the area are almost all residential except for the Malibu Tennis and Riding Club at the western end which provides facilities for horse boarding, horse shows, and a tennis club which are clustered on the portions of the property fronting PCH. The upper steeper portions of the property provide trails for users of the facility. There also is a pet boarding kennel and a horse ranch which provides boarding and equestrian teaching facilities on two other properties nearby.



## LAND USE ELEMENT

Historically, there have never been any multiple-family or commercial uses other than the Tennis and Riding Club which had a low-intensity recreational commercial land use designation under the Coastal Plan.

Other than some areas of geological instability, the primary hazard is from fire and high winds, which can be severe. The area has experienced several wildfires; one in 1978 burned 250 homes in western Malibu. Highway noise can be annoying for homes immediately uphill of PCH.

Water service to the area is provided by Waterworks District 29 but lateral lines are often inadequate to serve some areas. Electricity, cable TV and phone service is available in most of the area. Natural gas service is provided to some areas, not to others.

The closest shopping area is at Trancas Canyon Road and PCH which is between three and eight minutes by car from most properties. A medium size grocery chain market, a restaurant, a nursery and a full-service gas station are located there.

Two highways, Encinal Canyon Road which joins Kanan Dume Road, and Decker Canyon Road, a state highway, provide access from PCH across the mountains to the Ventura Freeway.

The recreational opportunities available are primarily natural in nature and passive in use. There are four State-owned beaches on the ocean side of PCH across from this area. They are characterized by picnic and parking areas on the bluff with relatively primitive stairways to the natural beach below. They receive significant visitor use, especially in the summer months, creating parking hazards on PCH, which is a popular bike route. Several years ago a young man was killed crossing four lanes of PCH from La Piedra Park near the intersection of PCH and Encinal Canyon Road. Charmlee County Park provides a magnificent natural hiking and picnicking area for residents and visitors. It is both within and without the City, with an entrance beyond City limits off Encinal Canyon Road. The park runs through Lechuza Canyon between Encinal Canyon Road and Decker Canyon Road, abutting National Park Service land which connects the park to La Pescadore Beach on the ocean side at Decker Canyon Road. The whole area has abundant wildlife, including deer, coyote, hawks, buzzards, Monarch butterflies, etc.

### **1.6.12 Malibu Knolls**

The Malibu Knolls neighborhood consists of 65 residential parcels situated on a crescent-shaped area above and surrounding the Civic Center Area. These lots form the northern and part of the western boundary of the Civic Center area. The average elevation of the neighborhood is approximately 200 feet above the flat land below. The neighborhood is separated by a deep gulch into two distinct areas—East Knolls (40 parcels), and West Knolls (25 parcels). The largest lot is over four acres and the smallest lot is less than one-half acre. The average lot size is 1.02 acres.

All of the homes front on dead-end streets, all of which can only be accessed from Malibu Canyon Road. During peak traffic hours, the residents are subjected to extreme traffic hazards by the high speed canyon traffic when entering or exiting the neighborhood. The East Knolls, in particular, has an intersection with Malibu Canyon Road at a blind curve on the canyon.

Most homes in Malibu Knolls have an unobstructed view of all of Santa Monica Bay from Palos Verdes to Santa Barbara Island. There is also an unobstructed view of the Malibu Civic Center. The physical terrain creates an amphitheater where the residents are the audience to the sights, sounds and any other activity that emanates now and in the future from the Civic Center.

### 1.6.13 Point Dume

The essential character of Point Dume is a predominance of single-family homes on lots that are extremely large for parcels on the ocean side of Pacific Coast Highway, together with views from those parcels of and/or proximity and access to the beach. Point Dume has a lack of sidewalks and street lights, as well as roads which are rarely straight or flat, all of which adds to the rural atmosphere prevalent on Point Dume. Many homes have ocean views and/or sounds or mountain views, and the surrounding beaches are both traditional Southern California wide, sandy beaches, such as Westward Beach, as well as more unique beaches, such as the “Big Dume” beach, with its extensive tide pools.

Original construction on Point Dume customarily consisted of single-story ranch style homes in the 2,000 square foot range, with “building standard” type interior finishes. However, most homes constructed on Point Dume since approximately 1985 have been large, often finished in an opulent style, and with widely divergent styles, and such homes now constitute a significant (although not overwhelming) portion of the Point. Such larger homes are particularly prevalent on perimeter drives and bluff streets (e.g., Cliffside and Birdview), while original styles predominate elsewhere (e.g., Wandermere).

Although single-family residences predominate, a few multiple-unit structures were also built on Point Dume. Multiple-unit structures and multiple structures on single lots were not part of the original neighborhood character or architecture, as still are not, nor have multiple-unit structures been completed recently on Point Dume. Although multiple-unit structures are rare on Point Dume, a significant number have recently been built in close proximity to Point Dume on the non-beach side of the Pacific Coast Highway, and the number of multiple-unit structures in the area is therefore at a saturation point. Point Dume contains a mobile home park on the tip of the Point at the end of Heathercliff. Most of the lots on Point Dume have now been built out, though sporadic unimproved lots remain.

Shopping and related needs of Point Dume area residents are assured, and seem assured into the future, through two existing complexes on Point Dume, one on either side of Heathercliff at the Heathercliff entrance to Point Dume. In addition, retail office space is also provided at Heathercliff, as well as at another complex off Portshead.

Passive and active recreational needs are met by the Malibu Community Center, which provides public access and parking off Fernhill, the Point Dume Headlands, (and associated foot trails), which provides public access and parking from Westward Beach.

As a result of the shopping and office centers and as a further result of “Z” traffic which does not commence or terminate on Point Dume, but which merely uses the Point as a short-cut, including but not limited to traffic leaving Westward Beach contrary to the designated traffic flow, the volume and speed of traffic on Point Dume is at an unacceptably high level.

Crime and potential fire hazards on the Point have also become concerns, particularly as nonresidential development has increased, vagrancy has increased, itinerant workers tend to congregate near Heathercliff and the PCH, and alcohol has been made available for both on-site and off-site consumption, including late into the night.

### 1.6.14 Serra Retreat

“Serra Retreat” is a wooded canyon area adjacent to Malibu Creek in Lower Malibu Canyon, as well as a portion of Sweetwater Mesa. The approximately 96 property owners of the small, secluded area belong to

## LAND USE ELEMENT

the Serra Canyon Property Owners Association, which was formed to maintain and protect the privately-owned, country road of the canyon community.

Serra Canyon consists of approximately 96 lots ranging from under one-half acre to four acres, with a few in excess of four acres. All but a handful are developed as single-family residences at this time. The homes range from small to large, reflecting the diverse economic and architectural make-up of the special Malibu locale. Eighty percent of the lots are one acre or less, with the remaining 20% more than one acre. As Malibu's historic ranch center, its rural character is unique and treasured.

### **1.6.15 Malibu Country Estates**

Malibu Country Estates is an enclave of single-family homes north of Pacific Coast Highway and adjacent to the western border of the Pepperdine University campus. It consists of 107 lots of which five remain undeveloped. A "Declaration of Restrictions" recorded on August 28, 1972 in the County of Los Angeles and valid at least until January 1, 2010 defines the boundaries of each lot, whether it is for one or two-story structures, and specifies a set of restrictions regarding height, setbacks, size of floor area, visual impact, etc.

Malibu Country Estates has paved streets, sidewalks, public water supply, storm sewers, street lights—the amenities and look of a suburban community. Its wastewater is treated at the recently upgraded Malibu Mesa Reclamation Plant, which is partly dedicated to meeting the fixed permanent needs of Malibu Country Estates. The Malibu Mesa Reclamation Plant is shared with Pepperdine University.

### **1.6.16 Malibu Road**

Malibu Road is a two-lane "country road" which runs north and south paralleling the Pacific Ocean for approximately two and one-half miles. Malibu Road has one entrance—Webb Way—which is a 100-plus-foot wide access road from Pacific Coast Highway. There is a large shopping center bordered by Webb Way, PCH, and Malibu Road. There are also professional offices at the entrance to Malibu Road. Since the enlargement of the shopping center, egress and ingress to Malibu Road has been hampered (some would say dangerous) due to the infrastructure's inability to handle the increased traffic.

There are over 250 living units situated on Malibu Road, the majority of which are two-story single-family homes located on the ocean side of the Road. These beach-front lots are approximately 60 feet wide and 100 feet deep. The land side residences are also mostly two-story homes, but sit on larger lots ranging from one-quarter to four acres. At the far north end of Malibu Road there are several multifamily units which offer semi-affordable rental units.

The City of Malibu recently took over management of Bluffs Park, which is located on the palisades above Malibu Road. The park offers active recreational opportunities with a visitor's community center (The Michael Landon Center), a Little League field, and open recreational space popular with those who like to fly remote control planes or simply enjoy the spectacular ocean views as they wander the designated trails which wind down to Malibu Road.

The geological hazards on the land side of Malibu Road are well known and have been the subject of ongoing studies regarding the watering practices of Pepperdine University which is situated on the hills above the road. It is believed that excess watering of the hills surrounding the university have contributed to the movement of the bluffs along the road.

Malibu Road residents are served by an active homeowners association which represents their interests and concerns.

**1.6.17 Malibu Canyon Village Homeowners' Association, Inc.; Maison de Ville Homeowners Association; Malibu Pacifica Condominium Association, Inc.**

Flanking the westernmost section of the Malibu Civic Center “bowl” arena, and overlooking a slight hillside, stand three condominium properties—Malibu Canyon Village, Maison de Ville, and, tucked away beside a grade school and a Catholic church, Malibu Pacifica.

Bordered along their ocean side by Civic Center Way and the Maison de Ville sewage treatment plant, these three Malibu condominium properties contain 169 individual condominiums housing more than 400 residents on approximately 10 acres of real estate. Due in part to its proximity to Catholic and public schools, this area has become the most densely populated in Malibu. Each of the condominium properties as it exists today is fully developed and operating under condominium association covenants, conditions and restrictions.

With automobiles ricocheting up and down Civic Center Way at speeds often in excess of 60 miles per hour, condominium residents and the school children are subject to extreme traffic hazards when entering or leaving the neighborhood. Any consideration for further development of this area should take into account the existing traffic, population density, and the already overloaded sewage treatment plant.

**1.6.18 Zuma Canyon**

Leaving Pacific Coast Highway and its profusion of fast, noisy cars and crowds of beachgoers behind and entering Zuma Canyon, one can only marvel at the uncommon beauty and tranquility. Everywhere there are trees and flowers. The near-perfect silence is interrupted only by birds singing, crickets chirping, and the occasional hum of a distant mower.

What is almost unbelievable is traveling just a few hundred feet and being in such a pastoral setting, free of congestion, noise and visual disharmony. From the start, the visitor senses that Zuma Canyon is a rare and special place. There is immediately a feeling of having discovered a place unspoiled and undisturbed by civilization. Only upon a closer look does one become fully aware of the homes tucked behind a camouflage of thickset bougainvillea hedges colorfully lining the street.

Zuma Canyon property was originally settled with a population density of about one homestead per every five acres of land. Today, there are approximately 50 single-family building sites, each occupying an average of about three acres. Most have been developed in secluded estate-like settings.

From the vantage point of a western rim, one can observe a patchwork of small orchards, truck farms, stables and corrals stretching over the gently rolling terrain. There are groves of oranges and avocados, apple orchards, and greenhouses where rare varieties of orchids and nursery stock are grown. The unusual climatic conditions of Zuma Canyon are favorable to producing a wide variety of plants, fruits and vegetables.

Agriculture represents the only commercial enterprise permitted by RA-1 zoning in the Canyon, and it is an important source of livelihood and interest to more than a few of the canyon’s property owners.

Zuma Canyon is located on the eastern side of Pacific Coast Highway along the stretch of Malibu between Kanan Dume Road to the south and Trancas Canyon to the north. At one end of the Canyon lie the Zuma

## LAND USE ELEMENT

wetlands and beach; at the other end is land currently designated as a National Park. There is no access to the beach from Zuma Canyon; there are no ocean views. Residential properties are nestled on a floodplain below steep slopes and rugged ridgelines.

Zuma Canyon is one of the least disturbed canyons of the Santa Monica Mountains, and it is considered a Significant Ecological Area. Its dry slopes and ridge are sparsely covered by a mixture of chaparral, coastal sage scrub and natural grasses. In contrast, the riparian bottom of the Canyon is dominated by narrow bands of dense native Oaks and Western Sycamore woodlands. Significant watershed areas surround the woodlands.

Zuma Creek flows down the mountain and interior valleys towards the Pacific Ocean. The interaction between the ocean and stream bed forms one of the last remaining wetlands along the Southern California coast.

The brushy, grassy habitat of Zuma Canyon provides a haven for a rich diversity of wildlife. Deer, bobcats, rabbits, raccoons, badgers and other species continue to be sighted in Zuma Canyon. The Canyon's canopy of trees and shrubs provide a sanctuary for many bird species, including trashers, quail and Golden Eagles. Members of the Audubon Society find Zuma Canyon a paradise for birdwatching activities. Historically, the high cliffs of Zuma Canyon provided a nesting habitat for the Peregrine Falcon, a State and Federally listed Endangered Species.

Describing the physical attributes of Zuma Canyon is much easier than defining the personality of its neighborhood. Even with access to an entire vocabulary it is difficult to find the proper words to express the quality of life existing in the Canyon. Many Zuma Canyon property owners are longtime residents who came to the Canyon seeking solitude and serenity. They, as well as newcomers to the Canyon, have chosen to retain those qualities. Over the years, the quiet, secluded, rural character of the Canyon environment has remained virtually unchanged.

Several residents of the Canyon are now retired and appreciate more than ever the intimacy of canyon living. Others are professionals who work in the city but pay the price of lengthy commutes to return to a slower pace once their day's work is complete. Even non-residents enjoy the Canyon's ambience; riders regularly enjoy a ride through the Canyon.

A common denominator shared by Zuma Canyon property owners is a desire for privacy. This has brought about a feeling of closeness and community among the neighbors that is hard to find nowadays.

## **1.7 Appendix B—Land Use Maps**

**Exhibit LU-1A: Existing Land Use**

**Exhibit LU-1B: Existing Land Use**

**Exhibit LU-1C: Existing Land Use**

**Exhibit LU-1D: Existing Land Use**

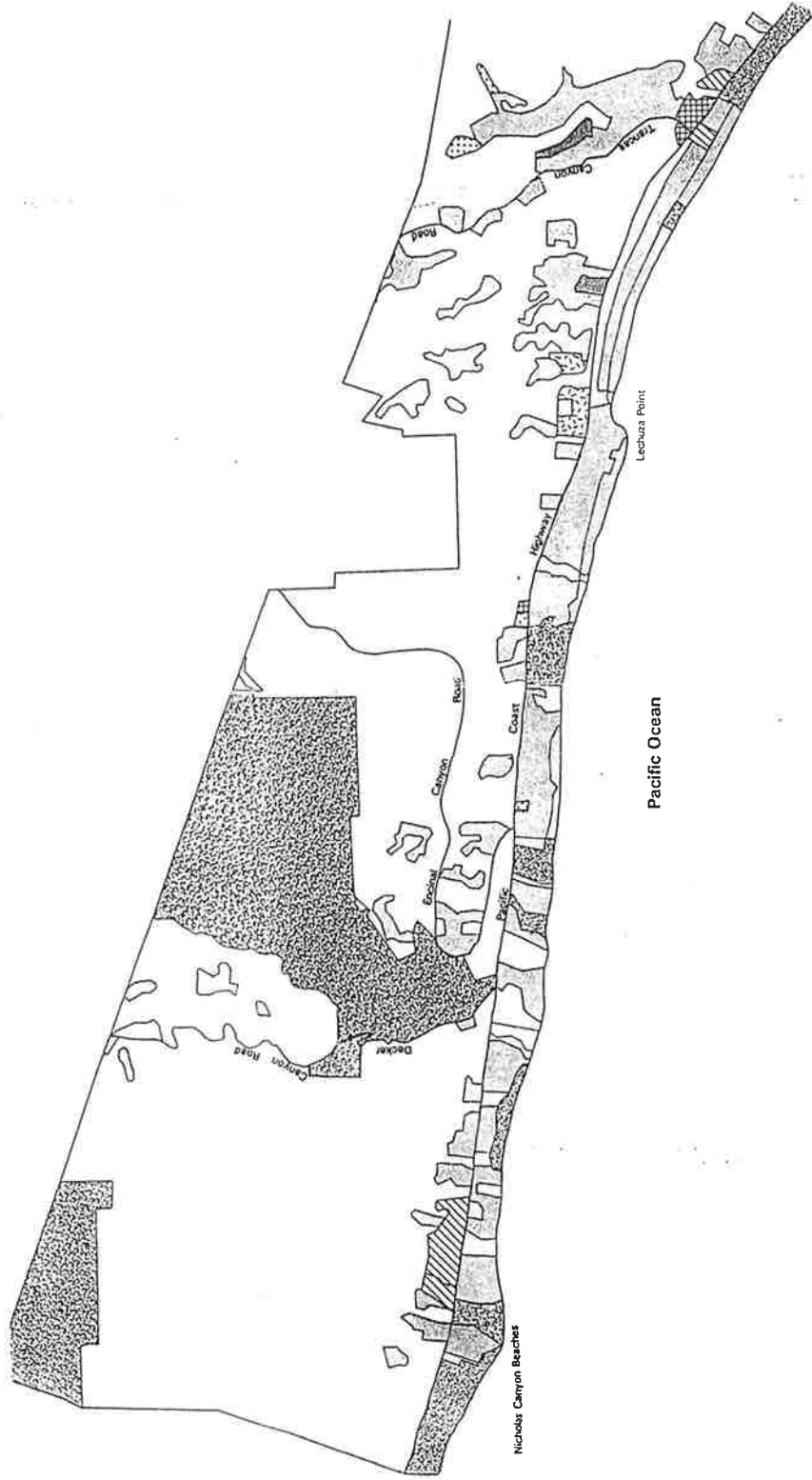
**Figure LU-2(A): Land Use Policy Map Legend**

**Figure LU-2(B): Land Use Policy Map Section 1**

**Figure LU-2(C): Land Use Policy Map Section 2**

**Figure LU-2(D): Land Use Policy Map Section 3**

**Figure LU-2(E): Land Use Policy Map Section 4**



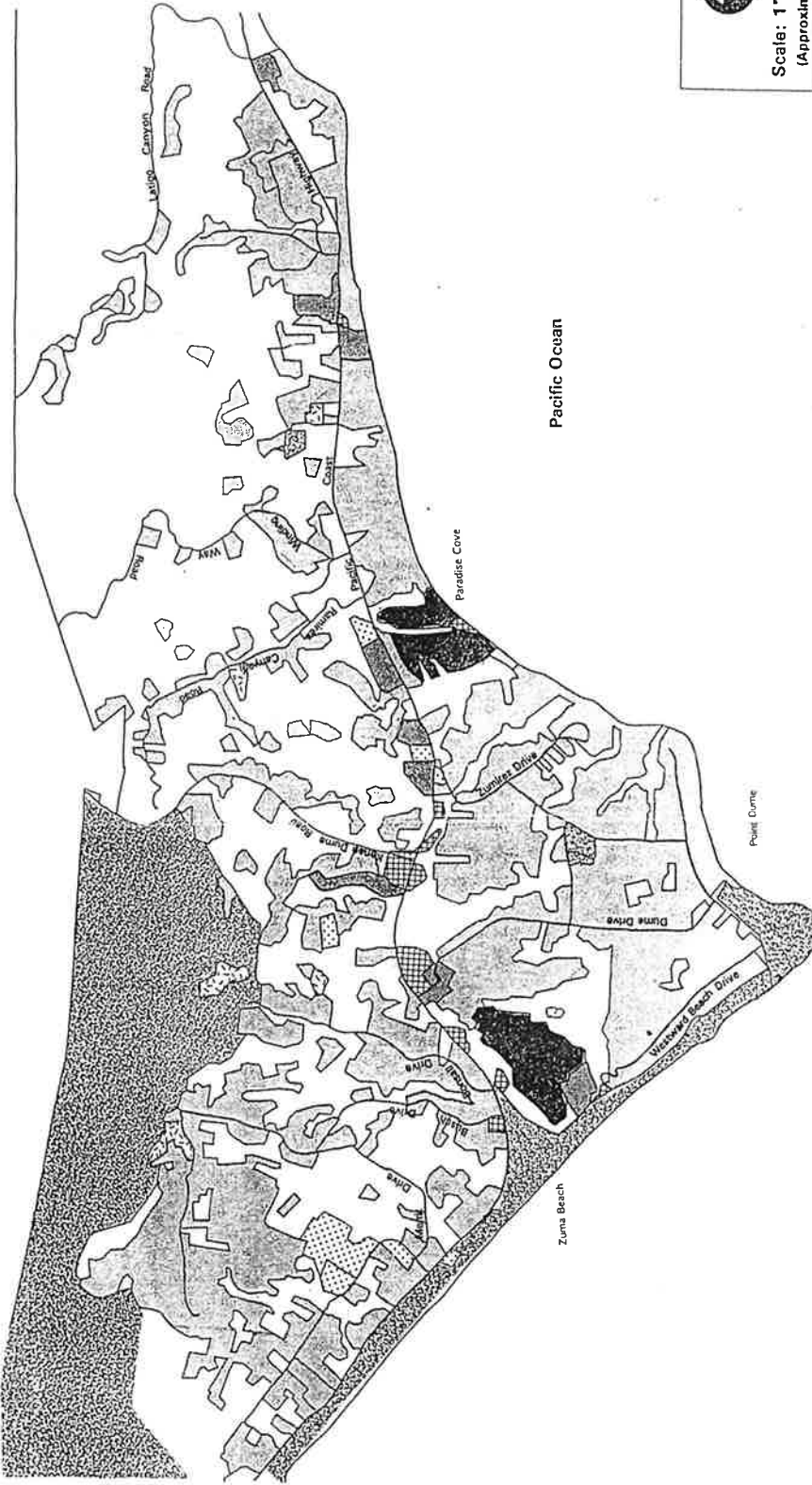
Scale: 1" = 31,680'  
(Approximately)



**CITY OF MALIBU GENERAL PLAN**  
**Exhibit LU-1A**  
**Existing Land Use**

LEGEND	
	Single Family Residential
	Multi-Family Residential
	Mobile Home Residential
	Commercial
	Commercial Recreation
	Public and Semi-Public Facilities
	Research and Development
	Horticulture
	Open Space
	Vacant Land

SOURCE: Harland Bartholomew and Assoc., Inc. 1992



Scale: 1" = 31,680'  
(Approximate)

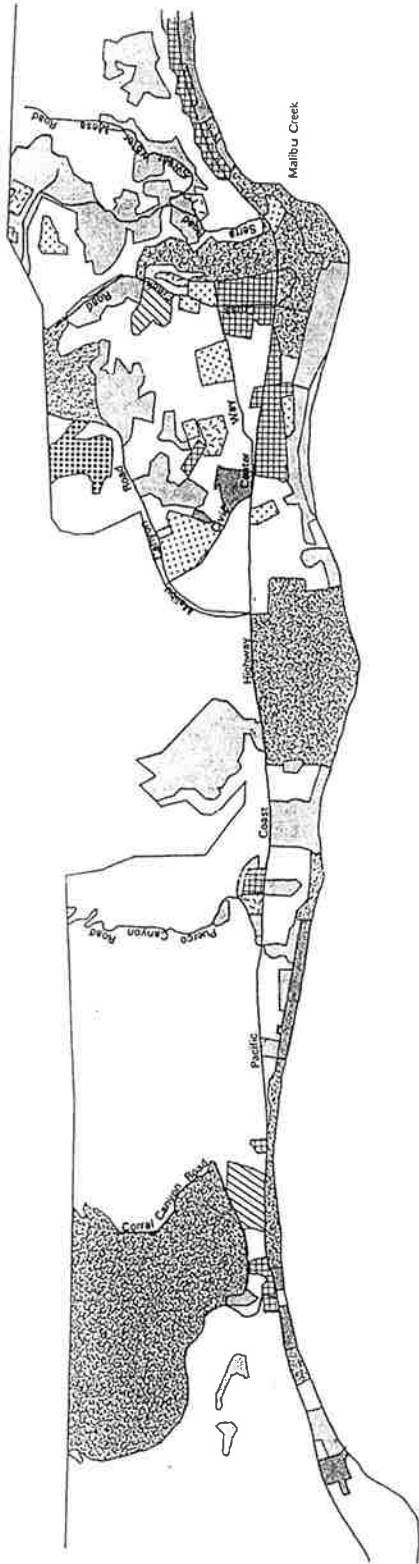
**CITY OF MALIBU GENERAL PLAN**  
**Exhibit LU-1B**  
**Existing Land Use**

**LEGEND**

	Single Family Residential		Public and Semi-Public Facilities
	Multi-Family Residential		Research and Development
	Mobile Home Residential		Horticulture
	Commercial		Open Space
	Commercial Recreation		Vacant Land

SOURCE: Heland Bartolomew and Assoc., Inc. 1992





Pacific Ocean



Scale: 1" = 31,680'  
(Approximately)

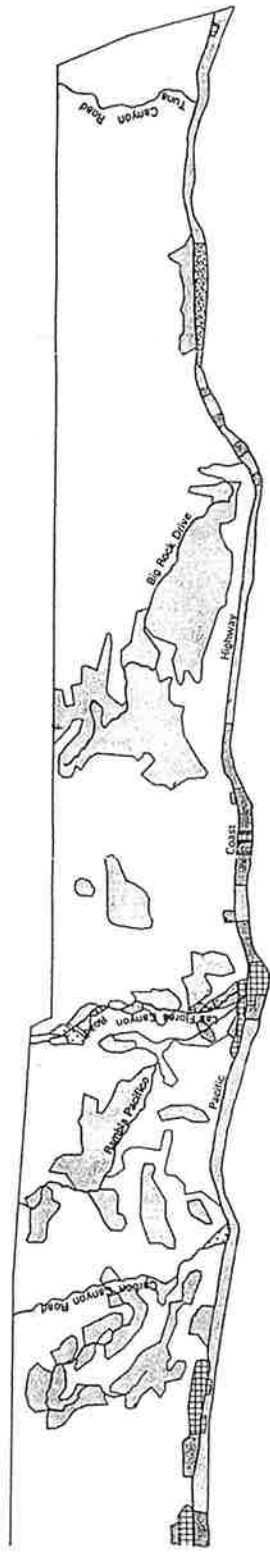
CITY OF MALIBU GENERAL PLAN

Exhibit LU-1C  
Existing Land Use

LEGEND

- |  |                           |  |                                   |
|--|---------------------------|--|-----------------------------------|
|  | Single Family Residential |  | Public and Semi-Public Facilities |
|  | Multi-Family Residential  |  | Research and Development          |
|  | Mobile Home Residential   |  | Horticulture                      |
|  | Commercial                |  | Open Space                        |
|  | Commercial Recreation     |  | Vacant Land                       |

SOURCE: Harland Bartholomew and Assoc., Inc., 1992













Pacific Ocean

  
 Scale: 1" = 31,680'  
 (Approximately)

**CITY OF MALIBU GENERAL PLAN**  
**Exhibit LU-1D**  
**Existing Land Use**

**LEGEND:**

	Single Family Residential		Public and Semi-Public Facilities
	Multi-Family Residential		Research and Development
	Mobile Home Residential		Horticulture
	Commercial		Open Space
	Commercial Recreation		Vacant Land

SOURCE: Harford Bartholomew and Assoc., Inc. 1982

**LEGEND. 1**

**Single Family Residential 2**

- Rural Residential
  - RR20 (1 dwelling unit per 20 acres)
  - RR10 (1 dwelling unit per 10 acres)
  - RR5 (1 dwelling unit per 5 acres)
  - RR2 (1 dwelling unit per 2 acres)
  - RR1 (1 dwelling unit per 1 acre)
- Single Family
  - Low (1 - 2 dwelling units per acre)
  - Medium (2 -4 dwelling units per acre)

**Multi-Family Beach Front**

MF

**Multi-Family**

**Mobile Home Residential**  
No new mobile home residential uses are proposed.

**Commercial**

- Commercial Neighborhood (Floor-to-Area Ratio 0.15:1.0) **CN**
- Community Commercial (Floor-to-Area Ratio 0.15 to 0.20:1.0) **CC**
- Visitor-Serving Commercial (Floor-to-Area Ratio 0.20 to 0.25:1.0) **CV**
- General Commercial (Floor-to-Area Ratio 0.20 to 0.25:1.0) **CG**
- Business-Professional Office (Floor-to-Area Ratio 0.15:1.0) **BPO**

**Public and Semi-Public Facilities (Institutional)**

1 Includes government offices, sheriff and fire stations, schools, religious and health care facilities, and libraries.

**Industrial/Research and Development**

**Public Open Space**

**Private Recreational Facility**

**Recreational Vehicle Park**

**Specific Plan Districts**

**Historic Preservation District**

**Roads and Streets**

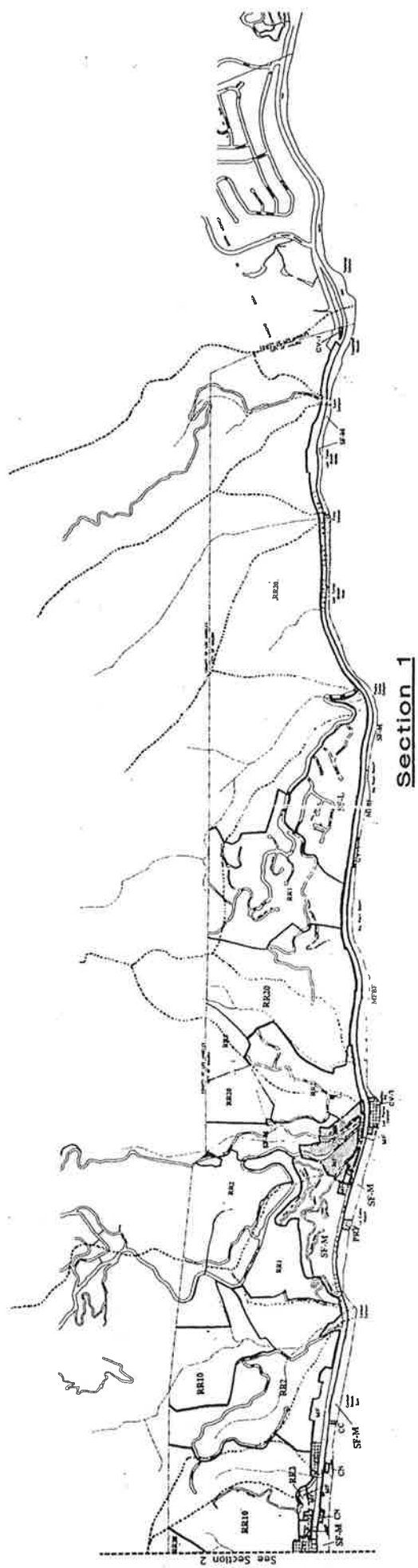
- Public
- Private
- Private (not improved)

**FOOTNOTES**

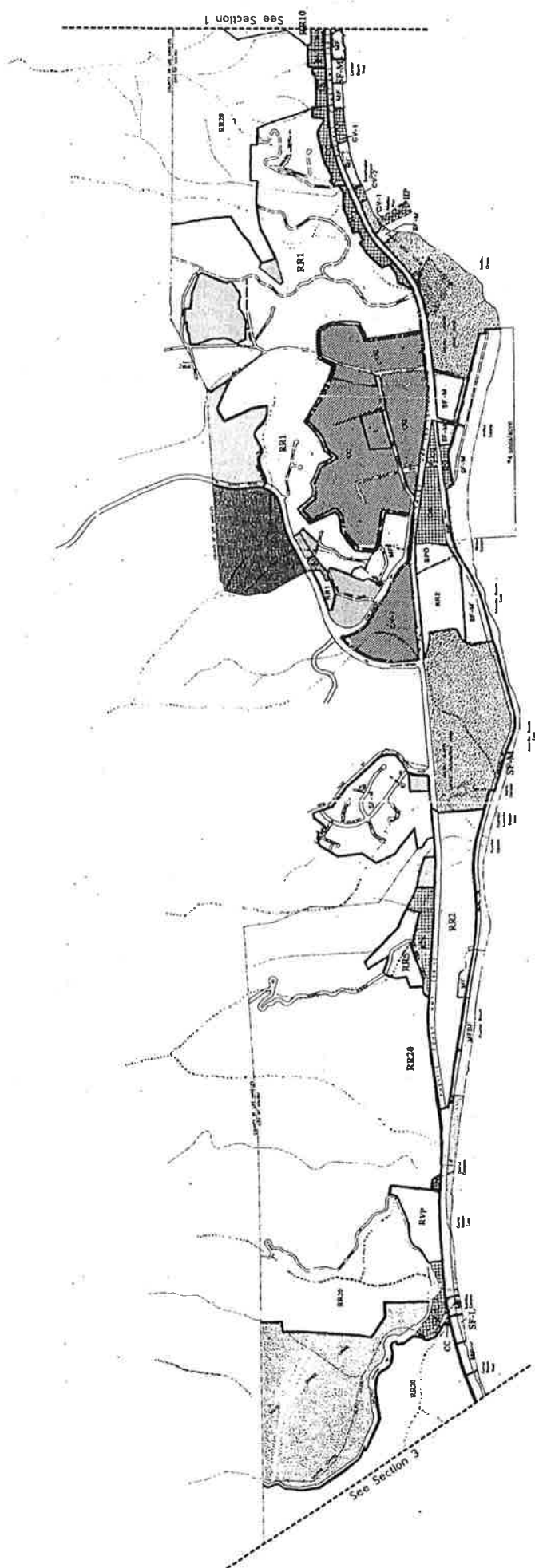
- 1 Definitions of each land use are defined in the Land Use Element of the General Plan.
- 2 The Land Use Policy Map is the graphic depiction of adopted policies of the City of Malibu regarding appropriate land uses and associated residential densities and non-residential intensities. Site specific constraints may limit development to less than indicated on this Land Use Policy Map. Many areas of the City of Malibu are areas of significant environmental resources or are subject to geo-technical constraints. Geo-technical constraints include steep or unstable slopes, landslides, earthquake faults, and area of high potential for ground liquefaction. Environmentally sensitive areas include those identified as Sensitive Environmental Resource Areas. Environmentally Sensitive Habitat Areas, and other areas which may be identified in this General Plan as suitable for such designations. Such resources or constraints may render such areas unsuitable or unacceptable for the maximum densities or intensities shown on this Land Use Policy Map or as described in the Land Use Element. Further, land use shall disperse development to minimize visual impact, reduce development in hazard areas, and protect environmental resources, taking into account the specific development patterns and character of the area, the availability of public facilities, infrastructure and services. These minimum lot sizes apply to any new lots created.
- 3 Cultural and artistic uses shall be allowed throughout commercial zones without requirement of a conditional use permit.
- 4 Regional park acquisition proposed by the Santa Monica Mountains Conservancy

**CITY OF MALIBU GENERAL PLAN**  
**FIGURE LU-2(A)**  
**LAND USE POLICY MAP - LEGEND**

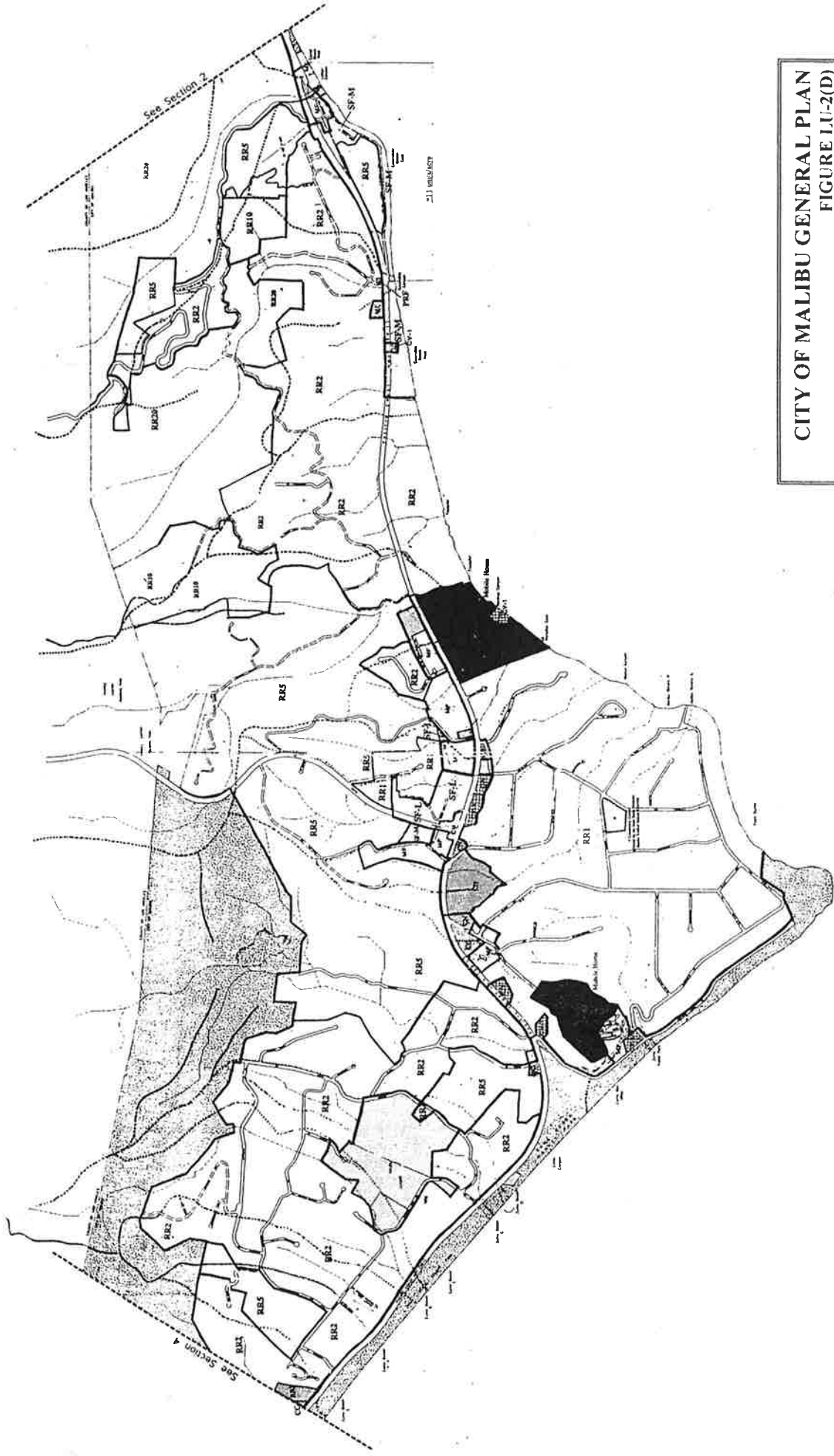
CITY OF MALIBU GENERAL PLAN  
FIGURE LU-2(B)  
LAND USE POLICY MAP SECTION 1



CITY OF MALIBU GENERAL PLAN  
FIGURE LU-2(C)  
LAND USE POLICY MAP SECTION 2

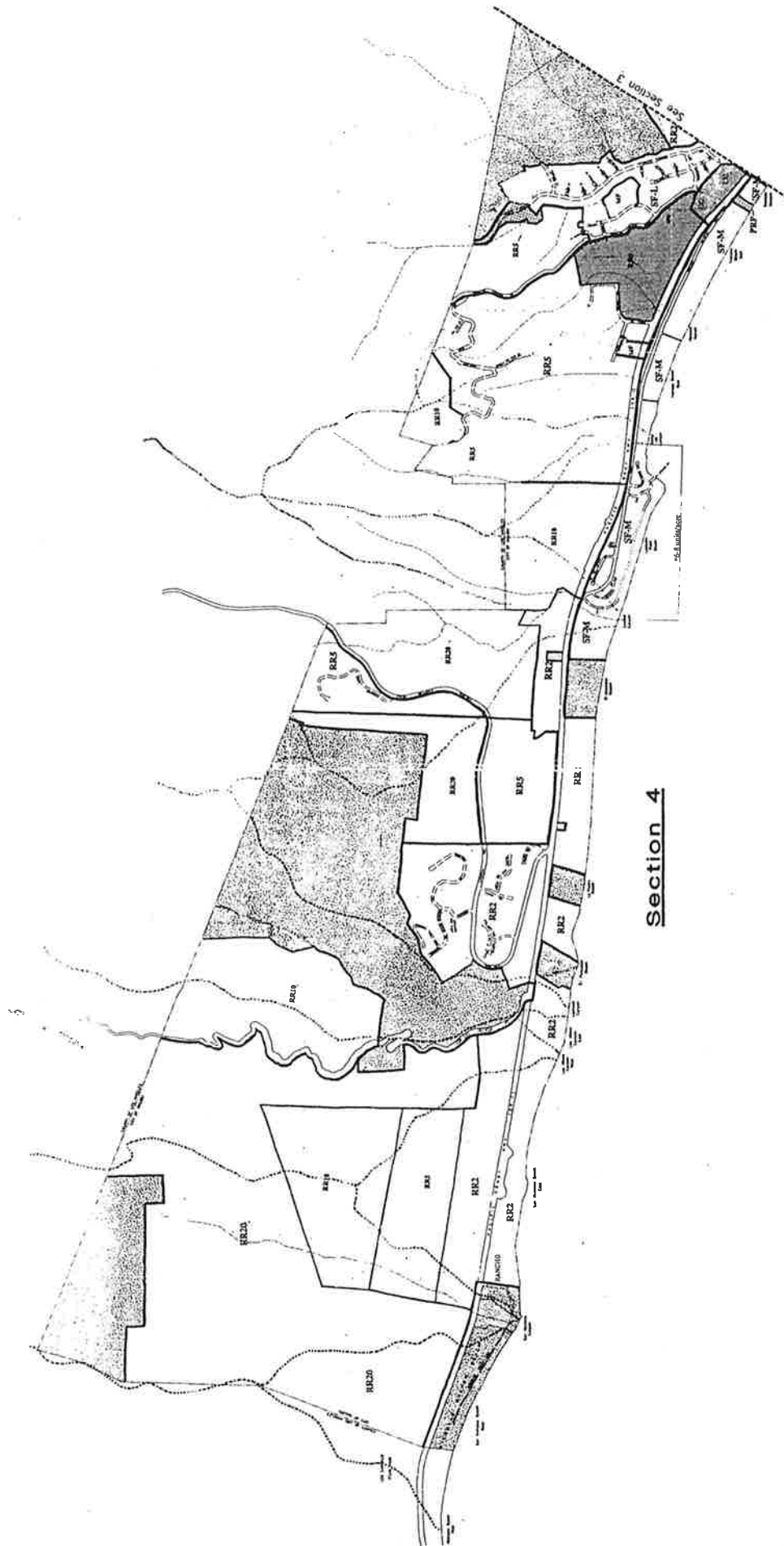


Section 2



CITY OF MALIBU GENERAL PLAN  
 FIGURE LU-2(D)  
 LAND USE POLICY MAP SECTION 3

**Section 3**



Section 4

CITY OF MALIBU GENERAL PLAN  
 FIGURE LU-2(E)  
 LAND USE POLICY MAP SECTION 4

## **CHAPTER 2.0 OPEN SPACE AND RECREATION ELEMENT**

- 2.1 Introduction**
  - 2.1.0 Overview**
  - 2.1.1 Legislative Authorization**
  - 2.1.2 Purpose and Scope**
  
- 2.2 Description of Existing Open Space and Undeveloped Land**
  - 2.2.0 In General**
  - 2.2.1 Private Undeveloped Land**
  - 2.2.2 Public Open Space**
  
- 2.3 Description of Existing Recreation Facilities**
  - 2.3.0 In General**
  - 2.3.1 City of Malibu Recreation Facilities**
  - 2.3.2 Los Angeles County Recreation Facilities**
  - 2.3.3 California Department of Parks and Recreation Facilities**
  - 2.3.4 Santa Monica Mountains Conservancy**
  - 2.3.5 National Park Service**
  - 2.3.6 Santa Monica/Malibu Unified School District Recreation Facilities**
  - 2.3.7 Point Dume Community Services District Facilities**
  - 2.3.8 Private Recreation Facilities**
  - 2.3.9 Trails**
  
- 2.4 Opportunities and Constraints**
  - 2.4.1 Overview**
  - 2.4.2 Deficiencies and Projected Needs**
  - 2.4.3 Trail System**
  
- 2.5 Goals, Objectives, Policies and Implementation Measures**
  - 2.5.1 OS GOAL 1**
  - 2.5.2 OS GOAL 2**
  - 2.5.3 OS GOAL 3**
  
- 2.6 Appendix A—Inventory of Public Recreational Resources**
  - 2.6.1 West Malibu**
  - 2.6.2 Central Malibu**
  - 2.6.3 East Malibu**
  - 2.6.4 School District Properties**
  
- 2.7 Appendix B—Open Space Maps**



## OPEN SPACE AND RECREATION ELEMENT

### 2.1 Introduction

#### 2.1.0 Overview

The following describes some of the key open space resources, opportunities and constraints facing the City of Malibu. A complete assessment of open space resources is provided in the “Open Space Background Report” provided in the technical appendix to the Malibu General Plan.

#### 2.1.1 Legislative Authorization

The State of California Government Code states that “the general plan shall include an open-space element as provided in Section 65302(e).” “Open space land” is any parcel or area of land or water which is essentially unimproved and devoted to an open-space use and which is designated on a local, regional or state open-space plan as any of the following:

- Open space for the preservation of natural resources;
- Open space used for the managed production of resources;
- Open space for outdoor recreation, including areas of scenic, historic, and cultural value; airshed, and,
- Open space for public health and safety including areas which require special management or regulation because of hazardous conditions such as earthquake fault zones or floodplains.

#### 2.1.2 Purpose and Scope

The purpose of the Open Space and Recreation Element is to improve the overall quality of life for Malibu residents and visitors through the management of its natural resources and open space lands. The Open Space and Recreation Element deals with open space and recreation issues including outdoor recreation facilities and trails. The issues addressed in this element include the different aspects of the natural environment that contribute to an ecological balance.

The Malibu Open Space and Recreation Element is to be used as a guide for the maintenance of existing parkland, the acquisition and development of additional parks and recreational facilities, as well as vacant open land.

Several factors of special concern to Malibu residents addressed in this Open Space and Recreation Element include:

- The rapid development of open space continues to decrease the availability of parkland for future acquisition.
- Planning for acquisitions and improvements now can also provide for more cost effective purchases.
- State legislation permits local jurisdictions to require parkland dedication from developers if a parks and recreation element has been adopted which sets forth a rationale and standards for the dedication.
- The population increases which are projected as new development occurs will create a burden on existing parks.
- Malibu comprises the major portion of the coastal section of the Santa Monica Mountains National Recreation Area (SMMNRA). Enabling legislation for the SMMNRA mandates interagency cooperation to provide open space and recreational and cultural activities.

## **2.2 Description of Existing Open Space and Undeveloped Land**

### **2.2.0 In General**

Undeveloped open space land is generally defined as areas that are not built upon and may include both manmade and natural landscapes and, as noted previously, includes any parcel or area of land or water which is essentially unimproved or devoted to an open-space use and which is designated on a local, regional or state open-space plan. Open space can separate or unify urban functions or areas, depending on its form and location. In addition, open space provides opportunities for resource protection, enjoying scenic views, conservation of habitat and natural resources, outdoor recreation, public health and safety.

Open space within Malibu includes undeveloped land, parks, public and privately owned beaches, floodplain areas, earthquake areas, steep slopes, and all existing natural conservation areas.

### **2.2.1 Private Undeveloped Land**

Vacant, undeveloped land dominates Malibu. There are 7,578.3 acres of vacant land which accounts for 60.4% of all land in the City. Most of the vacant land in Malibu is in a natural state, containing tree, brush, shrub, or grassland vegetation. Vacant land includes: natural park land, environmentally sensitive lands, beaches, undeveloped land which may be suitable for development, and abandoned agricultural land with limited improvements. Vacant beach areas include coastal beaches not associated with a national, state, county, or municipal beach park. In Malibu, this designation typically refers to private beaches. There are 113.3 acres of vacant/private beaches in the City. These beaches are located along the coast extending from the east end of the City (Las Tunas Beach) to the western boundary of the City including Las Flores, Carbon, La Costa, and Big Rock Beach areas, Malibu Colony, Point Dume, Broad Beach, Lechuza Beach, and the Encinal beaches.

### **2.2.2 Public Open Space**

Open space accounts for 14.9% of the total land in Malibu, making it the third most prevalent type of land use in Malibu. There are 1,869.9 acres of open space including regional and local parks, beach parks, and public open space used for recreation.

Local and regional parks make up 743.7 acres of the open space in Malibu. There is one local park in Malibu as defined by the Aerial Information Systems. Local parks are typically community parks or sports fields and their associated parking. Beach parks are not included in this designation. The 6.5 acre Malibu Community Center located on Point Dume is considered the only neighborhood park; the Center is owned by the Santa Monica/Malibu Unified School District. Malibu Bluffs Park located at the mouth of Malibu Canyon which is approximately 8.7 acres includes playing fields and the Michael Landon Community Center. The second regional park in Malibu is the Malibu Lagoon State Park. The Malibu Lagoon State Beach, approximately 3.5 acres and located just east of the Civic Center at the mouth of Malibu Creek, also includes the Adamson House. The Malibu Bluffs Park is heavily used by local residents, so it is also considered a community park for recreation planning purposes. Beach parks and public open space used for recreation totaling 201 acres account for a large portion of the open space in Malibu. The City has several regional (City, county, state or federal) parks, including Charmlee Natural Area (formerly Charmlee Regional County Park) which is managed by the City of Malibu. This is a 524-acre site with small visitor/nature center and petting area with small animals. Hiking, picnicking, equestrian, nature trails and whale watching sites exist within the park.

## OPEN SPACE AND RECREATION ELEMENT

Malibu Lagoon State Beach's facilities include fee and street parking, restrooms, drinking water, hiking and nature trails, and disabled access. The lagoon contains important bird refuge supported by diverse marsh vegetation. The lagoon also supports steelhead trout and tidewater goby. Surfrider Beach is a widely recognized surfing area. The classic hollow peeling Malibu wave is one of Malibu's most significant natural resources formed by the cobble contours of the ocean floor.

## 2.3 Description of Existing Recreation Facilities

### 2.3.0 In General

Malibu is located within the boundaries of the SMMNRA which extends from Griffith Park in the City of Los Angeles to Pt. Mugu in Ventura County and is comprised of City, State, County, and Federally owned park lands and relies on cooperation between managing agencies and private land owners. Recreation areas are either publicly owned and operated by governmental agencies or are privately owned and operated, yet available to the public. Most recreation areas within the City of Malibu and its surrounding area are public beaches or mountain parks. The emphasis at these sites is on water oriented activities at beaches or on interpretation of the natural environment in the mountains. Figure OS-1 displays the existing public recreation facilities within and adjacent to the City of Malibu.

### 2.3.1 City of Malibu Recreation Facilities

Prior to the City's incorporation, park maintenance and recreational services were provided by the Los Angeles County Parks and Recreation and Harbors and Beaches Departments, the State Department of Parks and Recreation, the Santa Monica Mountains Conservancy, and the National Park Service. Since incorporation, the City Parks and Recreation Department manages the Equestrian Center, Charmlee Natural Area and Malibu Bluffs Park by agreement with Los Angeles County; and administers programs in these parks as well as other locations. Child development programs, summer camps, and special events are provided by private, organized groups. The Malibu Community Center, although a popular site for City-run meetings, is owned jointly by the Point Dume Community Services District composed of City residents along with the Santa Monica/Malibu Unified School District.

### 2.3.2 Los Angeles County Recreation Facilities

- Surfrider Beach is a part of Malibu Lagoon State Beach operated by Los Angeles County. Facilities on the site include fee and street parking, restrooms, drinking water, and disabled access. Surfrider Beach is a widely recognized surfing area. The classic hollow peeling Malibu wave is one of Malibu's most significant recreational resources, formed by the cobble contours of the ocean floor.
- Nicholas Canyon Beach has a rocky point and a long sandy beach located just west of Decker Canyon Road with scenic bluffs planned for park development. Facilities on-site include fee and street parking, disabled access, restrooms, showers, drinking water, and lifeguard stations. Point Zero located at this beach is also a favorite surfing location.
- Westward Beach is a part of Point Dume State Beach operated for the State by Los Angeles County. It is a long stretch of sandy beach located east of Point Dume. Facilities on the site include trailheads to bluffs above, fee parking, restrooms, drinking water, lifeguard towers, and Los Angeles County Metropolitan Transportation Authority (MTA) bus stop for line number 434. This beach is also another popular surfing spot.
- Zuma County Beach is Los Angeles County's largest sandy beach located just west of Point Dume, along Pacific Coast Highway. Facilities on-site include fee and street parking (pay lot holds 2,122 cars), showers and eight restrooms, disabled access, drinking water, 12 lifeguard towers, playground with volleyball courts, catamaran beach storage and children's play area, and two food concessions. Zuma Beach is the headquarters for the Northern Section Department of Beaches and Harbors Life-

## OPEN SPACE AND RECREATION ELEMENT

guards. This beach provides yet another popular location for surfing. LAMTA bus route 434 also stops at Zuma Beach.

- Dan Blocker State Beach, also known as Corral Beach, is a long, sandy beach at the mouth of Corral Canyon. It is operated by Los Angeles County for the State and has lifeguard towers.
- Las Tunas State Beach is another State beach operated by Los Angeles County. It is located at the mouth of Tuna Canyon and has no developed facilities.

### **2.3.3 California Department of Parks and Recreation Facilities**

The California Department of Parks and Recreation is responsible for the Malibu Lagoon State Beach including Malibu Pier (in conjunction with private contract), and Surfrider Beach (in conjunction with the Los Angeles County Department of Beaches and Harbors), Point Dume State Beach, Malibu Creek State Park, and Robert H. Meyer Memorial State Beach.

- Malibu Pier is a 720-foot-long historical landmark with twin blue towers including restaurants, bait and tackle shops, a snack bar, restrooms, fee and street parking, and MTA bus line number 434. The Malibu Pier is a portion of Malibu Lagoon State Beach.
- Point Dume State Beach is a 30-acre site that contains the Point Dume Natural Preserve and is designated as an area of special biological significance. The site contains 200-foot sandy bluffs, giant coreopsis, *Dudleya caespitosa* and tidepools, offshore reefs and kelp bed, habitat for seal and marine fowl. Facilities on-site include stair access to the beach, fee parking from Westward Beach Road, and whale watching sites.
- Robert H. Meyer Memorial State Beach is comprised of the El Pescador, La Piedra, and El Matador beaches located along Pacific Coast Highway on the west end of the City. These beaches have stairway access, fee and street parking, portable restrooms, and drinking water and occasional lifeguard service. This site contains some tidepools. Giant coreopsis flourish as well as loon and cormorant nests, scenic rock formations, and tall bluffs.

### **2.3.4 Santa Monica Mountains Conservancy**

Corral Canyon Park is approximately 16.1 acres and is located on the Pacific Coast Highway between Puerco Canyon and Corral Canyon. The park, managed by the Santa Monica Mountains Conservancy, provides hiking, equestrian trails, and parking.

Solstice Canyon Park is located at Pacific Coast Highway and Corral Canyon Road. The site is approximately 556 acres and provides hiking and equestrian trails, mountain biking, picnicking, grills, camping, swimming, disabled access, parking, drinking water, restrooms, and access to the Backbone Trail. The Park is managed by the National Park Service.

### **2.3.5 National Park Service**

The National Park Service is responsible for the Santa Monica Mountains National Recreation Area. The entire City of Malibu is within the Santa Monica Mountain National Recreation Area, a federal designation. The legislation of Public Law 95-625 mandates the National Park Service to manage the recreation area in a manner which will preserve and enhance scenic, natural and cultural resources, and its public health value as an air-shed, and provide recreational and educational opportunities. The National Park Service is committed

to cooperative working together with agencies and jurisdictions to create a system of land use, recreational and educational opportunities, and resources conservation and preservation.

The Santa Monica Mountains National Recreation Area (SMMNRA) was established by Congress in 1978. The National Park Service has developed multiple-use policies for managing the area and aspires to acquire those lands which offer significant natural, cultural, and recreational resources and which are not already under governmental jurisdiction or private preservation/recreation-oriented use. People will continue to live and work within the boundary of the recreation area. These people are not considered “in-holders,” to be removed one day, in the traditional park sense, but “neighbors.” Regulation of their land use is not the responsibility of the federal government but of local jurisdictions.

The City of Malibu lies within the boundaries of the SMMNRA. The National Park Service is committed to cooperation with the City of Malibu to preserve Malibu’s natural and cultural resources, watershed, and open space.

Zuma and Trancas Canyons are an important part of the SMMNRA and together make up one of the largest contiguous landholdings in the mountains. The lower canyons are within the City of Malibu. The National Park Service owns over 5,700 acres of this unique example of a Mediterranean ecosystem, which provide core wildlife habitat. Streams help support wildlife, including reptiles, birds, deer, coyote, bobcat, and mountain lion. Several plant communities are represented: chaparral, coastal sage scrub, riparian/oak woodland, and grassland. Several sensitive plant species are found in the canyons, such as Santa Susana tarweed, Hoover’s baccharis, Santa Monica live-forever, and the State and federally listed *Pentochaeta lyonii*. The steep rugged canyons of natural beauty and tranquility provide visitors with a variety of recreational opportunities, including hiking, equestrian, and mountain bike trails, or resplendent contemplation.

### **2.3.6 Santa Monica/Malibu Unified School District Recreation Facilities**

The Santa Monica/Malibu Unified School District (SMMUSD) operates three facilities within the City of Malibu. Those schools within the City of Malibu include Cabrillo Elementary School, Webster Elementary School, and Malibu High School. These schools provide recreational facilities and classrooms that may be used by local residents. In addition to school recreational facilities, the SMMUSD leases its Point Dume Elementary School to the Point Dume Community Service District for a Community Center. The school district was also leasing property adjacent to the existing Malibu High School to Los Angeles County for operation of the equestrian center. The County is currently transferring the lease on this property to the City.

- Cabrillo Elementary is located at 30227 Morningview Drive and serves grades K-5. Recreation facilities on-site include basketball courts, a blacktop, and a small grassy area. The school facilities are open to the public for use outside of regular school hours.
- Malibu High School is located at 30215 Morningview Drive, adjacent to Cabrillo Elementary and just northwest of Point Dume. The school currently serves grades six through nine and will continue to add a grade for the next three years resulting in the service of grades 6 through 12 by the year 1995. The school site is approximately 49 acres. The SMMUSD leases approximately 20 of those acres (for one dollar a year) to the City (the lease is being transferred from the County in 1993) for the Malibu Equestrian Center. Recreational facilities on-site include one swimming pool that has been void of water for several years, a track, an auditorium, one baseball field, two tennis courts, 15 outdoor basketball courts, a gym with one indoor basketball/volleyball court, and one football/soccer field. All fields and courts are open to the public and organized groups upon permit. The City has a shared-use agreement

## OPEN SPACE AND RECREATION ELEMENT

to organize and administer summer recreation programs as well as weekend and after-school programs at the school.

- Webster Elementary School is located at 3602 Winter Canyon and serves Kindergarten through grade five. The school provides an auditorium with a 350-person capacity, classrooms, playground with child play equipment and restrooms. The school site is approximately three acres. The existing ball fields and grassy playground need upgrading.

### **2.3.7 Point Dume Community Services District Facilities**

The Malibu Community Center, located at 6955 Fernhill Road, is a 27,000 square foot former school on 6.5 acres, with meeting room capacity from 12 to 200. There are 850 square foot rooms for lease, as well as smaller and larger rooms available on an hourly basis. Recreational facilities on-site include a grassy park with children play equipment, picnic tables, basketball courts, volleyball court, tennis backboard, parking, and restrooms.

Recreation programs for the residents are currently provided by the Point Dume Community Services District, and private groups and include youth and adult sports programs, senior citizen activities, and special interest programs. Youth sports programs include such activities as basketball, soccer, football, and baseball. Various adult sports programs include softball and tennis. Senior citizen activities include special monthly programs, travel tips, weekly book study group, and exercise program. Special interest programs include numerous classes such as tap and jazz dancing, aerobics, martial arts, yoga, gymnastics, day camps, and after school child-care. Indoor recreation facilities used for the various programs include the Malibu Community Center (on Fernhill Drive in Point Dume), the Malibu Bluffs Park located on Pacific Coast Highway, the Michael Landon Community Center located at Malibu Bluffs Park, and the Malibu Lagoon State Beach area.

### **2.3.8 Private Recreation Facilities**

Private recreation consists of privately owned facilities which generally require some form of membership or residence. Boating, tennis, and riding clubs exist throughout the City. Beach clubs encompass beaches for private use by members. In addition, there are a number of privately owned camps which include hiking, camping, picnicking, and other outdoor recreational opportunities. Among these are Calamigos Star C Ranch Camp, Jewish Centers Association, Bloomfield Foundation for the Junior Blind, and the Salvation Army. Other private recreation facilities include the Malibu Tennis Club and the Malibu Riding and Tennis Club.

Organized groups in Malibu that currently provide recreational opportunities include the Malibu Recreational Council, soccer associations, baseball leagues, softball leagues, football leagues, equestrian clubs, senior citizen groups, and religious groups.

Commercial recreation developments or facilities also serve public recreational needs. Sailing, surfing, windsurfing, and scuba instruction and equipment rentals are available at locations in the Malibu Pier area. Other commercial recreation activities include chartered boats, fishing, and horseback riding.

Visitor-serving facilities are defined to include private and public developments that provide accommodations, food and commercial-recreation developments, such as shopping, eating and amusement areas for tourists. One recreational vehicle (RV) park—the Malibu RV Park—is located in Malibu near Malibu Beach.

**Table 2-1  
SUMMARY OF EXISTING PARKLAND RECREATION FACILITIES**

<b>Name and Agency</b>	<b>Location</b>	<b>Description</b>
Charmlee Natural Area (City of Malibu) <sup>1</sup>	2577 S. Encinal Canyon Road	Hiking, equestrian, nature and mountain bike trails, visitor/nature center, disabled access, parking, drinking water, restrooms, backbone trail access, whale watching, astronomy programs
Corral Canyon Park (SMMC) <sup>2</sup>	Pacific Coast Highway between Puerco Canyon and Corral Canyon	Hiking and equestrian trails and parking
Corral State Beach (LACBH/CDH) <sup>3</sup>	26000 block on Pacific Coast Highway	Swimming, parking, drinking water, restrooms, lifeguard, and bus stop
Dan Blocker State Beach (LACBH)	26224 Pacific Coast Highway	Swimming, parking, drinking water, and restrooms
El Matador Beach (CDPR) <sup>4</sup>	32350 Pacific Coast Highway	Swimming, parking, drinking water, restrooms, scenic rock formations, and tidepools
El Pescador Beach (CDPR)	32900 Pacific Coast Highway	Swimming, parking, drinking water, restrooms, scenic rock formations, and tidepools
La Piedra State Beach (CDPR)	32000 block on Pacific Coast Highway	Swimming, parking, drinking water, restrooms, stair access, scenic rock formations, and tidepools
Las Tunas State Beach (LACBH/CDH)	Pacific Coast Highway between Big Rock Drive and Tuna Canyon Road	Swimming, parking, drinking water, restrooms, bus stop, and lifeguard
Malibu Bluffs (LACPR/City of Malibu)	Pacific Coast Highway at Malibu Canyon Road	Hiking trails, picnicking, baseball fields, soccer field, jogging track, par course, parking, drinking water, restrooms, and dogs permitted
Malibu Community Center (SMMUSD/PDCSD) <sup>5</sup>	6955 Fernhill Drive	Leasable rooms, play equipment, picnic tables, basketball courts, volleyball courts, tennis backboard, parking, restrooms, senior center, auditorium, and nursery school
Malibu Lagoon State Beach/Surfrider Beach (CDPR and LACBH)	23200 Pacific Coast Highway	Hiking and nature trails, picnicking, swimming, visitor/nature center, disabled access, drinking water, restrooms, and historical sites
Malibu Lagoon State Park (CDPR)	23200 Pacific Coast Highway	Swimming, surfing, drinking water, parking, and restrooms
Nicholas Canyon Co. Beach (LACBH)	33900 Pacific Coast Highway	Swimming, surfing, disabled access, drinking water, parking, and restrooms



OPEN SPACE AND RECREATION ELEMENT

Name and Agency	Location	Description
Point Dume State Beach (CDPR)	Point Dume Area	Swimming, surfing, whale watching, nature tours and trails, parking, and stair access
Solstice Canyon (SMMC)	Pacific Coast Highway to Corral Canyon Road	Hiking and equestrian trails, picnicking, visitor/nature center, disabled access, parking, drinking water, restrooms, dogs, and historical sites
Westward/Point Dume Beach (LACBH)	Pacific Coast Highway to south end of Westward Beach Road	Hiking trails, swimming, parking, drinking water, and restrooms
Zuma County Beach (LACBH)	30050 Pacific Coast Highway west of Kanan Road	Swimming, surfing, disabled access, drinking water, parking, restrooms, volleyball nets, showers, Northern Section Department of Beaches and Harbors Lifeguards
Zuma/Trancas Canyon Park (NPS) <sup>6</sup>	End of Busch Drive north of Pacific Coast Highway	Hiking and equestrian trails, mountain bikes, parking, and dogs

<sup>1</sup> Los Angeles County of Parks and Recreation (LACPR)

<sup>2</sup> Santa Monica Mountains Conservancy (SMMC)

<sup>3</sup> Los Angeles County Beaches and Harbors (LACBH)/California Department of Highways

<sup>4</sup> California Department of Parks and Recreation (CDPR)

<sup>5</sup> Santa Monica/Malibu Unified School District (SMMUSD)/Point Dume Community Services District

<sup>6</sup> National Park Service (NPS)

(Source: Harland Bartholomew and Associates, Inc., 1992)

**Table 2-2  
SUMMARY OF EXISTING SCHOOL RECREATIONAL FACILITIES**

School Name and Agency	Location	Description
Cabrillo Elementary School (SMMUSD) *	30227 Morningview Drive	Blacktop, small grassy area; facilities open during school hours, but locked evenings and weekends
Malibu Middle/High School (SMMUSD)	30215 Morningview Drive	1 swimming pool, 1 baseball diamond, 2 tennis courts, 15 outdoor basketball courts, auditorium, track, gym with indoor basketball/volleyball court, 1 football/soccer field; all fields and courts are open to the public and organized groups upon permit; the City began sharing operation of the school in January 1994
Webster Elementary School (SMMUSD)	3602 Winter Canyon	1 auditorium with a 350-person capacity, classrooms, playground with children’s play equipment and restrooms; the existing ball fields and grassy playground need upgrading

\* Santa Monica/Malibu Unified School District  
(Source: Harland Bartholomew and Associates, Inc., 1992)

**2.3.9 Trails**

The Santa Monica Mountains Trail Council (SMMTC) works with many agencies, organizations, companies, and individuals to organize trail projects, coordinate volunteer trail maintenance, support acquisitions of public land for trails, and promote public awareness and use of trails. Their greatest accomplishment has been the adoption of their Comprehensive Trail Plan by Los Angeles County as part of their General Plan, which includes 23 proposed trail routes. The County now works with landowners to preserve easements along the adopted trails. The SMMTC plans to work with Ventura County in a similar manner in the future.

Figure OS-2 depicts the existing and proposed trails in and adjacent to the City of Malibu, which are listed in the Comprehensive Trail Plan. Conceptually, there are three major components to the trails system, including the Backbone Trail, which traverses the coastal zone from the City of Los Angeles to Ventura County, a series of lateral trails which provide north-south access linking the Backbone Trail and coastal areas, and a series of connector trails. Once ultimately completed, the trail system is intended to: (a) provide an integrated network of trail corridors linking recreational facilities and public land to population centers; (b) provide a functional linkage between coastal and mountain areas; (c) facilitate access to significant physiographic and ecologic features; (d) establish connections with the regional trail network; and (e) maximize safe opportunities for hiking and equestrian use.

The Backbone Trail is being completed in segments by the SMMTC. When it is complete, it will extend approximately 55 miles, linking the major parklands throughout the mountains and the City. While Figure OS-2 only depicts proposed trails, there are smaller additional trails located within each park in the vicinity of

## OPEN SPACE AND RECREATION ELEMENT

the City of Malibu which provide opportunities for exploration. Hiking guides and maps are available at major park information centers.

Ten out of the 23 proposed trails are located within the City limits. They are as follows:

- **Coastal Slope Trail.** The Coastal Slope Trail would connect Leo Carrillo State Beach and Charmlee Regional Park with the Backbone Trail near Saddle Peak. The trail would traverse several scenic canyons with ocean views throughout. The trail intersects with several coastal canyon trails.
- **Corral Canyon Trail.** This trail runs through Corral Canyon and would connect to the Coastal Slope Trail as well as the Solstice Canyon Trail. This trail would also connect Corral Canyon State Beach to Malibu Creek State Park.
- **Escondido Falls Trail.** This trail would connect the Coastal Slope Trail with Escondido Falls.
- **Malibu Creek Trail.** This trail, which would intersect with the Backbone Trail at Tapia County Park and with the Coastal Slope Trail, would connect the mountain parks with the Malibu Lagoon State Beach. Significant features along the path of the trail would include scenic canyon walls with rock outcroppings and the riparian habitat. The Malibu Creek Trail would be designated for hiking only.
- **Paradise Cove Trail.** This trail would connect Paradise Cove along the coast with the Zuma Ridge, Ramirez Canyon, and via the Coastal Slope Trail, the Escondido Falls Trails.
- **Ramirez Canyon Lateral and Connector Trail.** This trail would run along a ridge between Ramirez and Escondido Canyons connecting the Coastal Slope Trail with National Park Service property in Ramirez Canyon.
- **Solstice Canyon Trail.** This trail would intersect with the Backbone and Coastal Slope Trails, provide a link between Malibu Creek State Park and the ocean. The trail route descends from north to south along the mid coastal slope, passes through a riparian corridor, and provides significant ocean views.
- **Three Park Trail.** This trail would connect the Backbone Trail with Encinal Canyon Road and Charmlee Park and continue down to the Pacific Ocean. The proposed trail would also run along the spurs of Los Alisos Canyon, providing the hiker with ocean views.
- **Trancas Canyon Lateral Trail.** This trail would connect the Backbone Trail with the Pacific Coast Highway and Zuma Beach, providing a link between the mountains and the ocean. The trail would run along the midslope of Trancas Canyon overlooking the ocean and riparian area.
- **Zuma Ridge Trail.** This trail would be a main north-south cross mountain trail and would intersect with the Backbone Trail and five lateral trails. The trail would connect Zuma Canyon Park, the proposed Ramirez Canyon Park, Zuma Beach, and the Calabasas Landfill which is to be the site of a future regional park. The trail would traverse the Zuma Canyon Significant Watershed.

Peak uses of the majority of recreation facilities, in and adjacent to Malibu, occur between the months of April and September. During peak use periods, maximum capacity is generally reached at the beaches. Maximum capacity is defined as having been reached when the parking lot(s) serving the beach(es) are full.

In addition to the trails proposed in the Comprehensive Trail Plan, many trails and trail fragments have been dedicated and proposed throughout the City. Some of these trails are in use. Other trails which are in use have never been recorded. The resultant confusion has created some controversy concerning which trails should be included in a comprehensive trails and access plan for the City.

## OPEN SPACE AND RECREATION ELEMENT

The Open Space Subcommittee of the General Plan Task Force and the local trail committee have researched dedications for trails and trails easements. Many of these trail dedications appear to be part of roadway rights-of-way. Others provide important links among existing trails and access to the local beaches.

Local homeowners associations provided documentation that several of the dedicated trails were held in common by the associations and not open to the general public. All roadways in Malibu may be considered a source of trails right-of-way, but must be inspected to ensure there is an unobstructed right-of-way width adequate to safely accommodate pedestrians and, as appropriate, equestrians. The trails dedication information is provided by the Open Space Subcommittee of the General Plan Task Force as part of the Goals, Objectives and Policies of the General Plan. When title and physical adequacy have been verified, the information will be a useful tool in development of a comprehensive trails plan for the City on an area-by-area basis, after which unnecessary easements can be retired.

## 2.4 Opportunities and Constraints

### 2.4.1 Overview

The preservation of open space is constrained by the rising property values and strong development pressures that cause rapid development. Rapid development may adversely affect the preservation of open space and visual resources, proceeding before adequate studies can be done.

Piecemeal development can contribute to the lack of a unified open space system in the Malibu area. Open space provided by individual developments tends to be small, and often does not relate to neighboring parks, trails, ridgelines, habitat linkages or other open space areas.

The National Recreation and Parks Association (NRPA) has set standards for the number, size, and type of parks and recreation facilities required to adequately serve a given community. By these standards, the City of Malibu is currently experiencing a shortage of such facilities. Future population growth will further increase recreational needs and impact the existing facilities.

In order to meet the future needs of Malibu residents, several types of recreational facilities, ranging from small tot lots and “vest pocket” parks to larger park facilities will be needed. Basic criteria for the provision of public parks and specialized recreation facilities are shown in Tables 2-3 and 2-4.

Neighborhood parks normally serve a neighborhood population within a one-quarter to one-half mile radius. Generally, these parks are set aside for passive recreation such as walking and relaxation. The park normally requires 5 to 15 acres; however, the size may vary depending on the size of the neighborhood and the proximity to a community park.

These constraints are balanced by numerous opportunities available to the City. Some of these opportunities include the availability of state and federal funds. In the past few years, voters have approved several bond issues for the acquisition of parks and recreational facilities. In addition, because large portions of the hillsides and mountains in and around the City have very steep slopes that are not suitable for development, many of these areas are potential candidates for future acquisitions. The Santa Monica Mountains Conservancy, the Mountain Restoration Trust, the California Department of Parks and Recreation and the National Park Service all have plans for future parkland acquisition. In addition, other parks may be developed through donations of land (such as the recent donation by Barbra Streisand of property to the Santa Monica Mountains Conservancy).

Community parks provide for a variety of active recreational opportunities such as outdoor organized sports and passive services for all age groups. Such activities normally require more space than a neighborhood park, and are typically designed to serve a population of 20,000 to 30,000. The suggested size requires an area of 15 to 20 acres with at least two thirds of the area developed for active recreation purposes. Beaches are not designated under this category.

The Land Use Element and Housing Element of this General Plan project a population of 14,254 and 6,220 dwelling units in the year 2010.

**Table 2-3  
CRITERIA FOR PROVISION OF PUBLIC PARKS AND  
PRIVATE RECREATIONAL FACILITIES**

Classification	Acres/1,000 Population	Size Range	Population Served	Service Area
Play Lots	N/A	2,500 ft <sup>2</sup> 1.0 acre	500 to 2,500	Sub-neighborhood
Vest Pocket Parks	N/A	2,500 ft <sup>2</sup> 1.0 acre	500 to 2,500	Sub-neighborhood
Neighborhood Parks	2.5 acres	Min. 5 to 20 acres	2,000 to 10,000	1/4 to 1/2 mile
Community Parks	2.5 acres	20 to 100 acres	10,000 to 50,000	Within 20 minutes driving time
Regional Parks	20 acres	250 acres and higher	Serves entire population in smaller communities	Within 1 hour driving

Regional park facilities are provided by the Santa Monica Mountain Conservancy, Los Angeles County Parks and Recreation Department, the State of California Parks Department and the National Park Service.

(Source: National Recreation and Parks Association)

**Table 2-4  
STANDARDS FOR SPECIALIZED FACILITIES**

Facility	Standard Number of Facilities per Resident	Standard for Malibu *	Provided in Malibu **	Comment
Baseball diamonds	1 per 6,000	2 to 3	4	Regulations 90 feet
Softball diamonds and/or youth ball fields	1 per 3,000	4 to 5	12	
Tennis courts	1 per 2,000	6 to 8	2	Best in groups of 4
Basketball courts	1 per 500	22 to 32	18	
Swimming pools (public)	1 per 10,000	1 to 2	1 (closed)	
Outdoor theaters (noncommercial)	1 per 20,000	1	0	
Golf courses	1 per 25,000	1	1 (par)	

\* Low number indicates facility level appropriate to current population; high number indicates facility level appropriate to projected 2010 population.

\*\* Estimated number of facilities provided including those at City schools.

(Source: National Recreation and Parks Association)

#### 2.4.2 Deficiencies and Projected Needs

Based on the NRPA standards, and a 1990 Census-estimated population of 11,116, the City should have approximately 27.8 acres of neighborhood parks, 27.8 acres of community parks, and 222 acres of regional parks; based on the projected population of 14,254 in the year 2010, the City should have 35 acres of neighborhood parks, 35 acres of community parks, and 280 acres of regional parks. Currently, Malibu has

## OPEN SPACE AND RECREATION ELEMENT

1,869.9 acres of dedicated open space, which is substantially more than is currently needed or projected to be needed. Many of these parks serve more than one function. Neighborhood park needs may be met by all of the parks, because all may be used for walking and relaxation. Malibu Bluffs Park is a regional park, but offers community park facilities. There are thousands of additional acres of county, state, and national parkland located outside City limits. Most of these parklands are within hiking distance, or accessible in minutes by car. These parklands are open to the public and are used regularly by Malibu residents. It can be assumed that these parklands could satisfy the regional park requirements for the City.

Deficiencies may be found in the distribution of developed recreational facilities. The City has only 15.2 acres of community park, the Malibu Community Center and part of Malibu Bluffs Park, resulting in a deficiency of about 12.6 acres of community parks. The remainder of the community is without easy access to these types of recreational facilities, except as residents they may access facilities common to their private residential communities or the private clubs to which they may belong. These needs may appropriately be met with Play Lots and Vest Pocket Parks throughout the community.

In addition to parkland requirements, there are NRPA standards for specialized facilities (see Table 2-4). Based on the current Malibu population, a minimum of two baseball fields, four softball diamonds or youth ball fields, six tennis courts, 22 basketball courts, one outdoor theater and one swimming pool should be provided by the City for its residents. The maximum range on Table 2-4 indicates the standard which should be met if the City population increases according to projections developed for the General Plan. Assuming the swimming pool at Malibu Middle/High School is repaired, the remaining current-to-projected needs include one swimming pool, four to six tennis courts, and four to 14 basketball courts. It may be argued that the auditorium at the Malibu Community Center serves community needs for theater space which if met by an outdoor theater would not conform to the City goal of reducing the community noise level.

Also, as noted in the NRPA standards, in smaller communities regional parks may serve the entire population. This is true for Malibu; however, the City is experiencing pressures related to privacy issues in parks for residents. Some of the pressures may be relieved by opening school playgrounds to the public, or by City acquisition of small parcels of vacant infill parcels to develop as small neighborhood pocket parks. There are many acres of vacant land available for small park facilities. Despite the lack of smaller local parks, the large number of regional parks does alleviate some of the pressures for outdoor activities. In addition, there are several acres of beach land located throughout the City that are used by the residents of the community and visitors as well.

Although the City's limited financial resources may restrict its ability to purchase land for open space preservation and parks and recreation needs, grants and state or federal funds may be available to the City. City funds are more likely to be spent first on high priority items, such as providing infrastructure and public services to residents. In addition to limited funds available for the purchase of land and facilities for park and recreation programs, rising park development and maintenance costs have curtailed parkland expansions in recent years. Even if parkland can be acquired, the costs of developing and operating the park facilities can be prohibitive.

### **2.4.3 Trail System**

Existing trails within the City limits may be a constraint to homeowners. Unmarked trails appear on private residential properties. Due to the proposed trail systems adoption prior to City incorporation, the system reflects the Los Angeles County Parks and Recreation Department, the Santa Monica Mountains Conservancy,

## OPEN SPACE AND RECREATION ELEMENT

and the National Park Service ideas and desires. There is a lack of cohesiveness with the trail system and the existing structures and property owners in Malibu. A revised trail map reflecting the needs of the City along with other responsible and interested agencies should be created in the near future.

The proposed trail system, while providing the opportunity to link regional and local parks and cities, would also result in more foot and vehicular traffic through residential neighborhoods. Trails extending through or adjacent to private homes will reduce privacy for most affected homeowners. Hikers normally drive to Malibu and park before starting on the trails. Adequate parking facilities at trailheads should be provided.



## OPEN SPACE AND RECREATION ELEMENT

### 2.5 Goals, Objectives, Policies and Implementation Measures

- 2.5.1 OS GOAL 1:** AN ABUNDANCE OF OPEN SPACE CONTRIBUTING TO A RURAL, NATURAL ENVIRONMENT CONSISTENT WITH THIS OPEN SPACE MANAGEMENT PLAN
- OS OBJECTIVE 1.1:** AMPLE AND DIVERSE PUBLIC PARKLAND AND OPEN SPACE, INTEGRATED BY CIRCULATORY AND VISUAL LINKS, TO CREATE A RURAL, OPEN FEELING.
- OS Policy 1.1.1:** The City shall encourage acquisition and dedication of appropriate land into parks.
- OS Policy 1.1.2:** The City shall pursue all appropriate site acquisition, maintenance and program funding opportunities.
- OS Policy 1.1.3:** The City shall preserve, protect, and enhance the character and visual quality of natural open space as a scenic resource of great value and importance to the quality of life of residents and to the enhancement of the scenic experience of visitors.

*To implement these policies the City shall:*

**OS Implementation Measure 1:** Work with other agencies to develop an Open Space Acquisition Program that includes detailed scientific studies of land characteristics to determine suitability, possible multiple-uses of areas and the environmental impact of proposed acquisition.

**OS Implementation Measure 2:** Actively seek donations and grants, and when economically feasible fund, purchases of beach access easements and inland and shoreline properties for open space and recreational uses.

**OS Implementation Measure 3:** Support acquisition by public agencies and private conservancies of properties appropriate for parks.

**OS Implementation Measure 4:** Create a land trust program that accepts donations of land and preserves it for open space including a system of incentives for donations of land.

**OS Implementation Measure 5:** Evaluate all opportunities to purchase vacant Santa Monica-Malibu Unified School District or tax delinquent properties located in Malibu for neighborhood or community park use.

**OS Implementation Measure 6:** Require property owners to mitigate the impact of development on parkland and open space through dedications of land or payment of in-lieu fees.

**OS Implementation Measure 7:** Develop incentives to encourage owners of contiguous legal lots to consolidate the lots into larger, single holdings.

**OS Implementation Measure 8:** Notify the National Park Service of proposed developments outside existing developed areas.

## OPEN SPACE AND RECREATION ELEMENT

**OS OBJECTIVE 1.2:** PORTIONS OF PRIVATELY OWNED PARCELS REMAIN AS NATURAL OPEN SPACE.

**OS Policy 1.2.1:** The City shall encourage dedication and maintenance of private open space to preserve Malibu's natural and rural character.

**OS Policy 1.2.2:** The City shall encourage clustering of development to preserve large, unbroken blocks of open space where clustering can be accomplished without creating urban development patterns in rural areas.

**OS Policy 1.2.3:** The City shall require development to link and integrate open space visually and link open space to activity centers, other open spaces and scenic routes through a system of trails.

**OS Policy 1.2.4:** The City shall work cooperatively with schools to stretch the tax dollars through joint use of areas and facilities and co-sponsorship of programs and special events.

*To implement these policies the City shall:*

**OS Implementation Measure 9:** Develop and implement a program/system of incentives to encourage voluntary dedication and maintenance of natural open space areas. Incentives may include (a) reduced setbacks, (b) increased grading, and (c) increased structure size.

**OS Implementation Measure 10:** Regulate construction activities to eliminate potentially destructive practices that remove topsoil or dump soils in areas intended to be preserved as open space.

**OS Implementation Measure 11:** Develop and implement a transfer development credit program resulting in permanent open space. This program shall provide incentives to retire otherwise developable parcels that are geologically unstable, in floodways or are otherwise environmentally sensitive.

**OS OBJECTIVE 1.3:** OPEN SPACE THAT COMPLIMENTS THE CITY'S HEALTH AND SAFETY POLICIES.

**OS Policy 1.3.1:** The City shall favor the dedication of open space where the dedicated land could be used to prevent damage from fires; flood, landslides and other natural hazards.

*To implement this policy the City shall:*

**OS Implementation Measure 12:** Where necessary to mitigate the potentially hazardous impacts of development, require dedication of open space.

**OS Implementation Measure 13:** Seek Fire Department cooperation in protecting coastal sage scrub habitat from unnecessary clearing.

**OS Implementation Measure 14:** Encourage multiple use of public land and easements, where appropriate, such as use of flood zones, for recreational purposes including trails, consistent with protection of Resource Protection Areas ("RPAs").

OPEN SPACE AND RECREATION ELEMENT

**2.5.2 OS GOAL 2: DIVERSE OPPORTUNITIES FOR RECREATION AND LEISURE**

**OS OBJECTIVE 2.1:** A COMPREHENSIVE NETWORK OF CITY, COUNTY, STATE AND FEDERAL PARKS WHICH SERVE AS THE PHYSICAL COMPONENT OF AN OUTDOOR RECREATIONAL PROGRAM CONSISTENT WITH CONSERVATION.

**OS Policy 2.1.1:** The City shall assess the needs and opportunities for recreational services and programs and develop a plan to acquire land to accommodate those needs.

**OS Policy 2.1.2:** The City shall develop parks in accordance with the acknowledged wishes of the community, creating a balance between active and passive recreational activities.

**OS Policy 2.1.3:** The City shall preserve, protect and maintain parks to assure continued enjoyment for future generations.

*To implement these policies the City shall:*

**OS Implementation Measure 15:** Conduct a neighborhood by neighborhood study to identify any unmet need for local parks.

**OS Implementation Measure 16:** Adopt and implement a master plan of parks and recreation based upon the character and desires of the community as one of the several components of the City's integrated capital budget.

**OS Implementation Measure 17:** Consider special bond issues to implement the Parks Master Plan for financing land acquisition and capital improvements.

**OS Implementation Measure 18:** Design parks, including selection of materials and location and design of any permanent structures, to compliment the natural rural beauty of the site.

**OS Implementation Measure 19:** Accept private land donations which are consistent with the master plan of parks and recreation and compatible with the recreation policy of Malibu to be conveyed (with restrictions against selling) to appropriate agencies if necessary for management.

**OS Implementation Measure 20:** Create a gift catalog that lists items currently needed for parks to solicit donations consistent with the City's master plan for parks and recreation.

**OS Implementation Measure 21:** Where necessary, contract for highly specialized park maintenance services requiring large investments in equipment and personnel.

**OS Implementation Measure 22:** Impose fees for services to defray the costs of direct park use.

**OS OBJECTIVE 2.2:** ADEQUATE RECREATIONAL FACILITIES TO ACCOMMODATE RESIDENTS AND VISITORS.

**OS Policy 2.2.1:** The City shall identify populations with special needs (seniors, families, disabled) and design and develop facilities to meet their needs.

**OS Policy 2.2.2:** The City shall identify the long and short term need for additional sporting facilities, picnic facilities, play areas and recreational parking facilities on a community-wide basis and develop a priority list of desirable facilities/projects.

## OPEN SPACE AND RECREATION ELEMENT

**OS Policy 2.2.3:** The City shall favor recreational uses that are compatible with the natural resources.

**OS Policy 2.2.4:** The City shall utilize existing facilities as community, educational, cultural, recreational and health centers for residents.

*To implement these policies the City shall:*

**OS Implementation Measure 23:** Develop design criteria for recreation-serving facilities to minimize traffic, noise and visual impacts on adjacent neighborhoods. The criteria shall, at minimum, prohibit outdoor lighting from illuminating beyond the parameter of the site, require appropriate fencing and screens for ball fields, golf and tennis courts and similar recreation facilities, and require access from an arterial street where feasible.

**OS Implementation Measure 24:** Secure locations for two soccer fields and two baseball diamonds suitable for use by the Little League or similar organizations.

**OS Implementation Measure 25:** Develop and post an appropriate set of park rules which encourage respect for the facility in all its aspects, including respect for fellow users.

**OS Implementation Measure 26:** Permit only passive recreational activities in environmentally sensitive areas, including hiking, nature study, horseback riding, bicycling, picnics, sunbathing, swimming, surfing, diving, and photography.

**OS Implementation Measure 27:** Require that entrance roads, fee kiosks, parking facilities and other necessary developments in recreation areas be designed to maintain environmental and visual compatibility with the surrounding area.

**OS Implementation Measure 28:** New paving for parking lots shall not be permitted on sandy beaches unless a comparable replacement area of sandy beach is restored through removal of existing paving or structures.

**OS Implementation Measure 29:** Develop shared-use agreements with the school district and other public agencies which make available sports facilities, libraries, fields, classrooms, and auditoriums for public recreation.

**OS Implementation Measure 30:** Seek new reliable, secure and predictable funding such as fees for services, development fees or a nominal City-wide tax, to facilitate public recreation.

**OS OBJECTIVE 2.3:** A FIRST-CLASS SYSTEM OF RECREATIONAL AND CULTURAL PROGRAMS.

**OS Policy 2.3.1:** The City shall plan and develop a seasonal recreational program to serve the needs, interests, and desires of the community as a whole.

**OS Policy 2.3.2:** The City shall develop and maintain cooperative programs with the school district, Pepperdine University, County, State and National Parks, and non-profit agencies to deliver recreational services.

**OS Policy 2.3.3:** The City shall promote community participation in organized recreational programs, self-directed activities and special events.

## OPEN SPACE AND RECREATION ELEMENT

- OS Policy 2.3.4:** The City shall give attention to the recreational needs of specialized groups including disabled, families, preschoolers, senior citizens, shut-ins and visitors by integrating special classes and programs into the City's regular recreation programs.
- OS Policy 2.3.5:** The City shall continue Malibu's traditional emphasis on enjoyment of shoreline and ocean sports and recreation.
- OS Policy 2.3.6:** The City shall strive to make recreation programs accessible and affordable.
- OS Policy 2.3.7:** The City shall program recreational uses to minimize adverse impact on natural resources.

*To implement these policies the City shall:*

**OS Implementation Measure 31:** Review and update a long range plan for recreation services and facilities working with citizen based advisory groups, Federal, State and County agencies.

**OS Implementation Measure 32:** Cooperate with state and federal parks agencies in the Santa Monica Mountains National Recreation Area in providing programs for people of all ages to: (a) enhance understanding of fragile natural processes; (b) engender appreciation and enjoyment of natural resources in the area; (c) increase awareness of how to safely enjoy natural areas while protecting natural resources for their own sake and for the enjoyment of others and for future generations; (d) encourage awareness of the area's rich Native American period and more recent cultural history.

**OS Implementation Measure 33:** Designate appropriate shoreline areas for launching of non-motorized watercraft, such as catamarans, skiffs and dinghies.

**OS Implementation Measure 34:** Work with other agencies to manage beach parking.

**OS Implementation Measure 35:** Encourage recreational non-motorized boating use of coastal waters and support the ongoing presence of the Malibu Yacht Club or similar organization in the community.

**OS Implementation Measure 36:** Facilitate professional and volunteer programs to make use of and develop appreciation for Malibu's special natural, cultural, historic and recreational resources.

**OS Implementation Measure 37:** Offer recreation programs on a year-round basis and advertise them in the City's newsletter.

**OS Implementation Measure 38:** Sponsor and facilitate special events such as Malibu's annual Chili Cook-off and surfing contests.

**OS Implementation Measure 39:** Classify beaches and parks according to their ability to withstand adverse impacts and work with other agencies to regulate their use accordingly. Each beach and park shall be treated consistent with its individual characteristics.

**OS Implementation Measure 40:** Develop a system of graduated visitor use standards, with more active use permitted where the environment is less fragile and less active or more passive uses permitted in more sensitive natural habitat areas.

**2.5.3 OS GOAL 3: AN INTEGRATED CIRCULATION SYSTEM OF PUBLIC TRAILS**

**OS OBJECTIVE 3.1:** A COMPREHENSIVE, SAFE AND ACCESSIBLE TRAIL SYSTEM SERVING HIKERS, EQUESTRIANS AND BICYCLISTS.

**OS Policy 3.1.1:** The City shall create a safe, properly maintained trail system throughout Malibu's mountains and seashore that can achieve the following:

- Link major recreational facilities;
- Link with trail systems of other jurisdictions;
- Provide recreational corridors between the mountains and the coast;
- Provide for flexible, site-specific design and routing to minimize impact on adjacent property, communities, and fragile habitats. In particular, ensure that trails located within ESHAs are designed to protect fish and wildlife;
- Provide connections with populated areas;
- Provide for and be designed to accommodate multiple use (walking, hiking, equestrian and bicycle) wherever appropriate;
- Facilitate linkages to local trail systems;
- Provide for a diversity of recreational and aesthetic experiences;
- Designate trail use by physical constraints;
- Prohibit motorized vehicle on public trails.

**OS Policy 3.1.2:** The City shall seek to protect the residents from inappropriate or irresponsible use of designated trails.

**OS Policy 3.1.3:** The City shall favor trails that alleviate trespass and do not infringe on the privacy of residents.

*To implement these policies the City shall:*

**OS Implementation Measure 41:** Map trails systems and bicycle routes within the City and connecting to trails outside the City using existing information including, but not limited to, that gathered from historical maps, subdivision maps, tract maps, Malibu Trails Association data, Santa Monica Mountains Trails Association, Los Angeles County Department of Parks and Recreation, State Parks and the National Park Service.

**OS Implementation Measure 42:** Develop a comprehensive trails plan on an area by area basis based on the information gathered in connection with the trails map for the primary purpose of connecting trails within the City and joining them to trails in its planning area.

**OS Implementation Measure 43:** Explore east-west routes for pedestrian, bicycle and equestrian trails to enable people to move throughout Malibu avoiding Pacific Coast Highway.

## OPEN SPACE AND RECREATION ELEMENT

**OS Implementation Measure 44:** Give priority in implementation to proposed trails, especially bicycle routes, located adjacent to or leading to schools and recreation facilities and trail systems for cross town connections.

**OS Implementation Measure 45:** Ensure public participation during the preliminary planning and selection of final alignment of trails.

**OS Implementation Measure 46:** Examine every development application for the existence of easements that connect with, and continue to allow public access to, recreation and open space areas, and monitor construction with a view toward the preservation of those easements.

**OS Implementation Measure 47:** Mark public trails and bicycle lanes with directional signs coordinated with the natural environment for identification and access and provide buffers to ensure protection of sensitive environmental resources.

**OS Implementation Measure 48:** Establish trailheads and/or equestrian staging areas on a trails plan and give priority to regional trail connections.

**OS Implementation Measure 49:** Work with other agencies to ensure adequate parking at all established trailheads and staging areas.

**OS Implementation Measure 50:** Incorporate safety standards into all trail and bicycle route designs such as minimum width standards, posting level of difficulty notices, and segregating bicycle from equestrian trails.

**OS Implementation Measure 51:** Incorporate safe street crossing provisions into any trails/routes crossing highways and roads and establish formal “crossings” on a trails plan.

**OS Implementation Measure 52:** Reclaim public streets for trail use by requiring the removal of walls, landscaping and similar obstructions in public rights-of-way.

**OS Implementation Measure 53:** Where possible, obtain trail dedications and easements consistent with the trails plan.

**OS Implementation Measure 54:** Prohibit grading of trails that inhibits their safe use and work with other agencies to unblock trail/road easements to allow for safe passage of trail users.

**OS Implementation Measure 55:** Adopt procedures for investigating the validity of prescriptive rights. Where public prescriptive rights or implied dedication (historic public use) is found, require an offer of dedication or an equivalent public access easement. Site development in an area of historic public use only if equivalent type, intensity and area of replacement public access is provided on or within 1,000 feet of the project parcel.

**OS Implementation Measure 56:** Post and maintain directional and regulatory signs in publicly accessible RPAs.

**OS OBJECTIVE 3.2:** ACCESS TO THE BEACH AND SHORELINE CONSISTENT WITH THE PROTECTION OF COASTAL RESOURCES AND CONSERVATION.

**OS Policy 3.2.1:** The City shall require reasonable and equitable beach access for the public, balancing the rights of the individual property owner and the public's right of access.

*To implement these policies the City shall:*

**OS Implementation Measure 57:** Prepare a beach accessway map to show dedicated accessways and accessways that are improved and opened. Evaluate all proposed access dedications considering site-specific circumstances including topography, the capacity of the site to sustain use at the intensity anticipated, the proximity to adjacent residential uses, the impact on privacy of adjacent owners, the feasibility for providing litter collection, and the public safety.

**OS Implementation Measure 58:** Assure that improvements are in place and a public agency is willing to accept management of an accessway before opening a beach accessway requiring vertical pedestrian pathways.

**OS Implementation Measure 59:** Offer beach agreements in areas where the beach is bordered by residential development. The agreements may establish permitted and prohibited uses and, conditions of use (such as hours and areas subject to use) taking into account the particular beach's characteristics, potential recreational opportunities and existence of public vertical and lateral accessways.

**OS Implementation Measure 60:** To mitigate the impacts of development, in connection with development agreements require dedicated beach accessways.

**OS Implementation Measure 61:** Unless the public interest on a particular site implicates different standards, the design standards and accessway goals for the City are as follows:

**Vertical Access:** For all land divisions, nonresidential new development, and residential development on lots with 75 or more feet of frontage, or with an existing drainage or utility easement connecting a public street with the shoreline, or on groups of two or more lots with 50 feet or more of frontage per lot, an irrevocable offer of dedication of an easement to allow public vertical access to the mean high tide line shall be required, unless needed public access is already fulfilled by an existing developed accessway within the standard of separation provided under "Beach Access Program" (Table 2-5). Such offer of dedication shall be valid for a period of 21 years, and shall be recorded free of prior liens except tax liens. The access easement shall measure at least 10 feet wide. Where two or more offers of dedication closer to each other than needed for reasonable access have been made pursuant to this policy, the physical improvement and opening to public use of offered accessways sufficient to meet such need shall result in the abandonment of other unnecessary offers.

Exceptions to the above requirement for offers of dedication may be made for beaches identified as needing limitations on access in order to protect sensitive marine resources.

**Lateral Access:** For all development between the first public road and the ocean, an irrevocable offer of dedication of an easement to allow public lateral access along the shoreline shall be required unless findings are made consistent with Section 30212 of the California Coastal Act, that access is inconsistent with public safety. Such offers of dedication shall run with the land in favor of a public agency or private association



## OPEN SPACE AND RECREATION ELEMENT

approved by the City. Such offers shall be in effect for a period of 21 years, and shall be recorded free of prior liens, except tax liens.

The area subject to an access easement shall extend from the mean high tide line landward to (a) the dripline of an existing or proposed structure, or (b) to the top outer face of an approved seawall or revetment, or (c) to the base of the bluff where the bluff exceeds five feet in height, whichever is further seaward. Where the easement area adjoins a residential structure, as in (a) above, a strip 10-foot wide, measured seaward from the structure, shall be available only for public pass and repass when the remainder of the easement area is not passable.

Notwithstanding the above requirements, the lateral access requirement on lots fronting Broad Beach shall be as follows: an irrevocable offer of dedication of an easement from the mean high tide line to a line 25 feet inland of the daily high water line. This offer of dedication shall state that the daily high water line is understood by all parties to be ambulatory from day to day, as is the 25-foot wide strip of dry, sandy beach. In no case shall said access easement be closer than 10 feet to the approved development. On shoreline developed with residential uses, the required lateral access easement shall be limited to passive recreational use.

In addition, all fences, no trespassing signs, and other obstructions that may limit public lateral access within the dedicated easement or deed-restricted area shall be removed as a condition of development approval. The City shall support acceptance of offers of dedication by appropriate groups or governmental agencies.

**OS Implementation Measure 62:** Impose appropriate development fees to mitigate the impacts of commercial development on beach access and explore other methods to finance the construction and maintenance of new vertical access points.

**OS Implementation Measure 63:** Require parking lots for general office buildings be designed with the goal of serving not only office development during ordinary working hours, but also public beach parking during off hours, in conjunction with public transit or shuttle buses serving beach recreation areas.

**OS Implementation Measure 64:** Work with other agencies to ensure that existing developed accessways are not closed, abandoned or rendered unusable..

**OS Implementation Measure 65:** Use the following criteria when acquiring and improving vertical accessways and to determine the appropriate frequency of public accessway locations in view of localized beach settings and conditions:

- Priorities for improved vertical public access in the City shall be in accordance with Table 2-5. These priorities are based on (a) the extent to which existing, opened accessways fulfill the need for vertical accessways and (b) the need to protect sensitive environmental resources.
- Improvement of access to sandy beaches where there is no current public access.
- Improvement of accessways already in public ownership or by accepting offers of dedication which were already made where to do so would allow the agency to avoid requiring future unnecessary offers of dedication.
- Capacity to allow emergency vehicle passage from highway to beach and return, except where steepness or the existence of stairs would not allow vehicle use.
- Improvement of accessways where parking or access to a public transit stop is available. Where possible, new off-street parking or public transit facilities should be provided.

**OS OBJECTIVE 3.3:** PUBLIC ACCESS TO OPEN SPACE IN HARMONY WITH REASONABLE PRIVACY OF RESIDENTS AND WELL BEING OF THE COMMUNITY.

**OS Policy 3.3.1:** The City shall work to ensure that public access is consistent with conservation.

**OS Policy 3.3.2:** The City shall balance public access to open space and park lands with the privacy and property interests of abutting property owners.

*To implement these policies the City shall:*

**OS Implementation Measure 66:** Regulate use of public accessways, with the appropriate use consistent with the programs and policies of the Safety and Conservation Elements.

**Table 2-5  
BEACH ACCESS PROGRAM—VERTICAL ACCESS STANDARDS**

Coastal Area Name	Access Standard	Additional Access	Additional Public Beach Need
Leo Carillo		No	No
Nicholas Canyon		No	
Encinal	1/4 mile	Yes (1)	Yes
Lechuza	1/4 mile	Yes	Yes
Trancas	1/4 mile	No	Yes
Zuma		No	No
Point Dume		No	No
Dume Cove		No (2)	No
Paradise Cove		No	Yes (3)
Escondido	1/4 mile	Yes -1 (4)	No
Latigo	1/4 mile	No	No
Corral		No	No
Amarillo	1/4 mile	No	No
Malibu Beach	1/4 mile	Unknown (5)	No
Malibu Lagoon/Surfrider State Beach		No	No
Carbon Beach	1/4 mile	Unknown (5)	Yes
Big Rock	1/4 mile	Unknown (5)	Unknown (5)
Las Tunas	1/4 mile	Unknown (5)	Unknown (5)

Notes:

- (1) County of Los Angeles owns an unopened accessway at El Sol. State of California has completed accessways at El Pescador, La Piedra, and El Matador. Two vertical access offers of dedication shall be required in the area between Nicholas Canyon and El Pescador for a separation of approximately one accessway per quarter mile. Development of the El Sol accessway may satisfy one of the two requirements. The second offer of dedication shall be located at least 600 feet west of El Sol.
- (2) Adequate physical access via Point Dume State Park area.
- (3) Public purchase of sandy beach for passive recreational purposes and other recreation-supporting facility, e.g., restored pier.
- (4) Dedication required to meet an objective of one vertical accessway in addition to those existing at Escondido Creek and Geoffrey's. One of the two is presently under construction under management of the Surfrider Foundation.
- (5) Access locations at this time are unknown. Requires Access Map update.

## 2.6 Appendix A—Inventory of Public Recreational Resources

### 2.6.1 West Malibu

#### **Leo Carrillo State Beach:**

Swimming, diving, tidepool observation, scenic rocky point, sailboarding, surfing (all levels), picnicking, camping, hiking, bicycling, group campground, campfire gatherings, interpretive programs, junior lifeguard program, convenience store, visitor center, Natural History Association, back country equestrian trails, trail maintenance volunteers, seasonal lifeguard.

#### **Nicholas County Beach:**

- Surfing (expert, Point Zero fast breaking left), body surfing, beach enjoyment, seasonal lifeguard.
- Malibu Riding and Tennis Club (private commercial recreation, access to back country trails).
- El Sol (undeveloped) County Beach Accessway.
- Robert S. Meyer State Beaches: El Pescador, La Piedra, and El Matador. All beach activities, seasonal lifeguard patrols.

#### **Charmlee Natural Area:**

Hiking, picnicking, interpretive center, equestrian trails, docents group, scheduled nature events.

#### **Sea Level Drive:**

Homeowners association has voluntarily opened easement along Sea Level Drive to provide access to public shoreline.

#### **Broadbeach Road:**

Two county beach accessways.

#### **Malibu West:**

Malibu West Swimming Club and tennis courts (private for tract residents). Swimming club facilities are available on a rental basis for weddings, receptions, and community uses.

#### **Malibu Park:**

- School properties, equestrian center
- School facilities, include tennis courts, track, fields, asphalt basketball and volleyball courts, gym for indoor basketball and volleyball, gymnastics and yoga room, swimming pool, auditorium, classrooms, library. The school is a center for community athletic activities for all ages.
- Equestrian center is managed by the City, and includes a rink and some storage facilities, as well as trailhead parking. Trails from the equestrian center to backcountry are still under consideration.

**Zuma County and Westward State Beaches:**

All beach activities, extensive parking, lifeguards during good weather, junior lifeguard program, surfing, seasonal food services, Los Angeles County North Beach Lifeguard Headquarters, Fire Department and Lifeguard training location, rescue boat Bay Watch seasonal mooring, rock climbing, volleyball, triathlons, running events, ocean sports contest venue, bird watching at lagoon, catamaran storage area, swimming can be dangerous here because of powerful rip currents and crashing shorebreak, parking lot is used for power walking and running.

**Point Dume:**

- Point Dume Headlands State Preserve and Malibu Community Center:
- Point Dume Headlands State Preserve is reached from Westward Beach parking lot, includes giant choreopsis stands and other native vegetation in need of restoration, and access to Big Dume Beach and “Mistos” surf break. The rocky point and beaches fronting the headland are a protected marine mammal habitat.
- Malibu Community Center, formerly Point Dume School, owned by SMMUSD, managed by Point Dume Community Services District, provides facilities for activities for people of all ages, community organizations, and businesses who rent space there, including a privately owned nursery school/day care center. Outdoor facilities include asphalt courts, green park, children’s play equipment.

**Paradise Cove:**

Beach, Fishing Pier, walk-in fee beach access, no surf boards allowed.

**Escondido Beach:**

Surfrider Foundation public accessway from Pacific Coast Highway to beach.

**Sycamore Park:**

Public beach easement.

**2.6.2 Central Malibu**

**Dan Blocker State Beach:**

Access to shoreline, no facilities or lifeguard service.

**Solstice Canyon Park:**

Hiking, picnicking, equestrian trails, year round stream, historic buildings, waterfalls, Santa Monica Mountains Conservancy offices, visitor center, plant restoration projects, events and interpretive programs, creek-side trail leads to passage under Pacific Coast Highway to Corral State Beach.

**Corral State Beach:**

Narrow beach for sunbathing and swimming, seasonal lifeguard, highway parking, popular scuba diving class location.

## OPEN SPACE AND RECREATION ELEMENT

### **Malibu Road Beach Accesses:**

Five accessways are open.

### **Malibu Bluffs Los Angeles County Regional Park:**

Baseball, soccer, football, hiking trails, natural area, sculpture display, Michael Landon Center used for small meetings, receptions, interpretive programs, arts, theater and dance classes, etc.

### **Pepperdine University (Adjacent to City limits):**

Athletic facilities memberships available to the public, cultural events, sports events, art gallery, library, educational programs. Theaters are available for community programs.

### **Civic Center:**

- County buildings: city hall location, library, courts, community room.
- Private tennis club.
- Malibu Country Mart green park and children's play area.
- Serra Retreat.
- Webster School auditorium.
- Cross Creek Road leads to private horse boarding and training facilities. Trails lead to Ringe Dam and through Malibu Canyon.

### **Malibu Lagoon/Surfrider State Beach Park:**

Malibu Lagoon Preserve, bird watching, nature study, swimming, surfing, Adamson House and Gift Shop, Malibu Historic Society, Adamson House and Malibu Creek State Park Docents, seasonal lifeguard.

### **Surfrider Point, aka Malibu Point or "The Bu":**

Premier historic west coast surfing location, glassy rights wrap around the point to form a sequence of three glassy green hollow breaks, or, if the lagoon is consistently breathed in the right spot, a single long ride from third point almost to the pier. Malibu Point is the birthplace of California Surf Culture, dating from the times when Santa Monica Surfers sneaked past the Ringe Ranch guards to reach the waves, location where the legendary "Gidget" met the Great Kahuna. Surfers are currently at risk from polluted water exiting Malibu Lagoon. Lifeguard. No swimming or boogie boarding allowed in the surf zone. Swimming on east side of Malibu Pier where there is no lifeguard.

### **Malibu Pier:**

Deep sea fishing excursions, bait and tackle, pier fishing, Alice's restaurant, Plein Air. Artists of the Santa Monica Mountains and Seashore monthly exhibits. Historic landmark in need of restoration.

### **Zonker B. Harris County Beach:**

Accessway next to the restaurant located at 22706 Pacific Coast Highway.

**2.6.3 East Malibu**

**La Costa:**

La Costa Beach Club, and tennis courts, private for La Costa residents. Facilities are available on a rental basis for receptions, birthday parties, etc.

**Big Rock:**

County Beach Access near Big Rock Road.

**Las Tunas State Beach:**

Highway parking, hazardous swimming because of decaying groins, seasonal lifeguard.

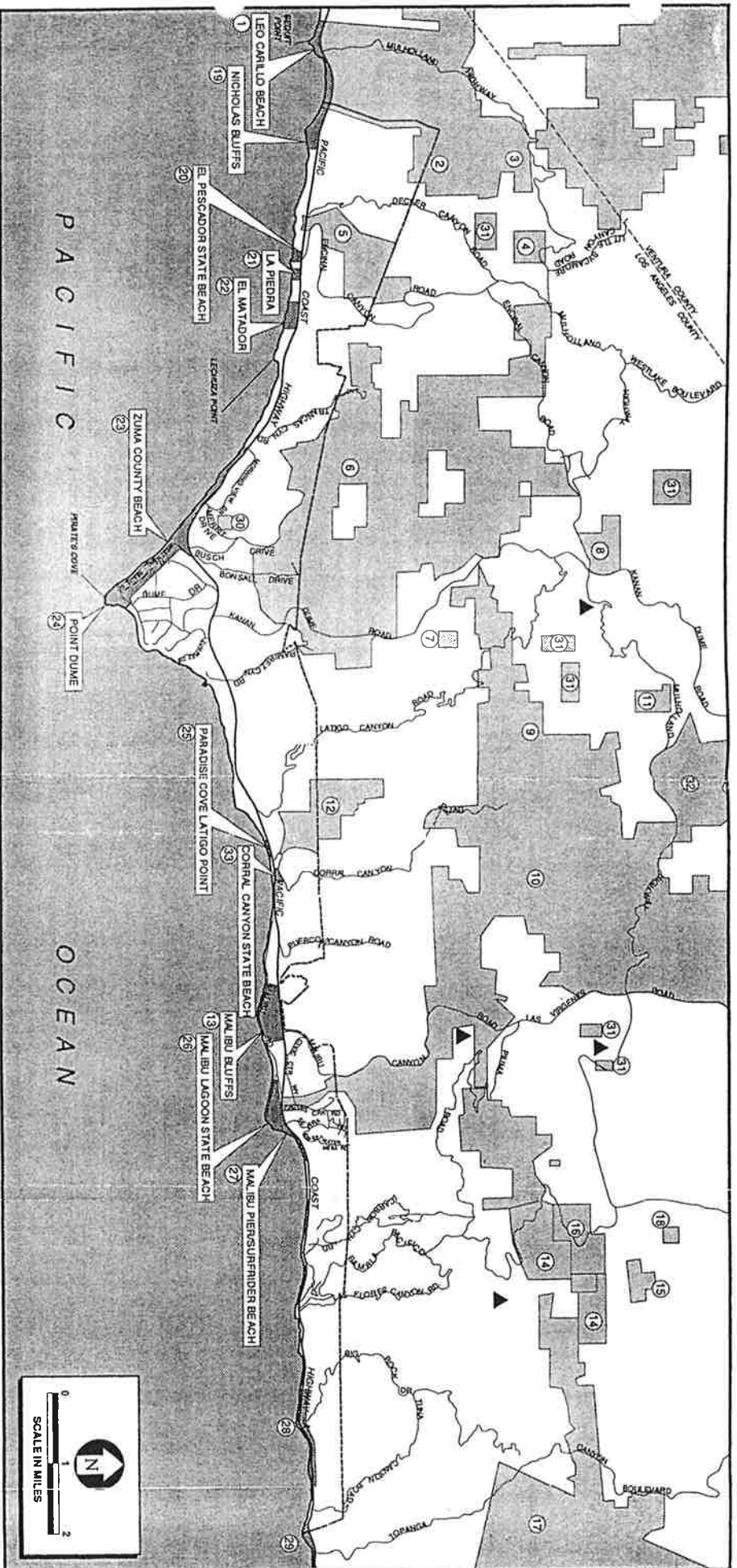
**2.6.4 School District Properties**

The Santa Monica-Malibu Unified School District owns properties sprinkled about Malibu which have potential for neighborhood or community park uses and for which the City could exercise right of refusal should they be offered for sale. These properties should be mapped and evaluated for recreation potential.

## 2.7 Appendix B—Open Space Maps

**Figure OS-1: Existing Public Recreation Facilities**

**Figure OS-2: Malibu/Santa Monica Mountains Area Plan Trail System**

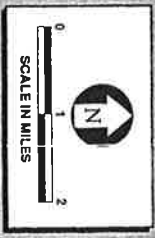


- PARK AND BEACHES**
1. Leo Carrillo State Beach
  2. Nicholas Flat
  3. Malibu Bluffs
  4. Arroyo Sequitas
  5. Chamblin Natural Area
  6. Zuma/Rancho Canyon
  7. Malibu Equestrian Park
  8. Rocky Oaks
  9. Castro Crest
  10. Malibu Creek State Park
  11. Peter Straus Ranch
  12. Salita Canyon
  13. Malibu Bluffs
  14. Cold Creek Canyon Preserve
  15. Red Rock Canyon
  16. Stunt Ranch
  17. Topanga State Park
  18. Calabasas Peak
  19. Nicholas Canyon County Beach
  20. El Pescador State Beaches
  21. La Piedra
  22. El Matador
  23. Zuma County Beach
  24. Washford Point Dune Beach
  25. Dan Boker State Beach
  26. Malibu Lagoon State Beach/Adams House
  27. Malibu Pier/Sunbiter Beach
  28. Las Tunas State Beach
  29. Topanga State Beach
  30. Popped Malibu Equestrian Center
  31. Santa Monica Mountains Recreation Center
  32. Paramount Ranch
  33. Corral Canyon State Beach

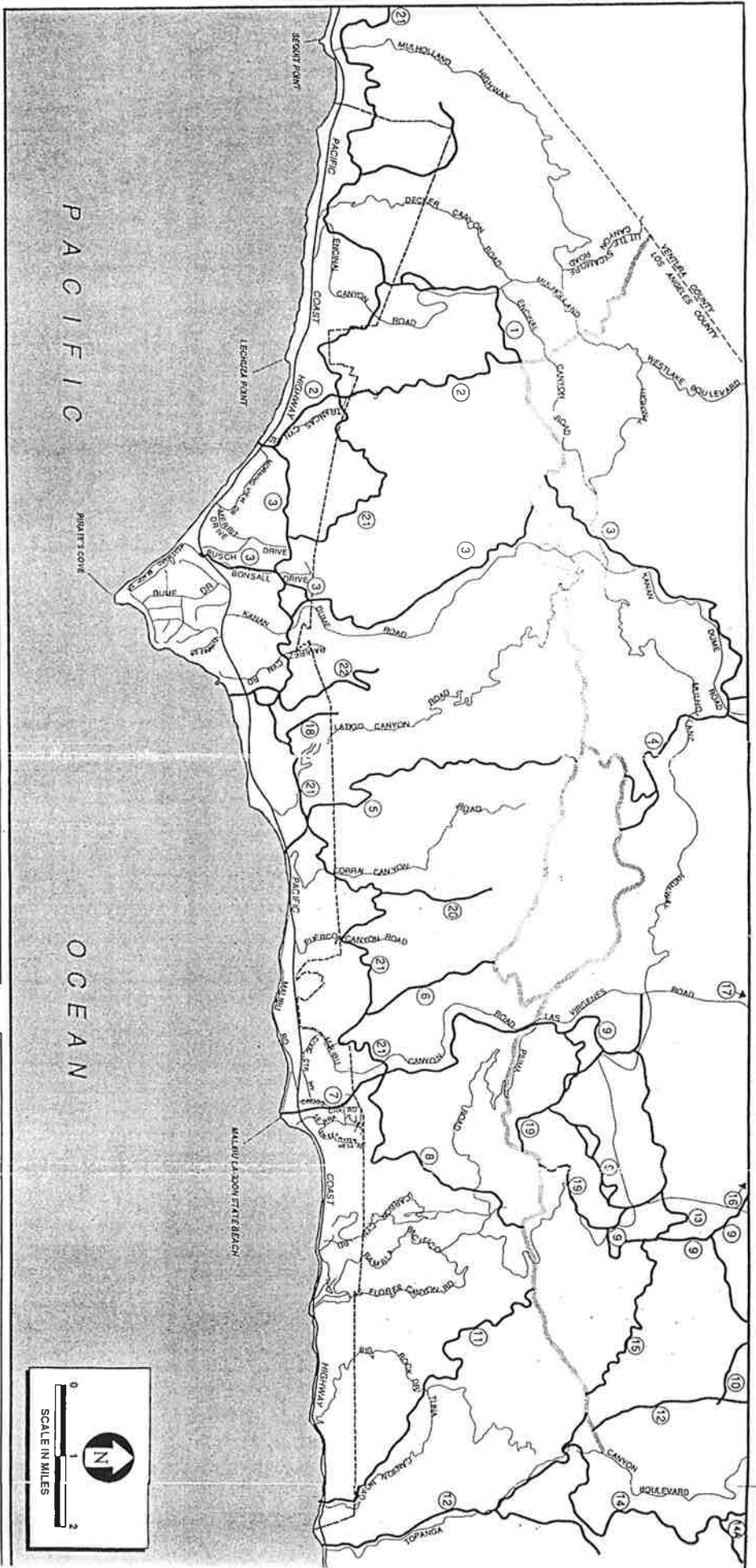
- LEGEND**
- CITY LIMITS
  - OVERLOOKS
  - PARK
  - BOUNDARY
  - STATE BEACHES

SOURCE: Santa Monica Mountains Conservancy, 1991, National Park Service, 1991

**CITY OF MALIBU GENERAL PLAN**  
**FIGURE OS-1**  
**EXISTING PUBLIC RECREATION FACILITIES**







**TRAILS**

- |                                       |   |
|---------------------------------------|---|
| 1. Three Park Trail                   | 11. Tuna Canyon Trail                             |
| 2. Trancas Canyon Trail               | 12. Topanga-Henry Ridge Trail                     |
| 3. Zuma Ridge Trail                   | 13. Stokes Ridge Trail                            |
| 4. Malibu Lake Connector              | 14. Santa Maria Canyon Trail                      |
| 5. Soisce Canyon Trail                | 14A. Santa Maria Canyon Loop Trail                |
| 6. Messa Peak Trail                   | 15. Camp Stausen Connector Trail                  |
| 7. Malibu Creek Trail                 | 16. Valley C'de Scenic Corridor Trail (not shown) |
| 8. Saddle Peak Trail                  | 17. Las Virgenes Trail (not shown)                |
| 9. Calabasas C'de Creek Trail         | 18. Escondido Fats Trail                          |
| 10. Calabasas Topanga Connector Trail | 19. Stunt High Trail                              |
|                                       | 20. Corral Canyon Trail                           |
|                                       | 21. Coastal Sipe Trail                            |
|                                       | 22. Ramirez Canyon Connector Trail                |
|                                       | 23. Paradise Cove Trail                           |

**LEGEND**

- |       |                |
|-------|----------------|
| ----- | CITY LIMITS    |
| ————  | TRAILS         |
| ————  | BACKBONE TRAIL |

**CITY OF MALIBU GENERAL PLAN**

**FIGURE OS-2  
MALIBU/SANTA MONICA MOUNTAINS  
AREA PLAN TRAIL SYSTEM**

SOURCE: Los Angeles County Department of Parks and Recreation, 1983

## **CHAPTER 3.0 CONSERVATION ELEMENT**

### **3.1 Introduction**

- 3.1.0 Overview**
- 3.1.1 Legislative Authorization**
- 3.1.2 Purpose and Scope**

### **3.2 Existing Natural Resources**

- 3.2.0 In General**
- 3.2.1 Air Resources and Climate**
- 3.2.2 Mineral Resources**
- 3.2.3 Soil Resources**
- 3.2.4 Water Resources**
- 3.2.5 Beach and Shoreline Resources**
- 3.2.6 Marine Resources**
- 3.2.7 Vegetation and Wildlife Resources**
- 3.2.8 Identification of Significant Natural Resources**
- 3.2.9 Protection of Sensitive Habitat Areas**
- 3.2.10 Scenic Resources**
- 3.2.11 Cultural Resources**

### **3.3 Constraints**

- 3.3.0 In General**
- 3.3.1 Physical Changes in the Environment**
- 3.3.2 Lack of Comprehensive Resource Surveys**
- 3.3.3 Maintenance of High Quality Water Resources**
- 3.3.4 Recreational Uses**
- 3.3.5 Limited City Resources**
- 3.3.6 Development Pressure and Rising Property Values**

### **3.4 Goals, Objectives, Policies and Implementation Measures**

- 3.4.1 CON GOAL 1**
- 3.4.2 CON GOAL 2**
- 3.4.3 CON GOAL 3**
- 3.4.4 CON GOAL 4**
- 3.4.5 CON GOAL 5**

### **3.5 Appendix A—Analysis of Sensitive Terrestrial Habitats by Location**

- 3.5.1 Purpose**
- 3.5.2 Arroyo Sequit**
- 3.5.3 Willow Creek**
- 3.5.4 San Nicholas Canyon**
- 3.5.5 Los Alias (Decker) Canyon**
- 3.5.6 Lechuza Canyon**
- 3.5.7 Clyde Canyon (Pedra/Pescador watershed, Malibu Wastewater Study, 1992)**

## CONSERVATION ELEMENT

- 3.5.8 Encinal Canyon**
  - 3.5.9 Steep Hill Canyon**
  - 3.5.10 Trancas Canyon**
  - 3.5.11 Zuma Canyon**
  - 3.5.12 Newton Canyon**
  - 3.5.13 Point Dume**
  - 3.5.14 Walnut Canyon**
  - 3.5.15 Ramirez Canyon**
  - 3.5.16 Escondido Canyon**
  - 3.5.17 Latigo Canyon**
  - 3.5.18 Solstice Canyon**
  - 3.5.19 Dry Canyon**
  - 3.5.20 Corral Canyon**
  - 3.5.21 Puerco Canyon**
  - 3.5.22 Malibu Canyon**
  - 3.5.23 Carbon Canyon**
  - 3.5.24 Cold Creek Canyon**
  - 3.5.25 Hepatic Gulch**
  - 3.5.26 Piedra Gorda Canyon**
  - 3.5.27 Las Flores Canyon and Little Las Flores Canyon**
  - 3.5.28 Tuna and Pena Canyons**
  - 3.5.29 Topanga Canyon and Tributaries**
- 3.6 Appendix B—Conservation Element Maps**

## 3.1 Introduction

### 3.1.0 Overview

The following information provides an overview and summary of the natural resources in the City of Malibu. This information is only a summary of the more detailed information provided in the “Conservation Element Background Report” presented in a Technical Appendix to the Malibu General Plan.

### 3.1.1 Legislative Authorization

The California Government Code requires all city and county general plans to contain a Conservation Element as part of the General Plan. Specifically, Government Code Section 65302 requires that a conservation element address the conservation, development and utilization of natural resources including:

- Beaches and shoreline
- Fisheries
- Forests
- Harbors
- Minerals
- Plants
- Rivers and other waters
- Soils
- Water and its hydraulic force
- Watersheds
- Wildlife

### 3.1.2 Purpose and Scope

The purpose of the Conservation Element is to serve as a guide for the conservation, protection, restoration and management, development, and appropriate and responsible utilization of the City’s existing natural resources. Substantial areas of land within the City of Malibu and north of the City within the Malibu Coastal Zone (MCZ) are undeveloped or contain an abundance of natural resources. To protect these resources, it is important for the City to establish policies which promote intelligent management of the resources. These policies should address a variety of natural resources issues that include water quality, coastal and slope erosion, maintenance of unique plant communities, habitat protection, and viable populations of plants and wildlife, and preservation of visual resources.

The MCZ (Figure CO-1) is used as the geographic unit whose resources are addressed by this Conservation Element. The resources of this area are addressed because natural resources located within the City limits are (a) an extension of resources located elsewhere within the MCZ, (b) intimately interrelated with other resources located elsewhere in the MCZ, and (c) potentially affected by impacts to other resources within the MCZ. The resources of the entire MCZ are also addressed because (d) they provide significant opportunities to residents and visitors to the City and (e) the City’s sphere of influence may include these resources in the future.

## **3.2 Existing Natural Resources**

### **3.2.0 In General**

The City of Malibu is located on the coastal slopes of the Santa Monica Mountains and is bounded by the Pacific Ocean to the south. The City has a variety of unique natural resources due to this juxtaposition between the mountains and the ocean. These resources include canyon and coastal topography; a variety of terrestrial, freshwater and marine habitats; rare, threatened and endangered species of plants and wildlife; and numerous historic, archaeological and paleontological sites. These resources, as well as other natural assets, are each addressed in greater detail within the Conservation Element.

### **3.2.1 Air Resources and Climate**

#### **3.2.1.1 Regional Meteorology/Climatology**

Malibu's climate is classified as dry summer subtropic or Mediterranean. Regions within this climate zone are characterized by hot, dry summers with relatively cool, moist winters. This climate only occurs in five areas of the world at approximately 33 degrees latitude on the western edges of continents and includes: southern California; central Chile; southern Australia; the cape region of South Africa; and the Mediterranean region of Europe. Only about three percent of the world's land surface have this climate. The unique characteristics of the Mediterranean climate regime, particularly the extended period of summer drought, have led to the evolution of distinctive associations of plant and animal species.

The regional climate is controlled almost entirely by the semi-permanent Pacific High Pressure Cell (Pacific High) and the cold water California Current. The summer climate is strongly influenced by stable air flowing out of the Pacific High to the west. During the Malibu winter the Pacific High migrates south putting the City on the fringe of the influence of a low pressure cell. The combined effect of these meteorologic and oceanographic systems is a tempering of local weather such that extremes of wind, temperature and precipitation are relatively uncommon.

Skies are mostly clear from mid-summer through autumn. Heavy cloud cover and fog occur primarily during spring and early summer when stratus clouds associated with the marine layer move in from the west. Compared to other locations of the same latitude and climate, Malibu summers are generally cooler with temperatures in the upper 60s to low 70s, and winters tend to be mild within the range of the upper 50s to low 60s.

#### **3.2.1.2 Air Pollution Meteorology**

The City of Malibu is located within the South Coast Air Basin. The South Coast Air Basin's air quality is affected not only by the emission sources located in the region, but also to a large extent by three natural factors or combinations of: (a) terrain; (b) a dominant on-shore flow; and (c) atmospheric inversion. The first of these factors is static, but plays a significant role by placing a natural barrier to emission dispersion north and east of the metropolitan Los Angeles area.

The second factor provides the driving mechanism for both air pollution transport and dispersion. This mechanism has been shown to be a predominantly on-shore flow. Air pollution which has its origins in the industrial areas along the coast and immediately inland is driven toward the natural terrain barrier mentioned above with the result that horizontal dispersion is severely limited. The effect of this second factor can be seen as a gradual degradation of air quality from coastal to inland areas. Malibu is typical of some of the

South Coast Air Basin's best air quality areas because of its location along the coast upwind from most mobile and stationary sources. The greatest impacts can be seen in the San Gabriel Valley and near Riverside at the foot of the San Gabriel Mountains.

The third factor which affects air quality involves atmospheric inversions which limit dispersion of air pollution on a vertical scale. Inversions can be classified into one of two general categories: (1) inversion aloft or (2) surface based inversions. These two categories are the result of different meteorologic conditions and tend to affect different sources.

Inversions aloft are probably the most critical factor in the degradation of regional air quality. The condition is defined by a vertical temperature profile which initially conforms to standard conditions. For example, temperature typically decreases with height. However, under inversion conditions temperature begins to increase at some height above the ground. This height is called the base of the inversion. The temperature increase continues through an unspecified layer after which the temperature change with height returns to standard conditions. The inversion layer is typically very stable and acts as a cap to the vertical dispersions of pollutants.

The largely undeveloped Santa Monica Mountains provide some amelioration of air quality impacts from the urbanized Los Angeles basin.

#### **3.2.1.3 Air Quality Regulatory Environment**

The basis for determining the significance of air quality impacts generated by a base case project are the State and Federal Ambient Air Quality Standards (AAQS). These standards define the level of air quality capable of protecting the public health and welfare with an adequate margin of safety. The AAQS were developed to protect those portions of the population most susceptible to respiratory distress. Classified as sensitive receptors, this group includes persons with asthma or other respiratory disorders, the elderly, very young children and hospital patients. Normally, healthy adults can tolerate periodic exposure to air pollution in concentrations well above the standards. However, even this segment of the population has shown signs of deteriorating health under long term exposure to air pollution at or above the standards.

The Federal standards were established in 1971 by the Environmental Protection Agency (EPA). The EPA allows states to adopt standards of their own as long as they are at least as stringent as those issued at the Federal level. California, due to the complexity of its air quality problems, adopted its AAQS prior to the adoption of the Federal standards.

In 1976 the State legislature enacted the Lewis Air Quality Management Act which established the South Coast Air Quality Management District (SCAQMD) and required it, in conjunction with the Counties and Cities within the District, the Southern California Association of Governments (SCAG), the California Air Resources Board (CARB) and the State Department of Transportation (Caltrans), to develop a plan to attain and maintain the State Ambient Air Quality Standards in the South Coast Air Basin. The SCAQMD, however, is responsible only for local stationary sources of pollution while CARB retains authority over all mobile source emissions.

#### **3.2.2 Mineral Resources**

In order to promote the conservation of the State's mineral resources and ensure adequate reclamation of mined lands, the Surface Mining and Reclamation Act of 1975 (SMARA) was enacted. SMARA requires that the State geologist classify land in California for its mineral resource potential. Local governments are

## CONSERVATION ELEMENT

required to incorporate the mineral classification reports and maps into their general plans in order for the resources to be given consideration when making land use decisions.

Sand and gravel resources are the only mineral resources which have been mapped in western Los Angeles County. However, to date the State Division of Mines and Geology has not mapped these resources or other mineral resources in the Malibu area. Given the presence of the numerous incised canyons and drainages, sand and gravel resources are expected to occur in the MCZ. Mapping of this area is scheduled to occur prior to 1996 if the appropriate funding is allocated (R. Miller, State Division of Mines and Geology, personal communication).

### **3.2.3 Soil Resources**

Soil types in the City of Malibu have been classified by the United States Department of Agriculture, Soil Conservation Service (SCS). (Note that the SCS has recently been reorganized as the Natural Resources Conservation Service, NRCS.) These SCS classifications are associated with identified soil capabilities which may be used in planning for agricultural, urban, watershed, recreational and wilderness uses. The identified soil capabilities provide the basis from which opportunities and constraints associated with soil resources are identified.

The SCS has identified 22 soil series and 45 soil phases in the Malibu area (Malibu Soil Survey, 1967). Soil series are soils that are grouped together because they have a similar set of soil profile characteristics. The soil phase is a division of the soil series in which the soils are grouped together by common surface and substrata characteristics. Important characteristics used to determine soil phase are surface texture, slope and quantity of stones.

Agricultural land is limited within Malibu. This limitation is primarily due to the patchy distribution of soils that have high capability for agricultural uses, and that these soils typically occur along the low relief slopes adjacent to the coast. These areas are the same areas which have the highest capability for urban development and many have already been developed. As a consequence, agriculture currently accounts for only 52.4 acres (0.5%) of all land uses within the City. Historically, agricultural uses, including grazing, were much more widespread and these previous uses may have influenced the types of plant communities which are currently found in the City.

Over 80% of the soils identified by the SCS in the Santa Monica Mountains have high or very high erosion potential. The native vegetation is critical to protecting the soil from erosion, particularly on steep slopes. Removal of vegetation leads to accelerated erosion which adversely impacts stream and marine resources.

The engineering capabilities identified by the SCS are also a very useful planning tool for the City of Malibu. Soil suitability for road and building construction, recreation facilities, septic tank filter fields and other uses are all identified in the Malibu Soil Survey (1967). Further discussion of soils, especially as they relate to engineering capabilities is provided in the Safety Element.

### **3.2.4 Water Resources**

The City of Malibu is located within a 27 mile coastal stretch along the Pacific Ocean. There are numerous streams and creeks which drain the hillsides and canyons within this area. In addition, Malibu Lagoon, which is located at the mouth of Malibu Creek, is one of two significant coastal marshes occurring in Los Angeles County.

### 3.2.4.1 Surface Water

There are 44 blueline streams identified by the United States Geological Service (USGS) within the City of Malibu. These streams include perennial and intermittent streams which are defined by a variety of non-standardized, qualitative criteria such as the presence of riparian vegetation, a stream bed, or actual hydrology. Many of the USGS bluelines have not been updated since 1950 and there are many channels that are not significantly different hydrologically from streams with blueline status. Consequently, the identification of all hydrological channels that are associated with the City of Malibu has not been conducted. To effectively manage these drainages would require development of new qualitative, as well as quantitative, criteria based on floodplain width, flow rate and periodicity, erodibility, riparian vegetation, presence of sensitive flora and fauna, and human influence on channel hydraulics. The location, significance, constraints, and opportunities associated with these channels can be determined only after development of these criteria.

There are 62 identified watersheds which occur within the boundaries of the City of Malibu (Malibu Wastewater Management Study, 1992). These watersheds consist of smaller, coastal terrace watersheds which often have their headwaters located within a few hundred feet of the ocean and large watersheds which drain the coastal drainages of the Santa Monica Mountains (Figure CO-2 illustrates the 28 major mountain drainages). Malibu Creek is the only cross-mountain watershed and drains portions of the Simi Hills in addition to portions of the Santa Monica Mountains. The largest watershed is the Malibu Creek coastal watershed which drains an area of approximately 74,000 acres (115 square miles). Large coastal watersheds include Ramirez (4.5 square miles), Las Flores (4.75 square miles), Solstice (4.43 square miles), Trancas (8.39 square miles), and Zuma Canyon (8.86 square miles), Topanga (19.68 square miles) and Arroyo Sequit (10.96 square miles).

Of the watersheds identified within the City boundaries, 22 of the drainage areas extend beyond the northern boundary and are affected by residents and agencies not under the jurisdiction of the City of Malibu. Effective management of these watersheds requires joint-powers agreements designed to protect downstream resources and users of these resources.

Watersheds are the basic geographic unit within which non-point sources of pollution and sedimentation can be addressed. Within the City of Malibu these sources of water quality contamination are primarily associated with upstream discharge of treated effluent from lands inland of the City and stormwater conveyance of fertilizers, manure, petroleum products (i.e., gasoline, oil, other lubricants), chemicals from car exhaust, livestock (i.e., horses), commercial discharges, sedimentation and dispersed contributions of pathogens from local septic systems (Malibu Wastewater Management Study, 1992). Much of the chemical contamination is originally derived from the surfaces of pavement and other forms of hardscape, while increased sediment loads are associated with grading, excavation, and other forms of vegetation disturbance (i.e., fires, grazing, agricultural practices, vegetation removal for fire and flood control).

The primary sources of discharge to City of Malibu watersheds are the Tapia Water Reclamation Facility (TWRP) at Calabasas and urban stormwater runoff. The former source of discharge is only associated with Malibu Creek. TWRP is known to discharge up to 7.4 million gallons per day (daily average during March 1991) of treated effluent to the upper reaches of the drainage; TWRP has permits to expand to 16 million gallons per day. These discharges, however, have varied widely from season-to-season and year-to-year (Harris, 1991; Gearhart and Waller, 1989). As an example, 1990 was a low release year because the Las Virgenes Water District sold all of its discharge for July, August, and September. Although effluent from the TWRP has accounted for a significant portion of the past annual flow in the creek, especially during the



## CONSERVATION ELEMENT

summer months, demand for reclaimed water now reportedly exceeds supply and it is unknown if TWRP discharges will continue to provide significant flow to Malibu Creek (Malibu Wastewater Management Study, 1992; Steve Witbeck, TWRP, pers. comm.). TWRP's goal is to reclaim all water entering the facility, but achievement of this goal is dependent upon demand for the water. Recent trends do indicate that summer demand for the water is very high. This period of peak demand coincides with the period in which discharges to Malibu Creek would have the greatest potential adverse effects, although significant impact from overflow due to winter storms also occurs. These effects are primarily associated with seasonal flow and nutrient loading.

The stormwater drainage system which has been constructed in the Malibu area was designed for the purpose of flood control and gave little consideration to water quality, seasonality, and destination. In addition, the system has not only transported stormwater and its associated contaminants, but has been used as an overflow "fail safe" for sewage pump stations. At present, stormwater runoff within the MCZ does not receive deliberate treatment, though certain small marshes may provide some treatment through natural processes. The stormwater drainage system within the City of Malibu therefore conveys a variety of potentially harmful contaminants to Malibu Lagoon and Santa Monica Bay.

Malibu Creek empties into Malibu Lagoon. Malibu Lagoon is a small brackish estuary of approximately 13 acres (exclusive of adjacent associated land), but is significant since it is one of only two remaining coastal marshes in Los Angeles County. The estuary provides major migratory bird habitat, fish migration and spawning habitat, and it affects adjoining water-based recreation at Surfrider Beach. The estuary is maintained by a sandbar that lies between the Malibu Creek outlet and the ocean. Periodically, the estuary is open to the ocean when creek flows have enough energy to push through the sandbar to the ocean. The estuary is also artificially opened to the ocean by the State Department of Parks and Recreation when its waters surpass 3.5 feet in depth. Due to increased surface discharges from Malibu Creek, increased baseflow during the summer, and the seasonal closure of the sand bar, the estuary experiences a variety of water quality problems which include eutrophication from nutrients, potential health risks from pathogens, rapid and/or unnatural changes in pH and salinity gradients, sedimentation and temperature.

### **3.2.4.2 Water Supply**

The City of Malibu's water supply is provided by the Metropolitan Water District of Southern California (MWD). The MWD obtains its water from the State Water Project and the Colorado River. Wholesalers of this water in the Malibu/Santa Monica Mountains area are the Las Virgenes Municipal Water District and the West Basin Municipal Water District. These wholesalers distribute to three retailers which include the Los Angeles County Waterworks District No. 29, Silvas Park Mutual Water Company, and Las Virgenes Metro Water District. There are also a number of private wells that supply water within the City. However, the utilization of wells as a source of potable water has steadily declined since 1965, when water became available through the MWD. Although the amount of water supplied by these wells is now considered to be insignificant (Incorporation of Malibu EIR, 1989), they are sources of inexpensive water to agricultural and other interests located away from piped water service.

### **3.2.4.3 Groundwater**

Groundwater, including underground streams and springs, is one of the least understood resources in the Malibu area. Studies conducted throughout the City of Malibu including Big Rock, the most intensively studied area in the City, have been inconclusive in determining definitive information on subsurface re-

charge and discharge. The difficulties in quantifying groundwater stem from the complexity of the Malibu area's subsurface geology and subsurface flow. Groundwater is often held at different levels at a given location with each pocket of groundwater behaving differently. The amount and retention times of groundwater stored, its quality, seasonal and annual fluctuations, directions of movement and points of discharge are therefore, at best, only roughly determined (Malibu Wastewater Management Study, 1992). Due to the steep and impervious nature of the various small watersheds located within the MCZ, accompanied by the very rapid runoff of the low and variable annual rainfall, there are no local, dependable surface water supplies and very limited groundwater supplies within the MCZ. The various well and spring water sources, which had at one time provided a limited public water supply for the MCZ, have largely gone dry or have been contaminated by sea water intrusion and other pollutants and are now abandoned. The few remaining viable private well water sources are of limited capacity and serve individual homes or small developments.

The primary factors that effect the presence of groundwater in the Malibu area are seasonal and annual precipitation patterns, topography, soil and rock permeability, and faults. Many of the rock formations in the area are not conducive for holding groundwater. Groundwater can be found along the coast in alluvium, beach deposits, and terrace deposits at a depth of only a few feet (Incorporation of Malibu EIR, 1989), but depth of groundwater increases in the consolidated rock of inland areas and can reach several hundred feet. The dominant source of groundwater recharge in the City is groundwater flow from the upper portions of the watersheds. Other sources of recharge include more localized percolation of rainfall, streamflow, irrigation runoff, and septic system disposal.

### **3.2.5 Beach and Shoreline Resources**

The City of Malibu has approximately 27 miles of coastal area. Within this coastal area, there are three distinct elements, including the inshore or shoreface (where the water breaks onto the shore); the beach or shore; and the coast (upland from the beach or shore). The City of Malibu beach and shorelines consist of several geologic forms including, bedrock, terrace deposits, artificial fill, beach sand deposits, wind blown dune sand and rip-rap.

The bedrock formations are found in either the high cliff areas (along Point Dume) or the highly fractured and broken bedrock areas (north of the fault trace at Paradise Cove) which are more prone to erosion. Terrace deposits consist of less hardened and consolidated material than the bedrock and are generally found at higher elevations on top of flat areas that overlook Malibu. Other terrace deposits are located west of Lechuza Point where the deposits extend down to the sea cliffs and bluffs of the coast. Artificial fill is located sporadically throughout Malibu, but is typically found in areas where it has been used for the construction of roadways and beach front homes. In some cases, this fill has been exposed and is susceptible to erosion. The location of the fill material is otherwise difficult to determine.

The sand supply along the Malibu coast is determined by the local littoral sediment system. There are two littoral cells along the Malibu coast: (1) the Zuma Cell west of Point Dume; and (2) the Santa Monica Cell east of Point Dume. Any consideration of coastal erosion and sedimentation for management purposes should recognize the discrete nature of the coastal process-response systems east and west of Point Dume. The Zuma Cell is considered a distinct entity because, although linked to the Santa Barbara Cell, much of the sediment derived from the west is lost down Hueneme and Mugu submarine canyons. These canyons and several smaller offshore canyons are the ultimate sinks for sediment moving from the Santa Barbara Cell into the Zuma Cell, for very little beach-forming sediment appears to continue eastward around Point Dume. The Santa Monica Cell extends from Point Dume to Palos Verdes Peninsula and is represented by the broad

## CONSERVATION ELEMENT

arc of Santa Monica Bay which, compared to other parts of Southern California, is relatively shallow with a shelf less than 100 meters deep and extending 10 to 18 kilometers offshore (A. Orme, 1992; The Malibu Coast, Appendix B, Technical Memo 10, The Malibu Wastewater Study).

Beach sand deposits are located along much of Malibu's shore zone. Although local beach sand deposits generally vary in thickness from 5 to 15 feet, Carbon Beach has approximately 25 feet of sand. Wind blown dune sands also occur in Malibu, but are generally associated with only the widest beaches. Some of these dunes contain sand deposits that are 30 feet above the original beach level. The last geologic formation is rip-rap. Large quantities of rip-rap have been imported and placed at scattered locations from Topanga Beach to the Ventura County line. In most cases, the large 4 to 6 foot in diameter boulders that make up the rip-rap are used to protect the toes of the fill slopes located along the Pacific Coast Highway. Further, discussion of beach and shoreline resources is provided in the Safety Element.

### 3.2.5.1 Environmentally Sensitive Beach and Shoreline Resources

The following areas have been identified as locations for sensitive beach and shoreline resources in the Malibu Coastal Zone:

**Arroyo Sequit Creek Mouth:** This rocky headland and off-shore rock is west of the City limits. However, it is affected by conditions and actions within the City. A diverse marine fauna, including mussel beds and rocky intertidal species, is located at this site. The mouth of the creek is a critical area during the annual migration of steelhead.

**Beach Area Between Nicholas Bluffs and Lechuza Point:** This stretch of beach is relatively undisturbed by recreational use and urban development. It supports a high diversity of habitats including tide pools, sandy beaches, beach cliffs and adjacent bluffs.

**Trancas Beach Dunes:** Trancas Beach Dunes are the only extensive dunes in the MCZ. This area supports a flora and fauna restricted to coastal foredunes and upper beaches. While many of the dunes are dominated by ice plant (*Carpobrotus* spp.), the outer dunes support native foredune vegetation.

**Zuma Creek Mouth:** The mouth of Zuma Creek supports a small freshwater estuary and associated wetland vegetation. The area also supports a diverse array of aquatic insects, amphibians and birds. Although the creek mouth is exposed to foot traffic, garbage, grading and parking facilities, there is potential for the restoration of this area to a more diverse freshwater estuary with higher value and function.

**Point Dume and Paradise Cove (including Pirate's Cove, Dume Cove, Little Dume and the associated headland):** Point Dume is a prominent headland which rises approximately 200 feet above the Pacific Ocean. The area contains both sandy beaches and rocky points. Access is limited in the rocky areas, thus protecting the tide pools and other rocky intertidal habitats from intensive recreational use. Sensitive Coastal dune and bluff vegetation, including stands of giant coreopsis and other endangered species, exists along the bluffs and cliffs. Foot traffic in this area has led to the loss of portions of the unique dune and bluff vegetation.

**Paradise Cove:** Tidepools hosting a variety of sea creatures (protected as an ESHA) extend intermittently from the western end of Paradise Cove to the Headlands of Point Dume.

**Latigo Point:** Latigo Point supports relatively undisturbed rocky headlands, tide pools and sandy beaches which contain a diversity of marine species.

**Malibu Lagoon:** Several habitats including sandy beach, rocky beach, coastal dune, salt marsh, mud flats and salt-water to brackish estuary are supported by Malibu Lagoon. The site is part of the Pacific Flyway and the only estuary in Los Angeles County providing a stop-over for various migratory birds. Several species of native fishes, including the locally uncommon steelhead also utilize the estuary.

**Grunion-Spawning Grounds:** Grunion spawn at the western end of Decker Beach, Zuma Beach, Solstice Beach and other locations throughout the Malibu area. The spawning grounds are considered sensitive because the continued success of the species depends on the availability of the spawning habitat.

### 3.2.6 Marine Resources

The Malibu coastline is a relatively undisturbed coastal region where upwelling of nutrient-rich waters and a variety of habitats support highly productive and extremely diverse marine communities. The area possesses some of the best kelp bed habitat south of Santa Barbara, and the only remaining natural kelp beds on the mainline coast of Los Angeles County. These areas may be 100 times more productive than adjacent sand bottom communities and provide refuge, food, and nursery grounds for thousands of species.

Rocky outcrops alternate with sandy stretches along this coastline and are found to a depth of 600 feet. The stability of the substrate and the variety of exposures provide microhabitats for a great number of organisms. Characteristically, rocky shorelines from the lower intertidal zone to about 100 foot depth can be the most biologically active areas in the world. Rocky intertidal habitat occurs at Point Dume, Leo Carillo and Big Rock.

This coastline also possesses the only complete, undisturbed sandy beaches remaining in Los Angeles County. Although very dynamic in physical stability and, therefore, unfavorable for the development of a diverse biological community, these areas do offer habitat for a number of organisms. An important micro-community of decomposers is present. Sandy beaches provide feeding areas for many bird species. Previously, a number of bird species nested on the sandy beaches including the snowy plover, the California least tern, and the light-footed clapper rail. In addition, the soft substrate offers a repository for eggs and nursery grounds for many species.

The Malibu shoreline remains as a remnant of what once was typical of rocky and sandy shore-line in southern California. West of Point Dume, some minor pollution does occur but the kelp is healthy. East of Point Dume there is minor to moderate pollution and kelp does not grow below 35 feet (England and Nelson, 1976; SEA1: The Malibu Coastline).

#### 3.2.6.1 Marine Vegetation Communities

The only marine vegetation community which is described for the MCZ near-shore region is Surfweed (Thorne, 1976). This community occurs along the rocky coast below the low tide level where there is heavy surf. Only plants that can withstand the physical force of the waves can survive in this region. Common plants which occur in this community include sea-palms (*Postelsia palmaeformis*, *Eisenia arborea*), kelps (*Macrocystis pyrifera*, *Egregia laevigata*, *Hesperophycus harveyanus*, *Halidrys dioica*, *Pelvetia fastigiata*), red algae (*Plocamium cartilagineum*, *Corallina officinalis*), and surf-grass (*Phyllospadix scouleri*, *Phyllospadix torreyi*).

## CONSERVATION ELEMENT

### 3.2.6.2 Rare, Endangered and Threatened-Species

The marine and beach area within the Malibu coastline includes the range of several endangered, rare and threatened species. The gray whale (*Eschrichtius robustus*) passes offshore in its annual migration. The southern sea otter (*Enhydra lutris nereis*) has been seen periodically off the Malibu Coast. This species has been extending its range southward and it appears to be only a matter of time before it will be established in kelp beds off the Malibu coast.

Harbor seals and sea lions which are found along the Malibu coast are afforded protection under the Marine Mammal Protection Act.

Three other species, the California least tern (*Sterna albirons boweni*), the Belding savannah sparrow (*Passerculus sandwichensis beldingi*) and the light-footed clapper rail (*Rallus longirostris levipes*), once had breeding colonies within this area. The California least tern and the light-footed clapper rail have been observed passing through, but not breeding in the area of Malibu Lagoon in recent years. The brown pelican (*Pelecanus occidentalis*) is seen in areas along the coast, such as Point Dume (LCP Research and Analysis Appendices, Los Angeles County Department of Regional Planning, 1982).

### 3.2.6.3 Environmentally Sensitive Marine Resources

The following areas have been identified as locations for sensitive marine resources in the Malibu Coastal Zone:

**Arroyo Sequit Creek Mouth:** This rocky headland and off-shore rock area support a diverse marine fauna. A major kelp bed lies offshore extending eastward to Trancas beach.

**Beach Area Between Nicholas Bluffs and Lechuza Point:** This area supports offshore kelp beds. There is a small population of sea lions which haul out on the rocky portions of this stretch of beach, while grunion spawn in some of the sandy habitats.

**Point Dume and Paradise Cove (including Pirate's Cove, Little Dume and the associated headlands):** As shown in Figure CO-4, biologically-rich kelp beds are located offshore. Pismo Clams inhabit the reefs from the Headlands extending almost as far north as Trancas. Pismo Clam shells are often found at Pirate's Cove. Sea lions which were once common in Pirate's Cove haul out on rocky islets and offshore buoys due to the growing number of people utilizing the cove. The ecological value of Point Dume is extremely high due to the presence and proximity of the many habitats and associated species. Specifically, the offshore habitat extending from the Headlands to Malibu Lagoon is designated as an Environmentally Sensitive Habitat Area.

**Paradise Cove:** Relatively undisturbed rocky habitats with an abundant coverage of marine algae are present near Little Dume at the western side of Paradise Cove. These offshore reefs are considered by the State of California to be marine resources of special biological significance. Additionally, this area is an historical grunion spawning ground.

**Latigo Point:** Latigo Point supports relatively undisturbed rocky headlands, tide pools and sandy beaches which contain a diversity of marine species. Latigo Point is scientifically important because it has been the site of numerous field studies documenting the characteristics of marine habitats, and it is the southern limit of distribution for a variety of marine species.

**Kelp Beds:** There are two major kelp beds in the Malibu area. One area is located between Leo Carrillo and Trancas Beach and the second stretches east from Point Dume to the Malibu Lagoon area. An abundant and diverse fauna and flora is associated with these kelp beds.

**Grunion-Spawning Grounds:** Grunion spawn at the western end of Decker Beach, Zuma Beach, Solstice Beach and other locations throughout the Malibu area. The spawning grounds are considered sensitive because the continued success of the species depends on the availability of the spawning habitat.

#### **3.2.6.4 Areas of Special Biological Significance (State Water Quality Control Board)**

The most extensive natural coastline in Los Angeles County is within the City of Malibu. Marine resources along the Malibu coast include kelp beds, tide pools, marine fisheries, offshore reefs, sandy beaches, rocky headlands, sea lion haul outs, coastal dunes and isolated wetlands. In order to protect these sensitive resources, the State Water Resources Control Board (SWRCB) designated the entire coastline from Point Mugu to Latigo Point as an Area of Special Biological Significance (ASBS). The SWRCB defines an ASBS as an area “requiring protection of species or biological communities to the extent that alteration of natural water quality is undesirable.” The SWRCB has adopted water quality control plans which afford special protection to marine life in an ASBS by prohibiting waste discharge within the area. Specifically, discharge of elevated temperature wastes and discrete, point source sewage or industrial process wastes in a manner that would alter the water quality conditions from those occurring naturally are prohibited. Additionally, discharge of waste from non-point sources, including but not limited to stormwater runoff, silt and urban runoff, must be controlled to the extent practicable. Designated Areas of Special Biological Significance must also be incorporated into the basin water quality control plans prepared by the Regional Water Quality Control Board (RWQCB), and thus be used to establish waste discharge requirements in these areas.

Based on the quality of the biological resources in the ASBS, the General Plan has designated the coastline between Point Mugu and Latigo Point as an environmentally sensitive habitat area (ESHA), consistent with the resource protection language of the Coastal Act.

#### **3.2.7 Vegetation and Wildlife Resources**

The vegetation of the MCZ is the unique product of a Mediterranean climate, steep and varied topography and proximity to the Pacific Ocean. The MCZ has high ecological and species diversity which includes a number of endangered and threatened plants and animals. The location and type of vegetation in the MCZ depends largely on the type of soil and the amount of moisture available during annual period of drought from approximately April to October.

The dominant chaparral and coastal sage communities are fire successional and strongly adapted to periodic wildfires. The vegetation of the MCZ is affected by the frequency, intensity and size of fires. The modern fire pattern is significantly different than that of the past due to fire suppression and arson.

##### **3.2.7.1 Holland Terrestrial Plant Communities**

The Malibu Coastal Zone contains seven major categories of terrestrial vegetation communities, including: (a) Chaparrals; (b) Coastal Sage Scrub; (c) Oak Woodland and Forest; (d) Riparian Scrubs, Woodlands, and Forest; (e) Coastal Dune Scrub; (f) Freshwater Marsh; and (g) Coastal Brackish Marsh. These major vegetation types have been further classified as discrete plant communities that generally share characteristic species and have similar physiographic site characteristics (Holland, Terrestrial Natural Communities of California; California Department of Fish and Game; 1986).

CONSERVATION ELEMENT

The California Natural Diversity Database (NDDDB) identifies 25 plant communities in the Santa Monica Mountains. The plant communities, and their status by the California Department of Fish and Game, are identified in Table 3-1.

**Table 3-1**  
**MALIBU/SANTA MONICA MOUNTAINS HOLLAND PLANT COMMUNITIES**  
**WITH CALIFORNIA DEPARTMENT OF FISH AND GAME STATUS**  
**(Revised July 1995)**

Communities	Rankings and Status			
	Status	Ecologically Important	Very Threatened	Threatened
<b>Coastal Plant Communities</b>				
1. Southern Coastal Bluff Scrub	S1.1		Yes	
2. Southern Foredunes	S2.1		Yes	
3. Southern Dune Scrub	S1.1		Yes	
4. Coastal Brackish Marsh	S2.1	Yes	Yes	
5. Coastal and Valley Freshwater Marsh	S2.1	Yes	Yes	
<b>Grassland</b>				
6. Valley Needlegrass Grassland	S3.1		Yes	
7. Non-Native Grassland	S4			
<b>Shrublands</b>				
8. Venturan Coastal Sage Scrub	S3.1		Yes	
9. Ceanothus megacarpus Chaparral (big-pod ceanothus)	S3.2			Yes
10. Chamise Chaparral	S4			
11. Redshank Chaparral	S3.2			Yes
12. Northern Mixed Chaparral	S4			
13. Buck Brush Chaparral	S4			
14. Ceanothus crassifolius (hoaryleaf) Chaparral	S3.2			Yes
15. Scrub Oak Chaparral	S3.3			
<b>Riparian Shrub/Woodlands</b>				
16. Southern Willow Scrub	S2.1	Yes	Yes	
17. Mule Fat Scrub	S4			
18. White Alder Riparian Forest	S4	Yes		
19. Southern Cottonwood Willow Riparian Forest	S3.2	Yes		Yes
20. Southern Coast Live Oak Riparian Forest	S4	Yes		
21. Southern Sycamore Alder Riparian Woodland	S4	Yes		
22. Coastal Freshwater Marsh				
<b>Woodlands</b>				
23. California Walnut	S2.1	Yes	Yes	
24. Coast Live Oak Woodland	S4	Yes		
25. Valley Oak Woodland	S2.1	Yes	Yes	

**Key to California Department of Fish and Game Status Codes**

**State Code Abbreviations:**

**Distribution:**

- S1: <2,000 acres
- S2: 2,000 - 50,000 acres
- S3: > 50,000 acres
- S4: Apparently Secure
- S5: Demonstrably Secure

**Degree of Endangerment:**

- S\_.1: Very Threatened
- S\_.2: Threatened
- S\_.3: No Current Threats

**Definitions:**

- Very Threatened:* The majority of occurrences are threatened.
- Threatened:* Some but not the majority of occurrences are threatened.
- CDFG "Sensitive" Habitat Types:* Elements with a distribution of S3 or less and a degree of endangerment of S\_.2 or less.
- Ecologically Important:* Habitat of high biological diversity or habitat necessary to sustain normal ecosystem processes.

The following describes these natural communities:

**Southern Coastal Bluff Scrub:** Another plant community which is associated with coastal locations is Southern Coastal Bluff Scrub. This community occurs on rocky, poorly developed soils of coastal bluffs and slopes that are exposed to salt-laden, desiccating winds. Characteristic species include a variety of woody or succulent plants that can reach three feet in height. Such as *Coreopsis gigantea*, *Atriplex centromis*, *Eurelia californica*, *hoploppippos enicoricles*, and *H. venetrus*. This community has been significantly reduced due to beach front development and other disturbances within the MCZ and is now limited to the Point Dume area. As with many of the previously described plant communities, it is considered to be a highest priority special plant community which is in need of protection.

**Southern Foredunes:** Areas of sand accumulation along the coast historically supported Southern Foredunes. This community, which typically occurs on foredunes or upper beaches, is now much reduced due to urban and other development. Southern Foredunes are dominated by a variety of suffrutescent (woody but diminutively shrubby) plants that are typically less than one foot in height. Characteristic species include sand-verbena (*Abronia* spp.), silver beachweed (*Ambrosia chamissonis*) and horned sea-rocket (*Cakile maritima*) in exposed sites, while beach morning-glory (*Calystegia soldanella*) and beach evening primrose (*Camissonia cheiranthifolia*) are more common in sites less exposed to desiccating, salt and sand-bearing winds. Due to the limited remaining distribution of this community and development pressure on areas which support the community, it is identified by the California Department of Fish and Game as a highest priority special plant community which should be protected. Southern foredunes can be found at Broad Beach and some elements at Zuma Beach, Point Dume and Leo Carillo State Beach.

**Southern Dune Scrub:** A dense coastal scrub community of scattered shrubs, subshrubs and herbs, generally less than 1 meter tall and often developing considerable cover. Intergrades toward the coast with Southern Foredunes and away from the coast on rockier soils with Venturan Sage Scrub. Species include *Atriplex leucophylla*, *Croton californicus*, *Ericamerica ericoides*, *Haplopappus venetus* *vernonioides*, *Lupinus chamissonis*, *Opuntia littoralis* and *Rhus integrifolia*. With the notable exception



## CONSERVATION ELEMENT

of the El Segundo Dunes, this community has been virtually eliminated from mainland southern California. Other small examples persist in Baja California, the Channel Islands and Point Dume.

**Coastal Brackish Marsh:** Malibu Lagoon is classified as a Coastal Brackish Marsh. This community type usually occurs at the interior edges of coastal bays and estuaries or in coastal lagoons. The community is dominated by perennial, emergent, monocots which are characteristic of both coastal Freshwater Marsh and Southern Coastal Salt Marsh. Although salinity in this community often varies considerably it is more often brackish due to substantial freshwater input and limited marine influence in the summer months due to the development of a sand barrier between the estuary and the ocean. Brackish marsh vegetation, like that of southern coastal salt marshes, includes a variety of halophytic (salt-tolerant) species. At Malibu Lagoon, the dominant species are Saltgrass (*Distichlis spicata*), jaumea (*Jaumea samosa*) and pickleweed (*Salicornia virginica*) (Manion and Dillingham, 1989). The distribution of brackish and coastal salt marshes has been severely restricted along the southern California coast and much of the habitat has been degraded. This community is, therefore, considered a highest priority community in need of protection.

**Freshwater Marsh:** Coastal Freshwater Marsh typically occurs in small pockets within the floodplains of the MCZ's drainages. These areas are permanently flooded or saturated with freshwater and typically are dominated by rushes (*Juncus* spp.), tules (*Scirpus* spp.) and cattail (*Typha* spp.). The marsh wetlands which occur at the mouths of the largest watershed, including Topanga, Trancas, Zuma and Arroyo Sequit, can be characterized as seasonal estuaries. These wetlands are exposed to marine tidal influences during the winter months, but are isolated from the Ocean as stream flows decline and sand barriers develop. Despite the periodic influences of salt water, these habitats are characterized as predominately freshwater wetland habitats. The Santa Monica Bay Restoration Project's "Wetland Inventory and Restoration Potential" report identified the estuary at Zuma Beach as having freshwater vegetation (see page 4 of the Appendix of that report).

Coastal Freshwater Marsh also develops in isolated depressions which are fed by springs or seeps. Although areas of this type that support the community are less common in the MCZ, there is a large Coastal Freshwater Marsh located at the mouth of an unnamed canyon north of Trancas Canyon (Josselyn et al, 1992). Due to urban development, stream channelization for flood control, and alteration of hydrological input, this community has experienced a significant reduction in distribution and is considered a highest priority community in need of protection.

**Valley Needlegrass Grassland:** This native grassland is characterized by perennial, tussock-forming valley needlegrass (*Stipa pulchra*), but often supports a cover of various other native and introduced annuals which provide greater cover than the needlegrass. This community usually occurs on fine-textured soils that are moist or even waterlogged during winter when germination occurs, but are very dry during summer. This community is considered to be very threatened due to the limited distribution of remaining stands, competition with introduced annual grasses, and development pressure on areas which support the community. The community is identified by the California Department of Fish and Game as a highest priority special plant community which is in need of protection.

**Non-Native Grassland:** Non-native Grassland occupies many of the areas which would have historically supported Valley Needlegrass Grassland. This community consists of a dense to sparse cover of annual grasses which are more effective competitors than native bunchgrasses when areas are overgrazed or regularly disturbed in other ways. The community is also often associated with numerous

species of native annual wildflowers, especially in years of favorable rainfall. Non-native Grassland occurs on the same soils that support Valley Needlegrass Grassland and often intergrades with Coast Live Oak Woodland much as the native grassland does. Although not considered a rare or threatened community, this plant association provides important wildlife habitat and is now much reduced in distribution in Los Angeles County due to agricultural and urban development.

**Coastal Sage Scrub:** The Coastal Sage Scrub community is represented by Venturan Coastal Sage Scrub. This community is characterized by low, mostly soft-woody shrubs that are 0.5 to 2 meters tall. Crowns in this community often touch and in some areas there is typically bare ground underneath and between shrubs (while in other areas there is an understory). Common plants in this community include California sagebrush (*Artemisia californica*), black sage (*Salvia mellifera*), purple sage (*Salvia leucophylla*), California encelia (*Encelia californica*), deer weed (*Lotus scoparius*), and California buckwheat (*Eriogonum fasciculatum*). This community is considered to be a sensitive plant community type by the CDFG due to development pressure on areas which support the community type.

**Chaparral:** The local chaparral community is principally Chamise Chaparral. This one to three meter tall chaparral is overwhelmingly dominated by chamise (*Adenostoma fasciculatum*). Other associated species such as Eastwood's manzanita (*Arctostaphylos glandulosa*), big-pod ceanothus (*Ceanothus megacarpus*), mountain mahogany (*Cercocarpus betuloides*), and toyon (*Heteromeles arbutifolia*) generally contribute little to total cover. This community occurs on the shallow, dry soils of slopes and ridges and is characterized by a relatively frequent fire cycle (every 10 to 15 years). Because of this frequent fire cycle, many species within the community respond to fire by stump and root sprouting and by germination of fire stimulated seeds. Mature stands, not recently affected by fire, are often densely interwoven and support very little herbaceous understory.

Another relatively common chaparral which occurs in the MCZ is big-pod ceanothus chaparral. This tall, dense chaparral is strongly dominated by big-pod ceanothus. This species does not stump sprout, but is apparently long lived in the absence of fire. The community typically occurs on dry slopes with shallow, rocky soils and intergrades with Venturan Coastal Sage Scrub and Chamise Chaparral on drier sites and Coast Live Oak Woodland on moister sites. Less common chaparrals that occur in the MCZ include hoary-leaf ceanothus chaparral, Redshank Chaparral, Scrub Oak Chaparral, and Northern Mixed Chaparral. These communities are each more fully described by Holland in the State Department of Fish and Game's Preliminary Descriptions of the Terrestrial Natural Vegetation Communities of California (1986).

**Riparian Woodland, Scrub, and Forest:** Southern Coast Live Oak Riparian Forest is similar to Coast Live Oak Woodland, but is characterized by a denser canopy which is largely closed. This community typically occurs in well-shaded valley bottoms and along low, adjacent slopes. It provides resources which are similar to the resources provided by Coast Live Oak Woodland. The California Department of Fish and Game identifies this as a highest priority special plant community in need of protection. Other local communities which are largely associated with drainages include a variety of riparian woodland, forest, and scrub communities. These communities include Southern Cottonwood Willow Riparian Forest, Southern Sycamore Alder Riparian Woodland, White Alder Riparian Forest, Southern Willow Scrub, and Mule Fat Scrub.

Distinctions between these communities are often vague as they intergrade with one another, but species composition and physiographic characteristics often allow these riparian communities to be identi-

## CONSERVATION ELEMENT

fied to type. Each of these communities with the exception of Mule Fat Scrub are considered to be ecologically important.

*White Alder Riparian Forest* is a medium to tall deciduous streamside forest dominated by white alder (*Alnus rhombifolia*). Understories are shrubby, deciduous and typically represented by willows (*Salix* spp.) and mule fat (*Baccharis salicifolia*). This community is best represented along the high gradient reaches of perennial steep-sided drainages and as a consequence generally occurs as a very narrow riparian corridor.

*Southern Sycamore Alder Riparian Woodland* is a tall deciduous streamside woodland that is dominated by western sycamore (*Platanus racemosa*) and occasional white alders. These woodland stands seldom form closed canopies and may even appear as trees scattered in a shrubby thicket. The community is typically associated with rocky stream beds that are subject to high intensity flooding. The intermittent nature of most of the drainages within the MCZ favors western sycamore as the dominant species, but white alder increases in abundance on more perennial streams.

*Southern Cottonwood Willow Riparian Forest* is a tall, open, deciduous riparian forest dominated by Fremont's cottonwood (*Populus fremontii*), western sycamore, and various tree willows (*Salix* spp.). Understories are usually shrubby willows. This community usually occurs on the lower gradient reaches of perennial drainages where it is best represented in subirrigated canyon bottoms and overflow areas as well as along stream sides. The community is perhaps not differentiable from Southern Cottonwood Sycamore Riparian Forest with the exception that this latter community may be characterized as containing a higher proportion of western sycamores and is more likely to occur on sub-perennial or intermittent streams. Cottonwood is relatively uncommon in the Malibu Coastal Zone and neither community type is abundant.

*Southern Willow Scrub* occurs as a dense, deciduous riparian thicket dominated by several species of willows. Scattered emergent Fremont's cottonwoods and western sycamores are also often present. The community occurs along the lower gradient reaches of drainages where sandy or fine alluvium is deposited. This early seral stage requires frequent disturbance from flooding to prevent succession to Southern Cottonwood Willow Riparian Forest or Southern Cottonwood Sycamore Riparian Forest.

*Mule Fat Scrub* is a tall, herbaceous riparian scrub that is strongly dominated by mule fat. This early seral community is maintained by frequent flooding. In the absence of such flooding the community succeeds to a variety of cottonwood or sycamore-dominated forests or woodlands. The community typically occurs along intermittent stream channels with fairly coarse substrate and moderate depth to the water table. It often occurs as a patchy understory in light gaps in cottonwood or sycamore-dominated riparian woodlands.

**California Walnut Woodland:** California Walnut Woodland is similar to Coast Live Oak Woodland but with a more open tree canopy locally dominated by California walnut (*Juglans californica*). The more open canopy allows a more extensive development of a grassy understory. The community typically occurs on relatively moist, fine-textured soils of valley slopes and canyon bottoms, but may also occur around rocky outcrops of slopes and canyon walls. Drier, rockier sites often intergrade to Venturan Coastal Sage Scrub, while moister sites intergrade to Coast Live Oak Woodland or Southern

Coast Live Oak Forest. This community is also identified as a highest priority special plant community which is in need of protection by the California Department of Fish and Game.

**Oak Woodlands:** Oak Woodlands within the MCZ are primarily Coast Live Oak Woodland. This community typically occurs on north-facing slopes and shaded ravines in the Malibu area. On drier sites, Coast Live Oak Woodland intergrades with Venturan Coastal Sage Scrub and Chamise Chaparral. As the name implies, this oak woodland community is dominated by coast live oak (*Quercus agrifolia*). On deeper, bottom land soils and along larger streams, this community intergrades to Southern Coast Live Oak Riparian Forest. Oak woodlands are locally important because they provide a variety of food, shelter, shade, and nesting site resources which are not provided by other, more widely distributed communities. Valley Oak Woodland occurs on the interior valley and coastal slopes, frequently on the valley bottom on deep, well drained alluvial soils.

### 3.2.7.2 Wildlife Habitat

The Malibu Coastal Zone (MCZ) supports a rich and diverse fauna of mammals, reptiles, amphibians, birds and invertebrates. Sufficient intact wildland habitat still remains in the MCZ and throughout the Santa Monica Mountains to support almost the entire complement of wildlife native to the Santa Monica Mountains, including large mammals such as the mountain lion, bobcat, coyote and deer.

Each of the vegetation communities of the MCZ provide wildlife habitat. Although each community provides essential habitat parameters for certain species, some of these communities provide higher value habitat or habitat for a wider diversity of species. The location of environmentally sensitive resource areas which function as important wildlife habitat are displayed in Figure CO-3.

Riparian scrubs, woodlands and forests are often characterized as having the greatest biological diversity and the highest productivity of all California wildlife habitats. Riparian vegetation communities provide shade, food, cover, breeding habitat, water and dispersal and migration corridors for many mammal species, bird, reptile, amphibian, fish, and invertebrate. A significant number of wildlife species are found only in riparian habitats. Twenty-five percent of California mammals, 80% of amphibians, and 40% of reptiles are limited to or dependent upon riparian zones, and more than 135 species of California birds depend upon or prefer riparian habitats.

Oak woodland and forest provides many of the same habitat parameters as riparian habitats. The most notable exception is the availability of water. Oak woodland and forest also improves the wildlife habitat value of other adjacent vegetation communities since species which occur in grasslands, chaparral or scrub make significant use of the shade, food and cover of adjacent oak habitat. Significant stands of oak woodland and forest have been mapped in the Malibu Local Coastal Program (1986) (see Figure CO-3).

Coastal sage scrub is a community which lacks the total species diversity of the two previously described wildlife habitats, but which is none-the-less important to discuss due to its significant reduction during the last 40 years. Estimates place the extant coastal sage scrub at between 10 and 30% of the historic distribution of the community. As a consequence at least 35 species of California wildlife associated with coastal sage scrub are considered to have sensitive status due to the limited and often fragmented distribution of remaining areas of this community (Murphy, 1992). A number of these species occur or potentially occur in the MCZ. The sensitive animal species associated with Southern California's coastal sage scrub include the following: Southern California rufous-crowned sparrow, Bell's sage sparrow, California horned lizard, San

## CONSERVATION ELEMENT

Diego horned lizard, Coastal western whiptail, Coast patch-nose snake, Coastal Rosy boa, Southwestern pond turtle.

Freshwater marsh is a habitat which has been severely reduced throughout California. Within the MCZ this habitat may have never been very extensive with the exception of occurrences at the mouths of the larger drainages. Many of the areas which historically supported this habitat have been filled and developed or have been altered due to channelization and other flood control activities. The current wildlife habitat value of most areas in the MCZ supporting this community are limited due to the extent and degradation of the habitat. It should be noted however that the habitat and water quality values and functions of this community can be restored and expanded with proper planning and implementation. Efforts of this type are important because the year-round water and vegetative cover provided by freshwater marsh is important to many wetland-inhabiting species of wildlife.

Coastal brackish marsh in the MCZ occurs only at Malibu Lagoon. The estuary provides important wildlife habitat for a variety of species including resident and migratory birds, resident and migratory fish, and a number of brackish and saltwater species of invertebrates. Bird diversity and abundance is greatest during January to March when northern breeding species which winter in the area are attracted to the predictable fish and invertebrate resources of the estuary. Species which are typically observed during winter include a variety of gulls, dabbling and diving ducks, fish-eating divers (i.e., cormorants, loons and mergansers), plunge divers (i.e., terns and belted kingfisher), and long-legged waders (i.e., herons and egrets). Although the abundance and diversity of bird species declines from March to August there is still significant use of the estuary during this time. During surveys conducted from April 1987 to March 1988 a total of 151 species of birds were recorded at Malibu Lagoon (Manion and Dillingham, 1989).

The estuary also provides habitat for fish. Twenty-nine species of native and non-native fish have been recorded in the estuary (Swift, 1982). The estuary has been identified as a breeding and nursery ground for several species of coastal fish including California halibut (*Paralichthys californicus*). Many species utilize coastal estuaries as breeding and nursery grounds because of abundant food, warmer water temperatures and reduced competition or predation from other fishes. Species which appear to be most abundant in the estuary include California killifish (*Fundulus parvipinnis*), topsmelt (*Atherinops affinis*), arrow goby (*Clevelandia ios*) and staghorn sculpin (*Leptocottus armatus*). These four species represented over 98% of individuals accounted for during studies conducted in 1987-1988 (Manion and Dillingham, 1989).

Malibu Lagoon provides habitat for the Tidewater goby (*Eucyclogobius newberryi*), a federally listed endangered species. Malibu Lagoon has been identified as a critical habitat component in the life cycle of steelhead (*Oncorhynchus mykiss*) which spawn in Malibu Creek. Malibu Creek is the southernmost run of the steelhead. Juvenile steelhead enter the estuary prior to continuing on to the ocean. The time spent in the brackish waters of the estuary allows the juvenile steelhead the necessary time to transition physiologically from freshwater to saltwater. Historically, the steelhead stayed in the estuary until winter storms opened the estuary to the ocean. It is unknown what effect the aseasonal input of freshwater to the estuary and the artificial opening of the estuary to the ocean have had on the Malibu Creek steelhead population, but it can be assumed that the effects have been deleterious. There is evidence that Malibu Creek steelhead has experienced dramatic decreases in its population. During 1987-1988 only one adult steelhead is known to have been recorded from Malibu Creek (Jensen, 1989).

In addition to the habitat provided by vegetation communities, there are a variety of other natural areas which provide habitat for local wildlife. These areas include habitat provided by drainages and ponds, rocky and sandy intertidal zones, and offshore rocks and islets.

Freshwater aquatic habitat is limited within the MCZ, due to the short rainy season and the steep topography. Most local drainages typically contain intermittent streams which have no surface flow for up to eight months of the year. These intermittent streams, as well as more perennial drainages, provide important habitat for a variety of aquatic or semi-aquatic amphibians, reptiles, fish and invertebrates. Although the presence of surface water in the MCZ is typically seasonal, the species which rely on this resource have evolved in response to the seasonal precipitation pattern. Many of the species which utilize local streams, migrate or move from other adjacent habitats to these drainages when they have surface flow or pooled water (i.e. anurans, California newt, steelhead). Other species such as the native arroyo chub (*Gila orcutti*) are resident in the perennial reaches of the streams.

Freshwater ponds also provide aquatic habitat within the MCZ. These bodies of water support many of the same species as local drainages and provide a source of water for terrestrial species. Freshwater ponds are found in Solstice, Corral, Trancas and Zuma Canyons and at Nicholas Flats (Sarah Dixon, Malibu General Plan Task Force, pers. comm.).

The MCZ contains a variety of rocky and sandy intertidal habitats. These areas support a diversity of marine invertebrates which in turn support many species of coastal birds. Sandy intertidal habitats on Malibu beaches also provide spawning habitat for grunion.

Offshore rocks and islets provide nesting sites and refuge for marine mammals, and coastal and pelagic birds. These areas are generally inaccessible to humans and domestic animals and as such are usually secure from disturbance from human activities. These resources are used as haul outs by California sea lions (*Zalophus californianus*) and as breeding sites by gulls (*Larus* spp.) and cormorants (*Phalacrocorax* spp.). These resources also often provide habitat for shorebirds which feed in rocky intertidal habitats.

### **3.2.7.3 Rare, Endangered or Threatened Species**

Sensitive species within the MCZ are here identified as those plants and animals that are considered rare, threatened, or endangered by state or federal agencies, thereby requiring special protection; see Tables 3-2 and 3-3. Many of these species are currently protected by the state and federal Endangered Species Acts. Other species are protected by provisions of the Fish and Game Code of California as fully protected species. Species which do not receive protection from the aforementioned regulations, but which are experiencing local and regional population declines, are often considered or identified as candidates for listing under the state and federal Endangered Species Acts. The California Department of Fish and Game maintains a statewide inventory on sensitive threatened plant and animal species. These species receive limited protection through mitigation of impacts to the species under the California Environmental Quality Act (CEQA). Many of the sensitive species in Malibu are associated with coastal wetland and strand habitats which are becoming increasingly rare biotic communities due to coastal development. Many other sensitive species within the MCZ are associated with riparian vegetation communities.

CONSERVATION ELEMENT

**Table 3-2  
RARE, THREATENED OR ENDANGERED ANIMALS  
POTENTIALLY OCCURRING IN THE SANTA MONICA MOUNTAINS  
(July 1995)**

Species	Status of Species <sup>1</sup>		
	Federal Status	State Status	Santa Monica Mountains Status
<b>MAMMALS</b>			
<i>Euderma maculatum</i> Spotted Bat	C2	CSC	
<i>Eumops percis californicus</i> Greater Western Matiff Bat	C2	CSC	
<i>Macrotus californicus</i> California Leaf-nosed Bat	C2	CSC	
<i>Myotis lucifugus occultus</i> Occult Little Brown Bat	C2	CSC	
<i>Pelocotus townsendii townsendii</i> Pacific Western Big-eared Bat	C2	CSC	
<i>Reithrodontomys megalotus limicola</i> Southern Marsh Harvest Mouse	C3	CSC	
<i>Sorex ornatus salicornicus</i> Salt Marsh Ornate Shrew	C2	CSC	
<i>Taxidea taxus</i> American Badger			
<i>Lepus californicus bennettii</i> Black-tailed Hare	C2		
<i>Bassariscus astutus</i> Ringtail		CP	
<i>Mustela frenata</i> Long-Tailed Weasel			U
<i>Zelis concolor</i> Mountain lion			U
<b>BIRDS</b>			
<i>Ixobrychus exilis hesperis</i> Western Least Bittern	C2	CSC	
<i>Pelecanus erythrorhynchos</i> American White Pelican		CSC	
<i>Pelecanus occidentalis californicus</i> Brown Pelican	FE	CE	
<i>Histrionicus histrionicus</i> Harlequin Duck	C2	CSC	
<i>Gymnogyps californianus</i> California Condor	FE	CE	

CONSERVATION ELEMENT

<i>Haliaeetus leucocephalus</i> Bald Eagle	FE	CE	
<i>Aquila chrysaetos</i> Golden Eagle		CSC	
<i>Accipiter cooperli</i> Cooper's Hawk		CSC	
<i>Pandion haliaetus</i> Osprey		CSC	
<i>Elanus caeruleus</i> Black-shouldered Kite		CP	
<i>Circus cyaneus</i> Northern Harrier		CSC	
<i>Accipiter striatus</i> Sharp-shinned Hawk	C2	CSC	
<i>Buteo swainsoni</i> Swainson's Hawk		CT	
<i>Buteo regalis</i> Ferruginous Hawk	C2		
<i>Falco peregrinus anatum</i> American Peregrin Falcon	FE	CE	
<i>Lanius ludovicianus</i> Loggerhead Shrike	C2		
<i>Dendroica petechia brewsteri</i> Yellow Warbler		CSC	
<i>Aimophila ruficeps canescens</i> Southern California Rufous-crowned Sparrow	C2		
<i>Amphispiza belli belli</i> Bell's Sage Sparrow	C2		
<i>Ardea herodias</i> Great Blue Heron		SA (for breeding habitat)	
<i>Nycticorax nycticorax</i> Black-crowned Night-heron		SA (for breeding habitat)	
<i>Oreortyx pictus</i> Mountain Quail	C2		
<i>Tyto alba</i> Barn Owl			SC
<i>Asio otus</i> Long-eared Owl		CSC	
<i>Melanerpes lewis</i> Lewis' Woodpecker			SC
<i>Empidonax traillii extimus</i> Southwestern Willow Flycatcher		CSC	Transient
<i>Sialia mexicana</i> Western Bluebird	S		SC



CONSERVATION ELEMENT

<i>Icteria virens</i> Yellow-Breasted Chat		CSC	Potential transient
<b>REPTILES AND AMPHIBIANS</b>			
<i>Clemmys marmorata pallida</i> Southwestern Pond Turtle	C2	CSC	
<i>Phrynosoma coronatum blainvillei</i> San Diego Horned Lizard	C2	CSC	
<i>Phrynosoma cornatum frontale</i> California Horned Lizard	C2	CSC	
<i>Cnemidophorus tigris multiscutatus</i> Coastal Western Whiptail	C2		
<i>Anniella pulchra pulchra</i> San Diego Mountain King Snake	C2	CSC	
<i>Lichanura trivirgata roseofusca</i> Coastal Rosy Boa	C2		
<i>Salvadora hexalepis virgulata</i> Coast Patch-nosed Snake	C2	CSC	
<i>Thamnophis hammondi</i> Two-striped Garter Snake	C2	CSC	
<i>Ensatina eschscholtzii</i> Ensatina			u
<i>Anniella p. pulchra</i> Silvery Legless Lizard			U
<i>Aneides lugubris</i> Arboreal Salamander			u
<i>Leptotyphlops humilis</i> Southwestern Blind Snake			u
<i>Thamnophis sirtalis infernalis</i> California Red-Sided Garter Snake			u
<i>Coluber constrictor mormon</i> Western Yellow-Bellied Racer			u
<i>Masticophis flagellum</i> Red Coastwhip			u
<i>Diadophis punctablis modestus</i> San Bernardino Ringtail Snake	C2		
<i>Bufo microscaphus californicus</i> Southwestern Arroyo Toad	FE	CSC	
<i>Rana aurora draytoni</i> California Red-legged Frog	FPE	CSC	Extirpated
<b>FISHES</b>			
<i>Eucyclogobius newberryi</i> Tidewater Goby	FE	CSC	
<i>Oncorhynchus mykiss</i> Steelhead Trout	FPE		

CONSERVATION ELEMENT

<b>INVERTEBRATES</b>			
<i>Euphydryas editha quino</i> Wright's Checkerspot Butterfly	FPE		Extirpated
<i>Lycaena arota nubila</i> Clouded Tailed Copper Butterfly	C3		
<i>Panoguina errans</i> Salt Marsh Skipper	C2		
<i>Satyrium auretorum fumosum</i> Santa Monica Mountains Hairstreak	C2		
<i>Brennania belkini</i> Belkins Dune Tanid Fly	C2		
<i>Neduba longipennis</i> Santa Monica Shieldback katydid	C2		U
<i>Proceratium californicum</i> Valley Oak Ant	C2	SA	
<i>Trigonoscuta dorothea dorothea</i> Dorothy's El Segundo Dune Weevil	C2		
<i>Carolella busckana</i> Busck's Galimoth	C2		
<i>Zerene eurydice</i> California Dogface	S		locally sensitive (Calif. state insect)
<i>Danaus plexippus</i> Monarch		SA (threats to winter roost sites)	

**CODE**

**Federal Status**

- FE Endangered
- FP Proposed - proposed regulation published in the Federal Register, no final rule.
- C Candidate - under consideration for listing, but yet to be the subject of a final rule.
  - C1 - substantial data exist to support candidacy
  - C2 - data suggest listing is possibly appropriate but incomplete
  - C3 - non-candidates, but appeared on previous lists
    - C3A - extinct
    - C3B - taxonomically invalid
    - C3C - too widespread, currently not threatened
- S Sensitive - (USDI: FWS, 1986)

**State Status Codes**

- CE = California endangered
- CP = California protected
- CSC = California special concern (CDFG, 1987)
- CT = California threatened
- SA = Special animal (CDFG, 1987)

**Santa Monica Mountains Status**

- U = uncommon (USDI: NPS 1982)
- u = uncommon (DeLisle, et al., 1986)
- SC = Special concern (Tate, 1986)

CONSERVATION ELEMENT

**Table 3-3**  
**RARE, THREATENED AND ENDANGERED PLANT SPECIES**  
**OF THE SANTA MONICA MOUNTAINS**  
**(July 1994)**

<i>Abronia maritima</i> (Nyctaginaceae)	Red sand verbena, perennial herb	CNPS: 4; R-E-D Code: 1-2-2; State/Fed status: - /PE	CoDns, Pt. Dume, west
<i>Astragalus brauntonii</i> (Fabaceae)	Braunton's milk-vetch, perennial herb	CNPS: 1B; R-E-D Code: 3-2-3; State/Fed status: - /PE	Dist. soil, fire breaks, burns, Temescal, Mal Cyns., limestone (carbonate) endemic, Topanga
<i>A. pycnostachyus</i> var. <i>lanosissimus</i> (Fabaceae)**	Ventura marsh milk-vetch, perennial herb	CNPS: 1A; last seen: 1967; State/Fed status: - /C2*	Coastal salt marsh, Mugu, presumed extirpated throughout
<i>A. tener</i> var. <i>titi</i> (Fabaceae)*	Coastal dunes milk-vetch, annual herb	CNPS: 1B, R-E-D Code: 3-3-3, State/Fed status: CE /C1	Vernal, moist clay flats, Santa Monica (FISMM) CbScr (sandy), CoDns (CNPS Invn), presumed extirpated in LAX Co.
<i>Atriplex coulteri</i> (Chenopodiaceae)	Coulter's saltbush, perennial herb	CNPS: 1B, R-E-D Code: 2-2-2, State/Fed status: CEQA /- or clay (CNPS Invn)	Coastal bluffs near Pt. Dume (FISMM), CbScr, CoDns, CoScr, VFGrs, alkaline
<i>Baccharis malibuensis</i> (Asteraceae)	Malibu baccharis, shrub	Listing pending publication of name	Shaded canyons
<i>Baccharis plummerae</i> ssp. <i>plummerae</i> (Asteraceae)	Plummer's baccharis, shrub	CNPS: 4, R-E-D Code: 1-1-3, State/Fed status: CEQA? /-	Shaded canyons near coast
<i>Boykinia rotundifolia</i> (Saxifragaceae)	Round-leaved boykinia, perennial herb	CNPS: 4, R-E-D Code: 3-1-1, State/Fed status: CEQA? /-	Moist soil near streams, lower Mal. Cyn., Mesic Chpl. RpWdl
<i>Calandrinia breweri</i> (Portulacaceae)	Brewer's calandrinia, annual herb	CNPS: 4, R-E-D Code: 1-1-2, State/Fed status: CEQA? /-	Dist. sites, burns, scattered throughout (FISMM), Chpl, CoScr/dist sites, burns, wide dist., but uncommon everywhere (CNPS Invn)
<i>Calandrinia maritima</i> (Portulacaceae)	Seaside calandrinia, annual herb	CNPS: 4, R-E-D Code: 1-2-1, State/Fed status: CEQA? /-	Sand or sea bluffs/CSS, Santa Monica (FISMM), CbScr, VFGrs/sandy (CNPS Invn)
<i>Calochortus catalinae</i> (Liliaceae)	Catalina mariposa lily, perennial herb (bulbiferous)	CNPS: 4, R-E-D Code: 1-2-3, State/Fed status: CEQA? /-	Meadows, VFGrs
<i>C. plummerae</i> (Liliaceae)	Plummer's mariposa lily, perennial herb (bulbiferous)	CNPS: 1B, R-E-D Code: 2-2-3, State/Fed status: - /C2	Scattered and local on rocky slopes at low elevation away from coast, throughout (FISMM), Chpl, Wdl, CoScr, LCFrs, VFGrs (CNPS Invn)
<i>Camissonia lewisii</i> (Onagraceae)	Lewis's evening primrose, annual herb	CNPS: 3, R-E-D Code: ?-?-2, State/Fed status: CEQA? /-	Point Dume (FISMM), CoBScr, CoDns, CoScr, VFGrs /sandy or clay (CNPS Invn)
<i>Cercocarpus betuloides</i> ssp.	Island mountain-mahogany,	CNPS: 4, R-E-D Code: 1-1-3,	1800' Saddle Rock, Chpl

CONSERVATION ELEMENT

<i>blancheae</i> (Rosaceae)	shrub	State/Fed status: CEQA? /-	
<i>Chamaebatia australis</i> (Rosaceae)	Southern mountain misery, shrub	CNPS: 4, R-E-D Code: 1-2-1, State/Fed status: CEQA? /-	Rare on north-facing slopes, Rocky Oaks (FISMM), Chpl
<i>Chorizanthe parryi</i> var. <i>parryi</i> (Polygonaceae)	Parry's spineflower, annual herb	CNPS: 3, R-E-D Code: ?-2-3, State/Fed status: - / C2	NDDDB rept. in Latigo Cyn.
<i>Cordylanthus maritimus</i> ssp. <i>maritimus</i> (Scrophulariaceae)	Salt marsh bird's beak, annual herb (hemiparasitic)	CNPS: 1B, R-E-D Code: 2-2-2, State/Fed status: CE / FE	Coastal salt marsh – Mugu, (extirpated Topanga quad), no record for Malibu Lagoon
<i>Coreopsis gigantea</i> (Asteraceae)	Giant coreopsis, herbaceous perennial (succulent)	Not listed - too common, indicator of CoBScr	CoBScr, southern extreme of distribution
<i>Delphinium parryi</i> ssp. <i>blochmaniae</i> (Ranunculaceae)	Dune larkspur, perennial herb	CNPS: 1B, R-E-D Code: 3-2-3, State/Fed status: - / C2	Chpl (maritime), CoDn Long Grade Cyn, Camarillo
<i>Dichondra occidentalis</i> (Convolvulaceae)	Western dichondra, creeping perennial herb	CNPS: 4, R-E-D Code: 1-2-1, State/Fed status: - / C3c	Locally abundant, inconspicuous, bare slopes after fire
<i>Dithyrea maritima</i> (Brassicaceae)	Beach spectaclepod, perennial herb (rhizomatous)	CNPS: 1B, R-E-D Code: 3-3-2, State/Fed status: CT / C1	Sand dunes-Santa Monica (FISMM), CoDns, CoScr (sandy), extirpated in SMM's?
<i>Dudleya blochmaniae</i> ssp. <i>blochmaniae</i> (Crassulaceae)	Blochman's dudleya, herbaceous perennial (succulent)	CNPS: 1B, R-E-D Code: 3-3-3, State/Fed status: - / C2	Stony open slopes often in clay, Conejo common near grade, rare Pt. Dume, extirpated Malibu Beach, Santa Monica Canyon (CoBScr, CoScr, VFGr)
<i>D. caespitosa</i>			Southern limit of Pt. Dume, sandy cliffs
<i>D. cymosa</i> ssp. <i>marcescens</i> (Crassulaceae)	Marcescent dudleya, herbaceous perennial (succulent)	CNPS: 1B, R-E-D Code: 3-2-3, State/Fed status: CR / PT	Sheer volcanic rock surfaces, adjacent to perr. streams Malibu Creek St. Park, volcanic Chpl
<i>D. cymosa</i> ssp. <i>ovatifolia</i> (Crassulaceae)	Santa Monica Mountains dudleya, herbaceous perennial (succulent)	CNPS: 1B, R-E-D Code: 2-2-3, State/Fed status: - / PT	Exposed north-facing slopes Westlake to Agoura, deep canyon bottoms, lower Malibu Cyn. and Topanga Cyn., volcanic Chpl, CoScr
<i>Dudleya multicaulis</i> (Crassulaceae)	Many stemmed dudleya, herbaceous perennial (succulent)	CNPS: 1B, R-E-D Code: 1-2-3, State/Fed status: - / C2	Santa Monica, Hollywood, Chpl, CoScr, VFGr / often clay, extirpated in SMM's?
<i>D. abramsii</i> ssp. <i>parva</i> (Crassulaceae)			Conejo Grade, Simi Hills
<i>Conejo dudleya</i>	Herbaceous perennial (succulent)	CNPS: 1B, R-E-D Code: 3-2-3, State/Fed status: - / PT	CoScr, VFGr / rocky, clay
<i>D. verityi</i> (Crassulaceae)	Verity's dudleya, herbaceous perennial (succulent)	CNPS: 1B, R-E-D Code: 3-2-3, State/Fed status: - / PT	Lower Conejo Grade, Ventura Chpl, CoScr, CmWdl / volcanic
<i>Eriogonum crocatum</i> (Polygonaceae)	Conejo buckwheat, herbaceous perennial	CNPS: 1B, R-E-D Code: 2-2-3, State/Fed status: CR / C2	Conejo grade, volcanic outcrops, Santa Rosa Valley Lake, Eleanor, Chpl, CoScr, VFGr / Conejo volcanic outcrops

CONSERVATION ELEMENT

<i>Erysimum insulare</i> ssp. <i>suffrutescens</i> (Brassicaceae)	Suffrutescent wallflower, perennial herb	CNPS: 4, R-E-D Code: 1-2-3, State/Fed status: CEQA? / -	Rare, Pt. Mugu, CBScr, CoDns, <b>CoScr</b>
<i>Gallium clifftonsmithii</i> (Rubiaceae)	Santa Barbara bedstraw, perennial herb	CNPS: 4, R-E-D Code: 1-1-2, <b>State/Fed</b> status: CEQA? / -	Oak woodland
<i>Hermizonia minthornii</i> (Asteraceae)	Santa Susana tarweed, subshrub	CNPS: 1B, R-E-D Code: 2-2-3, State/Fed status: CE / CI	Rocky outcrops, CoScr, Chpl
<i>Hordeum intercedens</i> (Poaceae)	VnlP, Vernal barley, annual herb	CNPS: 3, R-E-D Code: ?-2-2, State/Fed status: CEQA? / -	Rill on dry adobe soil, NE slope of Conejo Mtn., VFGrs
<i>Juglans californica</i> var <i>californica</i> (Juglandaceae)	Southern California black walnut, tree	CNPS: 4, R-E-D Code: 1-2-3, State/Fed status: CEQA? / -	Southern Oak Woodland or Chaparral on north or otherwise moist slopes
<i>Juncus acutus</i> ssp. <i>leopoldii</i> (Juncaceae)	Southwestern spiny rush, perennial herb (rhizomatous)	CNPS: 4, R-E-D Code: 1-2-1, State/Fed status: CEQA? / -	Alkaline seeps, coastal salt <b>marsh</b> , CoDns ( <b>mesic</b> )
<i>Lepichinia fragrans</i> (Lamiaceae)	Fragrant pitcher sage, shrub	CNPS: 4, R-E-D Code: 1-2-3, State/Fed status: CEQA? / -	Triunfo Pass, Upper Decker Cyn., Chpl
<i>Lilium humboldtii</i> ssp. <i>ocellatum</i> (Liliaceae)	Ocellated humboldt lily, perennial herb (bulbiferous)	CNPS: 4, R-E-D Code: 1-2-3, State/Fed status: - / C2	Riparian oak woodland
<i>Mucronea californica</i> (Polygonaceae)	California spineflower, annual herb	CNPS: 4, R-E-D Code: 1-2-3, State/Fed status: CEQA? / -	Rare in So. Cal., sandy flats behind Pt. Dume, CoDns, CoScr, VFGrs / sandy
<i>Nama stenocarpum</i> (Hydrophyllaceae)*	Mud nama, annual/perennial herb	CNPS: 2, R-E-D Code: 3-2-1, State/Fed status: CEQA / -	Rare, wet heavy soils, Santa Monica (FISMM), SwMsh (lake margins, riverbanks) (CNPS Invn), extirpated SMM
<i>Pentachaeta lyonii</i> (Asteraceae)	Lyon's pentachaeta, annual herb; assoc. <i>Chorizanthe staticoides</i> , <i>Calochortus catalinae</i>	CNPS: 1B, R-E-D Code: 3-3-3, State/Fed status: CE / PE	Chpl. openings, VFGrs, exposed soils with little cover
<i>Stipa pulchra</i>			
<i>Polygala cornuta</i> var. <i>fishiae</i> (Polygalaceae)	Fish's milkwort, shrub (deciduous)	CNPS: 4, R-E-D Code: 1-1-2, State/Fed status: CEQA? / -	Shaded slopes, Chpl. or Southern oak woodland
<i>Senecio aphanactis</i> (Asteraceae)	Rayless ragwort, annual herb	CNPS: 2, R-E-D Code: 3-2-1, State/Fed status: CEQA / -	Rare in So. Cal., Camarillo, Newbury Park quads., CmWld, CoScr / alkaline
<i>Suaeda esteroa</i> (Chenopodiaceae)	Estuary seablight, perennial herb	CNPS: 4, R-E-D Code: 1-2-1, State/Fed status: CEQA? / -	Coastal salt marsh, Pt. Mugu, Hist. record for Malibu Lagoon?
<i>Thelypteris puberula</i> var <i>sonorensis</i> (Thelypteridaceae)	Sonoran maiden fern, perennial herb (rhizomatous)	CNPS: 2, R-E-D Code: 2-2-1, State/Fed status: CEQA / -	Rare, clumps along stream, Encinal Cyn. (FISMM), Medwds (seeps and streams) (CNPS Invn)

**Key to Terms and Abbreviations for the List of  
Rare and Endangered Plant Species of the Santa Monica Mountains**

**CNPS Rating:**

- 1A Presumed extinct in California
- 1B Rare and endangered in California and elsewhere
- 2 R/E in California, more common elsewhere
- 3 Need more information
- 4 Plants of limited distribution - watch list

**R-E-D Code:**

- R Rarity
  - 1 Rare but found in sufficient numbers and distributed widely enough for low extinction potential at this time
  - 2 Distributed in a limited number of occurrences, occasionally more if each occurrence is small
  - 3 Distributed in one to several highly restricted occurrences, or present in such small numbers that it is seldom reported
- E Endangerment
  - 1 Not endangered
  - 2 Endangered in a portion of its range
  - 3 Endangered throughout its range
- D Distribution
  - 1 More or less widespread outside California
  - 2 Rare outside California
  - 3 Endemic to California

\* Extirpated in Los Angeles County

\*\* Presumed to be extinct

**Habitat Types:**

- CoDns Coastal dunes
- CBScr Coastal bluff scrub
- CoScr Coastal scrub
- Chpl Chaparral
- VFGrs Valley and foothill grassland
- VnPIs Vernal pools
- Medws Meadows and seeps
- MshSw Marshes and swamps
- RpWld Riparian woodland
- RpScr Riparian scrub

**California State Listings:**

- R Rare
- T Threatened
- E Endangered
- C Candidate - officially proposed for listing as either R, T, or E

**Federal Listings:**

- T Threatened
- E Endangered
- P Proposed - proposed regulation published in the Federal Register, no final rule
- C Candidate - under consideration for listing, but yet to be the subject of a final rule

## CONSERVATION ELEMENT

- C1 substantial data exist to support candidacy
- C2 data suggest listing is possibly appropriate but incomplete
- C3 non-candidates, but appeared on previous lists
  - C3A extinct
  - C3B taxonomically invalid
  - C3C too widespread, currently not threatened

**References:** FISMM: Flora of the Santa Monica Mountains (Raven, Thompson, and Rigge, 1986)

### **3.2.8 Identification of Significant Natural Resources**

#### **3.2.8.1 Prior Inventories and Evaluations of Sensitive Biological Resources**

The significant biological resource areas of the MCZ have been previously identified in the Los Angeles County General Plan, the Malibu/Santa Monica Mountains Interim Area Plan, and the Malibu Local Coastal Program Land Use Plan (Malibu LCP LUP). Additionally, the Regional Water Quality Control Board (RWQCB) identified a portion of the Malibu coastline as a significant biological resource area.

#### **3.2.8.2 Significant Ecological Areas (Malibu/Santa Monica Mountains Interim Area Plan and Los Angeles County General Plan)**

Los Angeles County has defined Significant Ecological Areas (SEAs) as ecologically fragile or important land and water areas which are valuable as plant or wildlife habitat. The specific criteria used to identify SEAs included the following: the habitat of rare, endangered, and threatened plant and animal species; biotic communities, vegetation associations, and habitats of plant and animal species that are either one of a kind, or are restricted on a regional basis; biotic communities, vegetation associations and habitats of plant and animal species that are either one of a kind or are restricted in distribution in Los Angeles County; habitat that at some point in the life cycle of a species, serves as a concentrated breeding, feeding, resting or migrating grounds, and is limited in availability; biotic resources that are of scientific interest because they are either an extreme in physical/geographic limitations or they represent an unusual variation in population or community; areas important as game species habitat or undisturbed examples of the natural biotic communities in Los Angeles County; special areas which do not fit any of the above criteria but may be individually noteworthy due to special characteristics (England and Nelson, 1976; Los Angeles County Significant Ecological Study, 1986).

In the MCZ there are eight designated SEAs. These SEAs include the Malibu Coastline (no acreage available), Point Dume (129 acres), a portion of Zuma Canyon (3,253 acres), a portion of Malibu Canyon including Malibu Lagoon (3,638 acres), upper La Sierra Canyon (280 acres), Hepatic Gulch (18 acres), Malibu Creek State Park Buffer (195 acres), Tuna Canyon (1,450 acres), and Cold Creek Canyon (1,505 acres). Table 3-4 summarizes the specific resource values of each of the MCZ SEAs based on the 1976 England and Nelson study, as well as on a later report prepared for the Los Angeles County Department of Regional Planning by Dr. Richard Friesen (Significant Ecological Areas of the Santa Monica Mountains Report, Los Angeles County Museum of Natural History Foundation).

Any development project proposed in an SEA within the anticipated area of the Malibu Coastal Zone must be reviewed by the County's Environmental Review Board (ERB). As a condition of project approval, this review board must make a determination that the development is highly compatible with sensitive resources found within the SEA. In the Malibu General Plan, areas classified as SEAs have been reclassified according

to California Coastal Act resource protection terminology. Based on the type of biological resources identified in the SEAs within the Malibu Coastal Zone, the SEAs have been reclassified as environmentally sensitive habitat areas (ESHAs) or as significant watersheds (See Table 3-4).

The Malibu Coastal Zone SEAs, described below, are classified by the Coastal Act criteria of environmentally sensitive area according to either rarity or ecological importance.

**Table 3-4  
MALIBU COASTAL ZONE SIGNIFICANT ECOLOGICAL AREAS:  
CATEGORIZATION BY COASTAL ACT SENSITIVE HABITAT CRITERIA**

<b>Significant Ecological Area</b>	<b>Category</b>
MALIBU COASTLINE: Coastal bluffs, coastal strand, rocky coastline, canyon corridors with walnut woodlands, intertidal	ESHA
UPPER ZUMA CANYON: Undisturbed habitat for many R&E species	ESHA
UPPER LA SIERRA CANYON: Woodlands; R&E species	ESHA
MALIBU CANYON AND LAGOON: Rare and endangered species; ecologically important wetlands	ESHA
HEPATIC GULCH: Unique community	ESHA
COLD CREEK	Special Resource Management Area
POINT DUME: Coastal bluffs, sandy, beaches, rocky points, coastal canyons, offshore marine habitat	ESHA
PENA/TUNA CANYONS: Riparian woodlands, Bay laurel woodlands, Oak woodlands	ESHA
Undisturbed watershed vegetation	Significant watershed

**3.2.8.3 Environmentally Sensitive Habitat Areas (Malibu LCP Land Use Plan)**

The California Coastal Act of 1976 (Section 30107.5) defines “environmentally sensitive areas” as “...any area in which plant or animal life or their habitats are either rare or especially valuable because of their special nature or role in an ecosystem and which could be easily disturbed or degraded by human activities and developments.” This definition applies equally to both marine and land resources. The Coastal Act further requires that these areas be identified and protected from any loss or degradation of habitat value.

The Malibu LCP Land Use Plan identified those habitats (see Figure CO-3, Environmentally Sensitive Land Resources and Figure CO-4, Environmentally Sensitive Marine and Beach Resources) in the MCZ which met the Coastal Act definition of “environmentally sensitive areas” based on the following criteria:

- Habitats that are unique, rare, restricted in distribution or extremely fragile (such as coastal dune vegetation, riparian woodlands).
- Marine areas designated as Areas of Special Biological Significance by the State Water Resources Control Board.
- Rare or endangered species habitats as defined by the State Department of Fish and Game or the U.S. Fish and Wildlife Service.
- Habitats that are recognized for their extremely high biological productivity and importance as specialized wildlife feeding, nesting or breeding grounds (such as estuaries, wetlands, kelp beds).



## CONSERVATION ELEMENT

Those terrestrial resources which were identified in the Malibu LCP Land Use Plan to meet the criteria and legal definitions of an environmentally sensitive area, as well as those areas adjoining sensitive habitat which are functionally related to, or act as a buffer to are identified in Appendix A to this Conservation Element (Malibu Local Coastal Plan Research and Analysis and Appendices, October, 1992 by the Los Angeles County Department of Regional Planning Coastal Studies Section).

Those marine and beach resources which meet the criteria for environmentally sensitive areas are identified in Section 3.2.6.3 (Environmentally Sensitive Marine Resources) and Section 3.2.5.1 (Environmentally Sensitive Beach and Shoreline Resources).

### **3.2.9 Protection of Sensitive Habitat Areas**

#### **3.2.9.1 Resource Protection Standards in the Coastal Zone**

**Standards:** The California Coastal Act protection standards for land resources are defined in the Section 30240 as follows:

**30240.(a)** Environmentally sensitive habitat areas (ESHAs) shall be protected against any significant disruption of habitat values, and only uses dependent on such resources shall be allowed.

**30240.(b)** Development in areas adjacent to environmentally sensitive habitat areas and parks and recreation areas shall be sited and designed to prevent impacts which would significantly degrade such areas, and shall be compatible with the continuance of such habitat areas.

The protection standards for marine resources are defined in Sections 30230 and 30231 as follows:

**30230.** Marine resources shall be maintained, enhanced and, where feasible, restored. Special protection shall be given to areas and species of special biological or economic significance. Uses of the marine environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine organisms adequate for long-term commercial, recreational, scientific, and educational purposes.

**30231.** The biological productivity and the quality of coastal waters, streams, wetlands, estuaries and lakes appropriate to maintain optimum populations of marine organisms, and for the protection of human health shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of groundwater supplies and substantial interference with surface water flow, encouraging waste water reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.

#### **3.2.9.2 Resource Protection Areas in the Malibu Coastal Zone**

The resource protection standards of the California Coastal Act recognize several important principles of biological resource conservation: (1) that the rarest and most ecologically important habitats (ESHAs) are protected from direct development (Section 30240(a)); (2) that natural habitat areas adjacent to environmentally sensitive habitat areas are necessary to the health and continuance of those sensitive areas (Section 30240(b)); and (3) that the health of marine resources is dependent on terrestrial land uses and in particular is related to the control of surface runoff and waste discharge and to maintaining natural stream flows with protection of riparian and wetland areas and watershed buffer areas (Section 30231).

Based on the resource protection standards of the California Coastal Act and the nature of the biological resources identified in the MCZ, the Malibu LCP Land Use Plan defined five types of resource protection areas with associated planning and development policies. The five protection areas are: (1) Environmentally Sensitive Habitat Areas (ESHAs); (2) Disturbed Sensitive Resource Areas (DSRAs); (3) Significant Watersheds; (4) Significant Oak Woodlands and Savannahs; and (5) Wildlife Habitat Linkages, or Wildlife Corridors. Additionally, USGS designated blueline streams are recognized as a critical component of the hydrological system affecting both land and marine resources and, as such, require special development standards.

The MCZ resource protection areas are defined and described below (see, also, Table 3-4). The biological resources which are included in each resource protection area are identified and their distribution and location approximately mapped in Figure CO-3 (Environmentally Sensitive Land Resources) and Figure CO-4 (Environmentally Sensitive Marine and Beach Resources). The major resource protection goal associated with each resource protection category is stated and the permitted uses and development standards required to meet each conservation goal are summarized in Table 3-5, Resource Protection Goals and Development Standards in Sensitive Resource Areas.

**Table 3-5  
RESOURCE PROTECTION GOALS AND DEVELOPMENT STANDARDS  
IN SENSITIVE RESOURCE AREAS**

Resource Protection Category	Habitat Type	Resource Protection Goal	Habitat Protection Policies	
RPA	ESHA, DSRA, significant watersheds, wildlife habitat linkage		Conservation Element:	
			Policies 1.1.1, 1.1.3, 1.1.5, 1.1.8, 1.1.9, 1.2.5, 1.2.6, 1.2.8	Implementation Measures 1, 3, 4, 9, 11, 12, 13, 14, 15, 16, 17, 18, 25, 27, 40, 41, 54
			Land Use Element:	
			Policies 1.2.2, 1.4.1, 1.4.3, 1.4.4, 1.4.5, 1.5.1, 1.5.2, 7.2.1	Implementation Measures 10, 24, 25, 26, 27, 30, 31, 32, 33, 34, 55, 59, 92, 93, 94
			Open Space Element:	
			Policies 1.1.1, 1.1.3, 1.2.1, 1.2.2, 1.2.3, 1.3.1, 2.3.7	Implementation Measures 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 26, 32, 39

CONSERVATION ELEMENT

Resource Protection Category	Habitat Type	Resource Protection Goal	Habitat Protection Policies	
ESHA		Environmentally sensitive habitat areas (ESHAs) shall be protected against any significant disruption of habitat values.	Conservation Element:	
			Policies 1.2.1, 1.1.4, 1.2.2, 1.2.3, 1.2.4, 1.2.9, 1.3.4, 1.3.6, 1.3.1	Implementation Measures 2, 6, 10, 23, 26, 40, 41, 59, 61, 66
			Land Use Element:	
			Policies 1.2.1, 4.3.4	Implementation Measures 11, 12, 13, 14, 15, 78
MARINE	Intertidal/subtidal, kelp beds, near shore shallow water fish habitat, clam habitat, rocky shoreline, sea lion haulouts, shore fishing area		Conservation Element:	
			Policies 1.3.1, 1.3.3, 1.3.5, 1.3.10, 1.3.12, 1.3.13	Implementation Measures 32, 37, 38, 42, 44, 45, 49, 50, 51, 52, 53, 55, 56, 57, 62, 64, 68
BEACH/ UPLAND	Marsh/wetland, dunes, coastal bluffs, undeveloped sandy beaches		Conservation Element:	
			Policies 1.3.2, 1.3.5, 1.3.7, 1.3.8, 1.3.9, 1.3.10	Implementation Measures 28, 29, 30, 31, 33, 39, 46, 47, 48, 57, 58, 63, 65, 67, 68
			Open Space Element:	
				Implementation Measures 28
INLAND	Riparian stream corridors; oak woodlands; designated woodlands and watershed areas: Upper Zuma Canyon, La Sierra Canyon, Malibu Canyon, Hepatic Gulch, Pt. Dume canyon drainages, Tuna/Pena Canyon woodlands; CDFG designated plant communities of limited distribution and very threatened status: Southern Coastal Bluff Scrub, Southern Foredunes, Southern Dune Scrub, Coastal and Valley Freshwater Marsh, Coastal Brackish Marsh	Oak woodlands shall be considered an environmentally sensitive habitat area which shall be protected against any significant disruption of habitat.		

CONSERVATION ELEMENT

Resource Protection Category	Habitat Type	Resource Protection Goal	Habitat Protection Policies
DSRA	Developed riparian stream corridors: coastal canyons, Pt Dume, coastal bluffs adjacent to development; Coastal wetlands: Zuma, Topanga, Trancas, Arroyo Sequit	To prevent further degradation of remaining biological resources and to restore disrupted habitat values where feasible and ecologically desirable.	
SIGNIFICANT WATERSHED	California Department of Fish and Game designated plant communities of threatened or very threatened distribution: Valley Needlegrass, Venturan Coastal Sage Scrub, Ceanothus megacarpus Chaparral, Ceanothus crassifolus (Hoary leaf) Chaparral, Redshank Chaparral, California Walnut Woodland, Valley Oak Woodland	To protect the habitat of the sensitive marine and terrestrial habitat areas within the watershed or offshore from the watershed by minimizing vegetation removal, sedimentation and increased surface erosion. To protect those plant communities of wide distribution in the MCZ, but nonetheless ranked as very threatened by the California Department of Fish and Game. To minimize habitat fragmentation with subsequent loss of biological diversity.	Conservation Element Policies 1.1.2, 1.1.8, 1.2.2, 1.2.3
WILDLIFE HABITAT LINKAGES	Various	To provide sufficient habitat for wide-ranging animal species with large home territories as well as for other wildlife species. To protect the biological diversity of the SMMNRA by providing sufficient habitat area to ensure the long-term survival of species by protecting populations from random or periodic catastrophic extinction processes. To protect those plant communities of wide-spread distribution in the MCZ, but nonetheless ranked as very threatened by the California Department of Fish and Game. To minimize habitat fragmentation with subsequent loss of biological diversity. To provide a protected wildlife area extending the length of the Santa Monica Mountains coastal zone.	Conservation Element Policies 1.1.2, 1.1.8, 1.2.1, 1.2.2, 1.2.3

## CONSERVATION ELEMENT

Resource Protection Category	Habitat Type	Resource Protection Goal	Habitat Protection Policies
BLUELINE STREAMS	Various	Protect the natural hydrological patterns of the coastal canyons and the plant communities associated with the drainage pathways.	Land Use Element Implementation Measure 29

### Environmentally Sensitive Habitat Areas (ESHAs)

**Definition:** ESHAs are any area in which plant or animal life or their habitats are either rare or especially valuable because of their special nature or role in an ecosystem and which could be easily disturbed by human activities and developments.

**Resource Protection Goals:** Environmentally sensitive habitat areas (ESHAs) shall be protected against any significant disruption of habitat values.

**Biological Resources included in the ESHA Resource Protection Category:** Major riparian corridors; oak woodlands (including those in proximity to existing highways and/or residential, development); coastal wetlands and estuaries; offshore rocks and rocky shoreline areas; marine resources; kelp beds; undeveloped sandy beaches; coastal bluffs and coastal sand dunes between Arroyo Sequit and Paradise Cove (Malibu LCP Land Use Plan Figures 6 and 7; Malibu LCP Research Analysis and Appendices).

Malibu Coastline SEA including the offshore area from the lower intertidal to 100 feet in depth and undisturbed sand beaches; upper Zuma Canyon SEA; Upper La Sierra Canyon SEA; Malibu Canyon and Lagoon SEA; Hepatic Gulch SEA; Point Dume SEA, including the rocky shoreline, coastal bluffs, sandy beaches and main canyon drainages; the riparian woodlands, bay laurel woodlands and live oak woodlands of the Tuna/Pena Canyons SEA (Los Angeles County's SEA Study, 1976 and the Significant Ecological Areas of the Santa Monica Mountains Report by Dr. R. Friesen for the Los Angeles County Department of Regional Planning and Table 3-4 of this Conservation Element). Plant communities of limited distribution and ranked as very threatened by the State of California's Department of Fish and Game, including: Southern Coastal Bluff Scrub; Southern Foredunes; Southern Dune Scrub; Coastal Brackish Marsh; Coastal and Valley Freshwater Marsh; Valley Needlegrass Grassland; Southern Willow Scrub; and California Walnut Woodland (see previous Tables 3-1 and 3-4).

### Disturbed Sensitive Resource Areas (DSRAs)

**Definition:** DSRAs are those areas which would historically have met the Coastal Act definition of an environmentally sensitive habitat. However, coastal development has resulted in substantial modification of the resources in these areas. Although DSRAs no longer have the same biological significance or sensitivity as an undisturbed ESHA, they are sufficiently valuable to warrant resource protection.

**Resource Protection Goals:** To prevent further degradation of remaining biological resources and to restore disrupted habitat values where feasible and ecologically desirable.

**Biological Resources Included in the DSRAs Resource Protection Category:** In general, developed riparian corridors in coastal canyons and development in Significant Oak Woodlands (see Figure 6 of the Malibu LCP Land Use Plan and Figure CO-3 of this Conservation Element). Examples include de-

veloped portions of Escondido, Ramirez and Las Flores Canyons, and coastal bluffs and canyons on Point Dume.

### Significant Watersheds

**Definition:** Significant Watersheds in the MCZ are designated in accordance with Section 30240 of the Coastal Act. Significant Watersheds are considered necessary to ensure protection of sensitive resource areas and associated species, particularly wildlife. Significant Watersheds are not considered to be as environmentally sensitive as ESHAs, because they are dominated by vegetation and wildlife which are common throughout the Santa Monica Mountains. Although these watersheds are dominated by common species, they provide habitat for various declining, restricted, rare or endangered species and plant communities. The common vegetation type of the MCZ, Venturan Coastal Scrub, is placed by the State of California in its most threatened category in the Department of Fish and Game's inventory of California's terrestrial plant communities. Significant watershed are those watershed with significant drainage areas (greater than one square mile; see Table VIII.1 of the Malibu Wastewater Management Study, 1992) which develop significant riparian vegetation, or drain into an area of sensitive marine resources which would be susceptible to damage from terrestrial impacts related to erosion and runoff.

**Resource Protection Goals:** To protect the habitat values of the sensitive marine and terrestrial habitat areas within the watershed or offshore from the watershed by minimizing vegetation removal, erosion, sedimentation, and increased surface erosion. To protect those plant communities of widespread distribution in the MCZ, but nonetheless ranked as very threatened by the California Department of Fish and Game. To minimize habitat fragmentation with subsequent loss of biological diversity.

**Watersheds Included in the Significant Watershed Resource Protection Category:** Include but are not limited to Arroyo Sequit, Zuma Canyon, Solstice Canyon, Corral Canyon, Ramirez Canyon, Las Flores Canyon, Encinal Canyon, San Nicholas Canyon, Los Alisos (Decker) Canyon, Lechuza Canyon, Escondido Canyon, Latigo Canyon, Puerco Canyon, Carbon Canyon, Topanga Canyon and its tributaries, Malibu Canyon, Tuna Canyon, and Trancas Canyon.

### Significant Oak Woodlands and Savannahs

**Definition:** These resources are located outside the riparian corridor of significant watersheds, and may be found in areas close to existing roads and development. Even in a relatively disturbed condition, oak woodland and oak savannah habitats are considered a biologically critical resource because of the large number of wildlife species which depend upon the resources provided by oak trees. These areas are also considered to be an important biological resource because of the declining nature of oak-dominated habitats in southern California.

**Resource Protection Goals:** Oak woodlands shall be considered an environmentally sensitive habitat areas which shall be protected against any significant disruption of habitat values.

**Oak Woodlands Included in the Significant Oak Woodland and Savannahs Resource Protection Category:** Those areas identified on Figure 6 of the Malibu LCP Land Use Plan and Figure CO-3 of this Conservation Element, and any area which meets the plant community descriptions of Coast Live Oak Woodland and Valley Oak Woodland of the California Department of Fish and Game Terrestrial Natural Communities inventory. Significant oak woodlands are found in scattered locations within the MCZ, including Ascended Canyon and along Topanga Canyon and its tributaries.

## CONSERVATION ELEMENT

### Wildlife Habitat Linkages

**Definition:** Areas of relatively undisturbed open space, which by virtue of their geographic location and habitat characteristics, facilitate movement and provide life cycle requirements of plant and animal species between major habitat areas. These habitat areas provide connections between significant watershed canyons and the core habitat reserves of the SMMNRA park lands. Core habitat reserves include Topanga State Park, Malibu Creek State Park, Zuma/Trancas Canyons, Leo Carrillo State Beach and Point Mugu State Park.

**Resource Protection Goals:** To provide sufficient habitat for wide-ranging animal species with large home territories as well as for other wildlife species. To protect the biological diversity of the SMMNRA by providing sufficient habitat area to ensure the long-term survival of species by protecting populations from random or periodic, catastrophic extinction processes. To protect those plant communities of widespread distribution in the MCZ, but nonetheless ranked as very threatened by the California Department of Fish and Game. To minimize habitat fragmentation with subsequent loss of biological diversity. To provide a protected wildlife area extending nearly the entire length of the Santa Monica Mountains coastal zone.

**Wildlife Habitat Linkage Areas Included in the Wildlife Habitat Linkage Resource Protection Category:** Those areas identified in Figure 6 of the Malibu LCP Land Use Plan and Figure CO-3 of this Conservation Element, including the habitat areas between Topanga State Park, Malibu Creek State Park, Zuma/Trancas Canyons, Leo Carrillo State Beach and Point Mugu State Parks.

### Blueline Streams

**Definition:** Those major drainage pathways identified by a blue line on USGS topographic maps.

**Resource Protection Goal:** Protect the natural hydrological patterns of the coastal canyons and protect the plant communities associated with the drainage pathways.

**Streams Included in the Blueline Stream Resource Protection Category:** Those drainage channels identified by a blue line on the following USGS quadrangle maps: Triunfo; Point Dume; Malibu Beach; Topanga; and other quadrangles that encompass inland areas adjacent to the City of Malibu that have blueline streams that are tributaries to blueline streams within the City of Malibu.

### 3.2.10 Scenic Resources

Scenic resources are natural features of the landscape which exhibit a high scenic value. These resources include landforms, vegetation, and water forms which are relatively distinct from the general landscape found throughout the coastal zone. They provide visual enhancement and pleasure and are worthy of preservation for aesthetic, historical, topographical, cultural, or biological reasons.

The City of Malibu is located in the Malibu Coastal Zone (MCZ) and is thereby subject to Coastal Act provisions relating to scenic and visual resources. The Coastal Act provisions state that such resources are to be protected and that new development must be sited in such a manner as to preserve these resources. A primary concern under Section 30251 of the Coastal Act is the protection of views from public areas rather than from private residences. An inventory of Malibu's visual resources was conducted and analyzed in the 1982 Local Coastal Program for the Malibu area. Visual resources analyzed were from public areas such as highways, public beaches, vista points, and parks.

### 3.2.10.1 Vistas

There are approximately 22 “scenic resources” in the City and surrounding areas identified in the Malibu Local Coastal Program (see Figure CO-5). Scenic resources which are not located within the City limits have been included in this inventory because of their proximity to and access from the City. Many of these resources, located outside of the City, are either visible from within the City or provide views of areas within the City.

**West Mulholland Highway Sandstone:** A cluster of rugged sandstone peaks, visible from Mulholland Highway and Encinal Canyon Road.

**Saddle Rock:** A prominent sandstone landform, visible from Mulholland Highway and Encinal Canyon, Kanan-Dume, and Latigo Canyon Roads.

**Turtle Rock:** A prominent sandstone landform, visible from Mulholland Highway and Encinal Canyon, Kanan-Dume, and Latigo Canyon Roads.

**Lower Zuma Canyon:** A topographically diverse and relatively pristine area with steep slopes and rugged ridgelines. The area is visible from Pacific Coast Highway.

**Little Dume Cove Bluffs:** Rocky shores, outlying reefs and kelp beds, sandy pocket beaches, and numerous small caves are among the scenic features of this area. The precipitous bluffs, which rise up to 200 feet, are visible from many points along Pacific Coast Highway.

**Cornell Sandstone Peaks:** Rugged sandstone peaks, visible from Kanan-Dume Road.

**Brent’s Mountain:** A prominent landform, partially within Malibu Creek State Park, with sheer rock sides and an elevation differential of more than 1,000 feet.

**Clareville Hills:** Scenic rolling hills with clusters of live oak trees. The area is visible from Mulholland Highway and Las Virgenes Road.

**Malibu Canyon:** A deeply incised gorge featuring massive rock outcroppings, a “hogback” ridge, and exposed strata on canyon walls which have elevation differentials of more than 1,000 feet. Malibu Creek, which flows through the canyon, is lined with lush riparian vegetation, and is the major water gap in the region. The canyon is accessed by Malibu Canyon Road.

**Dark Canyon:** Vertical dipping strata on a mountain crest with extreme slopes. The area is visible from Pioma Road.

**Pioma Road Crest:** Sandstone rock outcroppings along the mountain crest, traversed by Pioma Road.

**Upper Carbon Canyon Cliffs:** A cliff face of massive red sandstone, accessed by Pioma Road.

**Schueren Road Sandstone:** A bench-like sandstone outcropping.

**Topanga Lookout Ridge:** Massive sandstone cliffs and “hogback” ridge. The area is visible from Stunt, Schueren, and Saddleback Peak Roads.

**Old Topanga Sandstone:** A massive sandstone outcropping. Old Topanga Canyon Road provides access to the area.



## CONSERVATION ELEMENT

**Old Topanga Watergap:** Large exposed aggregate sedimentary strata with a unique pitted appearance due to weathering. Old Topanga Canyon Road provides access to the area.

**Fernwood Hillside:** Dense brush and tree covered hillside with small rock outcroppings. Topanga Canyon Boulevard and Tuna Canyon Road provide access to the area.

**Lower Topanga Canyon:** A narrow, rugged canyon with exposed canyon walls which exhibit contoured rock strata. The ridges are heavily vegetated, and riparian vegetation lines the canyon bottom. Intermittent waterfalls exist. The canyon is accessed by Topanga Canyon Boulevard.

**Upper Zuma Canyon:** This rugged and relatively pristine canyon is the focus of a public viewing area along Kanan Dume Road. Steep slopes are covered with highly textured chaparral. The ocean is a background feature, framed by the V-shaped canyon mouth.

**Newton Canyon Hillside:** The slopes on the south side of Newton Canyon Road are covered with a richly-textured, dense stand of oaks. These slopes are highly visible from Latigo Canyon Road and feature both middleground and foreground, depending upon the viewer's location. One or two residences have been developed along the canyon bottom; associated grading is visible from Latigo Canyon Road. Measures should be taken to soften this graded area either by using agricultural or natural vegetation.

**Lower Latigo Canyon:** Lush riparian vegetation exhibiting a diversity of color and texture lines the canyon bottom. The area is accessed by Latigo Canyon Road.

**Tuna Canyon:** In both of these areas along Tuna Canyon Road, lush riparian woodland forms a visually pleasing canopy over the road.

There are numerous vista points in the Malibu area. Vista points are areas that provide highly scenic and panoramic views of several miles with little or no sense of boundary restriction. Such views are typically available from a high vantage point. There are five areas in and adjacent to Malibu that display characteristics which make them suitable as vista points. These vista points are as follows:

**Little Sycamore Canyon Vista Point:** The view from the approximate midpoint encompasses almost the entire West Mulholland Viewshed and the ocean beyond. Visual components include the jagged, rocky peaks and ridgeline on the northwest side of the viewshed. The southeast portion of the viewshed displays rolling hills covered with a dark green mantle of chaparral. These components, in conjunction with the distant blue of the ocean, create a vista rich in color, form and texture.

**Trancas Vista Point:** An existing unpaved public viewing area located on the seaward shoulder of Pacific Coast Highway, just above Trancas Beach, offers a significant panoramic view. To the west, Lechuza Point is visible along with the coastline and its architecturally distinct seaside homes. The view to the east encompasses the length of Zuma and Point Dume Beaches, a broad sandy strip ending with the high relief of the Point Dume promontory. The white water of waves, the expanse of blue ocean to the horizon, and the distinct coastal configuration all contribute to a highly scenic vista.

**Point Dume Vista Point:** The tip of Point Dume offers a 360 degree panorama of ocean, bluffs, mountains, and canyons.

**Kellers Shelter Vista Point:** An undeveloped blufftop situated directly above the Pacific Coast Highway near Malibu Lagoon State Beach, offers significant views of Malibu Point and Kellers Shelter.

Components of this view includes the Malibu Pier, the white water waves breaking along the point, and the half moon-shaped bay.

**Saddle Peak-Schueren Vista Point:** The area where Saddle Peak and Schueren Roads intersect provides views to the north and south. The northern view stretches for many miles, and encompasses the San Fernando Valley. Isolated peaks and background ridgelines exhibit reddish-brown hues. The view to the south looks down on steep slopes exhibiting a dark green mantle of chaparral. The irregular topography includes many rock outcroppings.

**Charmlee Park:** The park has a number of vista points that give expansive views of the Pacific Ocean, the Channel Islands and of the undeveloped coastal slopes and western Malibu.

### 3.2.10.2 Ridgelines

Significant ridgelines also constitute a scenic resource of the coastal zone due to their high visibility from many vantage points. Ridgelines are typically defined as the line separating drainage basins. Significant ridgelines are those whose ridges silhouette the sky or the ocean, and are clearly visible from scenic roads. These ridgelines are located throughout Malibu and the Santa Monica Mountains.

### 3.2.10.3 Scenic Highways

A primary component of many outdoor recreation activities is movement or travel. One of the most popular forms of outdoor recreation in southern California is driving for pleasure. The travel to and from recreational areas is considered a major part of the landscape system, both as a connecting element and as a landscape in its own right. A scenic highway presents opportunities for visual stimulation from automobiles or tour buses. In the Malibu area, views from the roads are characterized by panoramic vistas of both steep canyon slopes covered with native vegetation and the Pacific Ocean. Although development along the coast has significantly reduced views of the ocean in some areas of Malibu, there is an opportunity for public investment to ensure the preservation of many existing views. Many roads in Malibu are considered scenic, but only the Pacific Coast Highway has been officially designated as an eligible scenic highway by the California Department of Transportation. Official designation of scenic highways is conducted by the State Scenic Highway Advisory Committee. There are no specific regulations that define the visual characteristics which qualify a road as a scenic highway, but the following considerations are often utilized:

- Visibility - The driver should be able to experience scenery without having to stop or significantly change the necessary angle and duration of vision required for safe driving.
- Landforms - This parameter includes the physical characteristics of the natural corridor, such as gently rolling hills or rugged cliffs, streams, geologic formations, and distant ridges.
- Vegetation - This parameter includes the type of vegetation within view, such as row crops, orchards, chaparral or woodlands.
- Structures - Buildings may be included in scenic corridors and may add to scenic quality.
- Panoramas - Scenic overlooks with panoramic views of urban, rural, or natural areas should be included when available.

## CONSERVATION ELEMENT

### 3.2.10.4 Viewsheds

Viewsheds providing views of the ocean and surrounding areas generally follow watershed patterns and are displayed in Figure CO-5. They are separated from each other by major ridgelines. Several viewsheds have high point evaluations. Although these viewsheds are visually distinct from one another, they are similar in that their visual components are highly scenic. These viewsheds exhibit those characteristics of importance in the coastal zone- undisturbed natural settings offering scenic viewing opportunities.

### 3.2.11 Cultural Resources

#### 3.2.11.1 Historic Sites

Malibu history dates back to the Chumash Indians and the village of Humaliwo at the mouth of Malibu Creek. Point Dume was named by the English Explorer George Vancouver in 1794. Between 1800 and 1892 there were four European owners of the area that is now Malibu. In 1800, Jose Bartolome Tapia acquired a "use" concession from Spain for the 13,000 acre Rancho Topanga Malibu Sequit. This concession stretched from Point Mugu to Pacific Palisades. In 1848, Leon Victor Prudhomme, the husband of Jose Tapia's granddaughter, purchased Rancho Malibu for 400 pesos. Nine years later, in 1857, Matthew Keller bought the Rancho for \$1,400. The last owners were Frederick and May K. Rindge. It is the legacy of the Rindge Family's determination to restrict development which is responsible for the vast amount of open space found in the Malibu area today. A more detailed history of Malibu is provided in the Background Report for the Land Use Element.

There are over 250 officially recognized historic sites in Los Angeles County, four of which are located in Malibu:

**Adamson House:** This site is located at the Malibu Lagoon State Park. It was once the home of Rhoda Rindge Adamson, daughter of Frederick and May. K. Rindge. It is the best surviving work and only intact example of architecture from Stiles O. Clements and represents the Moorish-Spanish Colonial Revival Style popular in the late 1920s. The site is listed in the National Register of Historic Places and as a California Historical Landmark.

**Serra House:** This site is located on Landumus Hill near the mouth of Malibu Creek. It is a site of local historic interest as it was once known as the unfinished Rindge Mansion. The site was purchased in 1942 by the Franciscan Order.

**Malibu Pier:** This site is located east of Malibu Lagoon State Park in the commercial core of the City. The site is a registered Los Angeles County Landmark and a California Point of Historical Interest.

**Historic Village of Humaliwo:** National register site.

#### 3.2.11.2 Archaeological Resources

Present knowledge of the earliest occupations in Malibu is very limited due in part to the small size of early groups and the reduced probability of charcoal, bones, and shells being preserved in earlier sites. Additionally, earlier coastal sites may have been flooded by rising sea level caused by melting of glaciers and there was typically poor preservation of stratigraphic features (King, 1993). The following discussion on the Chumash is based primarily on the paper, Malibu General Plan: Native Societies of Malibu by Chester King, Ph.D. which is contained as an appendix to this section.

The Santa Monica Mountains were home to Native American Indian people who developed complex social and economic systems.

The Malibu area was historically occupied by Chumash. The territory inhabited by the Chumash included San Luis Obispo, Santa Barbara, the majority of Ventura, southwestern Kern, and northwestern Los Angeles Counties. The name Chumash has been accepted as an ethnic designation by anthropologists and descendants of people baptized at the Spanish missions in Chumash territory. Chumash cultural sites are important for providing an identity for the City of Malibu. The name Malibu is derived from Humaliwu, the Chumash village which served as a capital for the Santa Monica Mountains area (King, 1993).

Chumash society evolved during the last 9,000 years. The evolution of Chumash society is reflected in changes in artifact forms and diversity, changes in plant and animal food refuse, changes in the organization of cemeteries, and shifts in settlement patterns. The Chumash were considered to be the most advanced native society in California because of their emphasis on manufacturing and trade, their development of maritime fishing, and their complex bead money system (King, 1993).

In Malibu, the prehistoric period represents over 9,000 years and ended with the beginning of the Spanish colonization of California in 1769 and the beginning of maintenance of archives of historical documents. The first historic period was the mission period which ended in approximately 1834 due to the secularization of the missions (King, 1993).

There are approximately 120 archaeological sites in the City of Malibu. Sites in the Santa Monica Mountains include village sites, burial grounds, camps or food processing areas, quarries and rock art sites. Many sites have already been destroyed or disturbed. Currently, only a small percentage of the area has been surveyed, indicating that additional archaeologically significant sites may exist in the Malibu area.

The east west trend of the Malibu area resulted in the formation of many places well suited to boat launching and up-welling which provided a rich marine environment. These conditions contributed to a high density of population along the coast. Within the boundaries of the City four villages have been identified which were occupied during the period of recruitment to Spanish missions between 1785 and 1810. These villages were (east to west) Lisiqshi, Sumo, Lojostogni, and Humaliwo.

The village of Lisiqshi was located at the beach near the mouth of Arroyo Sequit and is currently traversed by Highway 1. The village was inhabited by people recruited by the Ventura Mission.

The village of Sumo is the second largest Chumash site to have been identified in Los Angeles County. It is believed to have occupied the Point Dume and Paradise Cove area, possibly including all of the marine terraces between Little Sycamore and Malibu Canyons. People from the Sumo village were baptized at the San Fernando and Ventura missions (King, 1993).

Possibly, the most well-documented and intensively investigated site in Los Angeles County is the Humaliwu site. The site contains three separate areas of archaeological or historical significance, including a prehistoric Indian site, a historic Indian site and an old frame house which was built by original white settlers in the Malibu area (it is now used as a museum). Much of the Humaliwu site is preserved. A second site, currently located under Highway 1 to the east was also apparently part of the historic village (King, 1993). The site is listed on the National Register of historic places.

In Malibu, cemetery and residential contexts have been excavated which are approximately 7,500 years old. Artifacts and food remains recovered from sites in the Santa Monica Mountains and the Santa Barbara

## CONSERVATION ELEMENT

Channel area indicated that people living along the coast were fishing with bone hooks, using boats or rafts to trade with the Channel Islands, and were taking sea mammals and large fish. Early mainland residential sites frequently contain large numbers of milling stones for processing small seeds. Hunting was also of importance (King, 1993).

Early settlements were small hamlets, defensively situated on elevated land forms. Over time, the tendency was to settle in less defensive and locate in more central locations to facilitate social and economic integration. Shortly after 1542, many small hamlets were abandoned and some large towns and villages were formed. The population distribution changes can be attributed to growth in importance of trade centers (King, 1993).

In addition to permanent settlement sites, other sites in Malibu were occupied during particular seasons while people were conducting activities away from their villages. These camp sites include sites occupied while gathering and hunting (King, 1993).

Ethnographic information indicates that Point Dume was an important suns shrine to many native cultures throughout southern California. Ethnographic literature indicates that the priests of the Point Dume shrine were respected for their powers which were believed to include the ability to cause rain and to resurrect dead people (King, 1993).

Due to the culturally sensitive nature of the archaeological resources in the area, the location and extent of other recorded sites will not be disclosed in this document. Specific sites may be identified as subsequent environmental documentation is prepared for the City or to determine the impact of individual projects.

### **3.2.11.3 Paleontological Sites**

Los Angeles County is one of the richest areas in the world for both fossil marine vertebrates and land vertebrates from sediments deposited over the last 25 million years. Many fossilized remains are found in sedimentary rocks of the Santa Monica Mountains that have been tilted and uplifted. There are three significant paleontological resources in the Santa Monica Mountains in the vicinity of the Malibu area. Only one of these sites is located in close proximity to the City boundary. The three sites, their location and the significant paleontological resources which have been recorded there are described briefly below:

- West of Topanga Canyon Road and south of the Los Angeles City line - material from the late Miocene era in the Modelo Formation.
- Old Topanga Road, south of Calabasas - several marine birds were found in the Modelo Formation Upper Member.
- Southwest of the Ventura Freeway and east of Westlake Boulevard vertebrates from the recent Pleistocene epoch.

The invertebrate fossils which are found in the area are from the Miocene period. Some of the larger sites containing these fossils include Old Topanga Canyon Road near Calabasas Peak and Dry Canyon.

### 3.3 Constraints

#### 3.3.0 In General

Constraints which effect environmental resource management include ecological, governmental, and economic factors. The area's finite resources and their interrelationship with other aspects of the regional ecosystem determine their suitability for management and use. City regulations may have unforeseen side effects on the preservation and prudent use of these resources. Economic constraints and pressures are often felt by private land owners in planning the use or development of their land. These economic constraints are also experienced by public agencies when they attempt to preserve open space and develop parks and recreation facilities. These constraints and others that may affect environmental resource management in Malibu are discussed in greater detail below.

#### 3.3.1 Physical Changes in the Environment

Development associated with human settlement results in physical changes to the environment. These changes typically involve reduced availability or quality of soil and water resources that are important for human use and the needs of other biological resources. These changes also often result in a reduction of habitat value and function - for many species of plants and wildlife. This reduction in value and function is generally associated with a reduction in the areal distribution of vegetation communities and other natural features which provide essential habitat, but can also involve unnatural competition and predation from introduced, non-native species of plants and wildlife; disruption of the normal fire cycle of local vegetation; reduced recruitment of young native oaks; fragmentation of existing habitat; noise; unnatural lighting; creation of barriers to dispersal or migration; and the introduction of environmental contaminants which affect species viability.

Development can also affect the way we perceive our environment. Changes to scenic resources or visual viewsheds are often associated with a negative change in the environment. Many people experience a "crowding" effect when areas that were previously open space are developed. This effect increases in direct proportion to the magnitude of the physical change in the area or viewshed.

#### 3.3.2 Lack of Comprehensive Resource Surveys

A significant obstacle to the preservation of many of the Malibu area's natural resources is the lack of comprehensive surveys to identify areas supporting sensitive resources. The coastal areas of the MCZ are relatively well-described, but many portions of the upper watersheds have not received as much attention.

The City of Malibu and the MCZ are largely undeveloped and have not been surveyed extensively for the presence of archaeological, paleontological, and historic resources. These resources have received some attention from academic institutions, but most recorded resources are associated with studies conducted to comply with CEQA. These studies are rarely comprehensive.

Biological studies which identify important migration and travel corridors also appear to be lacking. A focus on sensitive vegetation communities and drainages does nothing to ensure that individual watersheds do not become biologically isolated. Many areas of habitat, not considered to be sensitive, are contiguous with more sensitive resources and provide the continuity required to avoid biological and genetic isolation of populations. Preservations of defined areas of suitable habitat is not always sufficient to ensure that popula-

## CONSERVATION ELEMENT

tions will not become locally extirpated. This approach is especially true of species which require large areas of habitat or which occur in very dispersed populations.

Continuing development pressure provides mechanisms (i.e. CEQA and NEPA processes) by which investigation of these resources can occur, but this approach typically results in a piecemeal approach to preservation of resources. Regional planning for the continued viability of natural resources is much more effective, but often requires inter-jurisdictional agreements between jurisdictions which do not always agree on the implementation necessary to maintain the resources. Regional planning is also more costly and the costs are often not born by development interests.

### 3.3.3 Maintenance of High Quality Water Resources

Water is a fundamental requirement of all living things. Water is especially important to humans due to our water-intensive lifestyle. We use water for domestic consumption, to reshape our environment (i.e. lawns and ornamental plantings), industrially, and to dispose of domestic wastes. These uses however have the potential to affect the availability and quality of water resources, not only for human uses, but for use by other biological resources.

Much of Malibu has been developed using individual septic systems for each residence rather than a public sewer system. This strategy has been strongly supported in the community as a means to reduce the rate and intensity of growth. Because many areas within the MCZ have shallow soils, soils that are impermeable or slowly permeable, perched water tables, and are subject to flooding, there is some potential to negatively affect both ground and surface water quality from continued development and use of on-site septic systems, if such systems are not properly designed and maintained. In recent years, residents have actively worked to ensure that septic systems are properly designed and maintained. As long as a high level of supervision of design and maintenance of these systems is maintained, septic systems are not expected to significantly impact the quality of the groundwater resource (Warshall & Williams, 1992).

Another important non-point source of contamination is the Malibu stormwater drainage conveyance system. This source of contamination provides some aseasonal flows to drainages, but more importantly conveys a variety of urban contaminants which affect biological resources in the drainages, Malibu Lagoon, and Santa Monica Bay. Each of these resources would benefit from a stormwater drainage management plan which establishes seasonal water quality standards for these receiving waters. These resources would also benefit from restoration of freshwater wetlands which can provide some level of biological treatment of contaminants as well as development of other measures which trap potential urban pollutants.

Lastly, urban runoff from communities located to the north of Malibu, such as Calabasas, Agoura Hills, and Westlake, also provide a non-point source of contamination. This source of runoff is also typically aseasonal and contains various urban pollutants which affect aquatic and marine resources within the MCZ. To address this issue, Malibu should strive to develop inter-agency management agreements which establish water quality standards for the various receiving waters.

Point sources of pollution affecting the MCZ have been almost nonexistent with the exception of the Tapia Water Reclamation Facility (TWRF). The TWRF has been a significant source of aseasonal water flows and nutrient loading in Malibu Creek and especially Malibu Lagoon. This source of contamination has had major impacts on the Malibu Creek/Malibu Lagoon system and will continue to reduce the quality of the resources provided by this drainage if seasonal water quality standards for these receiving waters are not established.

### **3.3.4 Recreational Uses**

Malibu's location between the Pacific Ocean and the Santa Monica Mountains provides residents and visitors with a diversity and abundance of recreational opportunities. These opportunities were officially recognized when the U.S. Congress established the Santa Monica Mountains National Recreation Area in 1978. The canyons, hillsides, beaches, and rocky coast support a variety of natural vegetation communities and their associated flora and fauna. Many of these resources are located within County, State, and Federal parklands or are accessible by local trails. While these resources present a tremendous opportunity for recreational pursuits, intensive and irresponsible recreational uses of these lands can result in degradation of the resources. While it is important to manage open space areas for multi-use, it is important to recognize that some uses are not always compatible in all areas. The physical, visual, and biological resources which attract many users to areas of open space can be degraded simply by the presence of more people.

Marine resources along the coast have been significantly degraded due to the magnitude of recreational use and associated human disturbance. As examples, California sea lions which historically hauled out along Point Dume have moved offshore due to continuing disturbance and the estuaries located at the mouths of Zuma Creek and Malibu Creek have become polluted not only by urban runoff, but by litter and other wastes introduced by recreational users.

In order to preserve the quality of the resources which people have come to expect from the Malibu area, it may be necessary to establish people at one time (PAOT) criteria for some areas of open space which have been severely effected. It may also be necessary to prohibit access to certain areas until they can be restored. Lastly, there should be continuing education programs for the residents of and visitors to Malibu that address the human impacts which affect local resources. Only through the use of mechanisms such as these can the Malibu area's resources and the recreational opportunities which they provide be preserved in perpetuity.

### **3.3.5 Limited City Resources**

The limited financial resources of the City can restrict the City's ability to purchase fee title to land for open space and natural resource protection. However, a variety of other mechanisms can be utilized to provide for open space acquisition. These mechanisms include purchase of conservation easements, donations of land or conservation easements, transfer of development rights, impact mitigation fees, formation of local open space districts, inter-governmental agreements, and funding from state and federal agencies.

These mechanisms should be explored to the extent possible, especially given that the City may have a more immediate need to allocate funding to public services. Although private development should not bear the cost of all open space acquisition, this source of funding can generally provide the most immediate source of funds for needs of this type.

### **3.3.6 Development Pressure and Rising Property Values**

The preservation of open space and natural resources is also constrained by rising property values and strong development pressures that result in increased development. From 1980 to 1990 residential development increased (i.e. individual dwelling units) in Malibu by 10.6%. Development has occurred along the coast, in the canyons, and on the hillsides of Malibu. Along the coast there is a finite amount of land which can be developed. A significant amount of the land which is suitable for development has already been developed. The north side of Pacific Coast Highway appears to provide much of the existing opportunities for development in Malibu. However, environmental constraints indicated in the Land Use Element present obstacles to



## CONSERVATION ELEMENT

development in many of these areas. Due to demand for suitable land, land prices continue to rise, and in the absence of strong environmental regulation, development may begin encroaching on areas not subject to engineering-related environmental hazards, but which support sensitive natural resources. As an example, in 1992 two large residential developments in Trancas Canyon were approved. These areas both supported significant terrestrial and marine resources. As land prices continue to rise, difficult land use decisions involving sensitive or important natural resources are expected to increase.

The unrestricted loss of significant natural resources and open space would be expected to ultimately create diminished financial and aesthetic values for owners of developed property as well as for visitors to the City.

### 3.4 Goals, Objectives, Policies and Implementation Measures

#### 3.4.1 CON GOAL 1: NATURAL RESOURCES PRESERVED AND PROTECTED

**CON OBJECTIVE 1.1:** NATURAL RESOURCES MANAGED IN ACCORDANCE WITH THIS COMPREHENSIVE NATURAL RESOURCES PROTECTION AND MANAGEMENT PLAN.

**CON Policy 1.1.1:** The City shall minimize disruption of natural systems and areas rich in biodiversity and avoid consumption of ecologically sensitive lands (e.g., Resource Protection Areas (RPAs) including ESHAs, significant watersheds, wildlife habitat linkages, disturbed sensitive resource areas, blueline streams and significant oak woodlands as designated on Figures CO-3 and CO-4 and Table 3-5).

**CON Policy 1.1.2:** The City shall protect riparian areas and undisturbed areas within significant watersheds and wildlife habitat linkages through the use of open space or conservation easements or equivalent measures.

**CON Policy 1.1.3:** The City shall protect and preserve, and where reasonable and feasible reclaim, the delicately balanced ecosystem of the Santa Monica Mountains and adjacent coastline area.

**CON Policy 1.1.4:** The City shall protect Environmentally Sensitive Habitat Areas (ESHAs) as a priority over development and against any significant disruption of habitat values.

**CON Policy 1.1.5:** The City shall protect and reclaim Malibu's threatened natural resources such as the beaches, estuaries, intertidal zone and marine habitats, estuaries, marine life, ocean, tidepools, streams, waterfalls, wetlands, wildlife and plant life and their habitats.

**CON Policy 1.1.6:** The City shall restore Disturbed Sensitive Resource Areas (DSRAs), to the extent feasible and ecologically desirable.

**CON Policy 1.1.7:** The City shall promote and maintain programs for interagency cooperation, both public and private, to accomplish comprehensive natural resource management.

**CON Policy 1.1.8:** The City shall protect land formations and soils by avoiding vegetation removal in RPAs and in other areas of high potential erosion hazard.

**CON Policy 1.1.9:** The City shall limit use of the natural resources based on level necessary to support the City's rural residential life style and ensure that those resources are used wisely and not abused.

**CON Policy 1.1.10:** The City shall maintain an Environmental Review Board (ERB) as a technical advisory committee as specified in the Land Use Element to ensure the protection of natural resources.

*To implement these policies the City shall:*

## CONSERVATION ELEMENT

**CON Implementation Measure 1:** Designate the watershed as the basic biogeographic planning area for the protection, conservation and land management of Malibu's natural resources. (Figure CO-2 identifies the 64 major watersheds in the Malibu Coastal Zone.)

**CON Implementation Measure 2:** Encourage and support federal and state acquisition of property within ESHAs for preservation.

**CON Implementation Measure 3:** Seek federal, state and private funds to initiate and update environmental data, studies and maps and to implement programs.

**CON Implementation Measure 4:** Develop and adopt a watershed-wide cooperative program committed to the protection of natural resources, with Malibu Creek as the most immediate priority. The program shall seek the cooperation of adjacent jurisdictions in order to create uniform practices and protection measures.

**CON Implementation Measure 5:** Coordinate with volunteer organizations which offer programs or services that implement a City conservation policy to protect and preserve natural resources.

**CON Implementation Measure 6:** Identify and regulate point sources of pollution to protect riparian and marine areas.

**CON Implementation Measure 7:** Protect Las Flores Creek through remediation of the Rambla Pacifico landslide if federal funding is available.

**CON Implementation Measure 8:** Work with Ventura and Los Angeles counties and other agencies to ensure development of programs for the protection of the shoreline, especially the area between Yerba Buena and Point Mugu, including promotion of beach replenishment.

**CON. Implementation Measure 9:** Adopt a Hillside Management Ordinance as a major component of watershed protection as specified in the Land Use Element.

**CON Implementation Measure 10:** Work with other agencies to monitor and adopt receiving water standards designed to protect biological resources against sources of contamination as specified in the Safety Element.

**CON Implementation Measure 11:** Seek recommendations from the ERB on resource management and protection programs.

**CON OBJECTIVE 1.2:** WILDLIFE AND BIOTA RESOURCES PRESERVED, PROTECTED AND RECLAIMED.

**CON Policy 1.2.1:** The City shall preserve wildlife habitats and habitat linkages.

**CON Policy 1.2.2:** The City shall protect, preserve and reclaim very threatened plant community types that occur in Malibu, as inventoried by the Department of Fish and Game (See Table 3-3) with special emphasis on these: Southern Coastal Bluff Scrub; Southern Dune Scrub; Valley Needlegrass Grassland; Southern Foredunes (Broadbeach); Venturan Coastal Sage Scrub; Coastal Brackish Marsh (Malibu Creek and Lagoon); Coastal and Valley Freshwater Marsh; Southern Willow Scrub; California Walnut Woodland; and Valley Oak Woodland.

**CON Policy 1.2.3:** The City shall mitigate net loss of very threatened plant communities.

## CONSERVATION ELEMENT

- CON Policy 1.2.4:** The City shall regulate removal of vegetation in ESHAs.
- CON Policy 1.2.5:** The City shall discourage plant species which are invasive in the Santa Monica biogeographic area where such invasive plant species would degrade native plant communities.
- CON Policy 1.2.6:** The City shall discourage the use of insecticides, herbicides or toxic chemical substances (excepting non-regulated home pesticides) within the City or if ESHAs, raptors and other animals could be adversely affected, except in an emergency which threatens wildlife or the habitat itself.
- CON Policy 1.2.7:** The City shall reduce impacts resulting from night lighting so as not to disturb natural habitats.
- CON Policy 1.2.8:** The City shall protect stream bed gravel conditions in streams supporting steel-head trout.
- CON Policy 1.2.9:** The City shall apply setback requirements, determined by site specific analysis, to new septic systems for protection of oak and riparian woodlands, and to prevent lateral seepage into stream or coastal waters.

*To implement these policies the City shall:*

- CON Implementation Measure 12:** Support the creation of multi-species habitat preservation programs.
- CON Implementation Measure 13:** Support the National Park Service and California Department of Parks and Recreation's efforts to expand areas devoted to regional open space and protect wildlife habitats.
- CON Implementation Measure 14:** Support a development rights purchase program to retire development rights within the City's undeveloped areas.
- CON Implementation Measure 15:** Allow the most natural return of native plants in burn areas as the most rapid and effective way to revegetate those areas.
- CON Implementation Measure 16:** Disseminate information regarding the potential harmful effects of invasive plant species on native plant communities.
- CON Implementation Measure 17:** Develop a City permit procedure regulating the removal of such trees as heritage oaks, sycamores or other native trees.
- CON Implementation Measure 18:** Consult with California Department of Fish and Game and the U.S. Fish and Wildlife Service to update information on habitats for rare and threatened species and terrestrial plant communities.
- CON Implementation Measure 19:** Disseminate information about the potentially harmful effects of toxic chemical substances and safe alternative measures, including information about safe alternatives to toxics for home and garden use.
- CON Implementation Measure 20:** Coordinate City conservation policies with the Los Angeles County Fire Department and County Department of Forester and Fire Warden regulations.

## CONSERVATION ELEMENT

**CON Implementation Measure 21:** Seek an agreement with Caltrans regulating the use of toxics in roadside weed abatement.

**CON Implementation Measure 22:** Regulate and limit the use of toxic substances by City employees and contractors in construction and maintenance of City-used or owned properties, facilities, trails and rights of way.

**CON Implementation Measure 23:** Incorporate the best mitigation measures feasible in channelizations, dams, or other substantial alterations of rivers and streams and limit them to (1) necessary water supply projects, (2) flood control projects where no other method for protecting existing development or public roadways in the floodplain is feasible and where such protection is necessary for public safety or (3) development where the primary function is the improvement of fish and wildlife habitat.

**CON Implementation Measure 24:** Offer incentives such as priority processing and reduced permit fees for use of non-toxic building materials, finishes and preservers.

**CON Implementation Measure 25:** Cluster development to preserve large, unbroken blocks of open space within habitat areas and to protect the integrity of habitat linkages, unless clustering would create urban development patterns within rural areas. Perimeter fencing shall be permeable so as not to prohibit wildlife movement.

**CON Implementation Measure 26:** Establish setbacks from riparian corridors and oak woodlands of no less than 100 feet where feasible to protect wildlife habitats.

**CON Implementation Measure 27:** Establish minimum setbacks of at least 100 feet from outer edge of existing riparian or oak canopy for leach fields and for seepage pits, where feasible.

**CON Implementation Measure 28:** Require all exterior lighting to be low intensity and shielded to reduce its visibility from surrounding areas and to minimize impact to wildlife. Maintain dark corridors as a priority.

**CON OBJECTIVE 1.3:** MARINE AND BEACH RESOURCES PRESERVED, PROTECTED, ENHANCED AND RECLAIMED.

**CON Policy 1.3.1:** The City shall prohibit uses of the marine environment that will have a significant adverse effect on the biological diversity and productivity of coastal waters.

**CON Policy 1.3.2:** The City shall protect beaches and sea cliffs in Malibu.

**CON Policy 1.3.3:** The City shall protect marine mammals and preserve their habitat.

**CON Policy 1.3.4:** The City shall protect and support restoration of all kelpbeds, wetlands, creeks and estuaries of Malibu.

**CON Policy 1.3.5:** The City shall protect all sea birds/shore birds and their nesting and roosting sites in ESHAs.

**CON Policy 1.3.6:** The City shall take the lead to reclaim and preserve the natural state of the Malibu Lagoon.

## CONSERVATION ELEMENT

- CON Policy 1.3.7:** The City shall protect bluffs against erosion and beaches against siltation and loss of sand, caused by excessive disturbance of landforms.
- CON Policy 1.3.8:** The City shall prohibit the use of unnecessary seawalls and other shoreline structures.
- CON Policy 1.3.9:** The City shall require setbacks on beachfront property that anticipate beach erosion.
- CON Policy 1.3.10:** The City shall prohibit the disposal of untreated wastewater onto a beach, rocky coastal area, intertidal zone or into the ocean.
- CON Policy 1.3.11:** The City shall control surface runoff and associated pollutant loads into coastal waters, wetlands and riparian areas.
- CON Policy 1.3.12:** The City shall support scientific research and monitoring of marine resources.
- CON Policy 1.3.13:** The City shall enhance public awareness, appreciation and wise use of the marine environment.

*To implement these policies the City shall:*

**CON Implementation Measure 29:** Collect baseline data for all distinguishable coastal segments on the Malibu coast to define development standards, including standards to site wastewater drainfields.

**CON Implementation Measure 30:** Require peer review of coastal engineering reports for any proposed development that presents potentially significant beach erosion.

**CON Implementation Measure 31:** Require all structures to be sited landward of state owned tidelands and, in addition, for infill lots from a stringline drawn between the nearest corners of adjacent structures, whichever setback is greater; however, an additional setback may be required where necessary to protect the structure from anticipated beach erosion.

**CON Implementation Measure 32:** Prohibit seawalls unless a City employed or engaged coastal geologist has determined that there are no other less environmentally damaging alternatives for protection of on-shore development. Revetments, seawalls, cliff-retaining walls and other such construction shall be permitted only when required to serve coastal-dependent uses or to protect existing or new structures which constitute infill development.

**CON Implementation Measure 33:** Site shoreline structures such as piers, groins, breakwaters, drainages, seawalls and pipelines to avoid sensitive rocky points, tidepools and intertidal areas.

**CON Implementation Measure 34:** Require revetments, groins, cliff retaining walls, seawalls, pipelines, outfalls and other such construction that may alter natural shoreline processes to eliminate or mitigate adverse impacts on shoreline and sand supply.

**CON Implementation Measure 35:** Monitor other jurisdictions or public agencies' activities which may affect natural sand replenishment in Malibu.

**CON Implementation Measure 36:** Support new legislation and research to mitigate regional sand transport and supply impacts.

## CONSERVATION ELEMENT

**CON Implementation Measure 37:** Seek grant funds to conduct regional sand resource studies.

**CON Implementation Measure 38:** Work with other agencies to encourage low intensity, passive recreational use on beaches which include sensitive rocky shoreline, tidepool or intertidal areas.

**CON Implementation Measure 39:** Identify and regulate threats to the intertidal zone and coastal waters.

**CON Implementation Measure 40:** Prohibit all vehicles except emergency vehicles on beaches adjacent to sensitive intertidal areas.

**CON Implementation Measure 41:** To protect wetlands, the intertidal zone and kelp beds from siltation, minimize the runoff and erosion caused by earth movement by requiring development to use best construction management practices.

**CON Implementation Measure 42:** Require grading plans for all new development to be designed to ensure that potential negative effects of runoff and erosion on sensitive resources are minimized.

**CON Implementation Measure 43:** Work with other agencies to protect the tidepools and kelp beds of Malibu's Marine Areas of Special Biological Significance (MASBS) between Latigo Point and Point Mugu against damage from excessive grading, stream pollution, and sewage outfalls.

**CON Implementation Measure 44:** Support efforts to monitor the conditions of the Malibu Coastal Zone nearshore species, water quality and kelp beds, and support rehabilitation or enhancement of deficient areas.

**CON Implementation Measure 45:** Work with the Department of Fish and Game to monitor the kelp harvesting industry to ensure that such activity will not reduce kelp bed size and range or its productivity as a fish nursery habitat.

**CON Implementation Measure 46:** Support the Santa Monica Bay Restoration Project's recommendation of rotational closure of certain portions of the intertidal zone and adjacent coastal waters to allow for the rehabilitation and restoration of these MASBS and intertidal ESHAs.

**CON Implementation Measure 47:** Prohibit permanent structures on a bluff face except for engineered staircases or accessways to provide public beach access where no feasible alternative means for public access exists.

**CON Implementation Measure 48:** Review proposed bluff-top development to scrutinize geologic stability, adequate structural setback and appropriate measures to prevent damage from runoff.

**CON Implementation Measure 49:** Require all structures to be set back a minimum of 25 feet from the top of a bluff or at a stringline drawn between the nearest corners of adjacent structures, whichever distance is greater but in no case less than would be allowed for a 75-year useful life for the structure, to prevent bluff erosion.

**CON Implementation Measure 50:** Work with other agencies to regulate and monitor marine mammal hauling grounds and apply ESHA protection policies to any hauling ground.

**CON Implementation Measure 51:** Prohibit the alteration or disturbance of marine mammal habitats.

CONSERVATION ELEMENT

CON Implementation Measure 52: Work with other agencies to ensure that all permitted uses in sensitive marine and beach habitats comply with U.S. Fish and Wildlife and the State Department of Fish and Game regulations.

CON Implementation Measure 53: Work

CON Implementation Measure 53: Support volunteer monitoring of marine mammal hauling grounds.

CON Implementation Measure 54: Support marine mammal rescue efforts.

CON Implementation Measure 55: Work

CON Implementation Measure 55: Support efforts to establish a marine and mountain wildlife rescue response program to address uncontrolled public access.

CON Implementation Measure 56: Provide

CON Implementation Measure 56: Establish a marine sanctuary.

CON Implementation Measure 57: Support

CON Implementation Measure 57: Support organizations in their efforts to protect marine mammals from disturbance.

CON Implementation Measure 58: Work

CON Implementation Measure 58: Establish 25-foot buffer zones from all sea/shore bird nesting and roosting areas and take other appropriate measures to protect these areas.

CON Implementation Measure 59: Limit public access to cliff areas that contain sea/shore bird nesting and roosting sites.

CON Implementation Measure 60: Develop

CON Implementation Measure 60: Develop a plan for restoration of the Malibu Lagoon addressing the advantage of (a) constructing additional wetlands; (b) widening the existing estuary; (c) establishing receive

CON Implementation Measure 61: Establish

CON Implementation Measure 61: Establish a management system for the Civic Center Area and other areas currently

CON Implementation Measure 62: Explore

CON Implementation Measure 62: Explore the feasibility of obtaining management responsibility for all state-owned lands within the Malibu area of State Park.

CON Implementation Measure 63: Work

CON Implementation Measure 63: Work with appropriate agencies to protect the mouth of Zuma Creek on the east and side of the Pacific Coast Highway as an educational and ecological reserve.

CON Implementation Measure 64: In

CON Implementation Measure 64: In the marine area of biological and educational interest between Nicholas Canyon and Point Dume, work

CON Implementation Measure 65: Define

CON Implementation Measure 65: Define a program of public use that marine resources with particular interest to the sea lion hauling grounds.

CON Implementation Measure 66: Work

CON Implementation Measure 66: Work with appropriate agencies to modify beach access at Nicholas Canyon Park. Encourage the parking lot to the beach and discourage foot traffic through native ground cover.

CON Implementation Measure 67: Protect

CON Implementation Measure 67: Protect the underwater reefs and rock formations and the intertidal habitat from uncontrolled public access in the western portion of Paradise Cove.

CON Implementation Measure 68: Work

CON Implementation Measure 68: Work with appropriate agencies to minimize vegetation disturbance, including recreation or foot traffic on vegetated areas on the Trancas Beach Coastal Dunes. Develop well

CON Implementation Measure 69: Develop

CON Implementation Measure 69: Develop well defined and posted footpaths where access through dunes is necessary.

CON Implementation Measure 70: Work with appropriate agencies to implement measures to enhance the Zuma Beach Lagoon/Wetlands including, at a minimum, diverting foot traffic from the areas, prohibiting



## CONSERVATION ELEMENT

grading except for health and safety reasons, removing non-native weeds, and using the area for observation and education.

**CON Implementation Measure 68:** Work with appropriate agencies to ensure that Point Dume Headlands State Preserve, and adjacent bluff tops and cliffs, are managed to eliminate erosion and the loss of natural vegetation caused by foot paths through sensitive habitat areas and cooperative with other agencies to provide non-intrusive access.

**CON Implementation Measure 69:** Work with the State and County to limit access to the sensitive bluff and rocky shoreline habitat area in Latigo Point to minimize potential habitat degradation.

### **CON OBJECTIVE 1.4: SCENIC RESOURCES PRESERVED AND PROTECTED.**

**CON Policy 1.4.1:** The City shall identify, designate and protect distinct natural landform features as scenic resources.

**CON Policy 1.4.2:** The City shall protect viewsheds of the ocean and surrounding mountains and hillsides.

**CON Policy 1.4.3:** The City shall protect Pacific Coast Highway as a significant viewshed.

*To implement these policies the City shall:*

**CON Implementation Measure 70:** Map scenic resources and provide information to the public with regard to their locations.

**CON Implementation Measure 71:** Implement the Pacific Coast Highway utility undergrounding project.

**CON Implementation Measure 72:** Work with the Mountains Restoration Trust or other non-profit organizations to purchase vacant lots to protect designated scenic resources.

**CON Implementation Measure 73:** Work with Caltrans to create, where appropriate, median plantings of low growing, indigenous and/or resource efficient landscaping.

**CON Implementation Measure 74:** Require landscaping and berming to screen public parking from Pacific Coast Highway.

**CON Implementation Measure 75:** Provide public viewing locations as turnouts along major cross-mountain roads.

### **3.4.2 CON GOAL 2: CULTURAL RESOURCES PRESERVED AND PROTECTED**

#### **CON OBJECTIVE 2.1: HISTORIC, CULTURAL AND ARCHAEOLOGICAL RESOURCES PRESERVED FOR FUTURE GENERATIONS AND SCIENTIFIC STUDY.**

**CON Policy 2.1.1:** The City shall identify, designate, protect and preserve areas, sites or structures of historic, cultural, paleontological and/or archeological significance.

**CON Policy 2.1.2:** The City shall avoid the destruction or alteration of cultural resources.

**CON Policy 2.1.3:** The City shall provide incentives to property owners of historical structures to encourage preservation of designated cultural resources.

*To implement these policies the City shall:*

**CON Implementation Measure 76:** Work with appropriate agencies, such as UCLA Archeological Center, to keep current maps of significant archeological areas.

**CON implementation Measure 77:** Maintain archives and a database of completed research and studies.

**CON Implementation Measure 78:** Review all applications for development to determine whether the development may have an adverse impact on cultural resources.

**CON Implementation Measure 79:** Require site surveys to be performed by qualified technical personnel for projects located in areas identified as archaeologically/paleontologically sensitive. Data derived from such surveys shall be used to formulate mitigation measures for the project and all such feasible mitigation measures shall be applied to the project.

**CON Implementation Measure 80:** Adopt standards for replacement, expansion, remodel and restoration of designated historic structures to preserve integrity of design.

**CON Implementation Measure 81:** Cooperate with volunteer organizations to preserve and restore historic sites and structures.

**CON Implementation Measure 82:** Encourage proper curation and prohibit casual collection of significant artifacts.

**CON Implementation Measure 83:** Support the establishment of a museum/study center in the study area to display archeological/paleontological artifacts and to present continuing programs to acquaint the public with the cultural and historic value of these resources.

**CON Implementation Measure 84:** Explore all available measures, including purchase, tax relief, and purchase or transfer of development rights to avoid development on historic, prehistoric, archeological and other classes of cultural sites.

### **3.4.3 CON GOAL 3: ENERGY CONSERVED**

**CON OBJECTIVE 3.1:** USE OF INNOVATIVE, ENERGY EFFICIENT TECHNIQUES AND SYSTEMS.

**CON Policy 3.1.1:** The City shall educate the community regarding the importance of and techniques for energy conservation.

**CON Policy 3.1.2:** The City shall encourage state-of-the-art energy efficiency standards for all new construction design.

**CON Policy 3.1.3:** The City shall protect solar access.

**CON Policy 3.1.4:** The City shall encourage uses of solar and other nonpolluting, renewable energy sources.

*To implement these policies the City shall:*

**CON Implementation Measure 85:** Work with the Chamber of Commerce and utility providers to conduct business energy audits to reduce consumption by 10% by the year 2001.

## CONSERVATION ELEMENT

**CON Implementation Measure 86:** Provide information regarding tax advantages for use of state-of-the-art energy efficient systems.

**CON Implementation Measure 87:** Adopt and implement the Uniform Solar Code.

**CON Implementation Measure 88:** Secure and distribute government and utility publications and leaflets containing energy information, information about solar and other renewable energy sources.

**CON Implementation Measure 89:** Work with utilities including Southern California Edison and the Gas Company to promote programs benefiting Malibu residents.

**CON Implementation Measure 90:** Review development codes to assess energy conservation opportunities.

**CON Implementation Measure 91:** Enforce State “energy budget standards” for new construction which standards establish maximum allowable use from depletable sources.

**CON Implementation Measure 92:** Offer incentives such as priority processing and reduced permit fees for use of energy saving designs and devices.

### **3.4.4 CON GOAL 4: WATER CONSERVED**

**CON OBJECTIVE 4.1:** 10% REDUCTION IN THE AMOUNT OF WATER FOR RESIDENTIAL AND COMMERCIAL USES BY THE YEAR 2001 AND A THREE DAY EMERGENCY WATER SUPPLY IN ALL RESIDENTIAL AREAS.

**CON Policy 4.1.1:** The City shall provide water for residents’ needs in the most cost effective manner.

**CON Policy 4.1.2:** The City shall coordinate development to ensure adequate water supplies.

**CON Policy 4.1.3:** The City shall encourage water conservation design measures in residential, commercial and industrial development.

**CON Policy 4.1.4:** The City shall promote the use of water efficient low flow fixtures.

**CON Policy 4.1.5:** The City shall encourage the use of drought resistant landscaping.

**CON Policy 4.1.6:** The City shall promote the use of reclaimed water, that has had pathogens removed for appropriate uses such as landscape irrigation systems.

**CON Policy 4.1.7:** The City shall promote the use of greywater systems.

*To implement these policies the City shall:*

**CON Implementation Measure 93:** Disseminate information to the community regarding methods and technologies that conserve the use of water.

**CON Implementation Measure 94:** Provide water efficient demonstration gardens in local parks.

**CON Implementation Measure 95:** Work with appropriate agencies to maintain a leak detection program to eliminate water waste caused by leaking water lines and swimming pools.

**CON Implementation Measure 96:** Work with appropriate agencies to monitor water usage to detect leaks based on historic use and to assess the effectiveness of water conservation programs.

**CON Implementation Measure 97:** Support water pricing that provides incentives to use less water with appropriate exemptions for agricultural uses.

**CON Implementation Measure 98:** Explore alternate methods of providing water service, including establishing an independent water district or municipal water utility.

**CON Implementation Measure 99:** Monitor State and Federal water legislation to assure ongoing local supply and appropriate conservation.

**CON Implementation Measure 100:** Offer incentives such as priority processing and reduced permit fees for use of water saving designs and devices.

**3.4.5 CON GOAL 5: SOLID WASTE REDUCED AND RECYCLED**

**CON OBJECTIVE 5.1:** 50% REDUCTION IN THE AMOUNT OF SOLID WASTE GENERATED BY THE COMMUNITY AND DISPOSED OF IN LAND FILLS BY THE YEAR 2000.

**CON Policy 5.1.1:** The City shall reduce solid waste.

**CON Policy 5.1.2:** The City shall encourage recycling.

**CON Policy 5.1.3:** The City shall encourage co-composting.

*To implement these policies the City shall:*

**CON Implementation Measure 101:** Work cooperatively with neighboring cities to reduce and possibly divert solid waste from landfills.

**CON Implementation Measure 102:** Disseminate information regarding recyclable materials and methods of reducing waste.

**CON Implementation Measure 103:** Promote the use of recycled goods through programs such as cooperative purchasing and use of recycled materials in City contracts like road construction.

**CON Implementation Measure 104:** Develop a program of commercial and residential curb-side recycling.

**CON Implementation Measure 105:** Initiate programs for collection and disposal of household hazardous waste.

**CON Implementation Measure 106:** Explore the possibilities of co-composting either within the City or in a cooperative arrangement with surrounding jurisdictions.

**CON Implementation Measure 107:** Offer incentives such as priority processing and reduced permit fees for use of recycled building materials.

### **3.5 Appendix A—Analysis of Sensitive Terrestrial Habitats by Location**

#### **3.5.1 Purpose**

Described below are those marine and terrestrial resources which were identified in the Malibu LCP Land Use Plan to meet the criteria and legal definitions of an environmentally sensitive area, as well as those areas adjoining sensitive habitat which are functionally related to, or act as a buffer to, the sensitive habitat area (Malibu Local Coastal Plan Research and Analysis and Appendices, October, 1992 by the Los Angeles County Department of Regional Planning Coastal Studies Section).

The following describes the environmentally sensitive terrestrial habitats in the Malibu Coastal Zone.

#### **3.5.2 Arroyo Sequit**

Arroyo Sequit supports some of the most extensive riparian and oak woodland and associated stream habitat (pools and waterfalls) in the MCZ. Dense thickets are located along the East Fork. Above the East Fork, the watershed is undisturbed with the exception of one small stretch of the canyon bottom which contains residential development and camps. The lower half of the canyon is within Leo Carrillo State Park and is undisturbed with the exception of campground facilities located on the canyon floor. Arroyo Sequit may continue to support steel head.

#### **3.5.3 Willow Creek**

Located within Leo Carrillo State Park, this stream supports dense riparian willow thickets and some scattered trees.

#### **3.5.4 San Nicholas Canyon**

Coast live oak woodland and grassland are located in the uppermost portion of the canyon. The middle section supports diverse and dense riparian woodlands. The lower canyon still retains native trees, although the understory vegetation has been removed due to grading associated with a private recreational facility. Adjacent to the Pacific Coast Highway and extending southward across the highway to the canyon mouth is a less disturbed and more varied riparian woodland. Directly above the beach, at the mouth of San Nicholas Canyon are coastal bluffs which support stands of giant coreopsis and other sensitive coastal bluff plant species. There are also significant marine resources present at this beach.

#### **3.5.5 Los Alias (Decker) Canyon**

There is a diverse riparian woodland dominated by western sycamores and coast live oaks at the canyon bottom. Due to residential development in the vicinity of Decker School Road, the woodland has been altered significantly. The riparian woodland, which extends south of Pacific Coast Highway, contains numerous exotic trees, but is dominated by native western sycamores. Significant marine resources are found at this beach.

#### **3.5.6 Lechuza Canyon**

The Lechuza Canyon watershed is relatively undeveloped from the canyon bottom eastward. There are isolated homes in the western portion. Riparian woodland habitat and associated wildlife exist in the canyon while slopes on the east side support dense stands of coast live oak. A narrow, yet dense stand of riparian woodland extends south of the Pacific Coast Highway to near the beach.

### 3.5.7 Clyde Canyon (Pedra/Pescador watershed, Malibu Wastewater Study, 1992)

The Clyde Canyon drainage can be traced to Charmlee Meadows. The canyon bottom is intact riparian habit with oaks, sycamores, ferns and other species typical of the habitat type. A rich diversity of wildlife has been observed in the canyon, including bobcat, mountain lion, deer, grey fox, coyote, ring-tail cat, bats, three species of owls, raptors including the golden eagle and kestrel, and *Carolella busckana*, a C2 candidate species for listing as a federally endangered species.

### 3.5.8 Encinal Canyon

The floor of this canyon contains dense coast live oak and western sycamore dominated woodland. There is residential development and associated grading on the ridge on the western side of the canyon, while the eastern side of the canyon is undeveloped. South of the Pacific Coast Highway, at the canyon mouth there are native riparian trees interspersed with planted ornamentals.

### 3.5.9 Steep Hill Canyon

The upper section of this corridor contains coast live oaks and western sycamores and is considered sensitive. The lower portion of the canyon however, is not considered sensitive as it is disturbed and dominated by non-native plants such as castor-bean, palms and eucalyptus.

### 3.5.10 Trancas Canyon

This canyon is one of the larger canyons in the MCZ. The upper half of the canyon contains scattered homes, ranches and recreational facilities, while the lower half remains relatively undisturbed. The canyon mouth is largely developed and suburbanized. The Trancas Canyon Watershed is drained by Trancas Creek, the major drainage course into the Trancas Lagoon. The estuary area occupies nine acres. The estuary is a disturbed environmental area which is targeted for restoration by the Santa Monica Bay Restoration Project with the objective of both enhancing the beauty of the area and creating a migration stopover for water fowl.

Additional resident reports about the Canyon resources provide a typical case study of the need for further research in the Malibu region. These reports include the following:

- Between Trancas Canyon Road and Lunita Road is a significant blue-line stream with thriving native riparian habitat at its mouth. The stream allows wildlife movement throughout the area.
- Within the Malibu West development some of the original floodplain vegetation, including sycamore trees and willows, still grow along with oaks within the development. The existing riparian woodland is dominated by coast live oaks and western sycamores.
- The flora of the undeveloped areas consist of mountain chaparral, coastal sage scrub, and grassland habitat. Diverse riparian vegetation including willows, sycamores, and live oaks, proliferate along the Trancas Creek inland of Malibu West and at the mouth of the blue-line stream which defines Trancas and Lunita. Deeper into the Trancas Canyon area are oak woodlands.
- The abundance of vegetation and open space has resulted in the Trancas Canyon area becoming home to a number of species of wildlife, including deer, bobcats, raccoon, badger, grey fox, coyotes, hawks, eagles, owls, and a variety of snakes, lizards and frogs.

## CONSERVATION ELEMENT

### 3.5.11 Zuma Canyon

Zuma Canyon is one of the most remote and least disturbed canyons in the Santa Monica Mountains. Coastal sage scrub and chaparral are scattered over the dry slopes, while the canyon bottom contains a diverse riparian woodland and freshwater pools. The pools scattered along the canyon's perennial stream support a distinctive freshwater fauna including western pond turtles and native fishes. Secretive species such as golden eagle (*Aquila chrysaetos*), bobcat (*Felis lynx*), and mountain lion (*Felis concolor*) continue to be sighted in Zuma Canyon. Historically, Zuma Canyon also provided nesting habitat for the peregrine falcon. The Zuma Canyon watershed does not have a significant amount of development. Existing development is confined to the upper and lower limits of this watershed. The upper watershed is developed with a small sewage treatment plant and some residential development. The southern end of the watershed is developed with residential uses. There is one other small developed area within the watershed while the remainder of the watershed is disturbed only by fire breaks and dirt roads. In the southern portion of the watershed the stream and associated riparian woodland have been retained in the residential area and constitutes a disturbed, yet significant streamside habitat. The mouth of Zuma Canyon contains a freshwater estuary and marsh, which is degraded, but has been funded for restoration by the Santa Monica Bay Restoration Project, the National Park Service and Los Angeles County.

### 3.5.12 Newton Canyon

This canyon is an upper tributary of Zuma Canyon. While it supports riparian woodlands and dense oak woodlands it has been significantly altered by grading for future and existing development.

### 3.5.13 Point Dume

This rocky headland supports diverse coastal and upland habitats. The small canyons and ravines dissecting Point Dume support a mixture of exotic and native vegetation dominated by willows, coyote brush, sagebrush and several stands of giant coreopsis. Native vegetation has been replaced in many places by urban development. The upland terrace above the ravines and canyons is almost completely built out with residential development and associated roads, while much of the canyon and ravine habitats have been disturbed by the runoff from these areas. Residents report several pockets of relatively undisturbed riparian corridors and habitat within the Point Dume watershed.

### 3.5.14 Walnut Canyon

Dense native walnut woodland, willows and scattered elderberry shrubs (*Sambucus* sp.) are located in this riparian corridor. While it is relatively undisturbed, there is development on the marine terraces lining both sides of the canyon.

### 3.5.15 Ramirez Canyon

The upper and middle sections of Ramirez Canyon are densely wooded with native oaks and scattered western sycamores. The watershed has been disturbed by grading for Kanan Dume Road (which is located on the west side of the canyon) and is also bisected by Pacific Coast Highway. However, the location of the woodland is not affected by the road and supports diverse wildlife. The lower third of the watershed is developed, but the native trees and natural stream are intact throughout the canyon bottom. Development in this area includes a restaurant and mobile homes. Existing data for this canyon may also be somewhat dated. Local residents report personal observation of alder trees in the upper Canyon.

### **3.5.16 Escondido Canyon**

Residential development and associated roads are located within the Ascended Canyon watershed, particularly on the ridge west of the canyon bottom. Latigo Canyon Road runs through portions of the east side of the watershed. A sycamore and oak-dominated woodland is located on the cooler north-facing slopes located west of the stream bottom. The lower and middle sections of the canyon are developed with scattered residential development, much of which is situated in the riparian woodland. While the stream bed and native trees are intact throughout much of the developed lower watershed, they are disturbed in the middle portion where grading and development are more extensive. The mouth of Ascended Canyon extending approximately one-half mile is targeted for restoration from damage due to grading runoff.

### **3.5.17 Latigo Canyon**

The Latigo Canyon watershed contains scattered residential development and Latigo Canyon Road. Compared to other watersheds in the MCZ, Latigo Canyon and its riparian corridor are relatively small. The least disturbed and most heavily wooded portions of the canyon are located below and upstream from the Malibu Vista development. The riparian woodland is fragmented by scattered residential development located just below the sharp bend in Latigo Canyon Road.

### **3.5.18 Solstice Canyon**

Solstice Canyon is a relatively undisturbed watershed with a riparian woodland that supports white alder (*Alnus rhombifolia*), coast live oak, western sycamore and California bay (*Umbellularia californica*). A few scattered homes and a narrow road lie at the canyon bottom, but the woodland is intact throughout the canyon. A large native wildlife population is present in this watershed due to both the lack of disturbance and the well-developed vegetation. Unlike many of the other coastal canyons in the area, white alder is present throughout the entire watershed and indicates a perennial supply of water. While the riparian woodland extends downstream, there is no natural stream habitat south of the highway. The vegetation is however recovering in this area due to a program of exotic vegetation removal and revegetation (Sarah Dixon, Malibu General Plan Task Force, personal communication).

### **3.5.19 Dry Canyon**

There is some well-developed riparian woodland in Dry Canyon. However it is less diverse than that of the other canyons and is adjacent to the extensive El Nido residential development.

### **3.5.20 Corral Canyon**

The upper portion of this watershed is heavily wooded with riparian oak woodlands. From the crest to the Ocean, habitats are connected. With the exception of the Malibu Bowl development, a few structures in the lower canyon and scattered dirt roads, the watershed is relatively undisturbed. Corral Canyon is notable for supporting a broad, wooded flood plain at the canyon mouth, north of and immediately adjacent to the Pacific Coast Highway.

### **3.5.21 Puerco Canyon**

Puerco Canyon is a small watershed which is largely undisturbed. The canyon floor is lined with dense willows and associated riparian shrubs while the slopes support coastal sage scrub and chaparral. Due to the undisturbed condition, this canyon supports a large area of high value wildlife habitat.



## CONSERVATION ELEMENT

### 3.5.22 Malibu Canyon

Malibu Canyon supports oak and riparian woodlands with an unusually large variety of riparian plant species. Black cottonwood (*Populus trichocarpa*), California bay, leatherleaf ash (*Fraxinus velutina* var. *coriacea*), white alder, arroyo willow (*Salix lasiolepis*), western sycamore, coast live oak, wild grape (*Vitis girdiana*) and giant chain fern (*Woodwardia fimbriata*) are all abundant. The majority of the watershed is dominated by a diverse mosaic of chaparral, coastal sage scrub, grassland and native woodlands. Much of the watershed is remote and undisturbed, particularly the northwest and central portions. Malibu Creek, the largest creek in the Malibu area, is biologically distinctive due to the fact that it supports a very diverse flora and fauna which include a number of sensitive species. Malibu Creek also continues to sustain a native steelhead population. These steelhead area remnant population which historically spawned in the upper reaches of the creek. The Rindge Dam has provided a barrier to these reaches since the 1920's, and any spawning which now occurs takes place below the dam. Malibu Canyon also provides habitat for wide-ranging species such as mountain lion and golden eagle. In addition, Malibu Lagoon is located at the mouth of Malibu Creek and is one of only two coastal marshes in Los Angeles County. Malibu Canyon and Malibu Lagoon have been affected by many human impacts including habitat removal, increased siltation, sewage effluent discharge, harassment of wildlife by domestic animals and people, and fragmentation by roads and residences. However, much of the watershed is still undisturbed. Development is concentrated in the extreme upper watershed (Monte Nido, Westlake Village, Agoura Hills, and Calabasas) and the extreme lower watershed (Civic Center area).

### 3.5.23 Carbon Canyon

The floor of Carbon Canyon is covered with riparian woodland, particularly in the upper sections of the canyon. The lowermost portion of the riparian corridor is disturbed with sparse development located adjacent to Carbon Canyon Road. The west side of the watershed is undeveloped while the east side contains residential development and Rambla Pacifico Road. Rock formations in the upper reaches of the canyon provide roosting and possibly nesting sites for sensitive birds of prey such as golden eagle, peregrine falcon and prairie falcon (*Falco mexicana*).

### 3.5.24 Cold Creek Canyon

Cold Creek Canyon is a relatively undisturbed watershed containing year-round water and supporting native vegetation and wildlife. Undisturbed stands of chaparral, oak woodland, coastal sage scrub, riparian woodland and associated wildlife occur in the canyon. The Cold Creek watershed is the last remaining watershed in the Santa Monica Mountains to support stoneflies (Plecoptera), a group of insects whose aquatic larvae are very sensitive to siltation and urban runoff containing petroleum based compounds. Many other locally uncommon species occur in this area including flowering ash (*Fraxinus dipetala*), redshank (*Adenostoma sparsifolium*), Channel Island mountain mahogany (*Cercocarpus betuloides* var. *blanchaea*), big leaf maple (*Acer macrophyllum*), interior live oak (*Quercus wizlizenii*), Humboldt lily (*Lilium humboldtii*) and stream orchid (*Epipactis gigantea*). In addition, several stands of native grassland support Lyon's pentachaeta (*Pentachaeta lyonii*) within this watershed. Native grassland and *Pentachaeta lyonii* are both uncommon within the Santa Monica Mountains. The central core of the Cold Creek watershed is generally undisturbed and utilized only for natural resource oriented uses since much of it is in public ownership. However, residential development is present both in the upper and lowermost parts of the drainage basin.

### **3.5.25 Hepatic Gulch**

This area is a small, steep hillside which supports an unusual blend of primitive moisture-requiring plant species. These species include mosses, liverworts, hornworts and ferns. These plants form an unusual association with drought-adapted species such as yucca (*Yucca whipplei*) and other coastal sage scrub species. This unique habitat has developed as a result of rapid runoff in the drainage channel. Hepatic Gulch is mapped as an SEA for these biological resources. However, the mapped location is not co-incident with the actual location of the unusual vegetative association. The area has been affected by upstream drainage from an abandoned Nike Missile site, but now appears to be stable.

### **3.5.26 Piedra Gorda Canyon**

Piedra Gorda Canyon is a small, undeveloped watershed. It supports scattered riparian trees and dense riparian thickets. Due to the degree of isolation, wildlife utilization is expected to be extensive.

### **3.5.27 Las Flores Canyon and Little Las Flores Canyon**

The middle and upper portions of the canyon are remote and undisturbed, while the lower regions contain substantial development concentrated along Las Flores Road. The riparian woodland and associated stream habitat that extends upstream from the intersection of Gorge Road and Las Flores Canyon Road supports western sycamore, white alder, California bay, coast live oak and associated sensitive understory species.

### **3.5.28 Tuna and Pena Canyons**

Tuna and Pena Canyons are adjoining watersheds which are almost completely undisturbed with the exception of concentrated ranch areas and Tuna Canyon Road. The canyons are considered sensitive because they support riparian woodlands, year-round water and the lack of significant development (with the exception of upper Tuna Canyon). The riparian woodlands include dense stands of western sycamore, coast live oak, California bay, white alder (lower half of Tuna Canyon), black cottonwood and giant chain fern. With the exception of off road vehicle tracks in the uppermost portion of the watershed, Pena Canyon is nearly undisturbed. There has been greater human impact in the northwest portion of Tuna Canyon, due to grading and grazing.

### **3.5.29 Topanga Canyon and Tributaries**

Topanga Canyon is the largest coastal watershed in the MCZ and supports extensive riparian vegetation. There is localized residential development throughout the canyon and major holdings of public parklands. Diverse riparian woodlands with coast live oak, western sycamore, and stands of California bay, big leaf maple and cottonwood are located on the canyon bottom and adjacent north-facing slopes. Dense native woodlands are also located in tributaries such as Red Rock, Hondo and Greenleaf. With the exception of Malibu Canyon, the greatest diversity of amphibian and reptile species in the Santa Monica Mountains are reported for this watershed (The Distribution and Present Status of the Herpeto Fauna of the Santa Monica Mountains, Special Publication No. 2, Southwest Herpetological Society, 1986).

### 3.6 Appendix B—Conservation Element Maps

**Figure CO-1: Coastal Zone Boundary**

**Figure CO-2: Existing Watershed Drainages in the Malibu Area**

**Figure CO-2B: City of Malibu Watershed Locations**

**Figure CO-2C: City of Malibu Watershed Locations**

**Figure CO-2D: City of Malibu Watershed Locations**

**Figure CO-2E: City of Malibu Watershed Locations**

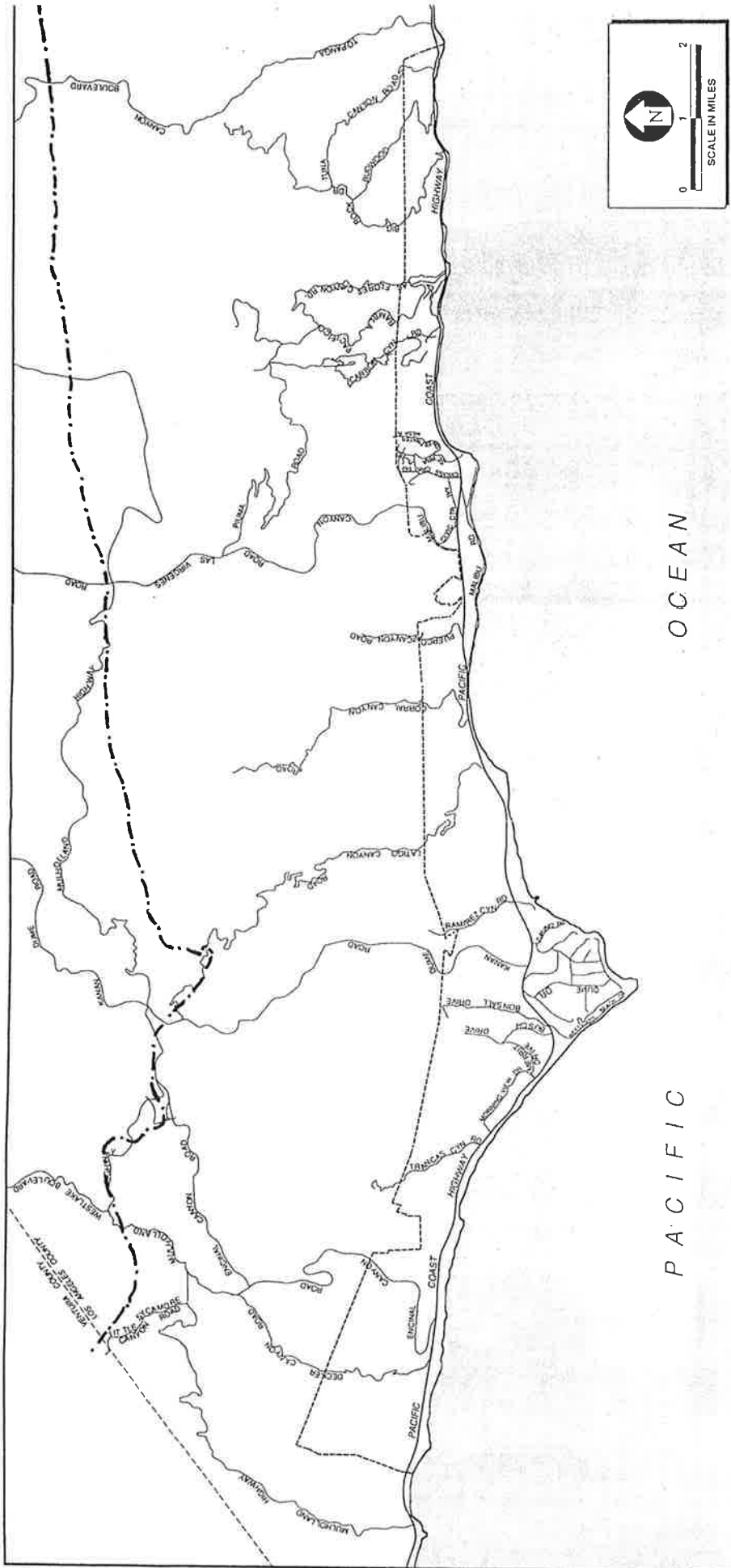
**Figure CO-2F: City of Malibu Watershed Locations**

**Figure CO-2G: City of Malibu Watershed Locations**

**Figure CO-3: Environmentally Sensitive Resource Protection Areas**

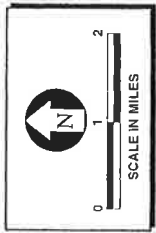
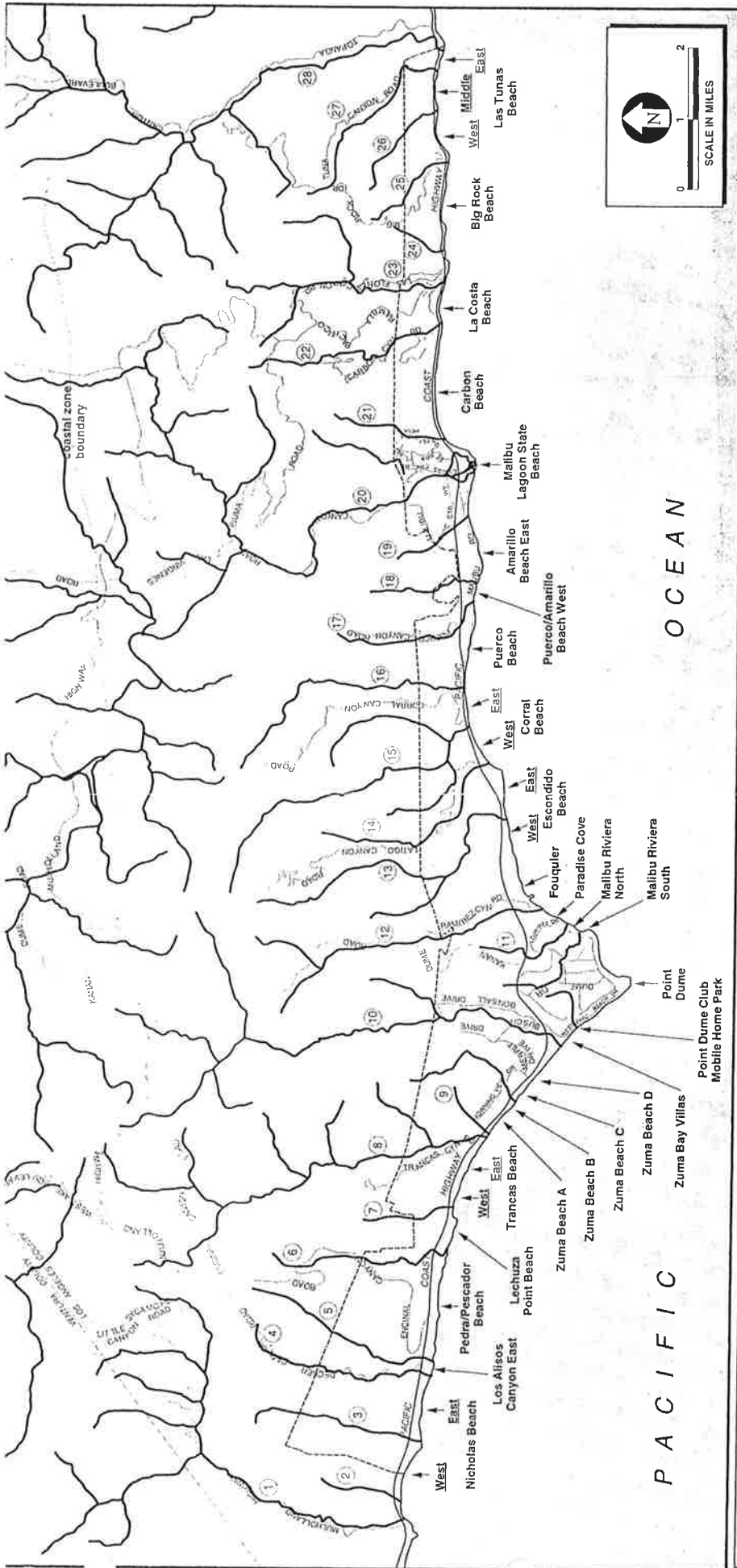
**Figure CO-4: Environmentally Sensitive Marine and Beach Resources**

**Figure CO-5: Scenic Resources**



**CITY OF MALIBU GENERAL PLAN**  
**FIGURE CO-1**  
**COASTAL ZONE BOUNDARY**

**LEGEND**  
 - - - - - COASTAL ZONE BOUNDARY



**CITY OF MALIBU GENERAL PLAN  
FIGURE CO-2  
EXISTING WATERSHED DRAINAGES  
IN THE MALIBU AREA**

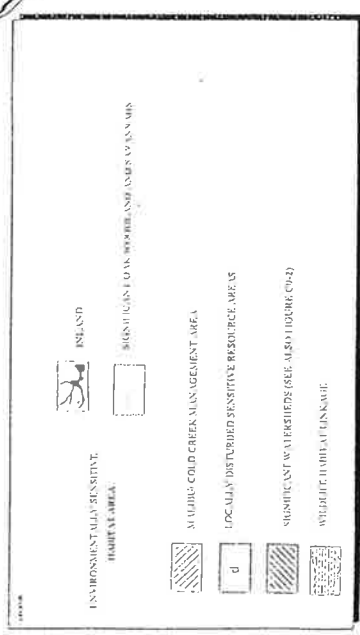
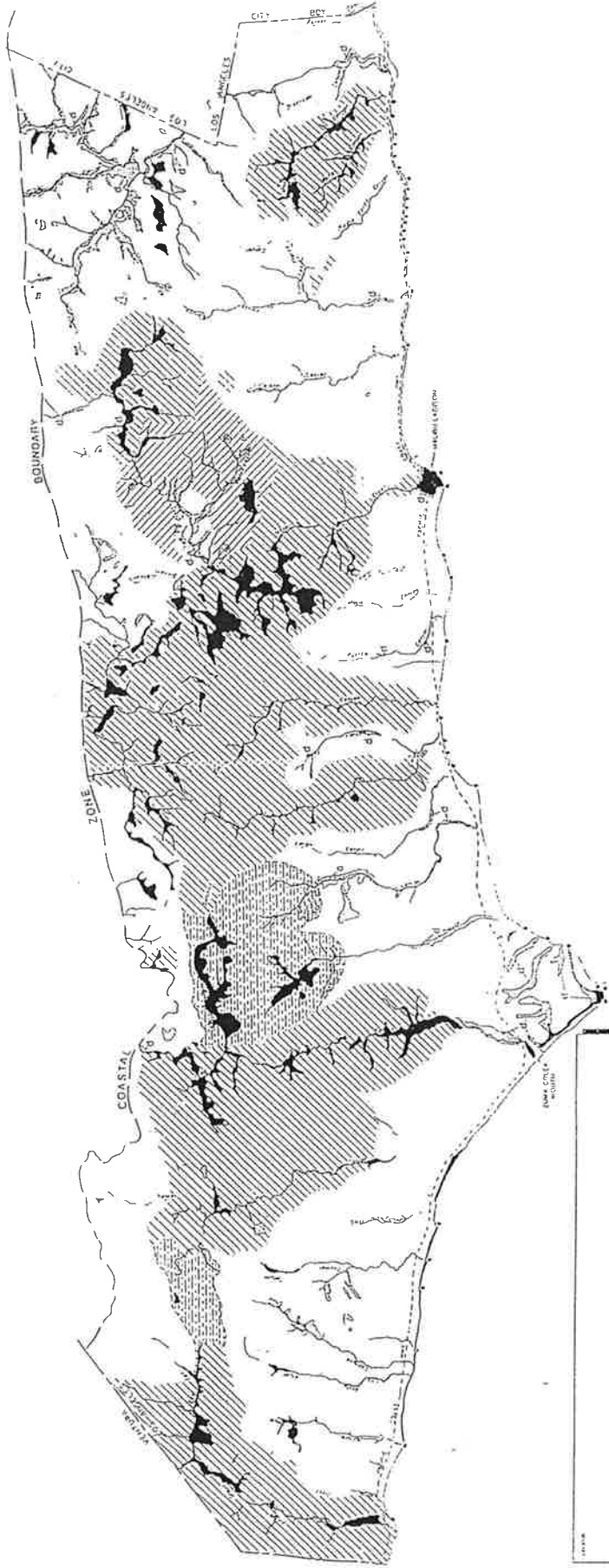
**MONTANE DRAINAGES**

1. Arroyo Sequit Canyon
2. Willow Creek
3. San Nicholas Canyon
4. Los Alisos Canyon West
5. Lachusa Canyon
6. Encinal Canyon
7. Sleep Hill Canyon
8. Kincaid Ranch
9. Trancas Canyon
10. Zuma Canyon
11. Walnut Canyon
12. Ramirez Canyon
13. Escondido Canyon
14. Lajillo Canyon
15. Solstice Canyon
16. Corral Canyon
17. Puerto Canyon
18. Marie Canyon
19. Winder Canyon
20. Malibu Creek
21. Sweetwater Canyon
22. Carn Canyon
23. Las Flores Canyon
24. Malibu PO
25. Piedra Gorda Canyon
26. Pena Canyon
27. Tuna Canyon
28. Topanga Canyon

**LEGEND**

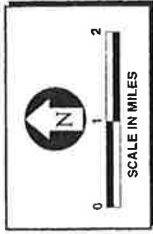
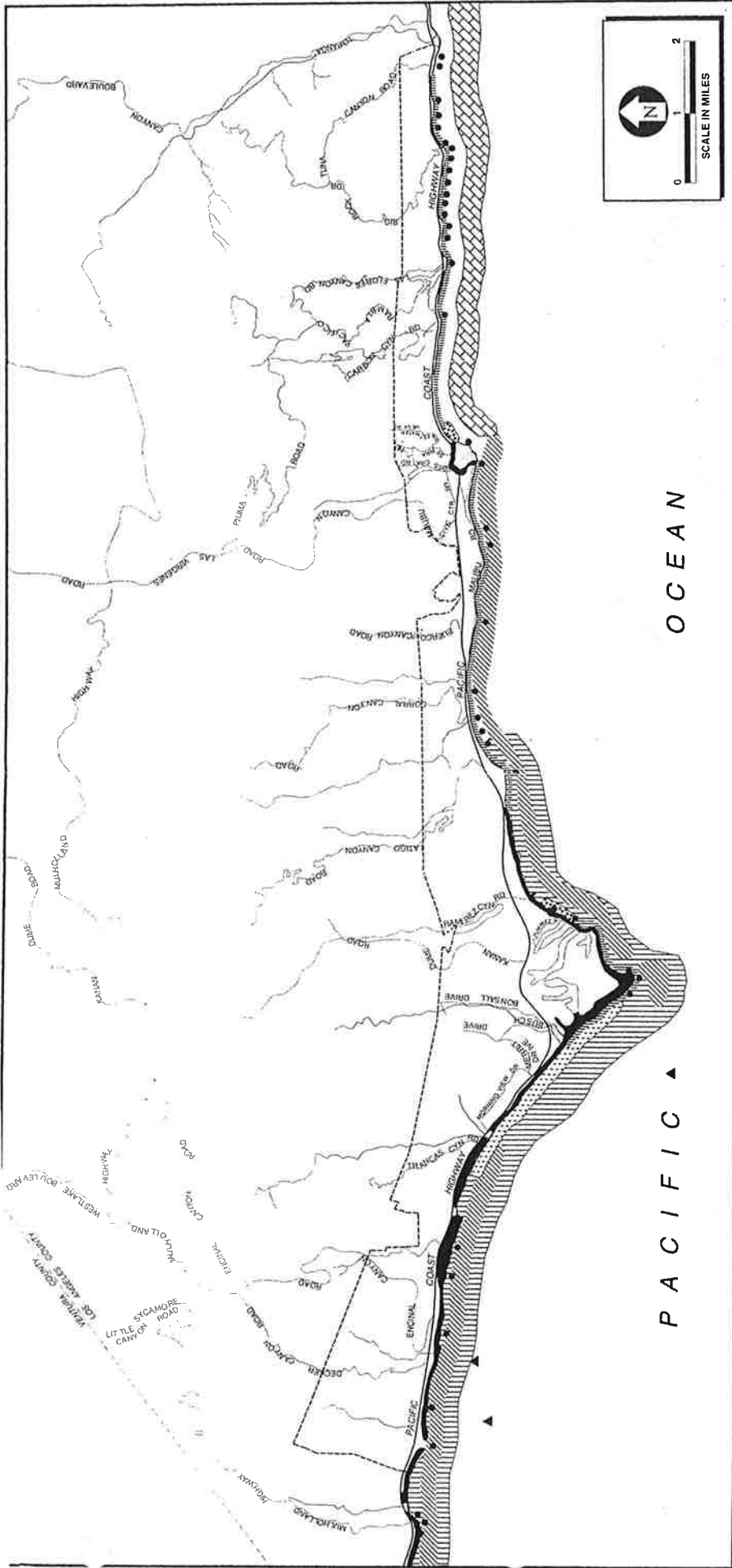
- CITY LIMITS
- PERENNIAL OR INTERMITTENT STREAM
- AREA OF COASTAL DRAINAGE

SOURCE: Malibu Wastewater Management Study, 1992



**CITY OF MALIBU GENERAL PLAN  
FIGURE CO-3  
ENVIRONMENTALLY SENSITIVE  
RESOURCE PROTECTION AREAS**

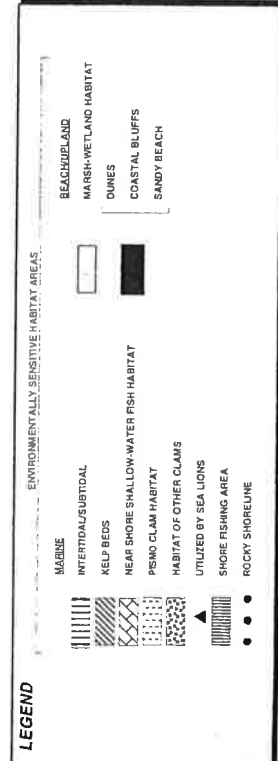
SOURCE: MALIBU LOCAL COASTAL PROGRAM, 1986  
FIGURE 6, MALIBU LAND USE PLAN



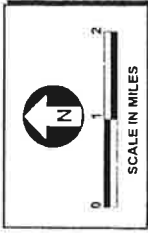
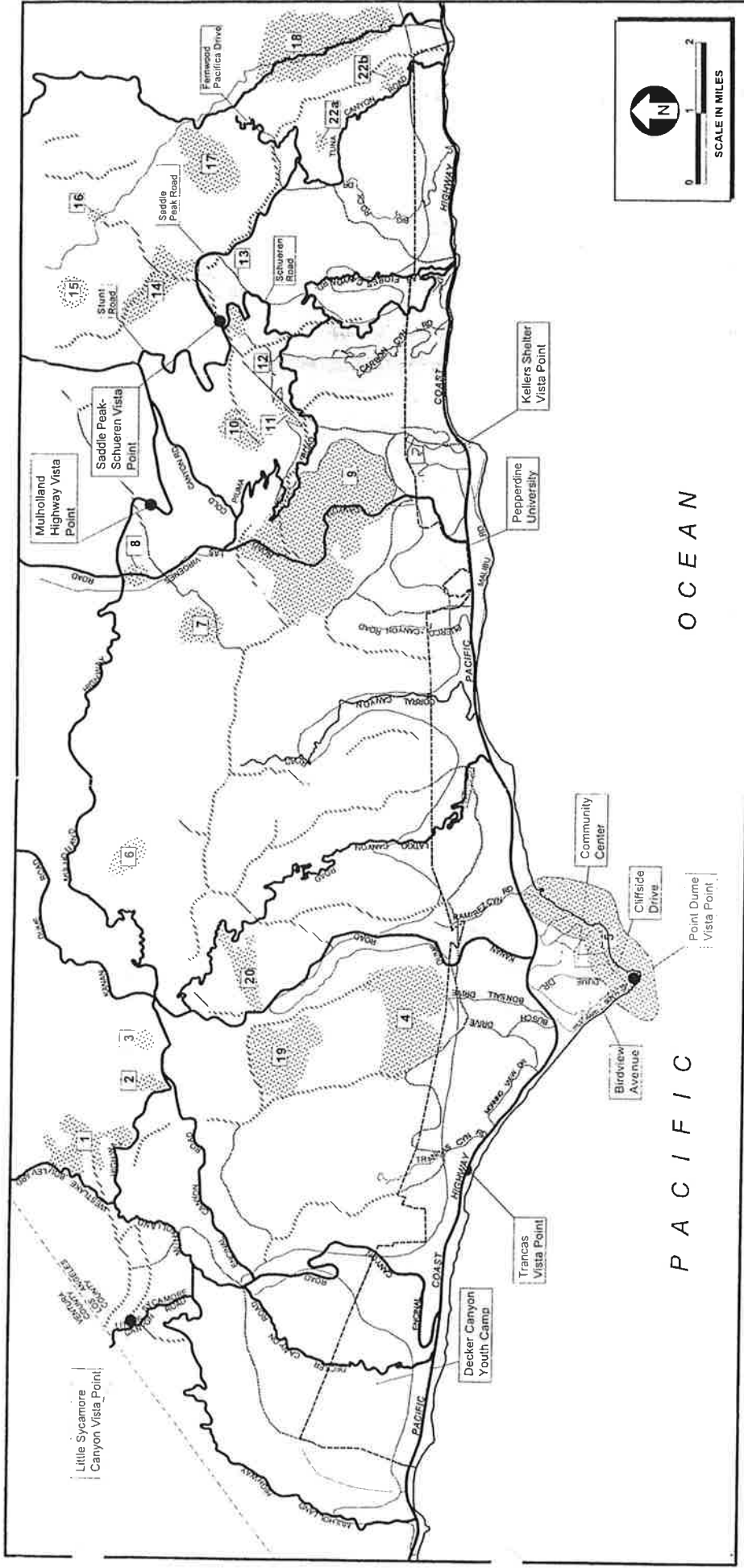
**CITY OF MALIBU GENERAL PLAN  
FIGURE CO-4  
ENVIRONMENTALLY SENSITIVE  
MARINE AND BEACH RESOURCES**

PACIFIC OCEAN

PACIFIC



SOURCE: Malibu Local Coastal Program, 1986



**CITY OF MALIBU GENERAL PLAN  
FIGURE CO-5  
SCENIC RESOURCES**

SOURCE: Malibu Local Coastal Program, 1986

**LEGEND**

<b>SCENIC ELEMENTS</b>	..... SIGNIFICANT RIDGELINE
..... SCENIC ELEMENTS	..... VIEWSHED BOUNDARY
..... AREAS HAVING OCEAN VIEWS	..... SCENIC ROAD
..... CITY BOUNDARY	..... VISTA POINT
..... VISTA POINT	

**SCENIC ELEMENTS**

- 1. West Mulholland Highway Sandstone
- 2. Seaside Rock
- 3. Turite Rock
- 4. Lower Zuma Canyon
- 5. Little Zuma Cove Bluffs
- 6. Cornell Sandstone Peaks
- 7. Brent's Mountain
- 8. Clareville Hills
- 9. Malibu Canyon
- 10. Dark Canyon
- 11. Pluma Road Crest
- 12. Upper Carbon Canyon Cliffs
- 13. Schuereen Road Sandstone
- 14. Topanga Lookout Ridge
- 15. Old Topanga Sandstone
- 16. Old Topanga Watergap
- 17. Fernwood Hillside
- 18. Lower Topanga Canyon
- 19. Upper Zuma Canyon
- 20. Newton Canyon Hillside
- 21. Lower Latigo Canyon
- 22. Tuna Canyon



CHAPTER 4.0 CIRCULATION AND INFRASTRUCTURE ELEMENT

- 4.1 Introduction
  - 4.1.1 Legislative Authorization
  - 4.1.2 Purpose and Scope
  
- 4.2 Circulation System
  - 4.2.1 Description of System
  - 4.2.2 Level of Service
  - 4.2.3 Scenic Highways
  - 4.2.4 Parking
  - 4.2.5 Public Transit Services
  
- 4.3 Public Services
  - 4.3.1 Fire Protection
  - 4.3.2 Police Services
  - 4.3.3 Schools
  - 4.3.4 Hospitals
  - 4.3.5 Utilities
  - 4.3.6 C GOAL 4
  
- 4.4 Goals, Policies and Implementation Measures
  - 4.4.1 C GOAL 3
  - 4.4.2 C GOAL 2
  - 4.4.3 C GOAL 1
  - 4.4.4 C GOAL 4
  - 4.4.5 Utilities
  
- 4.5 Appendix - Circulation and Infrastructure Element Maps
  - 4.5.1 Hospitals
  - 4.5.2 Schools
  - 4.5.3 Police Services
  - 4.5.4 Fire Protection
  
- 4.6 Public Services
  - 4.6.1 Public Transit Services
  - 4.6.2 Parking
  - 4.6.3 Scenic Highways
  - 4.6.4 Level of Service
  - 4.6.5 Description of System

## 4.1 Introduction

### 4.1.1 Legislative Authorization

Government Code Section 65302(b) requires the general plan to include:

*A circulation element consisting of the general location and extent of existing and proposed major thoroughfares, transportation routes, terminals, and other local public utilities and facilities, all correlated with the land use element of the plan.*

Additionally, Government Code Section 65303 is pertinent to the circulation element:

*The general plan may...address any other subjects which, in the judgement of the legislative body, relate to the physical development of the county or city.*

### 4.1.2 Purpose and Scope

The Circulation and Infrastructure Element which has been required to be included in the general plan since 1955 is not considered just a transportation plan. The element should address the circulation of people, goods, energy, water, sewage, and communications. The purpose of this element is to present a plan for ensuring that public transportation, services, and utilities are constantly available to permit orderly growth and to promote public health, safety, and welfare. The element provides a framework within which individual property owners can plan the development of their property and be assured that basic infrastructure and services are available and adequate. Individual service providers and property owners generally are not aware of citywide or regional issues that affect the ultimate users of their development. This element provides an area-wide assessment of the different public transit, services, and utilities for a broader understanding of service provision.

The Circulation and Infrastructure element sets forth policies and standards for the rational and cost-efficient provision and extension of public services to support planned development and protect natural resources. It addresses present conditions and concerns and sets measures for improvement. It is structured to accommodate future growth and development patterns. The purposes and goals of the other elements go hand-in-hand with the goals of the circulation and infrastructure element. Together, they will serve as a guide for decision making by public and private investors, and for the future expenditure of public funds.

Specifically, the Circulation and Infrastructure Element serves the following purposes:

1. As one of the state-mandated elements, it fulfills the requirements of the State Planning Act, and the regulations in Sections 65530 et seq. of the Government Code of the State of California.
2. The Circulation and Infrastructure Element evaluates the existing level of services of roads and public services and utilities in the city including vehicular roads, bike routes, bus service, water, sewer, police and fire protection, power, natural gas, telephone, solid waste disposal, cable, library, hospital and school services. It identifies concerns, deficiencies, needs and plans for meeting future needs.
3. The Circulation and Infrastructure Element informs the public of the goals, objectives, and policies of the City for maintenance and improvement of public services. It provides implementation measures and programs that will serve as a guide for the day-to-day operational decisions of City staff.

## 4.2 Circulation System

### 4.2.1 Description of System

The following section includes a brief description of circulation network found within the Malibu planning area. More detailed descriptions are contained in the Circulation and Infrastructure Background and Opportunities and Constraints Reports prepared for the City as part of the General Plan program.

The hierarchy of streets and highways in Malibu range from local streets to state highways. There are four classifications which summarize the existing roadway network in the City of Malibu: Major Arterials, Minor Arterials, Collectors, and Locals.

- **Modified Major Arterial:** Major roadways providing access from rural to urban areas and access to freeways. A typical major arterial consists of a 100-foot right-of-way with six lanes and controlled access, divided by a raised or striped median. Major arterials, serving as an intercity or community facility are expected to carry the majority of traffic between Malibu, adjacent communities, and the freeway system (see Figure CI-1). Pacific Coast Highway (PCH) would typically be designated a major arterial. However, given topographical and safety constraints, PCH in Malibu is limited to four lanes and is designated as a modified major arterial.
- **Minor Arterial:** Streets providing through service to commercial areas and between cities and/or providing access to highways and freeways. This roadway classification consists of an 80-foot right-of-way with four lanes, typically with a raised or painted median. Minor arterials, serving as a community facility, carry traffic through the community and collect traffic from collector roads.
- **Collector:** Streets that collect traffic from local streets within residential areas. Collectors are typically characterized by both two lane and four lane undivided roadways with 64-foot rights-of-way. Collectors within this classification move moderate volumes of traffic through the community and serve as routes for locally generated traffic to connect to major and minor arterials. They serve as access routes for local residents to reach activity areas in the city and may also provide direct access to commercial properties.
- **Local:** Streets whose primary purpose is to provide access to individual properties. Locals are two-lane, undivided roadways with frequent driveway access and 48- to 58-foot rights-of-way, although many of the City's canyon access roads have less right-of-way. These roads are intended to provide access to adjacent residential land uses and to feed traffic to collectors and arterials.

The existing roadway network in the City of Malibu and its vicinity is shown on Figure 4-1. The arterial network in Malibu consists of Pacific Coast Highway, a major four-lane state highway running the length of the City, and winding, mountainous, two-lane roadways with sharp turns, steep grades, and poor sight distance.

The following is a description of the existing roadway network serving the City of Malibu.

- **Santa Monica Freeway (I-10)** is a six-lane east-west freeway providing access to downtown Los Angeles. The freeway ties into the San Diego freeway (I-405) and, further to the east, the Harbor Freeway (I-110) and a chain of freeways in the vicinity of downtown Los Angeles. Near the coast, the Santa Monica freeway and State Highway 1 - Pacific Coast Highway (PCH) merge, serving the city as a four-lane roadway. The Santa Monica Freeway carries about 143,000 vehicles per day (Source: Cal-

## CIRCULATION AND INFRASTRUCTURE ELEMENT

trans, 1990) at its junction with PCH. Santa Monica Freeway is a designated route within the Congestion Management Program for Los Angeles County's roadway system.

- **Ventura Freeway (US 101)** is an eight-lane east-west freeway north of the City of Malibu. It provides access to Ventura County to the west and San Fernando Valley and the Los Angeles metropolitan area to the east. Interchanges at Topanga Canyon Boulevard, Las Virgenes Road (Malibu Canyon Road) and Kanan Road provide access to and from the City of Malibu. The Ventura Freeway carries approximately 187,000 and 149,000 vehicles per day (Source: Caltrans, 1990) at its junctions with Topanga Canyon Boulevard and Las Virgenes Road, respectively.
- **Pacific Coast Highway (PCH) (State Route 1)** is a four-lane state highway traversing the city from east to west along the Pacific Coast. The right-of-way includes an intermittent center turning lane. Within the city, PCH is about 25 miles long with a posted speed limit between 45 and 55 miles per hour. PCH is the only major arterial within the city. It serves mostly commuters during the weekday peak hours. In the summer months, it serves as an access route to the beaches along the coast. Peak periods for visitor traffic are on weekends and coincidental with the weekday afternoon commuter peak period. PCH has an average daily traffic level varying between 18,000 vehicles per day at its junction with Decker Canyon Road and 52,000 vehicles per day (Source: Caltrans, 1990) at its junction with Cross Creek Road. PCH carries approximately 47,000 vehicles per day (Source: Caltrans, 1990) at its junction with Las Flores Canyon Road. PCH also carries approximately 56,000 vehicles per day (Source: Caltrans, 1990) at its junction with Topanga Canyon Road. In the peak months, PCH carries approximately 57,000 vehicles per day in the vicinity of Cross Creek Road (Source: Caltrans, 1990). Left-turn lanes are provided at major intersections, and an intermittent center lane serves as a turn lane for developments along the highway. PCH is a designated bicycle route. Trucks over three axles are not permitted on PCH except for local delivery. PCH is a designated route within the Congestion Management Plan for Los Angeles County's roadway system.
- **Topanga Canyon Road (State Route 27)** is a two-lane roadway just outside the eastern city border. Topanga Canyon Road starts at PCH and extends north to the San Fernando Valley, thus providing regional access to a predominantly residential neighborhood just outside the City of Malibu. It interchanges with the Ventura Freeway (Hwy 101), and further north with Highway 118. At Pacific Coast Highway, Topanga Canyon Road is signalized and left-turn lanes are provided. Near PCH, Topanga has an average daily traffic (ADT) of about 14,000 vehicles (Source: Caltrans, 1990). North of Malibu, in the Woodland Hills area, Topanga becomes a four-lane arterial carrying about 30,000 vehicles per day (Source: Caltrans, 1990) near the Ventura Freeway. The posted speed limit is 35 mph. Topanga Canyon Road is a designated route within the Congestion Management Plan for the Los Angeles County roadway system.
- **Malibu Canyon Road (County Highway N1)** is a north-south arterial that extends from PCH to Highway 101 across the Santa Monica Mountains. Malibu Canyon Road has generally one lane in each direction. It is a four-lane roadway between PCH and Civic Center Way. It provides access to Pepperdine University, Malibu Creek State Park located just north of the City, and to Hughes Research Center, just inside the City Limits. At its intersections with Pacific Coast Highway and Civic Center Way, Malibu Canyon Road is signalized. Near Mulholland Highway, Malibu Canyon becomes Las Virgenes Road, which interchanges with the Ventura Freeway. It provides regional access to communities south of the Ventura Freeway including Soka University. It is estimated that Malibu Canyon Road carries about 9,400 vehicles per day near PCH (Source: Los Angeles County Public Works, 1991) on a typical weekday. Also, Malibu Canyon Road is estimated to carry 19,600 vehicles per day north of Civic Cen-

ter Way (Source: Los Angeles County Public Works, 1991). Malibu Canyon Road serves both local and through trips. Through trips are those trips which have both origin and destination outside the City of Malibu. A significant portion of through trips access western portions of Los Angeles County outside Malibu from the areas around the Highway 101 corridor through the various canyon roads like Malibu Canyon Road. This is also referred to as Z-traffic. Further, a significant number of Z-trips access PCH from Malibu Canyon Road via Civic Center Way, thence Webb Way.

- Corral Canyon Road** is a two-lane north-south arterial connecting the Santa Monica Mountains National Recreation Area, located north of the city, with Dan Blocker State Beach and Solstice Canyon Park. Further north, Corral Canyon Road provides access to Malibu Creek State Park, where it ends. Corral Canyon Road carries approximately 120 vehicles during the A.M. Peak Hour (Source: Los Angeles County Public Works, 1991).
- Latigo Canyon Road** is a two-lane roadway oriented in the southeast/northwest direction. It begins at Pacific Coast Highway and goes northwest across the Santa Monica Mountains, meeting Kanan Dume Road near the intersection at Mulholland Highway. This roadway serves mostly residents of Latigo Canyon. The posted speed limit varies from 10 to 20 miles per hour. It is estimated that Latigo Canyon Road carries about an average daily traffic volume of approximately 1,000 vehicles per day north of Pacific Coast Highway, and about 300 vehicles per day near Kanan Dume Road (Source: Los Angeles County Public Works, 1991).
- Kanan Dume Road (County Highway N9)** is a four-lane highway extending from PCH in the south to Ventura Freeway in the north. It provides on/off ramps to the Ventura Freeway. It also provides regional access across the Santa Monica Mountains into the Malibu area. Kanan Dume Road connects Agoura with Malibu. It provides access to the beach. It becomes Kanan Road in the Seminole Springs area north of Mulholland Highway. Within the City limits, Kanan Dume Road is a City road and not a County road. In the vicinity of PCH, Kanan Dume Road has four travel lanes. The intersection of Kanan Dume Road and PCH is signalized, and left-turn lanes are provided. A runaway vehicle escape median (Truck Arrestor) is provided on Kanan Dume Road at PCH. Vehicles of weight 8,000 lbs. or over two axles are not allowed on Kanan Dume Road. Kanan Dume Road carries approximately 500 vehicles north of PCH during the A.M. Peak Hour (Source: City of Malibu, Traffic Counts 1992). Kanan Dume Road serves both local and through trips ("Z-traffic"). South of Latigo Canyon Road, Kanan Dume Road carries an average daily traffic volume of approximately 5,400 vehicles per day (Source: Los Angeles County Public Works, 1991).
- Decker Road (State Route 23)** is a two-lane winding undivided roadway extending from Pacific Coast Highway to Mulholland Highway just north of the city limit. Decker Road merges with Mulholland Highway just north of its intersection with Lechusa Road. At Pacific Coast Highway, Decker Road is stop-controlled, and has an ADT of approximately 1,200 vehicles (Source: Caltrans, 1990). Decker Road is a designated scenic route. It is also a designated route within the Congestion Management Plan for Los Angeles County's roadway system.
- Encinal Canyon Road** is a north-south, two-lane roadway providing a connection between PCH and Mulholland Highway. Near Decker Road, Encinal meets Lechusa Road, which meets Decker Road, and continues east to Saddle Rock where it merges with Mulholland Highway. Encinal Canyon Road is stop-controlled at PCH. It is estimated from counts that Encinal Canyon Road carries about 1,200 vehicles per day near PCH (Source: Los Angeles County Public Works, 1991).

## CIRCULATION AND INFRASTRUCTURE ELEMENT

- **Mulholland Highway** is a two-lane arterial which extends southeast from PCH to Topanga Canyon Boulevard. Mulholland Highway starts as a north-south route just west of the city limit, then merges with Decker Road and Encinal Canyon Road further east, and continues east to Calabasas Highlands. At PCH, Mulholland Highway is stop-controlled. It connects major areas of state and local parks. Mulholland Highway is a designated scenic route.
- **Cross Creek Road** is a two-lane roadway connecting various developments in the Malibu Civic Center area to Malibu Canyon Road via Civic Center Way and to Pacific Coast Highway. The Cross Creek Road intersection with PCH is signalized. Cross Creek Road is a public roadway for a two block length serving commercial developments by PCH and a private road serving the residential area of Sierra Retreat. In the vicinity of PCH, Cross Creek Road is estimated to carry 9,300 vehicles per day (Source: Los Angeles County Public Works, 1991).
- **Las Flores Canyon Road** is a winding, two-lane roadway that intersects PCH in Malibu and Rambla Pacifica north of the city limits. The Rambla Pacifica and Las Flores Canyon Road intersections with PCH are both signalized, and operate with a single signal controller. North of PCH, Las Flores Canyon Road carries approximately 3,000 vehicles per day (Source: Los Angeles County Public Works, 1991). At this time, Las Flores Canyon also carries traffic from Rambla Pacifica neighborhood since Rambla Pacifica was closed due to slide activity.
- **Civic Center Way** is an east-west two-lane undivided roadway that connects Malibu Canyon Road and Cross Creek Road. It serves Malibu Civic Center traffic as well as Z-traffic traveling to and from Malibu Canyon Road to PCH. It intersects with Malibu Canyon Road at a signalized intersection. It extends further to the east through Stuart Ranch Road/Webb Way to Cross Creek Road. The posted speed limit is 40 mph except for a short segment from Vista Pacifica Street to Malibu Canyon Road where the speed limit is 25 mph in the school zone only.
- **Trancas Canyon Road** is a winding, two-lane undivided, mountainous roadway that extends north from Pacific Coast Highway to Santa Monica Mountains National Recreational Area. It intersects with PCH at a signalized intersection. It serves a primarily residential area.

### 4.2.2 Level of Service

The concept of level of service (LOS) is normally used to describe the ability of a roadway to accommodate prevailing traffic volumes at the critical intersections based on the physical characteristics of the roadway. LOS ranges from “A” (which represents uncongested free-flow conditions) to “F” (representing total breakdown with stop-and-go operation). LOS definitions are presented in more detail in Table 4-1. Caltrans has established that State Highways intersections have reached capacity when their LOS declines to E and that an acceptable operation on Pacific Coast Highway is LOS D. Pacific Coast Highway in Malibu has been defined by Caltrans to be in an urbanized area. Table 4-1 describes the relationship between operating characteristics and the volume-to-capacity (V/C) ratios for the various Levels of Service as defined in the Congestion Management Program for Los Angeles County, Final Draft, September 1992. These definitions are related to how well intersections function. The Institute of Transportation Engineers (ITE) offers additional definitions for Level-of-Service in its literature. The ITE definitions describe roadway segment function, a standard used in many other states.

Traffic counts comprising typical weekday A.M. and P.M. Peak Hour counts were compiled at all the major intersections along Pacific Coast Highway within the City of Malibu. The data was primarily compiled from the California Department of Transportation (Caltrans) and previous studies by Barton-Aschman Associates,

Inc. This information was supplemented by traffic count data collected by Wiltec and Willdan Associates. In addition, a field reconnaissance on Pacific Coast Highway was conducted. The intersection data compiled from the above sources was updated to 1992 base year conditions by applying the regionally accepted ambient growth rate wherever necessary.

The various intersections analyzed in this study include the following:

- Pacific Coast Highway at Topanga Canyon Road
- Pacific Coast Highway at Las Flores Canyon Road/Rambla Pacifica
- Pacific Coast Highway at Malibu Canyon Road
- Pacific Coast Highway at Corral Canyon Road
- Pacific Coast Highway at Latigo Canyon Road
- Pacific Coast Highway at Zumirez Drive
- Pacific Coast Highway at Kanan Dume Road
- Pacific Coast Highway at Encinal Canyon Road
- Pacific Coast Highway at Decker Road
- Pacific Coast Highway at Mulholland Drive

The intersections of PCH with Mulholland Highway and Topanga Canyon Boulevard are located outside the City limits. For the purposes of this study, both signalized and unsignalized intersections were analyzed using the "Intersection Capacity Utilization" technique. The capacity values used for unsignalized intersections were lower than those used for signalized intersections.

Table 4-2 summarizes the existing levels of service at all the intersections listed above. The time periods analyzed are the A.M. and P.M. peak hours on a typical workday. In general, during the time periods analyzed all the intersections except one (PCH and Topanga Canyon) are operating at levels of service acceptable to Caltrans. The PCH intersection with Topanga Canyon is operating at level of service F in the A.M. peak hour and D in the P.M. peak hour. The PCH/Las Flores Road intersection is operating at level of service C in the A.M. peak hour and D in the P.M. peak hour.

Traffic conditions are expected to worsen in the future with or without buildout. However, the City is limited in what it can do to address the problem. Many of the roadways within Malibu are under the jurisdiction of either the State or the County. As regional growth increases, commuters will continue to utilize PCH as an alternative route to and from Los Angeles and visitors to beaches and regional parks in the City will increase; at the same time, the City does not expect the capacity of PCH to substantially increase. The City of Malibu considers itself as a rural rather than urban area and has adopted land use designations that will minimize traffic from resulting development in the City as much as possible but recognizes that the City will be forced to accept some of the expected regional traffic impacts because they are beyond the City's control. To the extent feasible and taking into account the other goals and policies of this Plan, the City will work to mitigate traffic impacts by cooperating with Caltrans and other surrounding jurisdictions, by ensuring adequate infrastructure for new development and by considering the adoption of a fee on proposed development to mitigate traffic impacts and fund necessary infrastructure improvements.

**Table 4-1**  
**INTERSECTION LEVEL-OF-SERVICE DEFINITIONS**

Level of Service	Volume to Capacity	Operating Conditions
<b>A</b>	0.00—0.60	At Level-of-Service A there are no cycles which are fully loaded, and full are even close to loaded. No approach phase is fully utilized by traffic and no vehicle waits longer than one red indication. Typically the approach appears quite open, turning movements are easily made, and nearly all drivers find freedom of operation.
<b>B</b>	0.60—0.70	Level-of-Service B represents stable operation. An occasional approach phase is fully utilized and a substantial number are approaching full use. Many drivers begin to feel somewhat restricted within platoons of vehicles.
<b>C</b>	0.70—0.80	In Level-of-Service C station operation continues. Full signal cycle loading is still intermittent, but more frequent. Occasionally drivers may have to wait through more than one red signal indication, and back-ups may develop behind turning vehicles.
<b>D</b>	0.80—0.90	Level-of-Service D encompasses a zone of increasing restriction approaching instability. Delays to approaching vehicles may be substantial during short peaks within the peak period, but enough CKX with lower demand occur to permit periodic clearance of developing queues, thus preventing excessive back-ups.
<b>E</b>	0.90—1.00	Level-of-Service E represents the most vehicles that any particular intersection approach can accommodate. At capacity ( $V/C = 1.00$ ) there may be long queues of vehicles waiting upstream of the intersection and delays may be great (up to several signal cycles).
<b>F</b>	>1.00	Level-of-Service F represents jammed conditions. Back-ups from locations downstream or on the cross street may restrict or prevent movement of vehicles out of the approach under consideration; hence, volumes carried are not predictable. $V/C$ values are highly variable, because full utilization of the approach may be prevented by outside conditions.

Source: Congestion Management Program for Los Angeles County, Final Draft, September 1992.

**Table 4-2**  
**EXISTING LEVELS-OF-SERVICE**

Intersection	A.M. Peak Hour		P.M. Peak Hour	
	V/C	LOS	V/C	LOS
PCH/Topanga Canyon Boulevard	1.18	F	0.82	D
PCH/Las Flores Canyon Road	0.74	C	0.81	D
PCH/Malibu Canyon Road	0.59	A	0.66	B
PCH/Corral Canyon Road	0.45	A	0.52	A
PCH/Latigo Canyon Road	0.50	A	0.49	A
PCH/Zumirez Drive	0.56	A	0.50	A
PCH/Kanan Dume Road	0.46	A	0.55	A
PCH/Encinal Canyon Road	0.31	A	0.44	A
PCH/Decker Road	0.30	A	0.35	A
PCH/Mulholland Highway	0.17	A	0.22	A

Source: Barton-Aschman Associates, 1992.



### 4.2.3 Scenic Highways

A primary component of many outdoor recreation activities is movement or travel. One of the most popular forms of outdoor recreation in southern California is driving for pleasure. The travel to and from recreational areas is considered a major part of the landscape system, both as a connecting element and as landscape. A scenic highway presents opportunities for visual stimulation from automobiles or tour buses. In the Malibu area, views from the roads are characterized by panoramic vistas of both steep canyon slopes covered with native vegetation and the Pacific Ocean. Although development along the coast has significantly reduced views of the ocean in some areas of Malibu, there is an opportunity for public investment to ensure the preservation of many existing views. Many roads in Malibu are considered scenic, but only the Pacific Coast Highway has been officially designated as an eligible scenic highway by the California Department of Transportation. Official designation of scenic highways is conducted by the State Scenic Highway Advisory Committee.

There are no specific regulations that define the visual characteristics which qualify a road as a scenic highway, but the following parameters are often employed:

- Visibility - The driver should be able to experience scenery without having to stop or significantly change the necessary angle and duration of vision required for safe driving.
- Landforms - This parameter includes the physical characteristics of the natural corridor, such as gently rolling hills or rugged cliffs, streams, geologic formations, and distant ridges.
- Vegetation - This parameter includes the type of vegetation within view, such as row crops, orchards, chaparral or woodlands.
- Structures - Buildings may be included in scenic corridors and may add to scenic quality.
- Panoramas - Scenic overlooks with panoramic views of urban, rural, or natural areas should be included when available.

The Scenic Highways Element of the Los Angeles County General Plan has identified 21 roads in the Malibu Coastal Zone as potential scenic highways. The scenic roads within the City of Malibu are:

- |                         |                          |
|-------------------------|--------------------------|
| • Pacific Coast Highway | • Tuna Canyon Road       |
| • Kanan Dume Road       | • Corral Canyon Road     |
| • Malibu Canyon         | • Latigo Canyon Road     |
| • Birdview Avenue       | • Cliffside Drive        |
| • Encinal Canyon Road   | • Saddle Peak Road       |
| • Decker Road           | • Rambla Pacifico Road   |
| • Cold Canyon Road      | • Las Flores Canyon Road |

Many of these scenic roads not only enhance the quality of the recreation experience, but also provide the kind of “open space system” that organizes and communicates the coherence and identity of the region.

### 4.2.4 Parking

On-street parking is allowed at various locations within the City of Malibu, either on one or both sides along PCH (see Figure 4-2). PCH serves as the major route of access to the various beaches and beach side facilities within the City of Malibu. Also, there are several surface parking lots on the beach side of PCH within Malibu. On-street parking on Pacific Coast Highway has exacerbated peak hour traffic congestion as people

## CIRCULATION AND INFRASTRUCTURE ELEMENT

look for spaces, and get in and out of their vehicles. This parking arrangement has encouraged jay walking creating hazards for pedestrian and driver alike. The Local Coastal Plan must include sufficient parking for visitors.

The approximate locations of on-street and off-street parking along PCH within the City of Malibu are shown in Figure CI-2. Except for a short segment of PCH just east of Big Rock Drive, on-street parking is allowed on either side of PCH from the eastern boundary of the City of Malibu to Corral Canyon Road. Parking is not allowed on either side of PCH between Busch Drive and Morning View Drive, and also in the vicinity of Trancas Canyon Road. Also, on-street parking is not allowed on the ocean side of PCH for a small segment just east of Encinal Canyon Road, and is restricted on the ocean side of PCH at Zuma Beach.

### **4.2.5 Public Transit Services**

The City of Malibu is currently served by the Los Angeles County Metropolitan Transportation Authority (MTA), which operates an intercity express bus route from Los Angeles to Trancas Canyon Road. Figure CI-3 shows the transit line #434. Para-transit services are also provided in the city. These services are operated by Babaeian Transportation under contract with the City.

### 4.3 Public Services

#### 4.3.1 Fire Protection

The Los Angeles County Fire Department provides fire protection service to the City of Malibu. Currently, four stations (Nos. 70, 71, 88 and 99) directly serve the City, but all Los Angeles County Fire Department resources are available to serve the City.

The adequacy of fire protection services is assessed according to standards of response distance from a fire station. The distance standards vary according to the type and intensity of residences (see Table 4-4). Table 4-4 summarizes the equipment and staff resources at each station. As shown, there are a total of seven engine companies which are staffed with firefighters in and near the City of Malibu during each shift.

In the event of a major fire, additional equipment is kept in reserve at most of the stations to be used by off-duty firefighters. The Ventura County Fire Department's staff indirectly provides fire protection services to the Santa Monica Mountains by protection and control of fires on adjacent lands. The United States Park Service also provides additional fire protection.

#### 4.3.2 Police Services

The City of Malibu is served by the Los Angeles County Sheriffs Department. The sheriff operates a station in the Lost Hills area north of the City; the County recently closed their station in the Civic Center. Police protection in the City is hampered by the length of the City and its relatively low density. The secluded orientations of many residential neighborhoods provide little or no opportunity for regular visual inspection from major arterial roadways. Average response time is within normal range because the Lost Hills station is fully staffed.

#### 4.3.3 Schools

The elementary schools and high school district in Malibu are served by the joint Santa Monica-Malibu Unified School District, an independent agency governed by a Board of Trustees. Enrollment has increased substantially since 1980. The classrooms in Malibu are nearing capacity due to population increases. There are two elementary schools in Malibu run by the Santa Monica-Malibu Unified School District: Cabrillo Elementary and Webster Elementary. Both schools are now experiencing increasing levels of enrollment. During the 1995 school year both schools experienced an increase of approximately 30 students. Some of this increase is from students who do not live in Malibu. The schools each accept students from other districts if their parents work or have some type of child care arrangements in Malibu. Existing and proposed student enrollment is listed in Tables 4-6 and 4-7. A third elementary school on Point Dume was closed in the 1980s due to lack of students and is now operated as a community center. This site is still owned by the school district.

CIRCULATION AND INFRASTRUCTURE ELEMENT

**Table 4-4  
FIRE STATIONS SERVING MALIBU**

Station Number	Equipment	Station Staff	Average Response Time*	Total Number of Fires, 1991
Station 67-Calabasas** 25801 Pyuma Road	1 Fire Engine 1 T 125 Ladder 1 Patrol (unstaffed)	1 Captain 1 FFS 1 FF	5 minutes	51
Station 69-S. Topanga** 401 S. Topanga Canyon	1 Fire Engine 2 Patrol (1 unstaffed) <i>Reserve:</i> 1 Engine	1 Captain 1 FFS 2 FF	5 minutes	NA
Station 70-Malibu 3970 Carbon Cyn. Road	1 Fire Engine 1 Patrol 1 BC Car 1 Utility Vehicle 1 USAR Trailer <i>Reserve:</i> 1 Engine 1 Water Tender 1 BC Car	1 Battalion Chief 1 Captain 1 FFS 2 FF	3 minutes	37
Station 71-Malibu 28722 W. PCH	1 Fire Engine 1 Paramedic 1 Patrol (unstaffed)	1 Captain 1 FFS 3 FF/PM	3 minutes	18
Station 72-Malibu** 1832 S. Decker Road	1 Fire Engine <i>Reserve:</i> 1 Patrol 1 Engine	1 Captain 1 FFS 1 FF	5 Minutes	37
Station 88-Malibu 23720 W. Malibu Road	1 Telesquirt 1 Paramedic	1 Captain 1 FFS 3 FF/PM	3 Minutes	40
Station 99-Malibu 32550 PCH	1 Fire Engine <i>Reserve:</i> 1 Engine 1 Patrol	1 Captain 1 FFS 1 FF	3 Minutes	11

- \* Response time varies due to the location of event. Time is longer for events in the canyons, and shorter for events along the coast.
- \*\* Not located within Malibu City Limits
- FF Firefighter
- FFS Firefighter specialist/engineer
- PM Paramedic
- NA Information not available

Source: Los Angeles County Fire Department, 1995

CIRCULATION AND INFRASTRUCTURE ELEMENT

**Table 4-5**  
**DESIRED FIRE RESPONSE DISTANCE FOR RESIDENTIAL DEVELOPMENTS**

Housing Type	Density	Response Distance
Single-Family Detached	< 1 unit/acre	5 miles
Mobile Homes	13.3 units/acre	3 miles
Multiple-Family	6.6 units/acre	1.5 miles

Source: Los Angeles County Fire Department, 1992

**Table 4-6**  
**CABRILLO ELEMENTARY SCHOOL STUDENT ENROLLMENT 1991—1995**

Grade Level	1994—95	1993—94	1992—93	1991—92
K	67	68	56	66
1	86	79	66	48
2	79	78	47	49
3	86	62	47	53
4	72	56	54	61
5	67	58	65	59
Total	457	401	335	336

Source: Santa Monica-Malibu Unified School District, 1995

**Table 4-7**  
**WEBSTER ELEMENTARY SCHOOL STUDENT ENROLLMENT 1991—1995**

Grade Level	1994—95	1993—94	1992—93	1991—92
K	65	77	57	58
1	81	87	59	71
2	88	72	71	59
3	70	74	59	46
4	72	63	46	57
5	57	46	51	57
Total	433	419	343	348

Source: Santa Monica-Malibu Unified School District, 1995

**Table 4-8**  
**MALIBU HIGH SCHOOL STUDENT ENROLLMENT 1991—1995**

Grade Level	1994—95	1993—94	1992—93	1991—92
6	125	139	111	98
7	148	151	100	111
8	146	114	113	103
9	124	123	82	NA
10	96	110	NA	NA
11	111	0	NA	NA
12	0	0	NA	NA
Total	750	637	406	312

NA = Not applicable. The school did not accept high school students.  
 Source: Santa Monica-Malibu Unified School District, 1995

### High School

Malibu High School is located at 30215 Morning View Drive, adjacent to Cabrillo Elementary and just northwest of Point Dume. The school currently serves grades 6 through 9 and will continue to add a grade for the next three years resulting in the service of grades 6 through 12 by the year 1995. The school site is approximately 25.9 acres with 20 of those acres donated for the Malibu Equestrian Center by the Malibu/Santa Monica Unified School District. An additional 22 acres declared as surplus has been given to the Santa Monica Mountains Conservancy for first right of refusal. Existing and proposed student enrollment is listed in Table 4-8.

#### 4.3.4 Hospitals

The City of Malibu uses Santa Monica Hospital as the base hospital for emergency care for residents in Malibu. Santa Monica Hospital is located at 1250 16th Street in the City of Santa Monica—a distance of between 4.5 and over 25 miles from Malibu, depending upon from where in Malibu the distance is measured. Travel to the hospital can take as much as 40 minutes at other than peak hours. Nearby hospitals used when Santa Monica Hospital emergency facilities are at full capacity are the University of California, Los Angeles (UCLA) Medical Center located at 10833 Le Conte Avenue in Los Angeles, and Westlake Hospital located at 4415 South Lakeview Canyon Road, Westlake Village. Helicopters are often used during peak periods to reduce travel times. The adequacy of hospital services is difficult to determine due to the different range of services offered.

#### 4.3.5 Libraries

The Malibu Library is a branch of the Los Angeles County library system and is located at 23519 Civic Center Way. It is the only library facility serving the City of Malibu. The Malibu Library provides adult and juvenile reference services and materials; audiovisual materials, including compact discs, VHS videocassettes and Listen for Pleasure audiocassettes; Reader's Advisory. The Malibu Library serves a population of 20,282 and 7,506 housing units in and around the City. The library is 16,530 square feet and holds over 64,000 books. The library maintains a cooperative lending relationship with County library in Los Angeles through the South State Cooperative Library System.

#### 4.3.6 Utilities

The Southern California Edison Company (SCE) provides electricity from three primary stations and three secondary stations. The Southern California Gas Company provides natural gas and General Telephone provides telephone service. Cable television is an information and entertainment source for residents of most areas of the City. Presently, Falcon Cable services the Malibu area.

Water is supplied to the City of Malibu by County Waterworks District No. 29 from the Metropolitan Water District of Southern California (MWD). The MWD obtains its water from the State Water Project and the Colorado River. Wholesalers of this water in the Malibu/Santa Monica Mountains area are the Las Virgenes Municipal Water District and the West Basin Municipal Water District. These wholesalers distribute to three retailers which include the Los Angeles County Waterworks District No. 29, Silvas Park Mutual Water Company, and Las Virgenes Metro Water District.

Many of the City's water mains and tanks have been identified by the City and by Waterworks District No. 29 as severely undersized. District No. 29 estimates it may cost \$100,000,000 to upgrade the City's water system to current minimum standards.

There are also a number of private wells that supply water within the City. However, the utilization of wells as a source of potable water has steadily declined since 1965, when water became available through the MWD. Although the amount of water supplied by these wells is now considered to be insignificant, they are sources of inexpensive water to agricultural and other interests located away from piped water service (Incorporation of Malibu EIR, 1989).

Municipal sewer service is available only up to the far eastern end of the City. There is no municipal sewer in Malibu. There are five small, package sewage treatment plants within the city: the Latigo Bay Shores, Point Dume, Trancas Canyon, Malibu Mesa and Maison de Ville. Hughes Research Lab operates their own facilities and Pepperdine University is served by the Malibu Mesa Plant. These plants are described in detail in the Philip Williams & Associates Ltd. and Peter Warshall and Associates report of March 1992 entitled "The Malibu Wastewater Management Study."

Most wastewater is treated on-site. Improperly maintained septic systems have caused alleged health and safety problems, but, with adequate area for leaching fields or regular disposal, can be safely operated in almost all areas of the City. The "Malibu Wastewater Management Study" recommends programs for ensuring that septic systems are properly engineered, installed and maintained. Details of the hazards associated with the systems are described in the Background Report to the Safety Element.

Solid waste disposal in Malibu is presently handled by four private hauling companies, one of which is under contract to service the Los Angeles County/Malibu Garbage Disposal District. All four haulers deliver solid waste to the Calabasas Landfill. The Calabasas Landfill is owned and operated by the Los Angeles County Sanitation District and services Malibu as one of many regional sources. The landfill is presently scheduled for closure in 2015 and as of 1990, has a remaining capacity of 12 million tons of waste yielding a projection that the landfill will accommodate an average 500,000 tons of waste each year during that period. Malibu contributes less than 10% of that amount. Based on the 1992 Preliminary Draft Source Reduction and Recycling Element for the City of Malibu, there were 38,750 tons of waste disposed from Malibu residents and businesses in 1991.

#### 4.4 Goals, Objectives, Policies and Implementation Measures

##### 4.4.1 C GOAL 1: SAFE, ENVIRONMENTALLY SENSITIVE AND EFFICIENT TRANSPORTATION FOR THE CITY

**C OBJECTIVE 1.1:** SAFE, EFFICIENT AND CONVENIENT TRAFFIC SYSTEM WITH A MINIMUM OF IMPACT OR COST.

**C Policy 1.1.1:** Where level of service at signalized intersections and roadways is below LOS C, the City shall ensure that proposed development maintains the then current LOS. Where LOS at signalized intersections and roadways is at LOS C or above, the City shall ensure that proposed development (1) does not cause a degradation of LOS greater than or equal to two percent in the circumstances set forth in Land Use Implementation Measure 70 and (2) does not degrade LOS below LOS C.

**C Policy 1.1.2:** The City shall utilize sound traffic engineering and enforcement principles to safely regulate traffic and improve traffic flow.

**C Policy 1.1.3:** The City shall improve traffic flow through procedural improvements.

**C Policy 1.1.4:** The City shall reduce peak time traffic.

*To implement this policy the City shall:*

**C Implementation Measure 1:** Implement the provisions of the Los Angeles County Congestion Management Program by requiring development projects to analyze and provide appropriate mitigation for traffic impacts on regional circulation facilities.

**C Implementation Measure 2:** Utilize appropriate operational and physical improvements such as metering, signal synchronization, pedestrian overpasses, re-signalization, provision of acceleration/deceleration lanes, and improvement of existing and creation of new left turn lanes.

**C Implementation Measure 3:** Cooperate with Caltrans, the Counties of Los Angeles and Ventura, the City of Los Angeles, and neighboring cities along the Ventura Freeway to improve the flow of traffic in surrounding areas which impact Malibu traffic.

**C Implementation Measure 4:** Ensure that proposed development mitigate traffic impacts by building or financing infrastructure improvements necessary to serve the development and by considering adoption of a traffic impact fee.

**C Implementation Measure 5:** Undertake a study of 1996 traffic conditions in the City, including peak hour and summer traffic. The study shall include an analysis of future infrastructure capacity. The results of the study shall be presented to the City Council in Fall 1996.

**C Implementation Measure 6:** Promote cooperation between the City, County, Sheriff and Caltrans to limit and restrict hours of closure of PCH, Malibu Canyon Road and Kanan Dume Road lanes during repairs, construction, filming, and other activities.

**C Implementation Measure 7:** Work with the fire and sheriff to minimize road closures due to accidents and disasters and to facilitate traffic flow on these occasions.



## CIRCULATION AND INFRASTRUCTURE ELEMENT

**C Implementation Measure 8:** Adopt Transportation System Management and Transportation Demand Management programs.

**C Implementation Measure 9:** Work with Caltrans to reconfigure the two-way left-turn median lane on PCH to maximize safe accessibility to structures immediately adjacent to the highway and to retain continuous emergency vehicle passage.

**C Implementation Measure 10:** Work with Caltrans to maintain ban trucks over three axles on PCH except for local deliveries.

**C Implementation Measure 11:** Work with Caltrans to ban trucks over 8,000 pounds on Kanan Dume Road except for local deliveries.

**C Implementation Measure 12:** Strictly enforce speed limits on highways and roads within the City.

**C Implementation Measure 13:** Configure parking in residential areas on the inland side of PCH near beach areas to avoid pedestrians crossing PCH.

**C Implementation Measure 14:** Consolidate curb cuts on PCH to achieve no more than one per 200 feet, wherever feasible.

**C Implementation Measure 15:** Facilitate the ability of residents to work at home workplace alternatives such as telecommuting centers.

**C Implementation Measure 16:** Seek legislation to give the City a voice in management and operation of State highways within the city.

**C OBJECTIVE 1.2:** AN EFFECTIVE TRANSPORTATION SYSTEM THAT IS MULTI-MODAL.

**C Policy 1.2.1:** The City shall promote a balanced and integrated transportation system and reduce dependence on the automobile.

**C Policy 1.2.2:** The City shall encourage the use of alternative modes of transportation.

**C Policy 1.2.3:** The City shall develop year-round local and regional public transportation.

**C Policy 1.2.4:** The City shall develop bikeways, pedestrian walkways, and equestrian paths in areas that can safely accommodate them.

*To implement these policies the City shall:*

**C Implementation Measure 17:** Monitor transportation planning in the area bounded by PCH and the 101, 405 and 10 Freeways.

**C Implementation Measure 18:** Seek public and private funds for programs that promote multi-modal transportation.

**C Implementation Measure 19:** Collaborate with the Los Angeles County Metropolitan Transportation Authority (MTA) to provide more efficient and convenient bus service to the area and connections to other MTA service.

## CIRCULATION AND INFRASTRUCTURE ELEMENT

**C Implementation Measure 20:** Promote a pilot program with MTA utilizing low emissions fuel in vehicles.

**C Implementation Measure 21:** Develop a convenient and efficient transport system for the elderly and disabled.

**C Implementation Measure 22:** Consider the use of Proposition “A” funds to subsidize mass-transit and paratransit services for the elderly, disabled and youth.

**C Implementation Measure 23:** Require commercial development to adequately accommodate pedestrian and bike traffic.

**C Implementation Measure 24:** Implement a bikeway and pedestrian walkway plan designed to improve visitor and resident circulation.

**C OBJECTIVE 1.3:** ADEQUATE OFF-STREET PARKING.

**C Policy 1.3.1:** The City shall require sufficient off-street parking.

**C Policy 1.3.2:** The City shall develop alternate parking opportunities for recreational uses to minimize disruption of residential neighborhoods, and to reduce air pollution.

*To implement these policies the City shall:*

**C Implementation Measure 25:** Require proposed development to provide adequate off-street parking including shared beach parking if appropriate.

**C Implementation Measure 26:** Cooperate with other governmental agencies to provide satellite park and ride facilities for cross-mountain and PCH bus transport to and from Malibu for commuters and recreational users.

**C Implementation Measure 27:** Reduce congestion on PCH by cooperating with and encouraging other governmental agencies to expand parking opportunities to serve presently under-utilized beaches in areas surrounding Malibu.

**C Implementation Measure 28:** Encourage provision of low-emission vehicles to provide shuttle service from parking areas to recreational areas.

**C Implementation Measure 29:** Permit preferential parking for non-polluting alternate fuel vehicles.

**4.4.2 C GOAL 2:** ENVIRONMENTALLY SENSITIVE, COST EFFECTIVE AND SAFE SERVICE INFRASTRUCTURE

**C OBJECTIVE 2.1:** CONTAMINATION AND POLLUTION FROM WASTE DISPOSAL REDUCED TO THE MAXIMUM EXTENT PRACTICAL BY THE YEAR 2000.

**C Policy 2.1.1:** The City shall reduce the consumption of nonrenewable resources.

**C Policy 2.1.2:** The City shall protect the quality of surface and groundwater.

**C Policy 2.1.3:** The City shall minimize ecological damage and public health hazards from waste disposal.

**C Policy 2.1.4:** The City shall encourage utilization of innovative alternative methods of wastewater treatment.

**C Policy 2.1.5:** The City shall protect residents from the hazards associated with increases in the ground water table provided with their surrounding neighborhoods or public schools that are physically and functionally

*To implement these policies the City shall:*

**C Implementation Measure 30:** Revise building and plumbing codes as necessary to incorporate innovative methods of protecting groundwater and disposing of solid waste and wastewater.

**C Implementation Measure 31:** Adopt standards and programs to encourage on-site wastewater recycling, including methods of greywater treatment and disposal.

**C Implementation Measure 32:** Develop standards and programs to encourage the use of efficiency in water-using appliances and fixtures.

**C Implementation Measure 33:** Require all new construction and renovation projects to incorporate water conservation measures as Water District 29 and the Los Angeles County Public Works Department require.

**C Implementation Measure 34:** Require all sewage and wastewater created on property to be processed on-site or by a public agency.

**C Implementation Measure 35:** Distribute information about the proper operation and maintenance of on-site disposal systems.

**C Objective 3.1:** The City shall ensure that all public schools are physically and functionally integrated with their surrounding neighborhoods by the year 2000.

**C Policy 2.1.5:** The City shall protect residents from the hazards associated with increases in the ground water table provided with their surrounding neighborhoods or public schools that are physically and functionally integrated with their surrounding neighborhoods or service areas.

*To implement these policies the City shall:*

**C Implementation Measure 32:** Distribute information about the proper operation and maintenance of on-site disposal systems.

**C Implementation Measure 33:** Require all new construction and renovation projects to incorporate water conservation measures as Water District 29 and the Los Angeles County Public Works Department require.

**C Implementation Measure 34:** Require all sewage and wastewater created on property to be processed on-site or by a public agency.

**C Implementation Measure 35:** Distribute information about the proper operation and maintenance of on-site disposal systems.

**4.4.3 C GOAL 3: SCHOOLS AND EDUCATIONAL FACILITIES TO SERVE THE EDUCATIONAL NEEDS AND TO ENSURE THE CULTURAL QUALITY OF THE CITY**

**C OBJECTIVE 3.1: PUBLIC SCHOOLS THAT ARE PHYSICALLY AND FUNCTIONALLY INTEGRATED WITH THEIR SURROUNDING NEIGHBORHOODS OR SERVICE AREAS.**

CIRCULATION AND INFRASTRUCTURE ELEMENT

**C Policy 3.1.1:** The City shall encourage location of future school sites which are physically and functionally integrated with their surrounding neighborhoods and community.

**C Policy 3.1.2:** The City shall coordinate with the Santa Monica-Malibu Unified School District to share facilities and programs.

*To implement this policy the City shall:*

**C Implementation Measure 39:** Cooperate with the school and community college districts, to the extent feasible, to secure adequate funding of new school facilities.

**C Implementation Measure 40:** Work with the school and community college districts to coordinate school facility planning and site acquisition.

**C Implementation Measure 41:** Initiate cooperative agreements with SM/MUSD to share facilities and implement educational and recreational programs.

**4.4.4 C GOAL 4: SCENIC ROADS AND ROADWAYS**

**C OBJECTIVE 4.1:** A SYSTEM OF SCENIC ROUTES WITHIN THE CITY.

**C Policy 4.1.1:** The City shall develop a system of landscaped scenic routes utilizing indigenous and native landscaping.

*To implement this policy the City shall:*

**C Implementation Measure 42:** Apply for State scenic highway status for roadways in Malibu.

**C Implementation Measure 43:** Prepare a master plan of street trees and landscaping.

**C Implementation Measure 44:** Work with the Chamber of Commerce and local business on a plan for the beautification of businesses and parking lots.

**C Implementation Measure 45:** Work with Caltrans, the California Coastal Commission, County Beaches and Harbors and other agencies to ensure that new roadway furniture (such as bus benches and trash receptacles) harmonize with the natural rural environment.

**C Implementation Measure 46:** Prohibit off-site advertising signs.

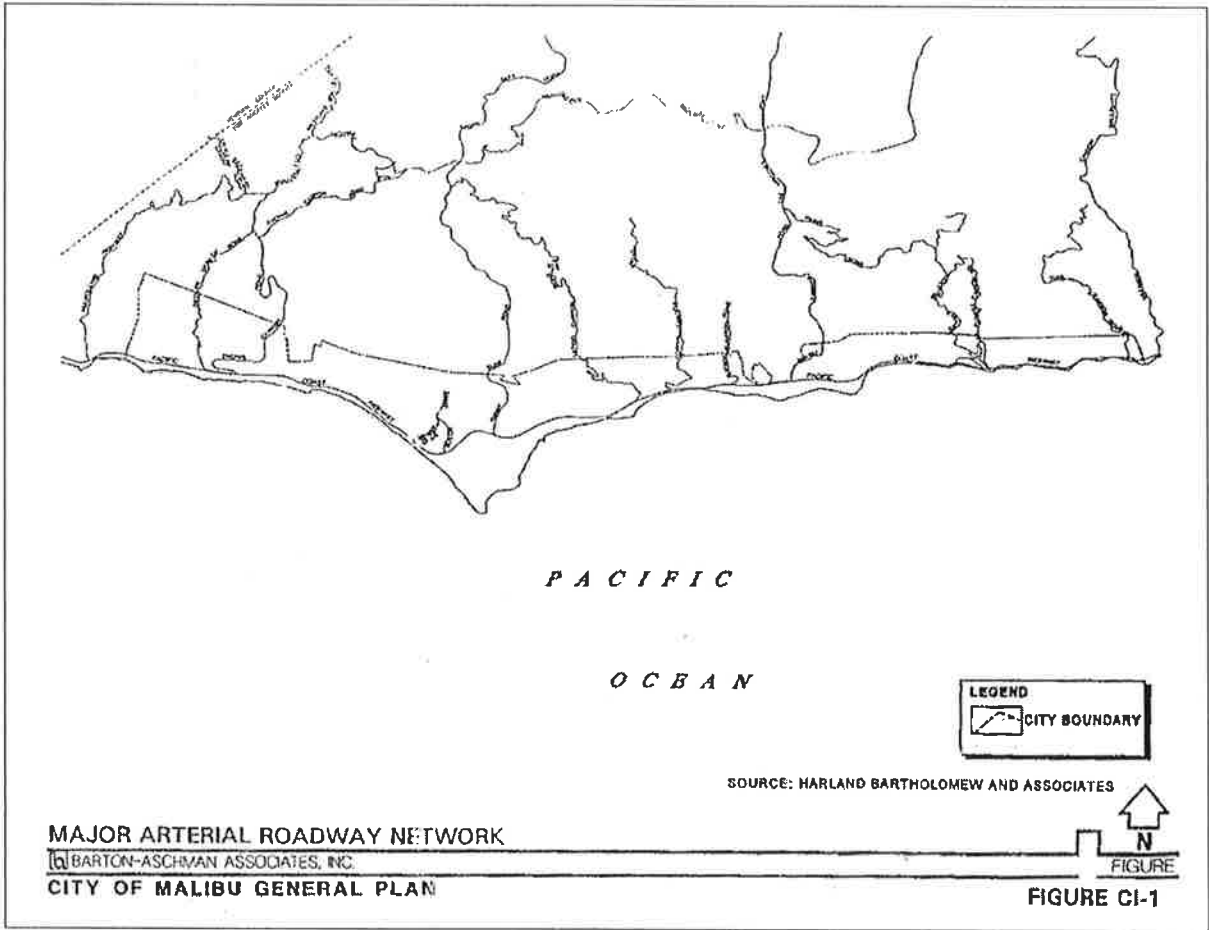
**C Implementation Measure 47:** Provide adequate signs to identify scenic corridors, viewpoints and public amenities.

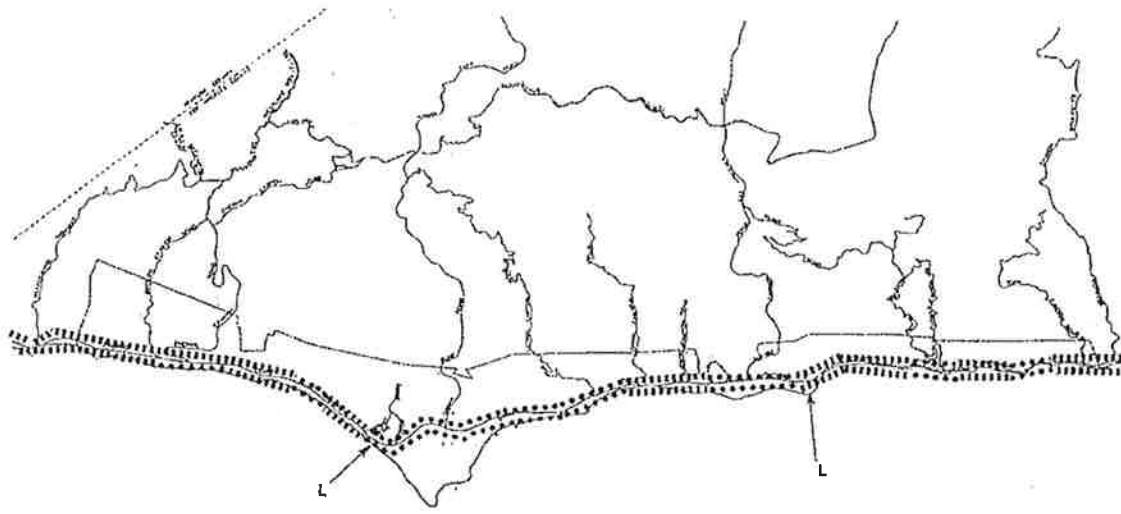
#### **4.5 Appendix—Circulation and Infrastructure Element Maps**

**Figure CI-1: Major Arterial Roadway Network**

**Figure CI-2: Approximate Locations of Parking Along Pacific Coast Highway**

**Figure CI-3: SCRTD Bus Route**





**Legend**

- L : Parking Lot
- : No Parking
- - - - : Parking Allowed
- - - - : City Boundary

PACIFIC

OCEAN

**APPROXIMATE LOCATIONS OF PARKING ALONG PACIFIC COAST HIGHWAY**

BARTON-ASCHMAN ASSOCIATES, INC.

CITY OF MALIBU GENERAL PLAN



FIGURE

FIGUR J-2

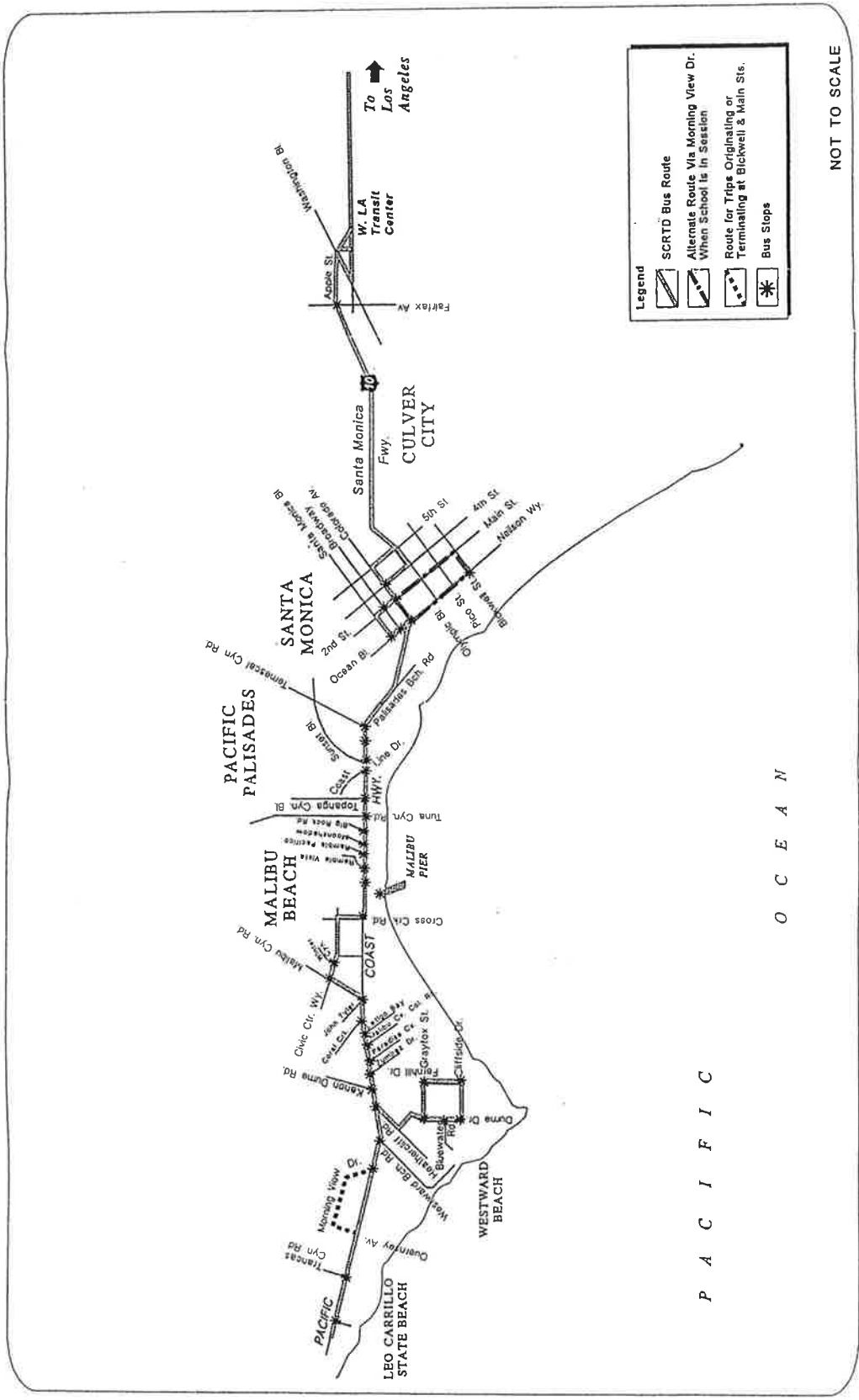


FIGURE CI-3  
CITY OF MALIBU GENERAL PLAN

SCRTD BUS ROUTE  
 ©BARTON-ASCHMAN ASSOCIATES, INC.



**CHAPTER 5.0 SAFETY AND HEALTH ELEMENT**

- 5.1 Introduction**
  - 5.1.1 Legislative Authorization**
  - 5.1.2 Purpose and Scope**
  
- 5.2 Existing Conditions**
  - 5.2.0 Purpose**
  - 5.2.1 Geology and Topography**
  - 5.2.2 Geologic Hazards**
  - 5.2.3 Climate**
  - 5.2.4 Crime**
  - 5.2.5 Fire Hazards**
  
- 5.3 Goals, Objectives, Policies and Implementation Measures**
  - 5.3.1 S GOAL 1**
  - 5.3.2 S GOAL 2**
  - 5.3.3 S GOAL 3**
  
- 5.4 Appendix—Safety Element Maps and Figures**

## 5.1 Introduction

### 5.1.1 Legislative Authorization

California Code Section 65302(1) requires each local government to prepare and adopt a Safety Element as a component of their General Plan. This involves identifying and mapping natural hazards and the administration of zoning and subdivision regulations that account for the safety hazards. Avoiding loss of life and property can be achieved if the problem areas of a community are recognized early and if the planning and approval process undertake an orderly means of mitigating potential hazards.

California Government Code Section 65302(g) recognizes that many actions that reduce risk from such hazards as fire, storms, flooding, and landsliding also may result in the reduction of risks from earthquakes. In accordance with the statutory requirements of the code, the Safety Element must assess threats to public health and safety from, but not limited to, the following:

- Seismic hazards: ground shaking, surface rupture, and ground failure;
- Geologic hazards: slope instability, landsliding, and unstable ground;
- Flood and inundation hazards: tsunami, seiche, dam failure, and storm induced flooding;
- Wildland and urban fire hazard; and
- Other safety issues as desired by the community, or suggested in the General Plan Guidelines, including the threat of hazardous materials releases, potentially hazardous buildings, protection of critical facilities, and emergency response issues.

### 5.1.2 Purpose and Scope

Much of the City of Malibu remains undeveloped as a result of constraints posed by the natural environment. Early identification of these hazards can minimize the level of public exposure. With regard to faulting and seismicity, primary hazards include surface fault rupture and ground shaking, while secondary seismic hazards include tsunamis, seiche, liquefaction, lateral spreading and seismically-induced subsidence and landslide movement. Slope instability, including landslides, mud and debris flows, and soil creep, have a common occurrence in hillside areas. Expansive soils, compressible or collapsible soils, high groundwater and shoreline regression are additional geologic/geotechnical hazards which occur throughout the City. Each of these geologic/geotechnical and safety hazards is a constant threat to the property and health of residents in Malibu within and surrounding the areas where they exist.

The purpose of the Safety Element is to create a cohesive guide consisting of specific policy-oriented implementation measures. The policies and implementation measures contained in this element will provide direction and a course of possible future action for the various City departments. To achieve its purpose, the City of Malibu General Plan accounts for hazardous issues. The intention is to reduce the potential for loss of life, injuries, damage to property, and social and economic dislocation resulting from major hazards throughout the community. A detailed analysis of the physical characteristics of Malibu and a list of the source documents used in the analysis may be found in the Safety Element Background Report.

## 5.2 Existing Conditions

### 5.2.0 Purpose

The following information summarizes background data and analysis prepared as part of the preparation of this General Plan and Safety Element. A full and complete copy of the background studies is available for public review in the City's Planning Department offices.

### 5.2.1 Geology and Topography

The City of Malibu is located within the Santa Monica Mountains which are a rugged and rugged hillsides and valleys and canyons draining into the Pacific Ocean. Elevations within the City range from sea level to approximately 1,700 feet above sea level. Most of the developed areas and the rocks lie below 100 feet with the exception of the Point Dume and Malibu Park areas which have an elevation of 500 feet. The hillsides and coastal mesas such as Big Rock and Las Flores have elevations ranging from 300 to 400 feet above sea level.

The City is in an area of the California coast that encompasses extremely complex geology that has resulted from the geologic uplift that formed the Santa Monica Mountains. The City is located within the northwestern corner of the Los Angeles basin, which lies at the boundary or structural provinces of southern California: the Peninsular Ranges province, consisting primarily of a northwest-oriented structural grain, and the Transverse Ranges structural province, which features a predominantly east-west-oriented structural grain.

The Los Angeles structural basin originated roughly 16 million years ago (Mya) in the Cenozoic geologic epoch, but the Los Angeles basin area in general has been a site of continuous sedimentary deposition for at least the past 80 million years, or since the Late Cretaceous. The Miocene sedimentary rocks underlying the Santa Monica Mountains in the Malibu area are generally highly folded and complexly faulted, making their stratigraphic interpretation very difficult for geologists (Verkes and Campbell, 1979).

The geologic formations that are present in the Malibu area (see Appendix A) include the following geologic rock types that include, in alphabetical order:

- Alluvium (creek beds)
- Beach and sand dune deposits
- Cemented sandstones
- Cherts
- Claystones
- Conglomerates
- Colluvium (foothill areas)
- Debris flow deposits
- Diatomaceous beds
- Mixed-rock terrace deposits
- Mudstones
- Sandstones

The common geologic formation names in the Malibu area would include the following:

- Calabazas Formation
- Conejo Volcanics
- Coal Canyon Formation
- Llajas Formation
- Modelo Formation
- Monterey Shale
- Sespe Formation
- Topanga Canyon Formation
- Trancas Formation
- Tuna Canyon Formation
- Vaqueros Formation
- Zunia Volcanics

## SAFETY AND HEALTH ELEMENT

Other geologic names used to describe the earth materials in the Malibu area which are geologically younger than the formations listed above would include:

- Artificial fill
- Coastal terrace deposits
- Debris trains
- Fan deposits
- Landslides and landslide deposits
- Stream terrace deposits
- Undifferentiated surficial deposits

The complexity of the interrelationship between all of the geologic rock types has resulted from the fault movements along the Malibu Coast fault and the myriad of subsidiary faults, mapped and as yet unmapped.

The local bedrock structure of the Santa Monica Mountains in the Malibu area north of the Malibu Coast fault zone can be modeled as an asymmetric, south-vergent, westward-plunging anticline, whose southern limb has been partially truncated by the Malibu Coast Fault Zone (Yerkes and Campbell, 1980; Dibblee, 1982). This structural style of broad anticlinal folding reflects a higher degree of mechanical competency, and propensity for brittle deformation, within the sandstone and siltstone bedrock sequence occurring north of the Malibu Coast Fault Zone; e.g., Tuna Canyon Formation, Sespe Formation, Vaqueros Formation, and Topanga Group.

South of the Malibu Coast Fault Zone, the ductile bedrock units, Trancas and Monterey Formations, contain a high percentage of shales, mudstones and diatomaceous rocks exhibiting complex folding and pervasive shearing. However, bedrock structure on both sides of the Malibu Coast Fault Zone exhibit overwhelming evidence for south-vergent compressive deformation, including north-dipping bedding parallel to axial plane shear surfaces, gently plunging fold axes trending east-west, small-scale shear and fault surfaces exhibiting top-to-the-south displacement in exploratory trenches and roadcuts, and the ubiquitous 45-to-80-degree northward dips of all fault splays within the Malibu Coast Fault Zone, including the Malibu Coast Fault proper (Yerkes and Wentworth, 1965; RSA Associates, 1989, 1990; Rzonca et al, 1991).

### 5.2.2 Geologic Hazards

**Faulting and Seismicity:** The recently published foreword from “California at Risk, Reducing Earthquake Hazards 1992-1996” explains the State viewpoint on the importance of recognizing seismic hazards with the following:

*It is government’s primary duty to assure public safety. No California jurisdiction would ignore a major toxic spill threat, a big fire hazard, or any other such “clear and present danger.” While the dangers posed by earthquakes are clear, many of the responsible government officials do not see them as clearly present and immediately threatening. Thus it is essential to emphasize the earthquake danger to public safety and economic stability. This ever-present hazard can be reduced and emergency response strengthened.*

The State of California has aggressively embarked on its goal to significantly improve earthquake safety by the year 2000. An agenda of initiatives has been established that will involve dozens of state agencies, local agencies, the private sector, and volunteer groups. The state program includes 42 initiatives in five categories:

1. Addressing the hazards associated with existing vulnerable facilities, including utility and transportation systems as well as buildings;

2. Improving the seismic resistance of new facilities;
3. Improving management of the emergency response and relief efforts;
4. Improving disaster recovery; and
5. Supporting research and public information and education.

The important initiatives that have resulted from the October 17, 1989, Loma Prieta earthquake in the San Francisco area are a clue to some of the important issues which could be important to Malibu as follows:

- **Initiative 1.1:** Establish seismic evaluation and retrofit building standards.
- **Initiative 1.3:** Improve safety of older public school buildings.
- **Initiative 1.8:** Improve safety of homes. Improper wall bracing and anchorage can lead to condemned buildings and the number of homeless following a major quake.
- **Initiative 1.9:** Improve safety of mobile homes.
- **Initiative 1.11:** Reduce work-place hazards. Furniture, equipment, and stock often are not secured, causing loss of function, hazards to employees, and significant damage.
- **Initiative 1.16:** Improve earthquake performance of transportation structures. A major effort is required to retrofit highway bridges.
- **Initiative 2.2:** Map geologic hazards.
- **Initiative 3.1:** Improve emergency communications systems.
- **Initiative 3.6:** Improve shelter planning. Urban earthquake victims require shelter services for a longer period than victims of other disasters.
- **Initiative 4.1:** Implement recovery guidelines.

In addition to the above, a review of the Initiatives in the "California at Risk, Reducing Earthquake Hazards 1992-1996" also outlines numerous other state initiatives which can serve as guidelines for the City of Malibu when picking its priorities. Summaries of these important initiatives have been reproduced in the Safety Element Background Report in Appendix B, Summary Of California Seismic Safety Commission Initiatives, 1992-1996. Actual State legislation which may affect Malibu is summarized in Appendix C, Legislation: The Last Five Years.

There are numerous faults surrounding and traversing the Malibu area, including the Malibu Coast Fault, the Santa Monica Fault, the Las Flores Reverse Fault, and the Anacapa Fault. These faults are not well defined as they are not generally visible on the surface. Maps provided in the Background Report to Safety Element of the General Plan delineate a 1,000-foot area on either side of all faults as areas which could be subject to seismic hazard; see also Figures S-2 and S-3.

The location, geometry, sense of displacement and magnitude of maximum credible earthquake (MCE) events along the following regional faults, each of which may generate strong ground shaking impacting the Malibu area, are described below. (The Maximum Credible Earthquake Event is the worst-case design earthquake magnitudes.) Historical and predicted maximum earthquake magnitudes are given as moment

## SAFETY AND HEALTH ELEMENT

rather than the historically more common Richter magnitude, since the former is generally accepted as a better estimate of the seismic energy released during an earthquake because it is calculated from the actual physical dimensions of a fault zone (Wesnousky, 1986; Joyner and Fumal, 1985).

### **San Andreas Fault**

Although it lies 81.5 miles east of the Malibu area, the southern segment of the San Andreas fault, running from Tejon Pass to Cajon Pass, is considered capable of generating a maximum 8.0 magnitude earthquake which could generate significant ground shaking in the City of Malibu. This design earthquake is supported by the historical record, including the great 1857 Fort Tejon earthquake, estimated at 7.9 magnitude, and the more recent 1992 Landers earthquake of magnitude 7.4. The San Andreas fault has strike-slip displacement, and a well-documented mean recurrence interval of approximately 130 years for great earthquakes. Recent data suggest that such large events may actually occur in temporal "clusters" separated by much larger time periods on the order of 300 to 400 years apart (Sieh, 1984; 1989).

### **Anacapa (Dume)-Santa Monica Fault Zone**

Originally recognized on the basis of bathymetric contours in Santa Monica Bay, the Anacapa or Dume fault is a near-vertical offshore escarpment exceeding 600 meters locally, with a total length exceeding 62 miles (Yerkes and Wentworth, 1965; Junger and Wagner, 1977). It occurs as close as 3.6 miles offshore south of Malibu at its western end, but trends northeast where it apparently merges with the offshore segment(s) of the Santa Monica Fault Zone, thus lying as close as two miles south of the Malibu Beach/Carbon Beach area. This fault is assumed responsible for generating the historic 1930 M5.2 Santa Monica earthquake, the 1973 M5.3 Point Mugu earthquake, and the 1979 and 1989 Malibu earthquakes, each of which possessed a magnitude of 5.0 (Ziony and Yerkes, 1985; Hauksson, 1990). Analyses of the first-motion seismic waves produced by these latter three earthquake events suggests that the faults which produced them were north-dipping structures, and that the earthquakes resulted from south-vergent compression of the crust (Stierman and Ellsworth, 1976; Hauksson and Saldivar, 1986; 1989). Such studies are termed "first-motion" or "focal mechanism" solutions for the earthquakes, and suggest that the Anacapa fault is a south-vergent thrust fault. Because the Anacapa fault appears to truncate the northwest-striking, strike-slip Palos Verdes Fault Zone of Peninsular Ranges affinity, the former fault is considered the present-day southern margin of the zone of thrust faults which punctuate the Transverse Ranges province.

### **The Santa Monica Fault**

The Santa Monica fault is interpreted as a 25 mile long zone with physiographic up-to-the-north scarp features along its trace which imply at least Late Quaternary displacement (Weber, 1980; Crook et al, 1983). The fault is truncated eastward by the Newport-Inglewood zone, implying that the latter behaves as a tear fault and possibly a segment boundary (Dolan and Sieh, 1992). Focal mechanism solutions of small-magnitude (micro seismicity) earthquakes at the eastern end of this fault suggest that it is active (Ziony and Yerkes, 1985) as a thrust fault with a minor component of left-lateral horizontal displacement; evidence for this left-lateral component can be seen in a series of en echelon left-stepping fault scarps (Dolan and Sieh, 1992). Hauksson (1990) considers the Anacapa/Santa Monica fault zone as the westernmost segment of the Elysian Park Fold and Thrust Belt, a buried or "blind thrust" fault zone forming the southernmost boundary of the Transverse Ranges, and which was responsible for the 1987

M5.9 Whittier Narrows earthquake (Hauksson and Jones, 1989). This fault has not yet been fully evaluated under the Division of Mines and Geology Fault Evaluation Program (FER), and thus does not currently possess Alquist Priolo classification as an active fault.

#### **Newport-Inglewood Structural Zone**

Located between 18 and 31 miles east of the City of Malibu, the Newport-Inglewood zone consists of a series of enechelon, northwest-striking right-lateral strike-slip fault segments and related fold structures defined physiographically by a series of low hills crossing the Los Angeles coastal plain. The northernmost of these, the Inglewood segment, intersects the Santa Monica fault zone in the Cheviot Hills area, which represents the complex structural boundary between the Peninsular Ranges and Transverse Ranges. The fault has a potential to generate moment magnitude of 7.0 (Ziony and Yerkes, 1985; Topozada et al, 1988). Total onshore length of the fault is 46.5 miles; all mapped surface deformation zones along the various segments of the fault have been granted Alquist-Priolo classification (Hart, 1990). The fault produced the 1920 magnitude 4.7 Inglewood earthquake and the great 1933 magnitude 6.2 Long Beach earthquake, and the 1989 magnitude 4.6 Newport Beach earthquake. This fault zone has more seismicity associated with it than any other Late Quaternary faults in the Los Angeles basin (Hauksson, 1990).

#### **Palos Verdes Fault Zone**

Located south of Malibu, the northernmost trace of this northwest-striking, right-reverse-slip fault occurs 7.5 miles south of the city limits, in Santa Monica Bay where it apparently intersects or merges with the Anacapa (Dume) fault discussed above. Its onshore segment forms the northwestern boundary of the Palos Verdes Hills and has significant reverse-slip component, whereas offshore it appears to be dominated by right-lateral displacement. The zone apparently displaces acoustically-transparent ocean-floor sediments in San Pedro Bay (Darrow and Fischer, 1983), interpreted to be water-saturated and thus formed recently in the Holocene period. The zone is about 50 miles long. Increases in recent seismicity along the Santa Monica Bay segment of this fault also imply Holocene displacement, although the spatial correlation of this seismicity with the geophysically-mapped offshore fault trace is not precise (Hauksson and Saldivar, 1989). Nevertheless, the fault is considered active and assumed capable of generating a maximum earthquake magnitude of 7.0; although it has not yet been granted active classification under Alquist-Priolo.

#### **Ventura/Pitas Point Fault**

Located 19.8 miles northwest of Malibu, this fault, like the San Fernando Fault, has a thrust or reverse-slip sense of displacement. Although only 6.2 miles of onshore surface trace has been mapped, the fault extends offshore to the west for a minimum of 24.5 miles and displaces probable Holocene sediments (Greene and Kennedy, 1986). This fault has been zoned active under Alquist-Priolo, and was the probable source of a 7.1 magnitude 1812 event, a 6.8 magnitude 1925 event, a 5.0 magnitude 1930 event, and a 5.6 magnitude 1978 event, all of which had epicenters along the offshore extension of this fault in the Santa Barbara Channel. Therefore, a maximum design magnitude of 7.25 is assumed for this fault. Rates of crustal compression and tectonic uplift in the Southern California area are highest along this fault zone, based on the ages of uplifted and deformed marine terraces in the Ventura area (Lajoie et al, 1979).

## SAFETY AND HEALTH ELEMENT

### **San Fernando Fault**

Located 14.8 miles northeast of Malibu, at the north end of the San Fernando Valley, this is a thrust fault with similar length, sense of displacement and character to the Malibu Coast Fault Zone and other Transverse Ranges-type faults. This fault generated the 1971 San Fernando earthquake of magnitude 6.6, which caused strong ground shaking in the Malibu area, and which was the impetus behind the Alquist-Priolo legislation. The fault is estimated to be able to yield a maximum 6.5 magnitude earthquake by Wesnousky (1986), based essentially on its mapped 10.5 miles of surface rupture during the 1971 event; however, Mualchin and Jones (1987) assume continuity with the Sierra Madre fault zone to the east, which has similar sense of displacement and a maximum design magnitude of 7.5 (Crook et al, 1987). A maximum earthquake magnitude of 7.0 is estimated herein. The entire fault zone, based on the surface rupture in 1971, is designated as active under Alquist-Priolo. On January 17, 1994, an estimated 6.7 magnitude earthquake occurred in the Northridge/Reseda area of the San Fernando Valley; preliminary analysis indicates that this earthquake was not part of the San Fernando Fault but was associated with the Oak Ridge Fault Zone or the Santa Susana Fault Zone.

### **Malibu Coast Fault Zone**

The Malibu Coast fault zone runs in an east-west orientation onshore subparallel to and along the shoreline for a linear distance of about 17 miles through the Malibu City limits, but which also extends offshore to the east and west for a total length exceeding perhaps 37.5 miles (Junger and Wagner, 1977; Greene and Kennedy, 1986). Onshore, this fault extends from Sequit Point in the west to Carbon Beach in the east (Yerkes and Campbell, 1980; Dibblee and Ehrenspeck, 1990), although recent mapping suggests that the Las Flores thrust fault may conceivably represent an onshore extension of this fault zone, thus pushing its onshore eastern limits to the Big Rock/Las Tunas beach areas (Dibblee and Ehrenspeck, 1992).

The onshore Malibu Coast fault zone involves a broad, wide zone of faulting and shearing as much as one mile in width; the Malibu Coast fault proper is only one fault splay within this broad deformation zone, but it is the most prominent feature within the zone because it juxtaposes two crustal blocks of extremely different character on either side of its length (Durrell, 1954; Schoellhamer and Yerkes, 1961; Yerkes and Wentworth, 1965). To the north, a basement terrain of granite and related igneous rocks, intruded into older metasedimentary-rocks termed the Santa Monica Slate, is overlain by a thick sequence of sedimentary rocks ranging in age from Late Cretaceous to Recent; to the south of the Malibu Coast fault proper, a basement terrain of high-pressure metamorphic rocks termed the Catalina Schist is overlain unconformably by a sequence of sedimentary rocks no older than Miocene, including the distinctive Monterey Formation, which is locally highly diatomaceous (Yerkes and Campbell, 1979). This latter crustal block south of the Malibu Coast fault is often termed a "Continental Borderland" terrain (Yerkes et al, 1965; Legg, 1992), because the Catalina Schist basement terrain underlies most of the offshore zone of southern California, which is conventionally known as the Continental Borderland.

The Malibu Coast Fault Zone (MCFZ) has not been officially designated as an active fault zone by the State of California and no Special Studies Zones have been delineated along any part of the fault zone under the Alquist-Priolo Act of 1971. However, evidence for Holocene activity (movement in the last 11,000 years) has been established in several locations along individual fault splays within the fault zone. Due to such evidence, several fault splays within the onshore portion of the fault zone are identi-



fied as active in the Seismic Element of the County of Los Angeles (Leighton and Associates; 1990). With reference to inferred active fault splays in Malibu, the Los Angeles County Seismic Safety Element map contains a note which states:

*“A primary objective of this map is to increase public awareness of fault rupture hazards recognized by the state-mandated Alquist-Priolo Special Studies Zone Act (APSSZ). Additional faults inferred to be active are included on the map because there is published information or scientific opinion by staffs of authoritative agencies that indicate there is a reason to consider them active. Their inclusion is not intended to prohibit development, but to insure that proposed projects are supported by detailed geologic and seismic investigations that will provide the most accurate obtainable data on the presence or absence of a hazards and identify necessary mitigative measures.”*

In general, the City of Malibu has adopted of Los Angeles County Seismic Safety Element Map as discussed above and regards the Malibu Coast Fault Zone as active; however, it is recognized that individual splays within the fault zone may not necessarily be classified as active based upon site-specific geologic and seismic investigations.

Table 5-1 lists the large historic earthquakes recorded in Southern California. This list includes activity on all faults in Southern California, any of which might, during a major event, precipitate activity in Malibu; see, also, Figure S-4.

**Liquefaction and Subsidence** - Liquefaction is a process by which water-saturated sediment suddenly loses strength, which commonly accompanies strong ground motions caused by earthquakes. During an extended period of ground shaking or dynamic loading, porewater pressures increase and the ground is temporarily altered from a solid to a liquid state. Liquefaction is most likely to occur in unconsolidated, sandy sediments which are water-saturated within less than 30 feet of the ground surface (Tinsley et al., 1985).

Few areas of significant liquefaction susceptibility exist in the City of Malibu. These few areas are located along the beaches and in the flood plains of the major streams, such as Malibu Creek. Liquefaction susceptibility as used for this study is a qualitative measure of the fraction, or percent, of the area considered likely to be underlain by deposits susceptible to liquefy if strong shaking occurs. The susceptibility value is determined as the product of three important factors:

1. The probability of finding cohesionless sediment in the area considered;
2. The probability that the cohesionless sediment, when saturated, would be susceptible to liquefaction;
3. The probability that the cohesionless sediment would be saturated.

The detailed information to determine these factors is only available for Los Angeles, San Diego and San Francisco. Because the USGS study of the Los Angeles region missed the Malibu area, susceptibility values based upon the values obtained nearby, at Santa Monica and Oxnard, were extrapolated into the City of Malibu.

**Table 5-1**  
**LARGE HISTORIC EARTHQUAKES RECORDED IN SOUTHERN CALIFORNIA**

Date	Magnitude	Fault
Jan. 9, 1857	8.3+*	San Andreas Fault Zone
July 21, 1952	7.7	White Wolf Fault
Nov. 4, 1927	7.5	Undetermined fault off of Point Arguello
June 28, 1992	7.3	Landers (San Andreas Fault Zone)
May 19, 1940	7.0	Imperial (San Jacinto Fault Zone)
Dec. 8, 1812	7.0*	San Andreas Fault Zone
April 21, 1918	6.9	Claremont Fault (San Jacinto Fault Zone)
June 28, 1992	6.8	Big Bear (San Andreas Fault Zone)
Jan. 17, 1994	6.7	Oak Ridge or Santa Susana Fault Zone
Dec. 25, 1899	6.6*	Claremont Fault (San Jacinto Fault Zone)
Oct. 21, 1942	6.5	Coyote Creek (San Jacinto Fault Zone)
Oct. 15, 1979	6.5	Imperial (San Jacinto Fault Zone)
April 9, 1968	6.5	Coyote Creek (San Jacinto Fault Zone)
Feb. 9, 1971	6.4	San Fernando-Sunland Fault
April 10, 1947	6.4	Manix Fault in Mojave Desert
Mar. 19, 1953	6.4	Coyote Creek (San Jacinto Fault Zone)
Mar. 10, 1933	6.3	Newport-Inglewood Fault Zone
June 29, 1825	6.3	Undetermined fault in the Santa Barbara Channel
Dec. 4, 1948	6.0	Mission Creek
Apr. 4, 1893	6.0*	San Fernando-Santa Susana Fault
May 15, 1919	6.0	Glen Ivy (San Jacinto Fault Zone)
Oct. 23, 1916	6.0*	Tejon Pass Area (San Andreas Fault Zone, suspected)
Oct. 1, 1987	5.9	Elysian Park Fault
July 1, 1941	5.9	Undetermined Fault in the Santa Barbara Channel
* Estimated magnitude		
Source: Parsons Environmental Services and Harland Bartholomew & Associates (1994)		

Subsidence is the settling of the ground surface due to the compaction of underlying unconsolidated sediment. It is most common in uncompacted soils, thick unconsolidated alluvial material and improperly-constructed artificial fill. Subsidence is typically associated with the rapid removal of large volumes of groundwater or oil. It is also a secondary hazard associated with seismic activity, as groundshaking may cause the settling of loose, unconsolidated grains. Due to the fault zones and the unconsolidated alluvial sediments underlying much of the city and planning area, the potential for seismically-induced subsidence is considered high. Some subsidence could also be expected if large volumes of groundwater are withdrawn for developments in the area.

**Landslides:** Slope instability or landsliding is related to slope gradient, soil or rock type, and erosion susceptibility. Landsliding can also be seismically-induced, resulting from extended periods of groundshaking and high ground accelerations (see Figure S-5). Improper grading, and excessive rainfall or irrigation can also increase the probability of landsliding.

The 1990 Los Angeles County Safety Element (LACSE) prepared a map that was a generalized inventory of landslides that included:

- Block Glides
- Slumps
- Debris Flows
- Rockfalls

The minimum size of an individual landslide shown on the Landslide Inventory Map was five acres. Review of the Los Angeles County Landslide Inventory map indicates that the Malibu area, and the Santa Monica Mountains area in general, constitute one of the three areas of Los Angeles County that display a high propensity for landsliding. Only the Santa Susana Mountains and the Castaic area appear to equal the degree of landsliding displayed in the Malibu area; see, also, Figure S-6 and Figure S-7.

According to the 1992 review of landslides conducted by Philip Williams & Associates and Peter Warshall & Associates there are approximately 250 mapped landslides in the area. The 15 largest landslide areas contain 350 homes, not all of which are endangered, and are surrounded by at least 285 other homes which could be affected by sliding in the future.

Of the major slides listed in the Williams and Warshall report, sizes range from about eight acres up to the Big Rock Mesa landslide which is about 220 acres. Most of the large landslide areas involve housing units. Many of these are threatened. Public utilities have been affected, particularly those underground. To address the problem, underground piping has often been rerouted onto the ground surface with flexible connections.

The majority of slides in the study area are slump failures involving surficial deposits and weathered and faulted bedrock formational material. Of the numerous slides mapped by Weber and Wills as active in 1983, most were slump failures and 16 were reactivated during the winters of 1978-1980. The landslide limits have been plotted on a 1000-scale Geohazards Maps of Malibu available for inspection at City Hall, and the better known slides have been labeled with their commonly recognized name from the geologic literature and the listing provided in the 1992 Wastewater Management Study.

**Debris Flow:** The many canyons that drain the Santa Monica Mountains and cross through Malibu to empty into the ocean, provide avenues for future debris/mud flow events during wet winters and intense rain storms. Debris flow events have been experienced in Topanga Canyon, Las Flores Canyon, and others, and will occur again in the future. These phenomenon are potentially deadly to the public because many of the mountain failures that contribute soils and debris to the canyon bottoms tends to occur during the early A.M. hours following intense rainfall that is most likely during the night time. The public tends to be inside and asleep, not expecting catastrophic hillside failures to affect them.

Past storm tracks that caused significant debris flows in the 1982-83 storms, indicates that intense, continuous rainfall exceeding 0.25 inches per hour can, and does, occur in the Santa Monica Mountains.

The work of Russell H. Campbell (1975) for the Santa Monica Mountains indicates that when intense rain storms follow after the rainy season has experienced 10 to 15 inches of rainfall (antecedent rainfall), slopes steeper than 2:1 (26 degrees) up to steepness of 45 degrees, are prone to slippage and failure of the surficial several feet of slope. When there are numerous failures that take place within a short span of time, and that flow into main drainage courses, then there is the potential for downstream debris flow damage.

Debris flow potential from the Santa Monica Mountains has been greatly underestimated for its possible impact on the City of Malibu.

## SAFETY AND HEALTH ELEMENT

Mudflows have a potential for occurring wherever land development has constructed fill slopes that are steeper than 2:1. If such slopes are above other occupied properties, there is a potential for failure of these slopes during wet winters.

The generally recognized landslide areas in Malibu include (listed from east to west):

- Las Tunas Beach Slides
- Eagle Pass-Las Flores Slide
- Calle Del Barco
- Carbon Canyon Slide
- Puerco Beach Slides
- Latigo Shore Slide
- Malibu Cove Colony Slides
- LaChusa Highlands Slide
- Big Rock Mesa
- Rambla Pacifico
- Carbon Mesa Slides
- Amarillo Beach Slides
- RV Park Slide
- Latigo Canyon Slide
- Lower Encinal Canyon Slides

**Soils:** Soil types in the City of Malibu have been classified by the United States Department of Agriculture, Soil Conservation Service (SCS). These SCS classifications are associated with identified soil capabilities which may be used in planning for agricultural, urban, watershed, recreational and wilderness uses. SCS has identified 22 soil series and 45 soil phases in the Malibu area (Malibu Soil Survey, 1967).\*

\* Soil series are soils that are grouped together because they have a similar set of soil profile characteristics. The soil phase is a division of the soil series in which the soils are grouped together by common surface and substrata characteristics. Important characteristics used to determine soil phase are surface texture, slope and quantity of stones.

**Expansive Soils:** Of the various geologic hazards that affect the State of California, expansive soils have caused millions of dollars in damages, particularly to single-family residences and private property improvements. The State Department of Natural Resources estimates that to the year 2000, expansive soils will be a 150 million dollar problem in the state.

Each of the different geologic formations mapped in the Malibu area consists of various units which may possess expansive potential. Typically, these would be mudstones, claystones, siltstones, and clay fault gouge. Clay fault gouge is clay along the fault planes that slice through the rock. Silt and clay deposits near and around the Malibu Creek lagoon would possess expansion potential. Geologic units mapped as colluvium or slopewash, would commonly be expansive in nature. The terrace deposits shown along the coast also generally contain expansive soils.

**Collapsible/Compressible Soils:** Potential collapsible soils may exist in areas of Malibu where geologic units of alluvium or colluvium are present at the lower end of sloping terrain where it begins to flatten and become less steep, but particularly where debris flow deposits have been recognized (see Figure S-10). Russell H. Campbell (1980) mapped what he believes are old deposits from debris flows in the Point Dume-Zuma Beach area. Similar types of deposits are likely along Las Flores Canyon, Malibu Creek, Zuma Canyon, and Trancas Canyon. Compressible soils would be very likely in the Malibu Lagoon area, along Malibu Creek, Dume Canyon, and Trancas Canyon. Undetected, development on these type of soils may become distressed to collapse or consolidation of the foundation soils.

**Coastal Hazards:** Because of the age of the community (1920's, 1930's, to present), there are a wide range of buildings and coastal protective devices present along the Malibu coast. It has generally been observed by

local geologists and engineers that during the major storms, construction that is most severely impacted is generally older construction.

In all situations, the potential exposure of a property is also a direct function of the setback of the structure from the ocean, the beach, and the cliff or bluff. Adequately setback construction provides the best protection.

Older bluff top properties with reduced bluff top setbacks, become more exposed to the risks of bluff failure and landsliding due to coastal erosion and earthquake ground shaking.

Some areas of the—Malibu coastal bluffs are retreating variably because of either the neglect, or special attention, given to surface drainage control. Rapid coastal bluff, or sea cliff top, retreat can occur when surface runoff is not controlled by collection and proper disposal. Damage to properties can be seen where concentrated surface runoff has generated surficial failures of the bluff, or where erosion has quickened the advance of gullies and ravines that have been cut into the bluff face and bluff top.

There still continues to be widespread debate among coastal experts and engineers regarding the possible adverse affect on beach widths relative to coastal protection. There is also wide disagreement about what types of coastal protection are best suited to a backshore. Economics of the property owner, or entity responsible for the protective device no doubt play a role in the type of coastal protection that is ultimately constructed.

Cooperative efforts to armour (protect) stretches of beach where protective devices may be hit, or miss, seem to provide the most appropriate methods to protect all the properties involved. Apparently, attempts by the County of Los Angeles in the past to coordinate homeowners has been largely unsuccessful.

There will be a continuing threat to beach structures from wood and floating debris that become battering rams when introduced to the surf during storms and coastal erosion events. As the building of decks, patios, housing, and other improvements become more sophisticated and permitted, the percentage of damages due to floating debris should be reduced.

**Tsunamis and Seiches:** Tsunamis, seismic sea waves, can be expected rarely from distant sources, but may be generated immediately offshore of Malibu by surface ground rupture of the faulting just offshore, or by the occurrence of submarine landslides immediately offshore. Displacement of the sea floor could generate a local wave and would include wave runup to elevations 12 feet above Mean Lower Low Water of the Pacific Ocean in this area. The runup heights for the Malibu coast in general are between five and seven feet for the 100-year zone and between eight and 12 feet for the 500-year zone. The higher runups occur in the eastern part of Malibu because of the amplification effects related to the Santa Monica Bay resonant oscillations. (See also Figures S-11 to S-15 and the Safety Background Report for a more detailed discussion.)

Most of the coastal dwellings and low lying coastal areas can expect to be damaged some time in the future by an earthquake generated tsunami. Damage due to flooding in the Malibu Civic Center area can be expected. The most vulnerable objects would be people on the beaches, houses or other buildings constructed on or near the beach, and bridges over the streams near the beach, such as along the Pacific Coast Highway at Malibu Creek and Corral Creek. People could be swept away by the waves and drowned; buildings and bridges could be undermined and collapse or carried away by the currents; buildings and other structures could be battered by debris carried by the currents.

## SAFETY AND HEALTH ELEMENT

Seiche, resonant oscillations in semi-enclosed water bodies such as Santa Monica Bay, may be triggered by moderate or larger local submarine earthquakes, and sometimes by large, more distant, regional earthquakes. Seiching was recorded at Santa Monica following moderate ( $M_w = 5.0-5.2$ ) earthquakes under Santa Monica Bay in 1930, 1979, and 1989. The maximum height of these long period waves was about two feet. If such oscillations occurred during storm, conditions or unusually high tides, damaging coastal inundation could result. The duration of these oscillations may be several hours.

### 5.2.3 Climate

The City of Malibu is located within the South Coast Air Basin. The regional air flow is controlled mainly by four synoptic large scale features, one of which occurs just prior to the winter rainy season and is commonly referred to as Santa Ana wind; Santa Anas are hot, dry, desert winds usually of relatively high velocity and are associated with low humidity. The extremely low humidity and high temperature produce an extreme fire hazard during late summer and fall.

### 5.2.4 Crime

A crime report for the area is completed by the County Sheriff's Department monthly and submitted to the City Manager's office. Since Malibu is primarily a residential community, the main enforcement problems are burglary, traffic and tourist-related crimes. Areas of noticeable crime impact within the City are pocket beaches along the coastline that are not patrolled regularly. With residential development occurring in the canyon areas, the physical distance from the Sheriff's stations makes it more difficult for patrols to respond to calls in these northern reaches. Additionally, the increase of commercial activity and development along Pacific Coast Highway, together with development in adjacent communities, has caused a concomitant increase in traffic accidents along Pacific Coast Highway.

Noticeable crime impact within the City are pocket beaches along the coastline that are not patrolled regularly. With residential development occurring in the canyon areas, the physical distance from the Sheriff's stations makes it more difficult for patrols to respond to calls in these northern reaches. Additionally, the increase of commercial activity and development along Pacific Coast Highway, together with development in adjacent communities, has caused a concomitant increase in traffic accidents along Pacific Coast Highway.

Pacific Coast Highway is also the main connector road of Malibu to surrounding communities. Due to its close proximity to fault lines and floodplains, Pacific Coast Highway must have adequate security for patrolling and regulating the area in the event of a natural catastrophe.

### 5.2.5 Fire Hazards

The City of Malibu is served by the Los Angeles County Fire Department, as well as the California Department of Forestry, if needed. According to the California Department of Forestry and the County Fire Department, Malibu is considered to be an extreme fire hazard zone. There are seven County fire stations serving the City, including four stations located in the City. In the event of major fires, the County has "mutual aid agreements" with cities and counties throughout the state so that additional personnel and fire fighting equipment can augment the County Fire Department.

Wildland fires are inevitable and are a part of the natural regeneration cycle of the native California landscape. Structure losses are not necessarily directly due to wildland fires but instead result from: (a) inappro-

priate siting of structures; (b) flammable ornamental landscaping; (c) surrounding structures located too close together; and (d) flammable accessory structures (such as fences, decks, arbors, etc.).

The majority of the City has experienced major brush fires in the past 10 to 30 years, the most recent fire being the Old Topanga/Malibu Fire of November 2-5, 1993. This fire began along Old Topanga Road near Calabasas and, fanned by strong Santa Ana winds, burned southerly into the City of Malibu. This fire resulted in the destruction and damage of approximately 300 homes in the City, while it burned over 18,000 acres between Malibu, Topanga and Calabasas. The most significant loss to property due to the Old Topanga/Malibu Fire was in the Las Flores, Ramblo Pacifica, Carbon Mesa and Big Rock areas of the City, although the fire stretched from Topanga Canyon/Pacific Coast Highway on the east to the Pepperdine University campus on the west.

The Old Topanga/Malibu fire was very similar to the most recent fires that have struck Malibu — primarily destroying property and burning hillside in central Malibu, between Carbon Canyon Road and Kanan Dume Road, north of Pacific Coast Highway, and western Malibu, between Encinal Canyon Road and the City's western boundaries, north of Pacific Coast Highway. There have not been any fires in Point Dume in over 30 years.

Although these are the areas of the City where fires have most recently occurred in the past, it cannot be concluded that these areas are at greater risk than others. No single area can be determined as being more susceptible to fires than another due to the fact that the location of fires varies from year to year.

Native vegetation plays a significant role in wildland fires. Malibu is located in the Santa Monica Mountains, bordering the Pacific Ocean and is subject to massive fire hazards due to highly flammable chaparral vegetation covering thousands of acres in brushlands. Fires in these brushland areas are inevitable because of the flammability of both living and non-living brush and the variable weather conditions that exist. Approximately three fourths of the mountains in the surrounding area have burned more than once in the past 50 years.

The lack of intense development reduces the occurrence of urban fires. Malibu primarily consists of low density residential with a supportive commercial area.

The residential areas are affected by fire more than any other area in the City. Houses which are nestled among the heavily vegetated canyons are surrounded by a great deal of underbrush making this area highly vulnerable to fires. However, some preventive measures, required by County and/or City ordinances, have been taken to offset the risk factors involved:

- Elimination of wood shake roofs for new construction;
- Establishment of minimum greenbelt systems along new subdivisions;
- Improvement in existing water systems and vehicular access in a number of areas;
- Improvements made in the "Incident Command System" used by the Los Angeles County Fire Department and in the emergency communications and coordination among various fire resource agencies;
- Installation of smoke detectors in homes and sprinkler systems in commercial buildings; and
- An aggressive brush clearance program that has been undertaken in the past few years.

## SAFETY AND HEALTH ELEMENT

Construction plays a major role in fire prevention. Horizontal roofings are an important concern because they catch and hold flying firebrands (pieces of burning wood). Firebrands can endanger structures as far as a mile away.

During the autumn months Malibu is very dry and, therefore, highly susceptible to fires, even with fire retardant materials. Most fires occur under Santa Ana conditions in September to March. Large picture windows and sliding doors allow radiated heat into buildings. Overhangs and balconies are dangerous because flames sweep against the underside of these projections of the building. While preventive construction measures reduce these problems, nonetheless the fire risks in Malibu remain significant.

Although fire is a hazard to the Malibu area, it is also a necessary element in the Santa Monica Mountains ecosystems. Classified as a chaparral habitat, many of the native evergreen plants require fire to open their seeds, as well as to create new open areas for the young plants to become established. In order to minimize the fire risk to homeowners, selective clearance of flammable vegetation is required around all structures. However, removing all vegetation surrounding a residence could result in an erosion hazard leading to landslides and slope failures. By selectively thinning the more flammable vegetation and landscaping with fire retardant plants, it is possible to minimize both fire danger and erosion problems.

Statewide, approximately 90% of all fires are caused by human activity with the remaining 10% resulting from natural activity (primarily lightning). However, in the Malibu/Santa Monica Mountains areas, about 99% of all fires result from human activity, particularly arson, with one percent caused by natural activity. The increased tourist population to the area in the warm summer months increases the potential for fire in the area.



### 5.3 Goals, Objectives, Policies and Implementation Measures

- 5.3.1 S GOAL 1:** A COMMUNITY THAT IS FREE FROM ALL AVOIDABLE RISKS TO SAFETY, HEALTH AND WELFARE FROM NATURAL AND MAN-MADE HAZARDS
- S OBJECTIVE 1.1:** LOSSES TO LIFE AND PROPERTY FROM NATURAL AND MAN-MADE HAZARDS GREATLY REDUCED FROM HISTORIC LEVELS.
- S Policy 1.1.1:** The City shall protect people and property from environmental hazards.
- S Policy 1.1.2:** The City shall minimize the risk of loss from fire.
- S Policy 1.1.3:** The City shall reduce the amount of non-essential toxic and hazardous substances.
- S Policy 1.1.4:** The City shall promote use of alternatives to hazardous substances.
- S Policy 1.1.5:** The City shall reduce water pollution and improve Malibu’s water quality.
- S Policy 1.1.6:** The City shall reduce air pollution and improve Malibu’s air quality.
- S Policy 1.1.7:** The City shall minimize the risks from landslides and debris flows.

*To implement these policies the City shall:*

- S Implementation Measure 1:** Develop a master plan of fire prevention and control identifying hazards, assessing acceptable levels of cost and risk and determining protection programs.
- S Implementation Measure 2:** Work with other agencies to ensure effective and efficient fire suppression, prevention and rescue services.
- S Implementation Measure 3:** Encourage owners of swimming pools to obtain gasoline powered pumps to use in fire fighting.
- S Implementation Measure 4:** Establish programs and guidelines for fire-safe landscaping including buffers comprised of fire resistant vegetation between residential areas and open space areas and encourage use of fire-safe landscaping principles which emphasize plant species with low fuel volumes.
- S Implementation Measure 5:** Work with the Los Angeles County Fire Department to adopt a program for controlled burning of combustible vegetation, based on the recommendations of the responsible forestry and fire-protection official.
- S Implementation Measure 6:** Work with the Los Angeles County Fire Department to enforce code requirements for flammable brush clearance, and reduction of flammable vegetation, including both native plants and ornamental landscaping.
- S Implementation Measure 7:** Work with appropriate agencies to assure sufficient stored water and provide non-monetary incentives for on-site or area-wide shared storage water suitable for fire fighting equal to one gallon for each square foot of structural floor area for all new development.

## SAFETY AND HEALTH ELEMENT

**S Implementation Measure 8:** Work with the Los Angeles County Fire Department to establish standards for fire-fighting equipment access suitable for Malibu.

**S Implementation Measure 9:** Create a major streets and routes plan which includes streets available as wildfire escape routes.

**S Implementation Measure 10:** Require all new and remodel structures to have Class A fire-retardant roofing.

**S Implementation Measure 11:** Develop guidelines and standards for all new and remodel structures to utilize fire-resistant building materials and designs, and, if feasible, to be sited to minimize fire hazards.

**S Implementation Measure 12:** Provide South Coast Air Quality Management District regional wind patterns maps to homeowners, architects and contractors to help them plan development siting and design that minimizes fire hazards.

**S Implementation Measure 13:** Work with the Los Angeles County Fire Department to provide on-site fire safety inspections of individual homes, when requested by resident or owner, and advise homeowners on ways to minimize fire hazards while maintaining slope stability and appropriate vegetation.

**S Implementation Measure 14:** Encourage and support arson and neighborhood watch programs.

**S Implementation Measure 15:** Require that all camping be in designated fire-safe camping areas.

**S Implementation Measure 16:** Develop a permanent, ongoing homeowner watershed area management plan to reduce fire hazards while maintaining appropriate vegetation that will stabilize the watershed and control the flow of water from it. Application of such plan in Resource Protection Areas shall be subject to review and approval for compliance with resource protection requirements.

**S Implementation Measure 17:** Work with water service providers to identify neighborhoods with inadequate flow from fire hydrants, and to upgrade deteriorated and undersized water-distribution systems.

**S Implementation Measure 18:** Provide guidelines and incentives for use of non-toxic building materials in new and remodel construction.

**S Implementation Measure 19:** Regulate the transport, storage and use of toxic and hazardous materials.

**S Implementation Measure 20:** Work with trash haulers and Los Angeles County Fire Department to provide for the proper collection and disposal of hazardous wastes.

**S Implementation Measure 21:** Work with Los Angeles County Fire Department to ensure compliance with the Hazardous Materials Disclosure Law.

**S Implementation Measure 22:** Establish a household hazardous waste disposal program which enables residents to bring material to a centralized collection facility for proper disposal.

**S Implementation Measure 23:** Inform residents about the safe handling, storage, use, disposal, and alternatives to use of hazardous materials.

**S Implementation Measure 24:** Seek federal, state and county cooperation and funding to identify potential historic hazardous waste disposal sites and the availability of funds for the removal of any wastes discovered.

**S Implementation Measure 25:** Initiate and work with other agencies to assess trends in water quality and establish water cleanliness standards including a program of enforcement.

**S Implementation Measure 26:** Participate in efforts to identify and eliminate sources of contamination when unhealthful conditions are discovered in creeks, lagoons, intertidal zones, estuaries and wetlands.

**S Implementation Measure 27:** Require that all above ground discharges and reuse of wastewater for small volume treatment plants meet tertiary treatment standards.

**S Implementation Measure 28:** Work with other agencies to monitor and adopt receiving water quality standards, and update the City's receiving water quality standards as more accurate information becomes available.

**S Implementation Measure 29:** Encourage the use of new wastewater management technologies to achieve maximum feasible reduction of pathogens from wastewater prior to release into the environment.

**S Implementation Measure 30:** Work with regional agencies to implement the provisions of the South Coast Air Quality Management Plan (AQMP).

**S Implementation Measure 31:** Promote public education and awareness of air quality.

**S Implementation Measure 32:** Work with other agencies to reduce local sources of air pollution such as dust, smoke, and vehicle emissions.

**S Implementation Measure 33:** Evaluate impacts on air quality in connection with development proposals.

**S Implementation Measure 34:** Encourage residents and visitors to reduce the number of vehicle miles traveled while in the City.

**S Implementation Measure 35:** Provide information about the benefits of native oxygen-producing plants, consistent with fire safety, in order to discourage removal.

**S Implementation Measure 36:** As funding becomes available, study effects of excessive ground water on surface erosion, earth movement, and groundwater "daylighting."

**S Implementation Measure 37:** Work with the residents of neighborhoods affected by landslides and debris flows to develop appropriate risk abatement programs.

**S Implementation Measure 38:** Develop a program of water budget determinations by monitoring and recording the contributions of groundwater to local areas from uphill septic tank effluent and water reuse installations.

**S OBJECTIVE 1.2:** RISKS TO RESIDENTS AND BUSINESSES FROM DEVELOPMENT IN HAZARDOUS AREAS ARE MINIMIZED.

**S Policy 1.2.1:** The City shall require development to provide for analyses of site safety related to potential hazards of fault rupture, earthquake ground shaking, liquefaction, and rockfalls.

**S Policy 1.2.2:** The City shall require development to provide site safety analyses related to landsliding, debris flows, expansive soils, collapsible soils, erosion/sedimentation, and groundwater effects.

## SAFETY AND HEALTH ELEMENT

- S Policy 1.2.3:** The City shall require development to provide for safety from coastal storm flooding, coastal erosion, surfacing septic effluent, and tsunami.
- S Policy 1.2.4:** The City shall require development to be consistent with minimum Federal Emergency Management Agency (FEMA) guidelines for flood plain management.

*To implement these policies the City shall:*

**S Implementation Measure 39:** Develop and maintain a development geo-hazard database to incorporate findings from site specific and area hazard-related studies.

**S Implementation Measure 40:** Adopt and update as appropriate maps of extreme fire danger areas, 100-year flood plains, landslide and debris flow danger, active and potentially active faults, tsunami, and any other hazard areas; and inform residents of those areas of risks and possible mitigation measures.

**S Implementation Measure 41:** Require that all new construction be designed to be earthquake resistant to maximum probable earthquakes.

**S Implementation Measure 42:** Apply all restrictions and investigation requirements mandated by the State under the Alquist-Priolo Special Studies Zones Act for faults classified as “active” to development on properties crossed by or adjacent to the Malibu Coast Fault.

**S Implementation Measure 43:** Encourage area residents to participate in National Flood Insurance Program.

**S Implementation Measure 44:** Design coastal development, except supporting structure, to be above the wave uprush level for storms within the past 100 years, and above the 100-year flood plain.

**S Implementation Measure 45:** Require that all critical use facilities (hospitals, police and fire stations) be earthquake resistant designed for the effects of a maximum credible earthquake.

**S Implementation Measure 46:** As soon as feasible, complete coastal morphology studies and establish shoreline construction standards.

**S Implementation Measure 47:** To protect slope stability, restrict grading or development related vegetation clearance where the slope exceeds 2:1, except as required for fire safety, driveways and utilities and where there is no reasonable alternative.

**S Implementation Measure 48:** As soon as feasible, complete a study on the effects of seawalls, groins and revetments on beach erosion.

**S Implementation Measure 49:** Require a coastal engineering report for all proposed revetments, seawalls, cliff retaining walls and other such construction proposed to protect existing structures to ensure that the structure is constructed utilizing the least environmentally damaging method.

**S Implementation Measure 50:** Require that soils, geologic and structural evaluation reports with appropriate mitigation measures be prepared by registered soils engineers, engineering geologists, and/or structural engineers and that all recommended mitigation measures be implemented.

**S Implementation Measure 51:** Evaluate proposed development for its impact on, and from, geologic hazards, flood and mud flow hazard, and fire hazard.

**S Implementation Measure 52:** Require water efficient landscaping and irrigation in identified landslide sites to minimize deep percolation in all areas uphill from identified landslides.

**S Implementation Measure 53:** Require that proposed coastal development including but not limited to potentially heavy tidal or wave action, be sited landward of the public-owned tidelands and be further sited so as not to cause a potential nuisance, hazard to navigation, or interference with the public's right in the navigable waters.

**S OBJECTIVE 1.3:** AN ONGOING, PERMANENT PROGRAM FOR COOPERATING WITH OTHER JURISDICTIONS, AGENCIES, AND PUBLIC ORGANIZATION TO HELP MEET THE GOALS OF THE SAFETY AND HEALTH ELEMENT.

**S Policy 1.3.1:** The City shall strive to ensure uses within Malibu's Planning Area are consistent with the safety, health and welfare of the Malibu community.

*To implement this policy the City shall:*

**S Implementation Measure 54:** Coordinate and work with other governmental agencies to develop appropriate regulations to set minimum flight levels for all aircraft, to include a prescribed boundary line,

**S Implementation Measure 55:** Seek cooperation and approval of the FAA to ensure that only emergency uses of aircraft are allowed at altitudes below 600 feet above local ground level and permit.

**S Implementation Measure 56:** Work with jurisdictions within the Planning Area to ensure that water storage facilities have an emergency power supply for their pumps, or other protection systems.

**S Implementation Measure 57:** Work with utility providers to minimize exposure to electromagnetic fields in publicly accessible areas.

**S Implementation Measure 58:** Work with neighboring jurisdictions and the State to develop and expand emergency medical services.

**S Implementation Measure 59:** Work with the appropriate jurisdictions to ensure that bike paths, foot paths, and trails are free of avoidable hazards.

**S Implementation Measure 60:** Work with appropriate agencies to ensure that the quantity of harmful bacteria, viruses and toxic substances in all Malibu shoreline, lagoon, and stream are kept at levels established by the City, State or Federal government, whichever are more stringent.

**S Implementation Measure 61:** Work with other jurisdictions and agencies to ensure that risks of flooding caused by upstream development are minimized.

**S Implementation Measure 62:** Work with the responsible jurisdictions to ensure that all dams in the Malibu watershed areas have regular safety inspections.

## SAFETY AND HEALTH ELEMENT

**S Implementation Measure 63:** Notify all jurisdictions within the Planning Area and all appropriate agencies at the State level of the City's request to review all plans and programs relating to issues that may concern the health and safety of Malibu residents.

**S Implementation Measure.64:** Respond to all proposed development actions in the Planning Area which may endanger the health and safety of the City's residents.

**S Implementation Measure 65:** Work with jurisdictions within the Planning Area to ensure that all public recreational areas have adequate toilet facilities.

### **5.3.2 S GOAL 2: A COMMUNITY PREPARED FOR EFFECTIVE RESPONSE TO EMERGENCIES, AND RECOVERY WHEN THEY OCCUR**

**S OBJECTIVE 2.1:** A COMPREHENSIVE PLAN FOR RESPONSE TO ALL LEVELS OF EMERGENCY SITUATIONS.

**S Policy 2.1.1:** The City shall cooperate to achieve efficient and prompt response by local agencies to those emergencies which require no outside help.

**S Policy 2.1.2:** The City shall coordinate efficient utilization of emergency assistance provided by neighboring communities and county agencies under mutual-aid response.

**S Policy 2.1.3:** The City shall develop a plan to ensure that in situations of extreme emergency the community is prepared to survive until outside assistance arrives.

*To implement these policies the City shall:*

**S Implementation Measure 66:** Develop an Emergency Response Plan and update as needed.

**S Implementation Measure 67:** Support and encourage sufficient local staffing and equipment levels for police, fire fighting, lifeguard, paramedic and other medical, public works and utility organizations to assure timely and well coordinated response to alarm calls and to meet most emergencies.

**S Implementation Measure 68:** Develop response time criteria and monitor law enforcement programs.

**S Implementation Measure 69:** Work with other agencies to assure access to specialized trauma care within 20 minutes of notification.

**S Implementation Measure 70:** Create a procedure for promptly initiating an Emergency Operations Center to coordinate all emergency-response actions from the onset of any emergency which requires mutual aid from neighboring communities.

**S Implementation Measure 71:** Create a procedure for promptly establishing effective intelligence-gathering and command, control and communications functions in all emergencies requiring aid from outside the community.

**S Implementation Measure 72:** Establish a core of trained and organized volunteers from the community capable of providing intelligence, communications, medical and logistic support to the professional health and safety organizations in emergency situations.

**S Implementation Measure 73:** Work with other agencies to close public beaches to recreational use in the event of a pollution emergency.

**S Implementation Measure 74:** Work with other agencies to close public recreation areas to recreational use in the event of wildfire in the Planning Area.

**S Implementation Measure 75:** Continue to improve the area-wide, volunteer-manned emergency communication system.

**S Implementation Measure 76:** Organize an area-wide, volunteer-manned emergency medical care system including medical-center locations, patient transport vehicles and drivers, and triage policies and training.

**S Implementation Measure 77:** Organize and equip neighborhood, volunteer-manned emergency response organizations, including trained first-aid volunteers, and locally stockpiled supplies.

**S Implementation Measure 78:** Develop and maintain an inventory of heavy equipment and trained operators which would be available in major emergency situations.

**S Implementation Measure 79:** Conduct emergency-response drills on a regular basis.

**S Implementation Measure 80:** Identify emergency helicopter landing sites at strategic points throughout the City in the City's Emergency Response Plan. Provide data on these sites to be included in the Los Angeles County Emergency Response Plan.

**S Implementation Measure 81:** Participate in a tsunami warning system.

**S Implementation Measure 82:** Work with the Red Cross, other private agencies, and local, state and federal government agencies on disaster-preparedness education and training.

**S Implementation Measure 83:** Map all existing and planned safety and health related facilities in Malibu.

**S OBJECTIVE 2.2:** A COMPREHENSIVE PLAN FOR RECOVERY FROM ALL LEVELS OF EMERGENCY SITUATIONS IS DEVELOPED AND UPDATED AS NEEDED.

**S Policy 2.2.1:** The City shall facilitate timely recovery from all disasters.

*To implement this policy the City shall:*

**S Implementation Measure 84:** Create a disaster-recovery team to develop recovery plans and establish/maintain liaison with all agencies involved in recovery from a disaster in Malibu.

**S Implementation Measure 85:** Maintain an inventory of potential Government and private sources of aid to recovery from major disasters, and assist the community in obtaining this aid.

**S Implementation Measure 86:** Facilitate short term recovery aid provided by local charitable and other groups and individuals, during recovery from major disasters.

**S Implementation Measure 87:** Support and encourage residents and local businesses to carry adequate insurance or maintain adequate resources to meet most emergencies.

**S Implementation Measure 88:** Work with law enforcement agencies to develop techniques to improve local access during times of emergency.

SAFETY AND HEALTH ELEMENT

**5.3.3 S GOAL 3: A COMMUNITY THAT IS EXCEPTIONALLY SAFE AND HEALTHY**

**S OBJECTIVE 3.1:** ACTIVELY PROMOTE HEALTH AND SAFETY SO THAT RESIDENTS ARE EXCEPTIONALLY SAFE AND HEALTHY BY NATIONAL STANDARDS.

**S Policy 3.1.1:** The City shall facilitate programs so that people feel safe, and crime and violence are minimized.

**S Policy 3.1.2:** The City shall facilitate and/or encourage programs which will improve access to health-enhancement and health-care facilities for people of all ages.

**S Policy 3.1.3:** The City shall assess risks to the health and safety of citizens and visitors, and inform the public about those risks and ways to avoid them.

**S Policy 3.1.4:** The City shall encourage efforts by private organizations to enhance community health and safety.

**S Policy 3.1.5:** The City shall encourage volunteer efforts to assist in providing safety to businesses, residents and visitors.

**S Policy 3.1.6:** The City shall provide effective and efficient law enforcement protection services.

**S Policy 3.1.7:** The City shall discourage the hiring of day workers from sites which might endanger the public health and safety.

*To implement these policies the City shall:*

**S Implementation Measure 89:** Maintain a comprehensive program for strong police presence to deter criminal activity.

**S Implementation Measure 90:** Maintain a comprehensive program to protect the Community from substance abuse.

**S Implementation Measure 91:** Provide law-enforcement personnel to aggressively patrol streets and recreational areas to prevent driving under the influence of alcohol and drugs.

**S Implementation Measure 92:** Periodically evaluate Los Angeles County Sheriff's services and service criteria to ensure that the City continues to receive adequate law enforcement services.

**S Implementation Measure 93:** Work with private charitable groups to continue to provide safe and healthy locations for the hiring of day-workers in Malibu.

**S Implementation Measure 94:** Prohibit smoking in government public buildings and require at a minimum that non-smoking areas be provided in all indoor privately owned facilities used by the public.

**S Implementation Measure 95:** Require that employers provide toilet facilities for all temporary and permanent workers.

**S Implementation Measure 96:** Encourage all service stations and public buildings to provide toilet facilities to the public.

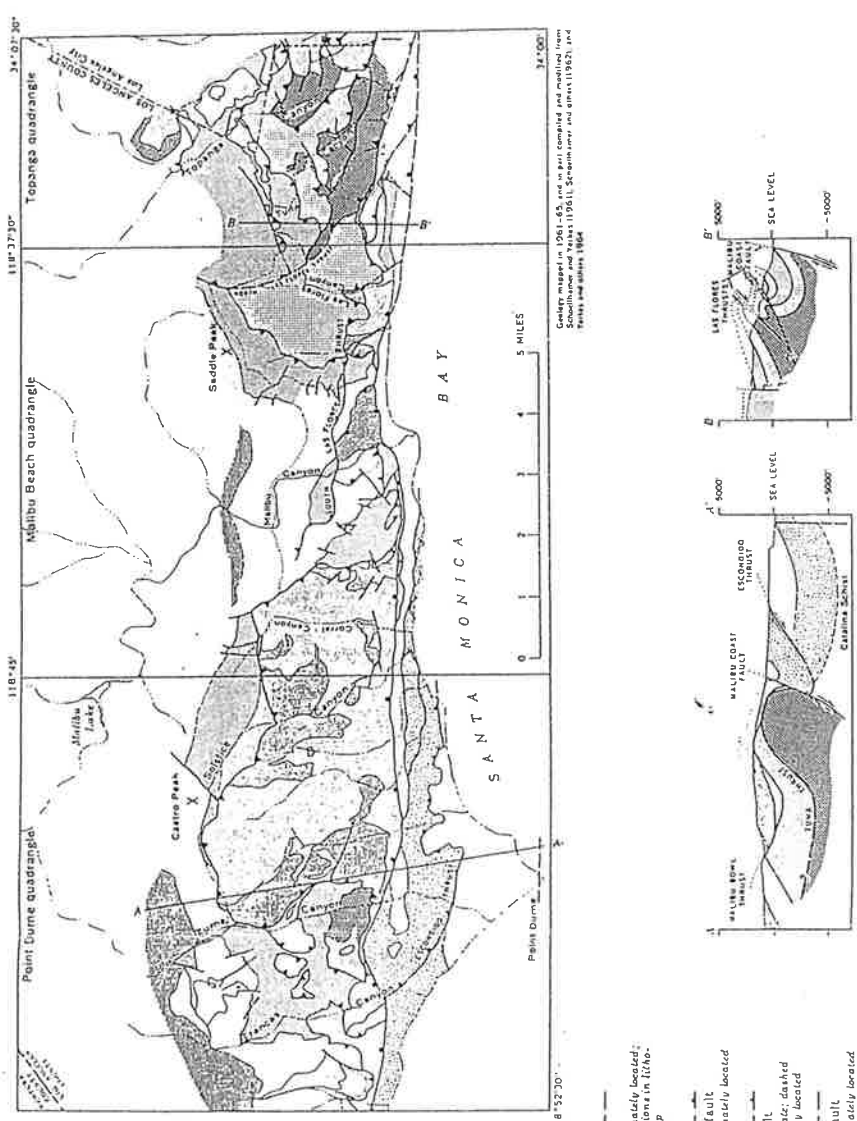


## SAFETY AND HEALTH ELEMENT

- S Implementation Measure 97:** Support development of paratransit services offered by public and/or private agencies and service providers to improve access to health care facilities.
- S Implementation Measure 98:** Work with health care providers to assure timely access to medical care for all segments in the community.
- S Implementation Measure 99:** Encourage efforts to provide in-home health care for the elderly and handicapped residents of Malibu.
- S Implementation Measure 100:** Encourage and promote facilities for hospice care and long term in-patient medical treatment and care for the community's elderly and seriously ill.
- S Implementation Measure 101:** Establish community health-education and safety-education programs, to include the need to prepare well ahead of time for emergency response and recovery.
- S Implementation Measure 102:** Work with health care providers to promote, encourage, and facilitate provision of urgent care at a reasonable cost to residents and visitors.
- S Implementation Measure 103:** Establish an education and awareness program to enhance household, water, and highway safety, and fire prevention.
- S Implementation Measure 104:** Educate the community about risks to swimmers and surfers from ocean pollution.
- S Implementation Measure 105:** Facilitate regular testing of water at suitable locations along the Malibu shoreline to assure that toxic substances, bacteria, and/or virus do not put ocean recreation participants at risk.
- S Implementation Measure 106:** Review data on water quality collected and analyzed by other agencies and document inadequacies and inaccuracies that might impact the health of residents. Coordinate with the monitoring agencies to improve the monitoring program.
- S Implementation Measure 107:** Work with local physicians and environmental groups to assess risks to swimmers and surfers from ocean pollution due to storm drainage.
- S Implementation Measure 108:** Enact ordinances prohibiting the placing of graffiti within the City.
- S Implementation Measure 109:** Take swift action to cause removal of any graffiti that appears within the City including properties under the jurisdiction of other governmental agencies.
- S Implementation Measure 110:** Work with Sheriff's station to encourage employment of volunteer litter law enforcement officers and posting of violation warning signs.
- S Implementation Measure 111:** Establish a volunteer program for cleanup of litter trouble spots on Pacific Coast Highway.
- S Implementation Measure 112:** Develop a program to provide conveniently located trash collection receptacles and provide regularly scheduled special litter cleanup for neighborhoods suffering particularly heavy litter accumulation.
- S Implementation Measure 113:** Work with other agencies to develop literature to educate the public about the negative impacts of litter.

## 5.4 Appendix—Safety Element Maps and Figures

- Figure S-1: Centralized Geologic Map Sections—South-Central Santa Monica Mountains**
- Figure S-2: Local Onshore Fault Map**
- Figure S-3: Map of Offshore Geology and Faulting**
- Figure S-4: Local Earthquake Epicenter Map**
- Figure S-5: General Landslide Features and Nomenclature**
- Figure S-6: General Landslide Map of Malibu**
- Figure S-7: Landslide Types – Falls & Slides**
- Figure S-8: Landslide Types – Slumps & Flows**
- Figure S-9: Landslide Types – Complex & Creep**
- Figure S-10: Location of Possible Collapsible Soils Point Dume Area**
- Figure S-11: Tsunamis Runup Map for 100 year and 500 Year Recurrence**
- Figure S-12: Mean Annual Shoreline Change Rate**
- Figure S-13: General Location of Coastal Development Types & Relative Risk to Coastal Hazards**
- Figure S-14: Mean Beach Width, 1960 – 1988 (in feet)**
- Figure S-15: Estimated Long-term Mean Rate of Seacliff Retreat (ft/yr)**
- Figure S-16: Fire History**



**COASTAL SEQUENCE**  
(South of Malibu Coast fault)

Upper and middle Miocene marine sedimentary rocks  
(Monterey Shale)

Middle and lower Miocene marine sedimentary and  
volcanic rocks

**MOUNTAIN SEQUENCE**  
(North of Malibu Coast fault)

Upper middle Miocene intrusive rocks

Upper middle Miocene marine sedimentary rocks  
(Upper Topanga Formation of Durrell, 1954)

Middle Miocene volcanic rocks (Middle Topanga  
Formation of Durrell, 1954)

Middle and lower Miocene sedimentary rocks, pre-  
dominantly marine (Lower Topanga Formation of  
Durrell, 1954)

Middle Miocene to upper Eocene sedimentary rocks,  
predominantly continental (includes Sespe Forma-  
tion)

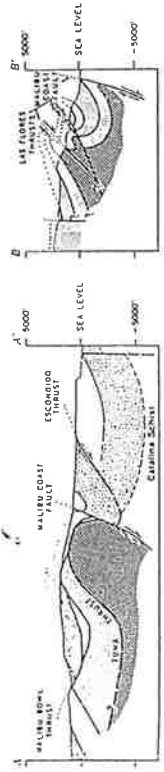
Eocene and Paleocene marine sedimentary rocks

Upper Cretaceous marine sedimentary rocks

- Contact
- Dashed where approximately located;  
--- divided between formations in litho-  
facies units of this map
- Malibu Coast fault
- Dashed where approximately located
- Thrust fault
- Swarath on upper plate; dashed  
where approximately located
- High-angle fault
- Dashed where approximately located

SOURCE: Hannan Geotechnical Inc., 1992

**CITY OF MALIBU GENERAL PLAN**  
**Figure S-1**  
**Generalized Geologic Map Sections:**  
**South-Central Santa Monica Mountains**



Geologic map of 1961, 1965, 1970, and 1975, as well as completed and in-progress maps of 1979, 1981, 1982, 1983, 1984, 1985, and 1986.



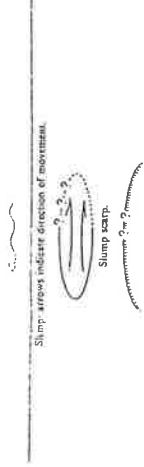
**CITANNELLS**

Filled, Dashed line marks axis, arrow indicates direction of paleo-sediment transport. Channel boundary solid where well defined, dashed where inferred.



**LANDSLIDES**

Solid where well defined, dashed where inferred, queried where uncertain. Creep (noted on single survey line) arrow indicates apparent direction of sediment movement.



**SLUMP**

Slump arrow indicates direction of movement.



**GAS**

LOS ANGELES Oil and/or gas seep.



**Acoustic anomaly**



**SYMBOLS**

**GEOLOGIC CONTACT**

All contacts are extrapolated from a combination of seismic reflection data, samples, and bathymetry, and are approximate in location.

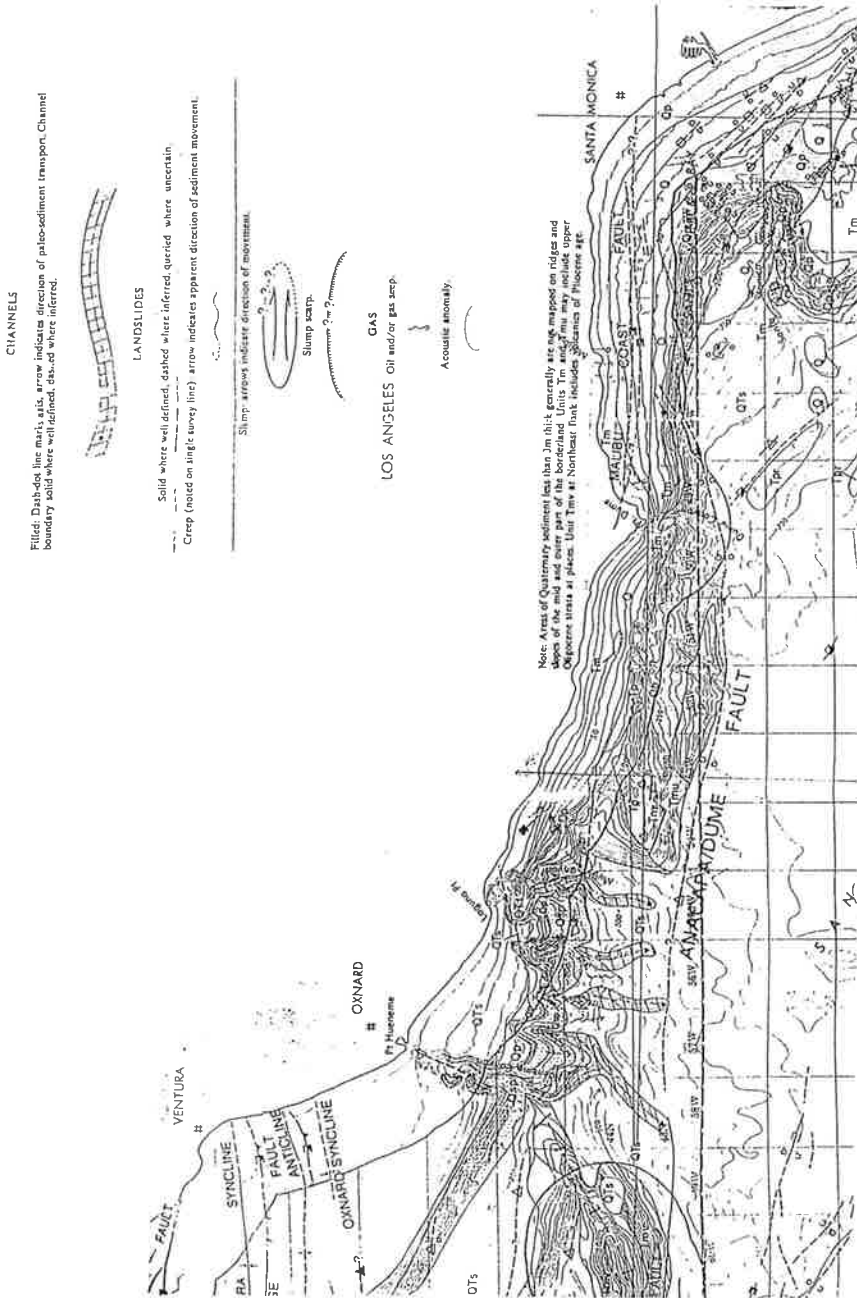
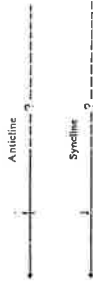
**FAULTS**

Solid where well defined, dashed where inferred, queried where uncertain. Bars shown on upper plate of thrust fault. Where fault offsets sea floor, age symbol is shown on bar on downthrown side. Where age was determined, age symbol is shown outside fault and relative offset is shown by "D" and "U" on downthrown and upthrown sides. Ages of faults are indicated as follows, all faults considered active or potentially active shown in red:

- cuts strata of Eocene age.
- cuts strata of Pliocene age.
- ◻ cuts strata of Quaternary age.
- ▲ cuts strata of Pliocene age.
- △ cuts Miocene or older strata.

**FOLDS**

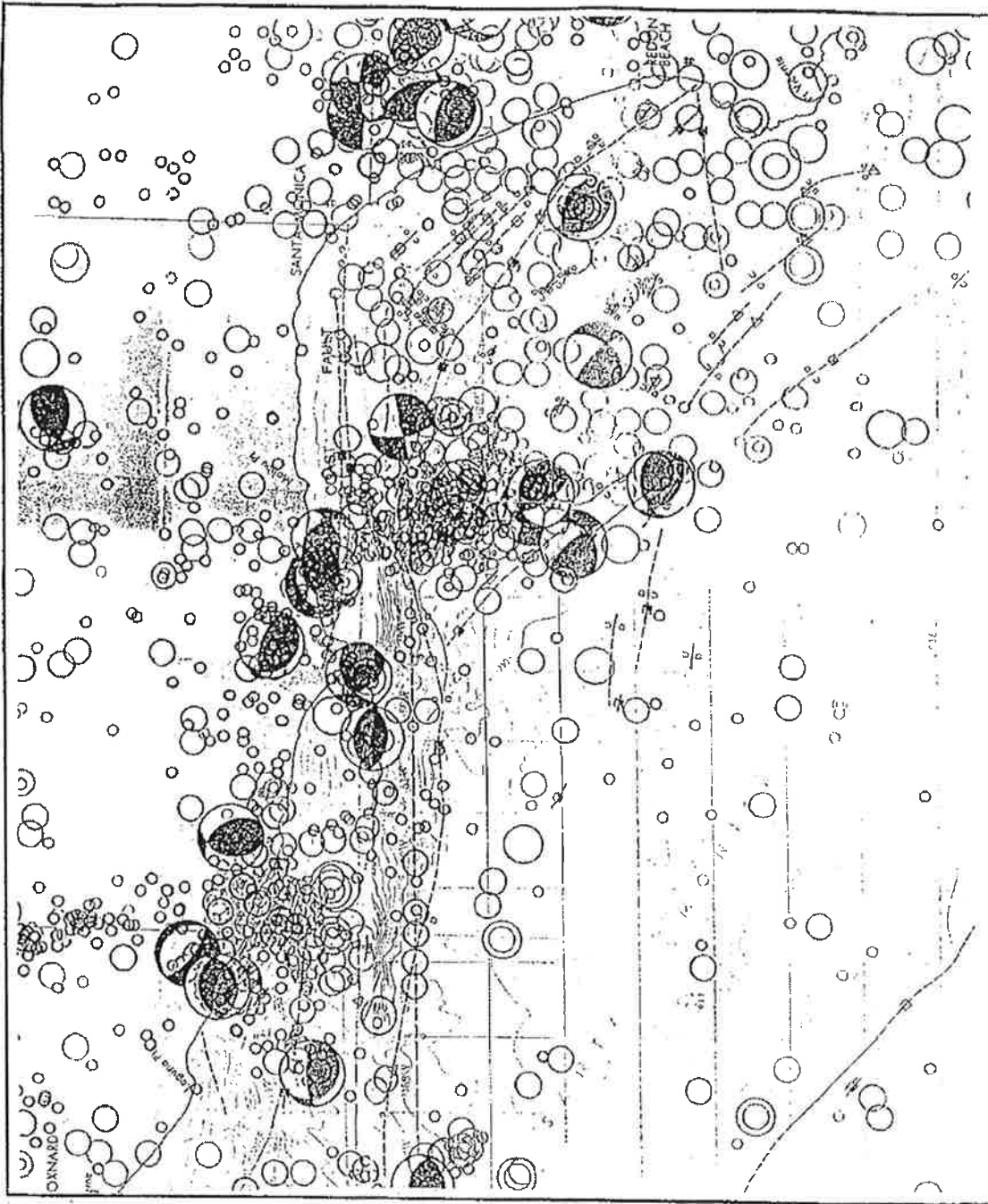
Solid where well defined, dashed where inferred, queried where uncertain. Solid arrow indicates direction of axial plunge.



TRANSVERSE MERCATOR PROJECTION  
Scale 1:250,000



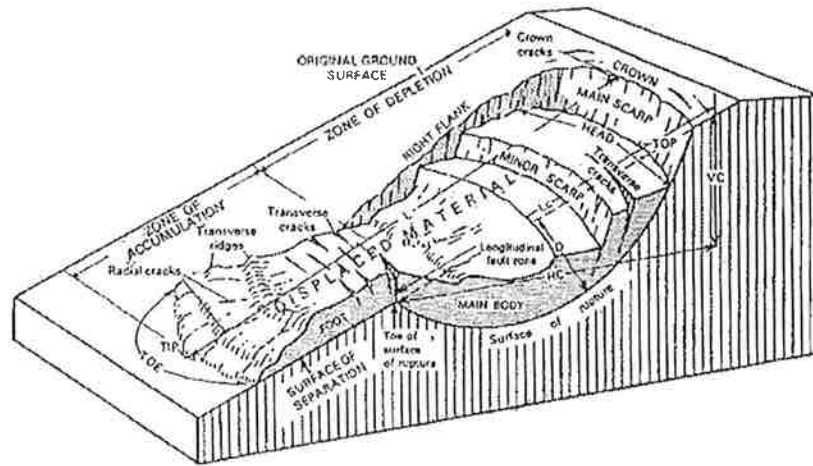
**CITY OF MALIBU GENERAL PLAN  
FIGURE S-3  
MAP OF OFFSHORE GEOLOGY AND FAULTING  
MALIBU, CALIFORNIA  
(from Greene & Kennedy, 1986)**



SOURCE: Hannen Geotechnical Inc., 1992

### CITY OF MALIBU GENERAL PLAN

FIGURE S-4  
LOCAL EARTHQUAKE EPICENTER MAP  
(from Greene & Kennedy, 1986)



#### NOMENCLATURE

**MAIN SCARP**—A steep surface on the undisturbed ground around the periphery of the slide, caused by the movement of slide material away from undisturbed ground. The projection of the scarp surface under the displaced material becomes the surface of rupture.

**MINOR SCARP**—A steep surface on the displaced material produced by differential movements within the sliding mass.

**HEAD**—The upper part of the slide material along the contact between the displaced material and the main scarp.

**TOP**—The highest point of contact between the displaced material and the main scarp.

**TOE OF SURFACE OF RUPTURE**—The intersection (sometimes buried) between the lower part of the surface of rupture and the original ground surface.

**TOE**—The margin of displaced material most distant from the main scarp.

**TIP**—The point on the toe most distant from the top of the slide.

**FOOT**—That portion of the displaced material that lies downslope from the toe of the surface of rupture.

**MAIN BODY**—That part of the displaced material that overlies the surface of rupture between the main scarp and toe of the surface of rupture.

**FLANK**—The side of the landslide.

**CROWN**—The material that is still in place, practically undisplaced and adjacent to the highest parts of the main scarp.

**ORIGINAL GROUND SURFACE**—The slope that existed before the movement which is being considered took place. If this is the surface of an older landslide, that fact should be stated.

**LEFT AND RIGHT**—Compass directions are preferable in describing a slide, but if right and left are used they refer to the slide as viewed from the crown.

**SURFACE OF SEPARATION**—The surface separating displaced material from stable material but not known to have been a surface on which failure occurred.

**DISPLACED MATERIAL**—The material that has moved away from its original position on the slope. It may be in a deformed or undeformed state.

**ZONE OF DEPLETION**—The area within which the displaced material lies below the original ground surface.

**ZONE OF ACCUMULATION**—The area within which the displaced material lies above the original ground surface.

SOURCE:

CITY OF MALIBU GENERAL PLAN

FIGURE S-5

GENERAL LANDSLIDE FEATURES  
AND NOMENCLATURE

(Varnes, 1978)



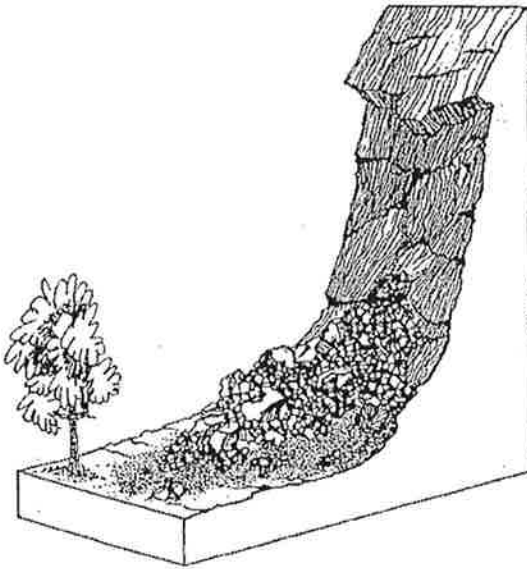
**BEDROCK LANDSLIDES**

MAP SYMBOL	SIZE	EXPLANATION
	5 - 100 ACRES	DEFINITE
	5 - 100 ACRES	PROBABLE
	GREATER THAN 100 ACRES	DEFINITE
	GREATER THAN 100 ACRES	PROBABLE

SOURCE: Hannan Geotechnical Inc., 1992

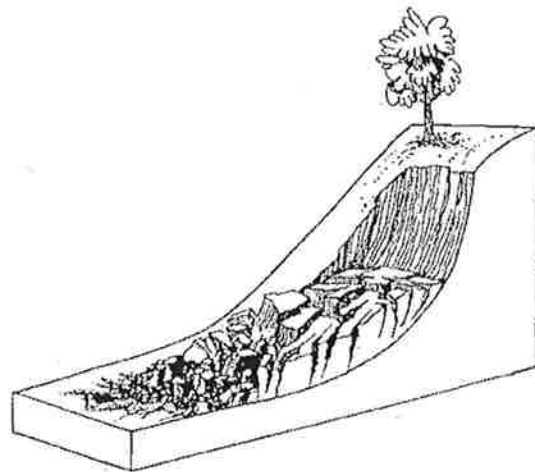
**CITY OF MALIBU GENERAL PLAN**  
**FIGURE S-6**  
**GENERAL LANDSLIDE**  
**MAP OF MALIBU AREA**  
 (from LA County)





—Fall—masses of rock and (or) other material that have moved downslope primarily by falling or bouncing through the air.

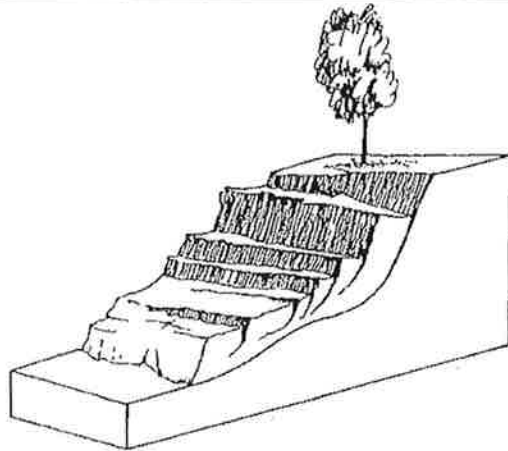
—Slide—incoherent or broken masses of rock and (or) other material that have moved downslope by sliding on a surface that underlies the deposit.



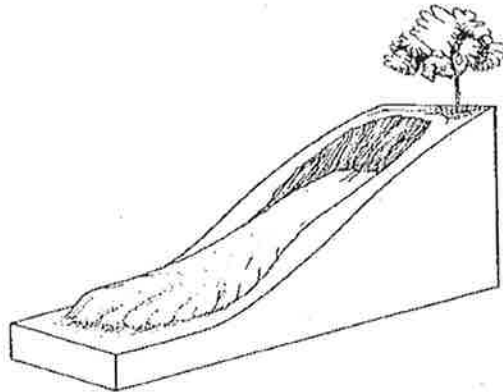
SOURCE: Harland Bartholomew & Assoc., 1992

CITY OF MALIBU GENERAL PL/

FIGURE S-7  
 LANDSLIDE TYPES - FALLS & SLIDES  
 (Nilsen and others, 1979)



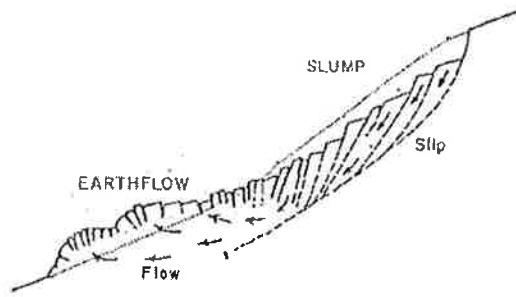
—Slump—coherent or intact masses of rock and (or) other material that have moved downslope by rotational slip on surfaces that underlie as well as penetrate the landslide deposit.



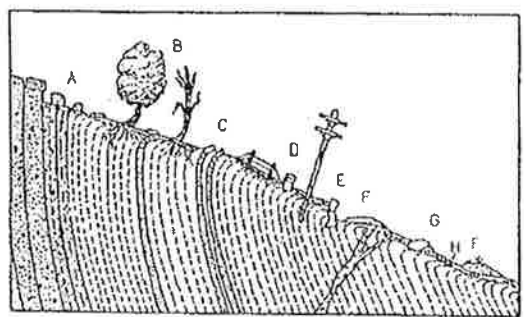
—Flow—masses of soil and other colluvial material that have moved downslope in a manner similar to the movement of a viscous fluid.

SOURCE: Hannan Geotechnical Inc., 1992

**CITY OF MALIBU GENERAL PLAN**  
**FIGURE S-8**  
**LANDSLIDE TYPES - SLUMPS & FLOWS**  
(Nilsen and others, 1979)



—Cross section of a complex landslide showing movement by slumping at the top and flowing at the bottom (from Sharpe, 1938, fig. 8).



—Diagram showing creep and its effects (Sharpe, 1938, fig.2). (A) Moved joint blocks; (B) trees with curved trunks concave upslope (a criterion to be used with caution); (C) downslope bending and drag of bedded rock or weathered veins, also present beneath soil elsewhere on the slope; (D) displaced posts, poles, and monuments; (E) broken or displaced retaining walls and foundations; (F) roads and railroads moved out of alignment; (G) turf rolled downslope from creeping boulders; (H) stone-line at approximate base of creeping soil. A and C represent rock-creep; all other features shown are due to soil-creep. Similar effects may be produced by some types of landslides.

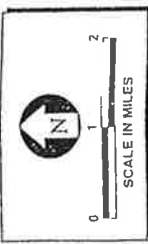
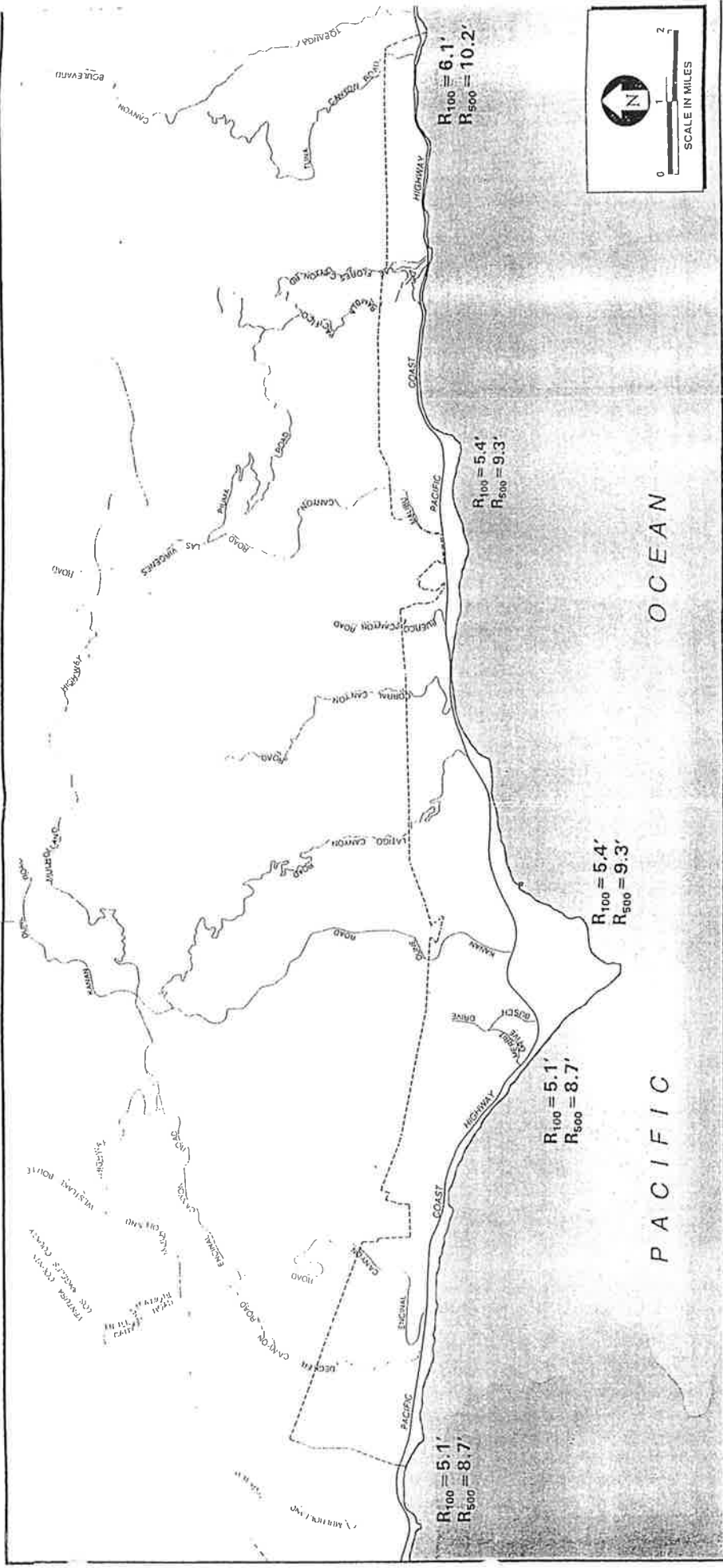
SOURCE: Hannan Geotechnical Inc., 1992

**CITY OF MALIBU GENERAL PLA**  
**FIGURE S-9**  
**LANDSLIDE TYPES - COMPLEX & CREEP**  
 (Nilsen and others, 1979)

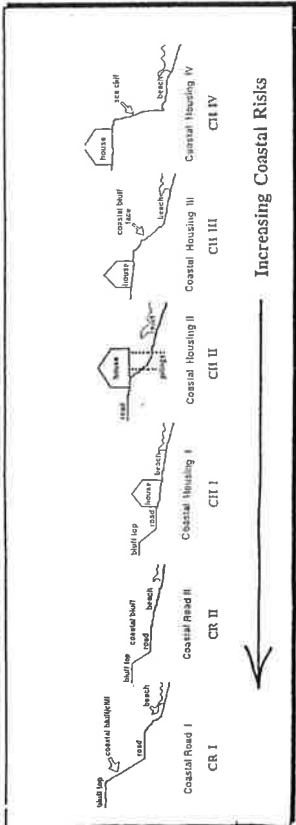


SOURCE: Hannan Geotechnical Inc., 1992

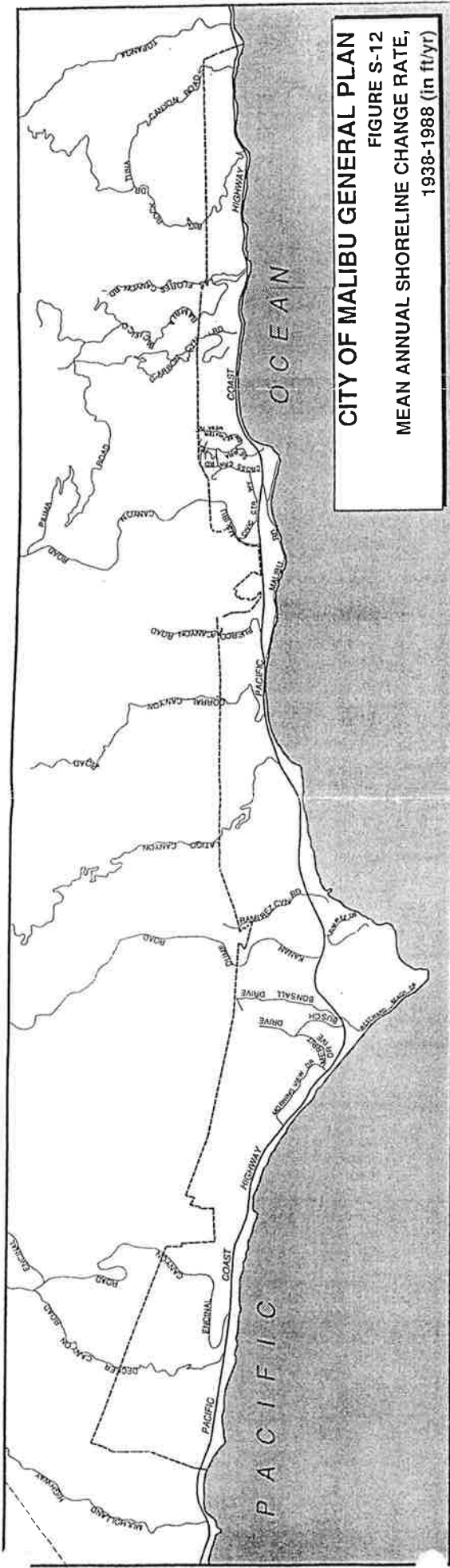
CITY OF MALIBU GENERAL PLAN  
FIGURE S-10  
LOCATION OF POSSIBLE COLLAPSIBLE SOILS  
POINT DUME AREA  
(from Campbell, 1980)



**CITY OF MALIBU GENERAL PLAN  
FIGURE S-11  
TSUNAMIS RUNUP MAP FOR 100 YEAR AND  
500 YEAR RECURRENCE  
MALIBU, CALIFORNIA**

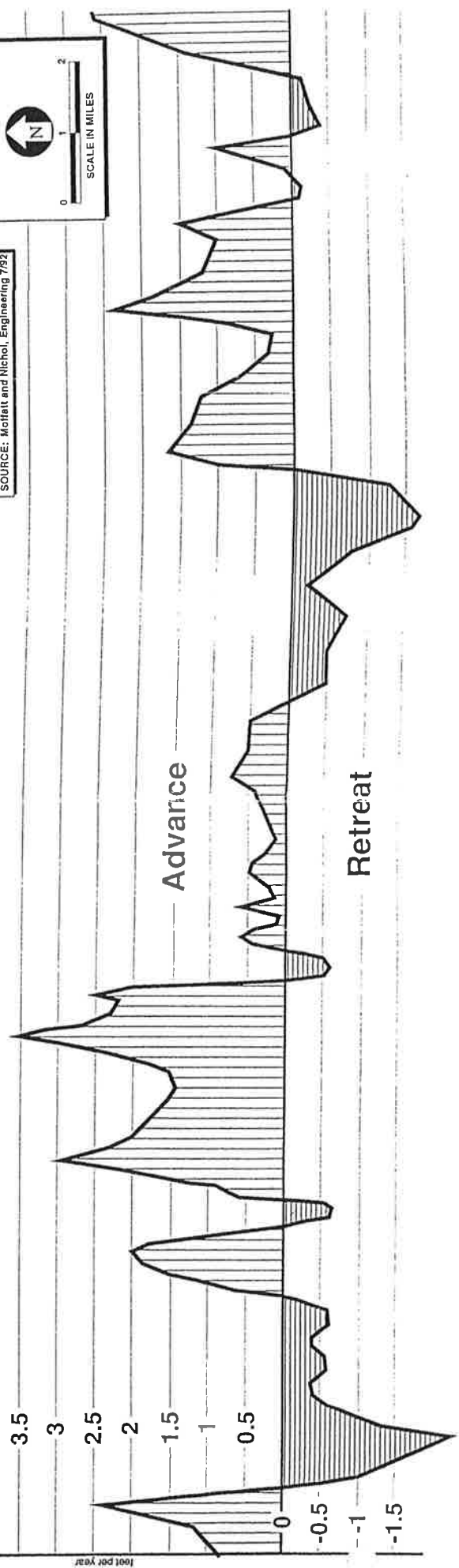
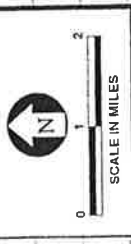


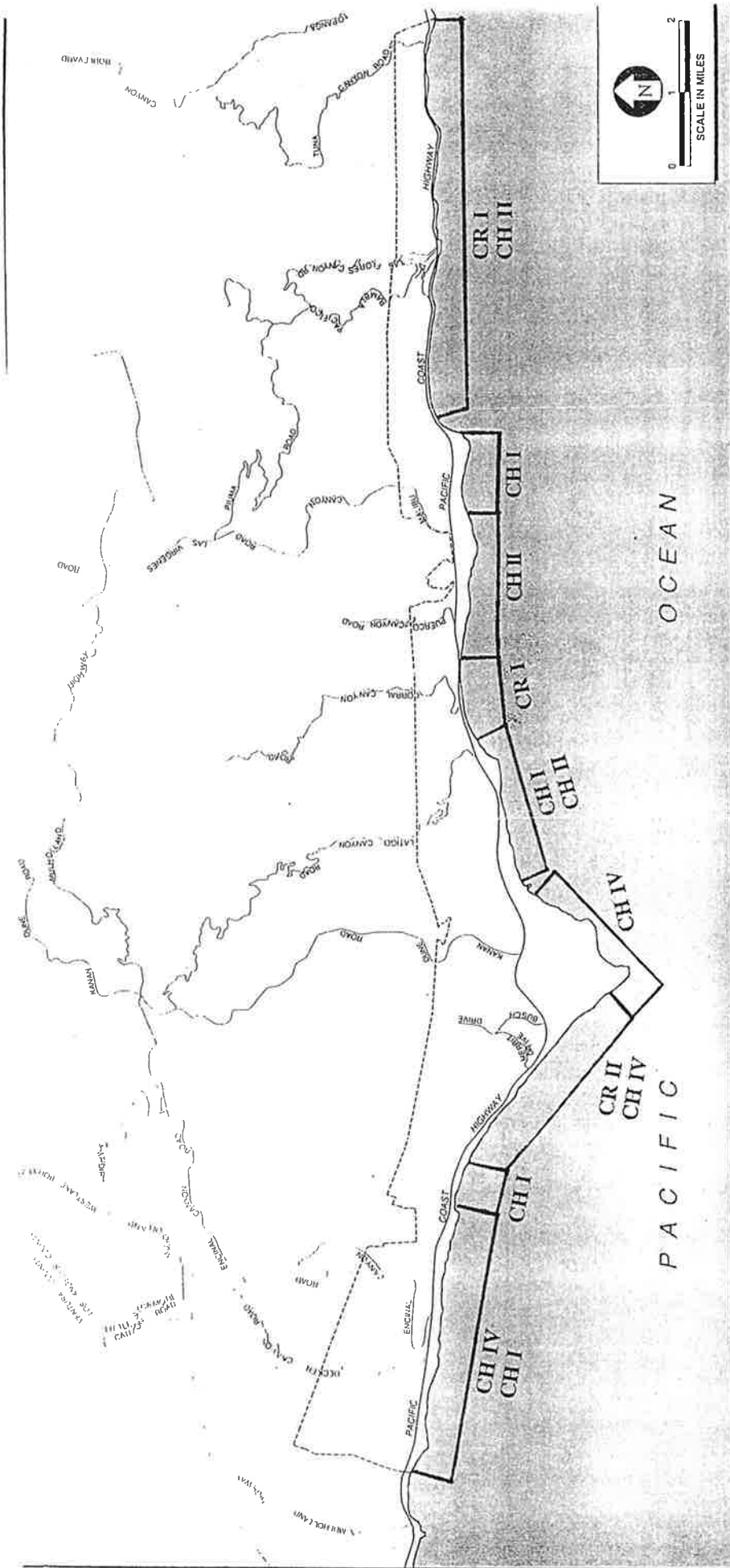
SOURCE: Hannan Geotechnical Inc., 1992



**CITY OF MALIBU GENERAL PLAN**  
**FIGURE S-12**  
**MEAN ANNUAL SHORELINE CHANGE RATE,**  
**1938-1988 (in ft/yr)**

SOURCE: Moffatt and Nichol, Engineering 7/92





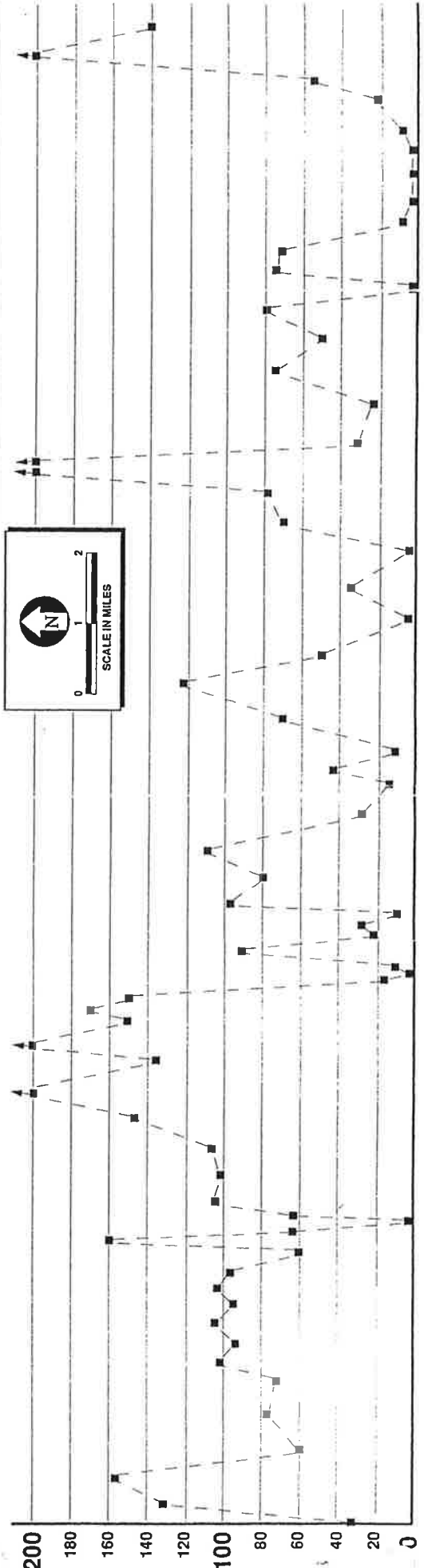
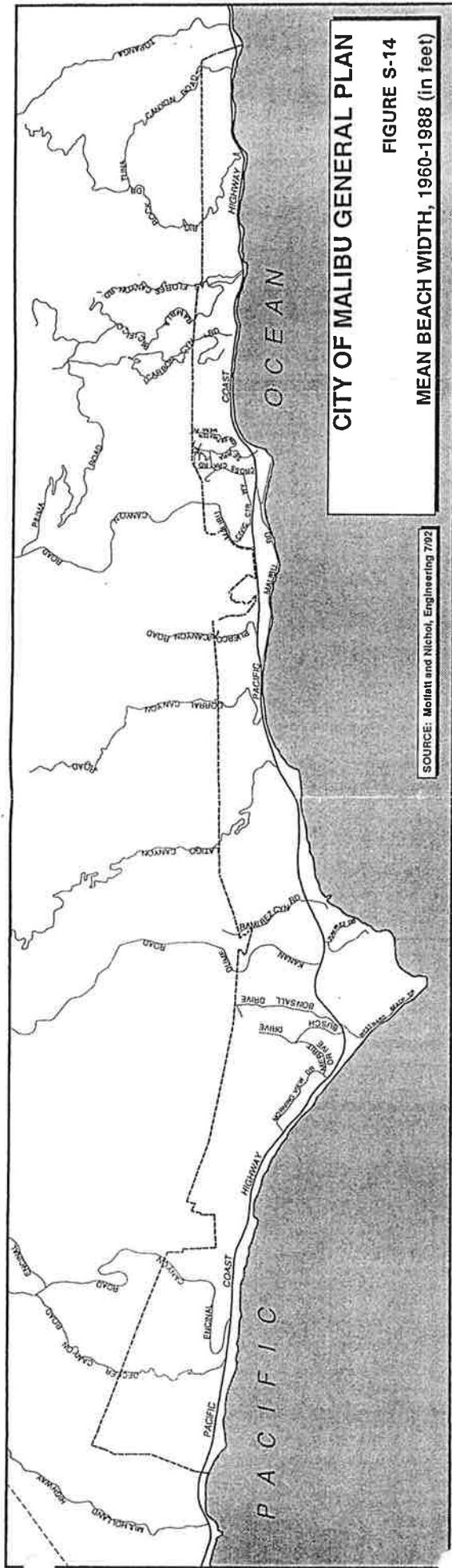
**CITY OF MALIBU GENERAL PLAN  
FIGURE S-13  
GENERAL LOCATION OF COASTAL  
DEVELOPMENT TYPES & RELATIVELY  
TO COASTAL HAZARDS**

**NOTE:** The runup height is the land elevation (or contour) that the incoming tsunami will reach - all areas seaward of these contours, at lower elevations, will be inundated. This runup height includes the effects of the normal tidal range, but excludes the possible simultaneous occurrence of the tsunami with high surf and storm wave setup.

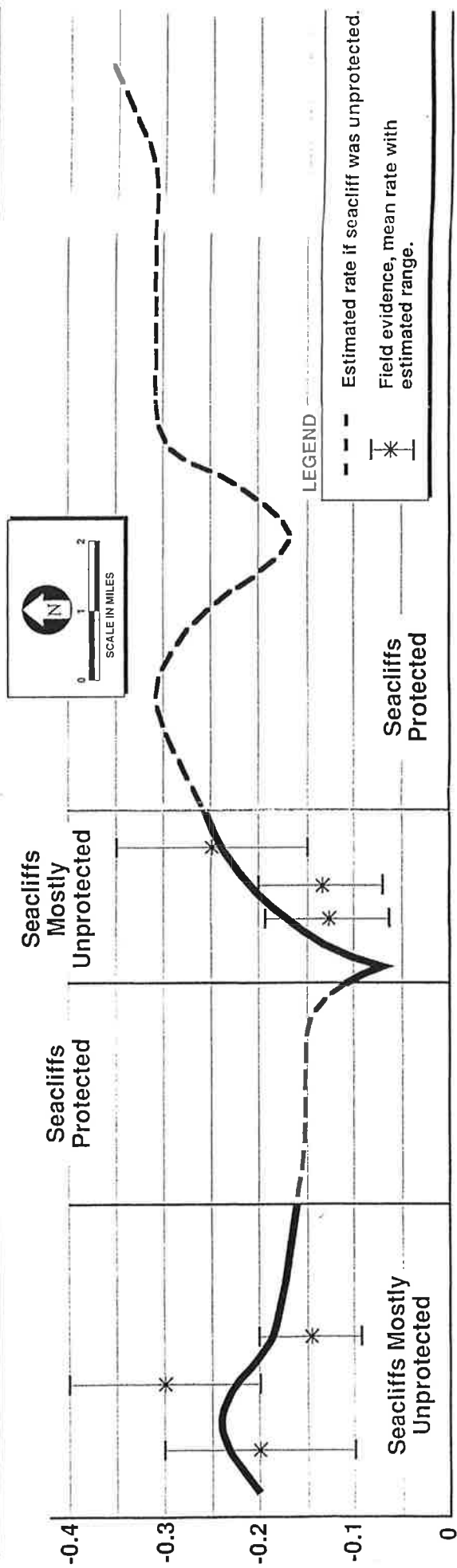
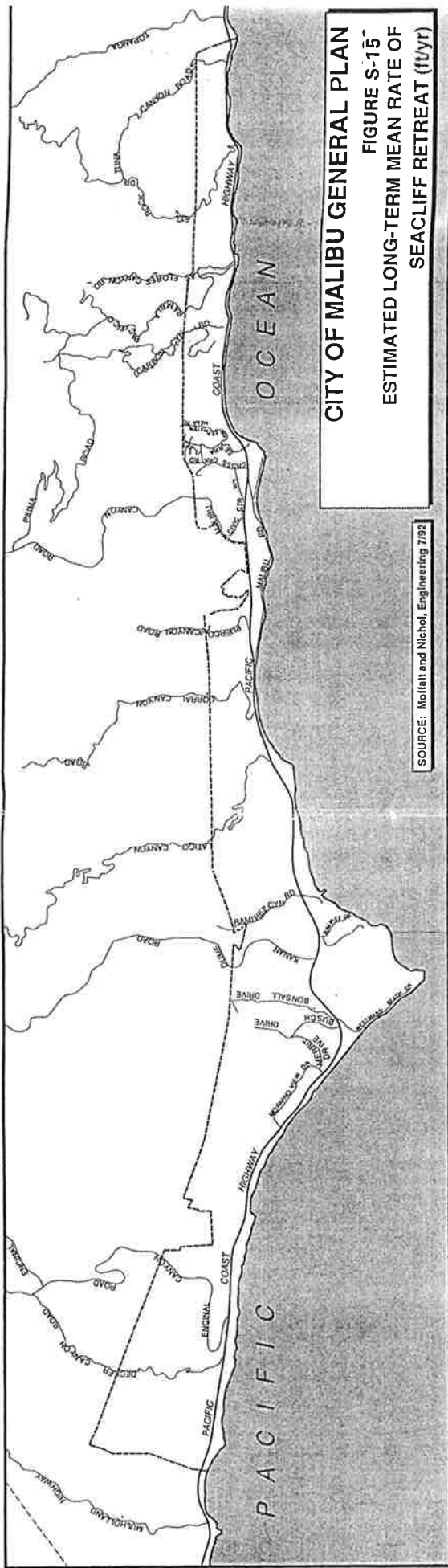
The higher runups occur in the eastern part of Malibu because of the amplification effects related to Santa Monica Bay resonant oscillations.

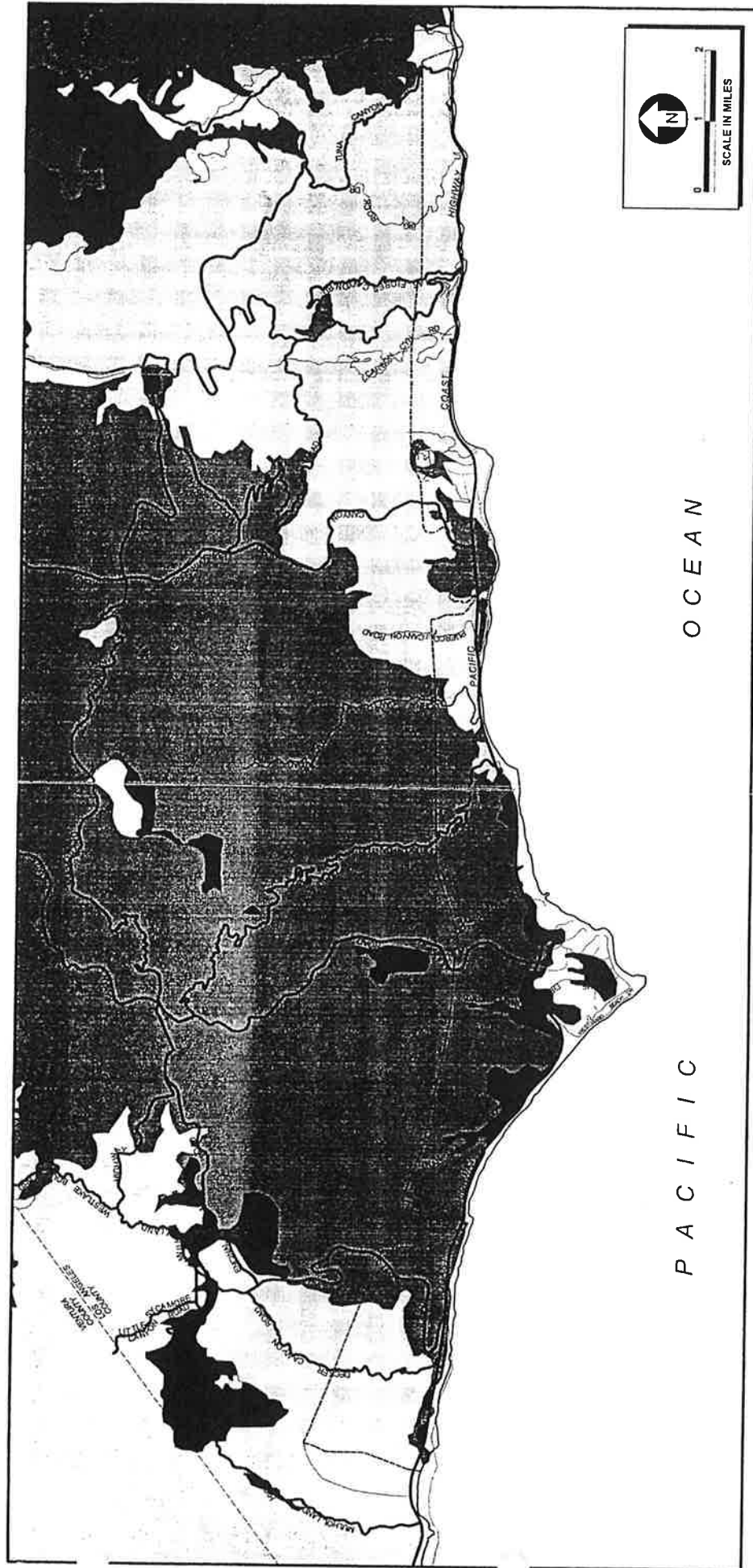
On the U. S. G. S. maps used for the Geologic Hazards Maps (Plates 1 through 1B, the lowest marked contour is 25 feet. The equivalent contour location for tsunami runup lies about one-half the distance between the shoreline and this lowest marked contour.

SOURCE: Hamann Geotechnical Inc., 1992









P A C I F I C O C E A N

**LEGEND**

**YEARS SINCE LAST BURN**

- 1 to 10 Years
- 10 to 30 Years
- 30 to 117 Years
- City Boundary

- Notes:
1. Brush fires occurring in the past 117 years with no recorded perimeter are not included
  2. While areas have no recorded brush fire perimeter.
  3. Brush fire perimeters in Ventura County include only those that are partially within Los Angeles County.
  4. Brush fires occurring after 09-16-94 are not included, except for the Latigo Canyon fire on 12-08-94.

**CITY OF MALIBU GENERAL PLAN  
FIGURE S-16  
FIRE HISTORY**  
Source: California Office of Emergency Services/Federal Emergency Management Agency

## **CHAPTER 6.0 NOISE ELEMENT**

- 6.1 Introduction**
  - 6.1.1 Legislative Authorization**
  - 6.1.2 Purpose and Scope**
  - 6.1.3 Related Information and Terminology**
  
- 6.2 Standards, Plans and Regulations**
  - 6.2.1 Noise and Land Use Compatibility Guidelines**
  - 6.2.2 Environmental Protection Agency (EPA)**
  - 6.2.3 Federal Highway Administration (FHWA)**
  - 6.2.4 State of California**
  
- 6.3 Existing Noise Environment**
  - 6.3.1 In General**
  - 6.3.2 Community Noise Survey**
  - 6.3.3 Roadway Traffic Noise**
  - 6.3.4 Noise Contours**
  - 6.3.5 Interpretation of Roadway Noise Contours**
  
- 6.4 Goals, Objectives, Policies and Implementation Measures**
  - 6.4.1 N GOAL 1**
  
- 6.5 Appendix—Noise Element Maps and Figures**

## 6.1 Introduction

### 6.1.1 Legislative Authorization

The State of California has mandated that each county and city prepare a noise element as part of its general plan. Section 65302(f) of the California Government Code requires that the element shall:

*identify and appraise noise problems in the community. The noise element shall recognize the guidelines established by the Office of Noise Control in the State Department of Health Services and shall analyze and quantify, to the extent practicable, as determined by the legislative body, current and projected noise levels for all of the following sources:*

- *Highways and freeways;*
- *Primary arterials and major local streets;*
- *Passenger and freight on-line railroad operations and ground rapid transit systems;*
- *Commercial, general aviation, heliport, helistop, and military airport operations, aircraft overflights, jet engine test stands, and all other ground facilities and maintenance functions related to airport operation;*
- *Local industrial plants, including, but not limited to, railroad classification yards; and*
- *Other ground stationary noise sources identified by local agencies as contributing to the community noise environment.*

### 6.1.2 Purpose and Scope

The purpose of the Noise Element is to provide guidance for comprehensive local programs to control and abate excessive noise and to protect residents from adverse noise impacts. The element provides information on the existing and projected noise environment and includes, goals, objectives, policies and implementation programs to ensure an acceptable noise environment. The element also identifies criteria to be used by decision makers in evaluating the noise implications of proposed projects.

The typical community noise environment is comprised of a background noise level and higher noise levels, frequently transportation oriented. Because the background noise level is lower at night, the problems posed by higher noise levels are more pronounced at night.

The predominant noise source in Malibu is vehicular traffic from Pacific Coast Highway, the major canyon roads, and the local arterials. Stationary sources within the City include a wide range of recreational, commercial, and business activities.

### 6.1.3 Related Information and Terminology

Noise is most often defined as unwanted sound. Sound levels can easily be measured, but the variability in subjective and physical response to sound requires a more detailed analysis to determine the impact on people. People judge the relative magnitude of sound sensation in subjective terms such as “loudness” or “noisiness.” Physically, sound pressure magnitude is measured and quantified on a scale which indicates the sound level in units of decibels (dB). All sound pressure levels discussed in this study are referenced to the standard reference pressure of 20 microPascals.

The human hearing system is not equally sensitive to sound at all frequencies. Because of this variability, a frequency-dependent adjustment called an A-weighting has been devised so that sound may be measured in a manner similar to the way the human hearing system responds. The use of the A-weighted sound level is often indicated by using the abbreviation “dBA” for expressing the sound level. An increase in the sound level by 10 dBA is judged by most people to be approximately twice as loud as the former, whereas most people are unable to detect a change in less than 3 dBA. To acquaint the reader with sound levels produced by common noise sources, measured sound levels for various sources are provided in Figure N-1.

It is desirable to describe a noise environment with a single number representing an hour or even a whole day so that easy reference and comparison can be made. Common methods which are widely used in the United States and abroad consider the average noise level and the maximum level recorded over a period of time, referred to as the Equivalent Level ( $L_{eq}$ ), the Minimum Level ( $L_{min}$ ), and Maximum Level ( $L_{max}$ ), respectively.  $L_{eq}$  is a single-number noise descriptor that represents the average sound level in an environment where the actual noise level varies with time,  $L_{min}$  and  $L_{max}$  are the lowest and highest noise level that occurred during that time.

In a typical outdoor environment, the noise level varies during the day according to various activities in the community. Noise that may be acceptable during the day may be unwanted sound at night; e.g., automobile traffic on a nearby street, aircraft overflight, or dog barking. Thus, additional units of measurements have been developed to evaluate the longer term characteristics of sound. The Community Noise Equivalent Level (CNEL) and the day-night level ( $L_{dn}$ ), along with  $L_{eq}$ , are the measurements commonly used in California.

CNEL is a single-number noise descriptor. However, CNEL represents the average noise level over a 24-hour period and is appropriate in assessing long-term roadway noise impacts. CNEL is similar to a 24-hour  $L_{eq}$ , but with a 10 dBA penalty added to nighttime (10 p.m. to 7 a.m.) sound levels and a 5 dBA penalty added to evening sound levels (7 p.m. to 10 a.m.) before the 24-hour average is computed. These penalties are applied to account for the increased annoyance that is generally felt by a person of normal sensitivity during the evening relaxation and nighttime sleep hours.

CNEL is the noise metric currently specified in the State Aeronautics Code for evaluation of the noise impact of airplanes. Additionally, CNEL is specified by the State Noise Insulation Standards for new multiple family dwellings. Local compliance with these standards requires that community noise be specified in terms of CNEL.

Intermittent or occasional noise, such as that associated with a stationary noise source sometimes is not loud enough to exceed the CNEL or  $L_{eq}$  community noise standards. To account for such intermittent noise, acoustical engineers characterize noise in terms of percent noise level (L percent). The percent noise level is the level exceeded “x” percent of the time during the measurement period. For example, in an area where noise levels exceed 65 dB 90% of the time,  $L_{90}$  is 65 dB.

## 6.2 Standards, Plans and Regulations

### 6.2.1 Noise and Land Use Compatibility Guidelines

Noise has the potential to affect human health in various ways. Community decision makers may use available community noise information, therefore, to ensure that a minimum number of people are exposed to potentially harmful noise sources. To aid decision makers, several federal and state agencies have established noise/land use compatibility guidelines. These guidelines are all based upon cumulative noise criteria, such as  $L_{eq}$ , CNEL, or  $L_{dn}$ . These land uses and compatibility guidelines are illustrated in Figure N-2.

### 6.2.2 Environmental Protection Agency (EPA)

In March 1984, the EPA published a document which for the past nine years has served as the primary source of information about noise and its effects on land use and people. The document entitled Information of Levels of Environmental Noise Requisite to Protect Public Health and Welfare With an Adequate Margin of Safety (EPA 550/9-74-004), contains a table which identifies indoor thresholds requisite for protecting human health in both indoor and outdoor environments.

According to this publication, 55  $L_{dn}$  is described as the threshold level with an adequate margin of safety for areas for outdoor activities associated with residential development and recreational activities. The document and the thresholds are not considered standards, specifications, or regulations.

### 6.2.3 Federal Highway Administration (FHWA)

The FHWA has adopted and published noise abatement criteria for highway construction projects. The FHWA abatement criteria establishes an exterior noise goal for residential land uses of 67  $L_{eq}$ . The interior goal for residences is 52  $L_{eq}$ . The criteria apply to private yard areas and assume that typical wood frame houses with open windows provide a 10 dB noise reduction and a 20 dB noise reduction with the windows closed.

### 6.2.4 State of California

The State of California has adopted noise standards in areas of regulation not preempted by the federal government\*. State standards regulate noise levels of motor vehicles, freeway noise affecting classrooms, sound transmissions, occupational noise control, and airport noise. The purpose of the standards is to establish minimum noise insulation performance standards to protect persons within new hotel, motels, apartment houses, and dwellings other than detached single-family dwellings. The standards specify that interior noise levels, with windows closed, attributable to exterior sources shall not exceed an annual noise level of 45 dB CNEL in any habitable room. In addition, residential buildings or structures within a 60 dB CNEL exterior noise environment due to airport, vehicular, or industrial noise sources are required to have an acoustical analysis prepared indicating that the proposed building has been designed to limit intruding noise to the allowable 45 dB CNEL interior noise level.

In 1976, the Department of Health, State Office of Noise Control published a recommended noise/land use compatibility matrix which many jurisdictions have adopted as a standard in their general plan noise elements. This matrix indicates that residential land uses and other noise sensitive receptors generally should locate in areas where outdoor ambient noise levels do not exceed 65 to 70 dBA (CNEL or  $L_{dn}$ ).

\* The California Sound Transmission Control Standards are found in California Administrative Code, Title 25, Building Standards, Chapter 2.5, as adopted March 1, 1986.

## 6.3 Existing Noise Environment

### 6.3.1 In General

The City includes a wide variety of land use and development types that are noise sensitive. Noise sensitive land uses include, single and multiple family residences, schools, libraries, medical facilities, retirement/rest homes, and places of religious worship. The predominant land uses in the City are noise sensitive residential uses.

The existing measurable noise environment was documented through both a community noise survey and computer generated noise contours. The noise survey identified existing noise levels generated by various sources at specific locations within the City while the computer analysis predicted existing and future roadway noise levels.

### 6.3.2 Community Noise Survey

A community noise survey was conducted on July 16, 1992 to document the existing noise environment within the City of Malibu. Noise measurements were conducted at 10 sites between 9:28 a.m. and 3:03 p.m. The locations were representative of residential, commercial and public use areas. Noise measurement survey data forms for each location are provided in Appendix A of the Background Report to this Element. The approximate locations of the noise measurements are illustrated in Figure N-3 and the results are presented in Table 6-1. Each site was measured for 15 minutes. The quantities measured are in  $L_{eg}$ ,  $L_{min}$ , and  $L_{max}$ . The noise measurement results summarized in Table 6-1 should be used as a guide or indication of noise levels throughout the community.

The land uses in the locations surveyed included predominantly noise sensitive land uses such as residential neighborhoods. Commercial uses also exist at three of the measurement sites and one location contains only commercial uses. Public open space such as the Malibu Bluffs Park were also surveyed for noise levels. The noise sources in most of the locations surveyed included vehicular traffic, street maintenance, animals, helicopter and other aircraft; and lawn equipment. The noise survey recorded  $L_{eg}$  noise levels throughout the City of 74 dBA and below. Most of the noise levels in these areas are compatible with the land uses, there are however, a few areas identified on Table 6-1 in which the noise levels exceed the normally acceptable levels for the existing land uses.

## NOISE ELEMENT

**Table 6-1  
NOISE MEASUREMENT SURVEY RESULTS**

Location	Time	Noise Levels (in dBA)		
		L <sub>eq</sub>	L <sub>min</sub>	L <sub>max</sub>
1. PCH and Decker Canyon Road	1:02 p.m.	73	48	81
2. PCH and Trancas Canyon Road	12:30 p.m.	70	57	78
3. PCH between Busch and Morning View	1:36 p.m.	74	53	81
4. Dume Drive and Grayfox Street	11:54 a.m.	63	37	74
5. PCH and Zuma Mesa Road	11:28 a.m.	72	49	78
6. Malibu Country/Vantage Point	2:16 p.m.	52	36	65
7. PCH and Malibu Canyon Road	10:54 a.m.	68	51	75
8. Cross Creek/Civic Center Way	9:48 a.m.	64	48	75
9. Carbon Canyon/Carbon Mesa	9:22 a.m.	49	32	59
10. PCH/Las Flores Canyon Road	2:48 p.m.	72	51	79

Source: Harland Bartholomew & Associates, July 1992

### 6.3.3 Roadway Traffic Noise

The dominant noise source in Malibu is roadway traffic from Pacific Coast Highway which runs east/west throughout the City. Additional roadway traffic noise arises from some of the canyon roads including, Malibu Canyon Road and Kanan Dume Road which run north/south.

### 6.3.4 Noise Contours

The noise contours represent lines of equal noise exposure, just as the lines on a weather map indicate equal temperature or atmospheric pressure. The contours provide a visualization of estimates of sound level. Land forms and man-made structures have very complex effects on sound transmission and on noise contours. Generally, barriers between a source and receiver absorb or reflect noise resulting in a quieter environment. Where barriers or land forms do not interrupt the noise transmission path from source to receiver, the contours prove to be good estimates of the average noise level. In areas where barriers or land forms interrupt the sound transmission, the noise contours overestimate the extent to which a source intrudes into the community. The noise contour distances describe worst-case conditions because they do not account for any obstructions to the noise path, such as walls, berms, or buildings. There were 16 roadway segments that were analyzed; Table 6-2 provides the results of the analysis along Pacific Coast Highway during the summer months which are the peak traffic months.

A graphic display of the 55, 60, 65, 70 and 75 dB CNEL noise contours for the existing major roadway noise sources is provided in Figures 6-4(A-D) and 6-5(A-D). Figure 6-4(A-D) presents an overall picture and several detailed maps of the contours for annual roadway noise. Figure 6-5(A-D) presents an overall picture and several detailed maps of the contours for the summer months/peak season roadway noise along Pacific Coast Highway. The noise contours represent unmitigated conditions. Therefore, on roadways where walls, berms or structures block the noise path, the contours overestimate the noise impact.

It is not possible for a general plan noise element to analyze each roadway segment of the City for barrier noise attenuation. Therefore, where specific projects are proposed within noise impacted areas, an acoustical



analysis should be completed to evaluate the noise reduction provided by any barriers to the noise path. A description of the study methodology and data sources is included in the Background Report to this Element.

**Table 6-2**  
**EXISTING ROADWAY NOISE LEVELS**

Roadway Segment	Distance to CNEL from Roadway Centerline				
	75'	70'	65'	60'	55'
PCH west of Topanga Canyon Road, east of Serra Road	55.0	139.2	394.7	1,052.4	2,468.1
PCH west of Serra Road, east of Cross Creek	52.2	93.2	185.8	379.4	761.6
PCH west of Cross Creek, east of Civic Center Way	0.0	87.0	172.3	351.7	708.2
PCH west of Civic Center Way, east of Ramirez Canyon Road	0.0	73.8	143.0	291.5	590.6
PCH west of Ramirez Canyon Road, east of Morning View Drive	0.0	69.4	133.2	271.0	550.2
PCH west of Morning View Drive, east of (western) City limit	0.0	55.8	101.8	204.5	417.1
Cross Creek Road north of PCH	0.0	0.0	51.3	104.9	218.3
Malibu Canyon Road north of PCH, south of Civic Center Way	0.0	0.0	50.6	103.5	215.3
Malibu Canyon Road north of Civic Center Way	0.0	0.0	81.5	169.3	350.0
Kanan Dume Drive north of PCH	0.0	0.0	0.0	62.9	130.0

Source: Harland Bartholomew & Associates, 1992

**Table 6-3**  
**EXISTING ROADWAY NOISE LEVELS DURING SUMMER MONTHS**

Roadway Segment	Distance to CNEL from Roadway Centerline				
	75'	70'	65'	60'	55'
PCH west of (eastern) City limit, east of Serra Road	58.3	150.5	426.5	1,128.1	2,618.7
PCH west of Serra Road, east of Cross Creek	54.3	98.2	196.7	401.5	803.9
PCH west of Cross Creek, east of Civic Center Way	51.7	92.2	183.6	374.9	752.9
PCH west of Civic Center Way, east of Ramirez Canyon Road	0.0	78.0	152.4	310.8	628.5
PCH west of Ramirez Canyon Road, east of Morning View Drive	0.0	73.9	143.2	291.9	591.4
PCH west of Morning View Drive, east of (western) City limit	0.0	59.3	110.0	222.2	452.9

Source: Harland Bartholomew & Associates, 1992

### 6.3.5 Interpretation of Roadway Noise Contours

Figures N-4 and N-5 display the 75, 70, 65, 60 and 55 dB CNEL noise contours that were generated using the FHWA noise model for existing roadway noise sources in the City of Malibu. The contours portray areas of equal noise level within an equivalent distance from the roadway centerline.

The eastern segment of Pacific Coast Highway which runs from the eastern City limits to Serra Road, is characterized by the highest noise levels. This area generates a 75 dB CNEL contour which extends 55 feet from the roadway centerline, a 70 dB CNEL contour which extends approximately 140 feet from the roadway centerline, and a 65 dB CNEL contour which extends approximately 400 feet from the roadway centerline. The average half-width of Pacific Coast Highway is 25 feet. Therefore, the 75 dB CNEL extends 30

## NOISE ELEMENT

feet beyond the outer boundary of the roadway. A significant number of the residential dwelling units are located along Pacific Coast Highway with no setbacks. Many of these homes are exposed to noise levels as high as 75 dB CNEL depending on the type of landscaping or other noise-attenuating barriers located at each structure. The 65 dB CNEL extends as far as the Pacific Ocean, encompassing all of the beach side residential units along this segment of Pacific Coast Highway. Noise levels of 65, 70 and 75 dB CNEL are considered incompatible with single-family residential dwelling units.

Along Pacific Coast Highway east of the Civic Center area, Serra Road to Cross Creek Road, noise contours of up to 75 dB CNEL are generated approximately 52 feet from the roadway centerline. Undeveloped/open space areas dominate the land adjacent to the street along this segment of Pacific Coast Highway. Noise levels of 75 dB are acceptable with this type of land use. There are noise contours of 70 dB CNEL generated approximately 87 feet from the roadway centerline along the segment of Pacific Coast Highway running through the Civic Center area, Cross Creek Road to Civic Center Road. The land uses along this segment of Pacific Coast Highway are primarily commercial. Noise levels of 70 dB CNEL and lower are compatible with commercial uses. However, most uses such as the Hughes Market are set back from the roadway and/or have large parking lots adjacent to Pacific Coast Highway and therefore the actual use is exposed to even lower noise levels.

The segment of Pacific Coast Highway which runs from Civic Center Way to Ramirez Canyon Road generates noise contours of 70 dB CNEL approximately 74 feet from the roadway centerline. Much of the land along this segment of the road is undeveloped/open space, however there is some commercial and a significant amount of residential land uses along there as well. The undeveloped/open space areas and commercial land uses are compatible with noise levels of 70 dB CNEL and below and are therefore not incompatible with the noise levels. The 65 dB CNEL contour extends 143 feet from the roadway centerline. Therefore residents along Pacific Coast Highway are exposed to noise levels of 65 dB CNEL and to some extent 70 dB CNEL which is incompatible with the state guidelines. Along Cross Creek Road, the noise levels are lower, with the 65 dB CNEL contour extending approximately 51 feet from the roadway centerline. The primary land use along Cross Creek Road is commercial and therefore the noise levels are compatible with the land uses.

Noise contours of up to 65 dB CNEL are generated along Malibu Canyon Road between Pacific Coast Highway and Civic Center Way and extend approximately 51 feet from the roadway centerline. The area to the east of the roadway is undeveloped/open space and the area to the west is not within the City limits. North of Civic Center Way, contours of up to 65 dB CNEL extend approximately 82 feet from the roadway centerline. The land uses along this segment of Malibu Canyon Road include the Hughes Aircraft Research Facility, religious facilities and residential uses. Most of the structures are set back from the roadway and are not exposed to this noise level. Noise levels of 60 dB CNEL and below are compatible with all land uses.

There are similar noise contours generated along Pacific Coast Highway running west of Ramirez Canyon Road to Morning View Drive. The noise levels of up to 70 dB CNEL are compatible with the commercial uses in the area, however these noise levels are incompatible with both the multifamily and single-family residential land uses located in the area. The 70 dB CNEL contours extend approximately 70 feet from the roadway centerline and many of the residential uses may be set back farther than 45 feet from the edge of the roadway and would not be exposed to these noise levels. Noise contours of 65 dB CNEL extend approximately 133 feet from the roadway centerline. Multifamily residential uses are compatible with this

noise level but 65 dB CNEL noise levels are incompatible with the existing single-family residential land uses.

Along Kanan Dume Drive north of Pacific Coast Highway the highest noise contours are 60 dB CNEL which extend approximately 63 feet from the roadway centerline. This noise level is compatible with all land uses.

The segment of Pacific Coast Highway that runs from Morning View Drive to the western City limits is dominated by undeveloped/open space areas, single-family residential uses, and a limited number of commercial uses. The 70 dB CNEL noise contours extend approximately 56 feet from the roadway centerline or approximately 30 feet from the edge of the roadway. The undeveloped/open spaces areas and commercial uses are not incompatible with this noise level. Many of the single-family residential land uses are set back farther than 30 feet from the edge of the roadway and are not exposed to this noise level. The 65 dB CNEL noise contour extends approximately 100 feet from the roadway centerline, or 75 feet from the edge of the roadway. Many of the single-family residential units may have setbacks of greater than 75 feet or have landscaping or some other form of sound barrier and therefore may not be within the 65 dB CNEL contour. The single-family land uses that are within 65 dB CNEL are exposed to noise levels incompatible with the land uses.

Figure N-5 represents noise contours generated by vehicular traffic along Pacific Coast Highway during the peak traffic months, typically June through September. The noise contours generated by peak vehicular traffic extend slightly farther than the noise contours generated during the non-peak months. There are few differences in the distances of the contours, the higher contours extend approximately two to three feet (75 dB CNEL) farther, three to 11 feet longer (70 dB CNEL), and nine to 30 feet longer (65 dB CNEL) during the peak season. The same land uses which are affected by high noise levels during the off-peak season are affected during the peak season, with no additional uses affected. The exception occurs on the segment of Pacific Coast Highway which runs from Cross Creek Road to Civic Center Way. The 75 dB CNEL contour extends approximately 52 feet from the roadway centerline during the peak season and there is no 75 dB CNEL contour during the off-peak season. The commercial uses along this segment of the road are set back from the highway and would not be exposed to the higher noise levels.

The noise measurements described above indicate that noise levels in the majority of the areas surveyed in the City are compatible with the surrounding land uses according to State guidelines. The noise contours in Malibu indicate that the eastern portion of the City experiences greater noise levels than the western portion and that, according to State guidelines, homes not located along Pacific Coast Highway are generally not exposed to unacceptable levels of noise. However, comments made during all phases of the citizen participation process indicate that City residents have found the level of noise, particularly during peak visitor days, to be unacceptable.

NOISE ELEMENT

Table 6-4

MAXIMUM EXTERIOR NOISE LIMITS NON-TRANSPORTATION SOURCES

Receiving Land Use Category	General Plan Land Use Districts	Time Period	Noise Level dBA	
			L <sub>eq</sub>	L <sub>max</sub>
Rural	All RR Zones and PRE, CR, All OS	7:00 a.m. to 7:00 p.m.	55	75
		7:00 p.m. to 10:00 p.m.	50	65
		10:00 p.m. to 7:00 a.m.	40	55
Other Residential	All SER, MFR and MFBF Zones	7:00 a.m. to 7:00 p.m.	55	75
		7:00 p.m. to 10:00 p.m.	50	65
		10:00 p.m. to 7:00 a.m.	45	60

(1) Where the location of outdoor activity areas is unknown, the maximum level standard shall be applied to the property line of the receiving land use.

MAXIMUM ALLOWABLE NOISE EXPOSURE TRANSPORTATION NOISE SOURCES

Receiving Land Use Category	Daytime and Neighborhood Parks	Schools, libraries and museums, child care	Office buildings	Residential and meeting halls	Transit stations, music halls	Residential and meeting halls	Office buildings	Schools, libraries and museums, child care	Playgrounds and neighborhood parks
	Δ0	Outdoor Activity Areas (1)	Interior Spaces (2)	42	42	42	Γ <sup>max</sup> C <sub>2</sub> E <sub>1</sub> (3)	Outdoor Activity Areas (1)	70
				40	42	42	Γ <sup>max</sup> C <sub>2</sub> E <sub>1</sub> (3)		
				32	42	42	Γ <sup>max</sup> C <sub>2</sub> E <sub>1</sub> (3)		
				42	42	42	Γ <sup>max</sup> C <sub>2</sub> E <sub>1</sub> (3)		
				32	42	42	Γ <sup>max</sup> C <sub>2</sub> E <sub>1</sub> (3)		
				42	42	42	Γ <sup>max</sup> C <sub>2</sub> E <sub>1</sub> (3)		
				42	42	42	Γ <sup>max</sup> C <sub>2</sub> E <sub>1</sub> (3)		
				42	42	42	Γ <sup>max</sup> C <sub>2</sub> E <sub>1</sub> (3)		
				42	42	42	Γ <sup>max</sup> C <sub>2</sub> E <sub>1</sub> (3)		

MAXIMUM ALLOWABLE NOISE EXPOSURE TRANSPORTATION NOISE SOURCES

(1) Where the location of outdoor activity areas is unknown, the maximum level standard shall be applied to the property line of the receiving land use.

(2) As determined for a typical worst-case hour during periods of use.

(3) Where it is not possible to reduce noise to outdoor activity areas to 50 dBA (C<sub>1</sub> N1) at the property line, the maximum level standard shall be applied to the property line of the receiving land use.

Receiving Land Use Category	General Plan Land Use Districts	Time Period	L <sub>eq</sub> dBA	L <sub>max</sub> dBA
Commercial/Institutional	All CC, CA, CC, and I Zones	7:00 a.m. to 7:00 p.m.	62	82
		7:00 p.m. to 7:00 a.m.	52	72
Other Residential	All SER, MFR and MFBF Zones	10:00 p.m. to 7:00 a.m.	42	60
		7:00 p.m. to 10:00 p.m.	20	42
		7:00 a.m. to 7:00 p.m.	22	42
		10:00 p.m. to 7:00 a.m.	40	22
		7:00 p.m. to 10:00 p.m.	20	42

## 6.4 Goals, Objectives, Policies and Implementation Measures

### 6.4.1 N GOAL 1: ACCEPTABLE NOISE LEVELS

#### N OBJECTIVE 1.1: A COMPREHENSIVE NOISE CONTROL PROGRAM.

- N Policy 1.1.1: The City shall protect residences, parks and recreational areas from excessive noise to permit the enjoyment of activities.
- N Policy 1.1.2: The City shall protect noise sensitive land uses from negative impacts of proximity to noise generating uses.
- N Policy 1.1.3: The City shall reduce noise along PCH.
- N Policy 1.1.4: The City shall work with businesses and residents in a joint effort to plan, control, and attain an acceptable noise environment.
- N Policy 1.1.5: The City shall encourage new construction and remodels which utilize designs and materials that reduce exposure to noise sources.
- N Policy 1.1.6: The City shall review proposed development to ensure the average ambient noise is as low as feasible to maintain the rural atmosphere.

*To implement these policies the City shall:*

**N Implementation Measure 1:** Adopt a noise control ordinance to minimize or eliminate unacceptable noise levels.

**N Implementation Measure 2:** Limit maximum permissible noise levels from all sources, including but not limited to filming, motorized vehicles, construction, leaf blowers and other landscaping equipment.

**N Implementation Measure 3:** Maintain the Building Code Sound Transmission Control Standards of the State Building Code, Title 24, Part 2, Appendix 35 within the City's adopted Building Code.

**N Implementation Measure 4:** Require acoustical studies for major commercial development projects, and impose noise mitigation measures accordingly.

**N Implementation Measure 5:** Restrict the hours and days of construction, grading, and filming to reduce noise from this source.

**N Implementation Measure 6:** Require an acoustical analysis as part of proposed development to ensure that noise mitigation is included in the project where activities associated with proposed uses are likely to produce noise levels exceeding the adopted City noise level standards, at existing or planned noise-sensitive uses, including but not limited to, residences, schools, hospitals, long term in-patient medical treatment and care facilities, churches and libraries,

**N Implementation Measure 7:** Use site planning and project design as noise mitigations to achieve the specified standards for transportation or non-transportation sources.

**N Implementation Measure 8:** Use open space, wherever practical, to provide an adequate spatial separator between noise sources and sensitive land uses. Use noise barriers as a supplemental means of achieving the

## NOISE ELEMENT

noise standards after all feasible design related noise mitigation measures have been integrated into the project.

**N Implementation Measure 9:** Encourage Caltrans to fund only those re-pavement projects that utilize low-noise paving materials to minimize traffic noise.

**N Implementation Measure 10:** Incorporate the consideration of noise impacts on significant wildlife habitats into the development review process.

## 6.5 Appendix—Noise Element Maps and Figures

**Figure N-1: Common Noise Levels and Public Reactions**

**Figure N-2: Noise and Land Use Compatibility guidelines**

**Figure N-3: Noise Measurement Locations**

**Figure N-4(A): Projected Future Peak Noise**

**Figure N-4(B): Projected Future Peak Noise**

**Figure N-4(C): Projected Future Peak Noise**

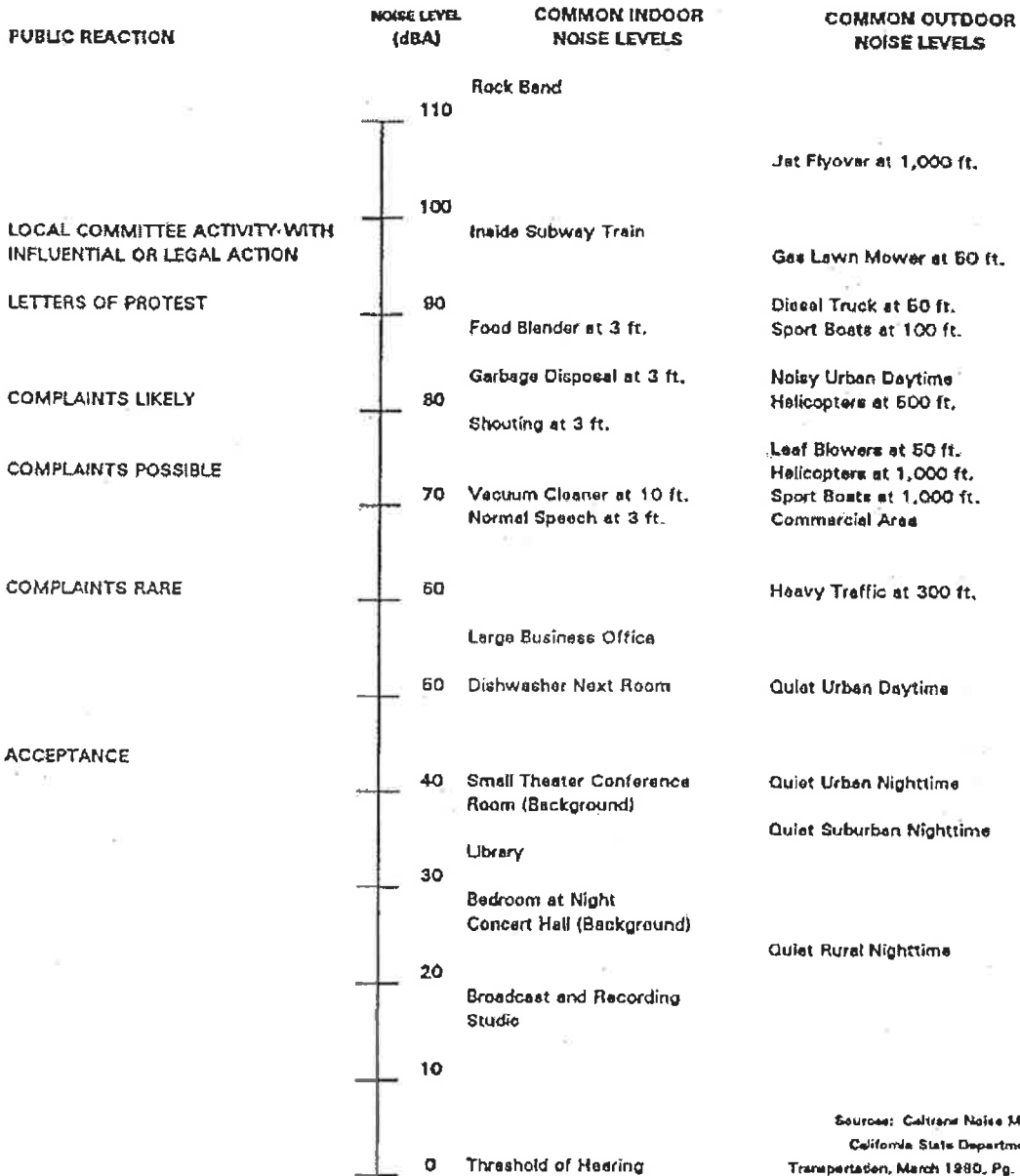
**Figure N-4(D): Projected Future Peak Noise**

**Figure 5a: Existing Roadway Noise Levels Index—Peak Traffic/Summer Months**

**Figure 5b: Existing Roadway Noise Levels—Eastern Malibu—Peak Traffic/Summer Months**

**Figure 5c: Existing Roadway Noise Levels Index—Central Malibu—Peak Traffic/Summer Months**

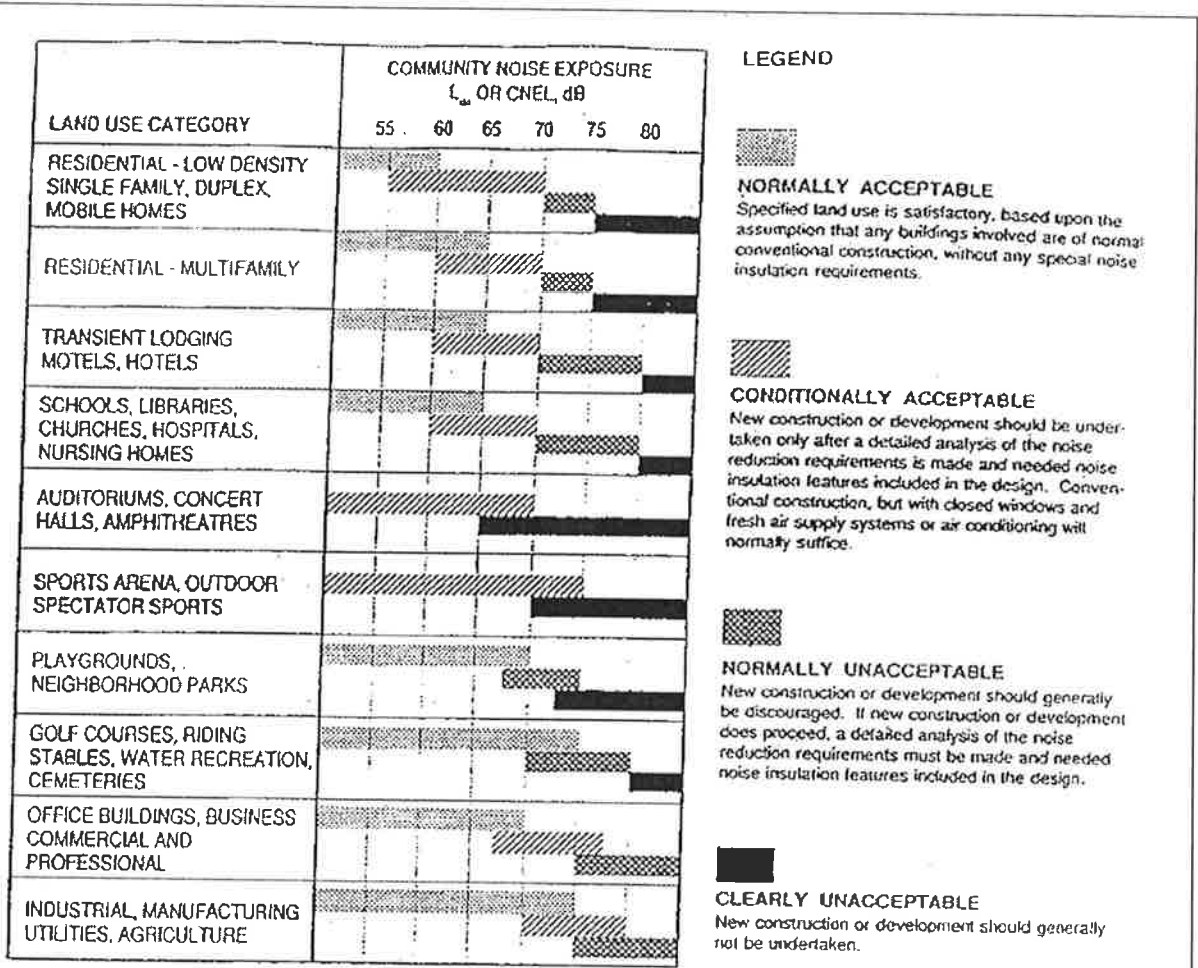
**Figure 5d: Existing Roadway Noise Levels Index—Western Malibu—Peak Traffic/Summer Months**



Source: Caltrans Noise Manual  
California State Department of  
Transportation, March 1980, Pg. 1-1-4  
Persons Environmental Services 1993

**CITY OF MALIBU GENERAL PLAN**  
**FIGURE N-1**  
**COMMON NOISE LEVELS AND PUBLIC REACTIONS**





**CONSIDERATIONS IN DETERMINATION OF NOISE-COMPATIBLE LAND USE**

**A. NORMALIZED NOISE EXPOSURE INFORMATION DESIRED**

Where sufficient data exists, evaluate land use suitability with respect to a "normalized" value of CNEL or  $L_{eq}$ . Normalized values are obtained by adding or subtracting the constants described in Table 1 to the measured or calculated value of CNEL or  $L_{eq}$ .

**B. NOISE SOURCE CHARACTERISTICS**

The land use-noise compatibility recommendations should be viewed in relation to the specific source of the noise. For example, aircraft and railroad noise is normally made up of higher single noise events than auto traffic but occurs less frequently. Therefore, different sources yielding the same composite noise exposure do not necessarily create the same noise environment. The State Aeronautics Act uses 65 dB CNEL as the criterion which airports must eventually meet to protect existing residential communities from unacceptable exposure to aircraft noise. In order to facilitate the purposes of the Act, one of which is to encourage land uses compatible with the 65 dB CNEL criterion wherever possible, and in order to facilitate the ability of airports to comply with the Act,

residential uses located in Community Noise Exposure Areas greater than 65 dB should be discouraged and considered located within normally unacceptable areas.

**C. SUITABLE INTERIOR ENVIRONMENTS**

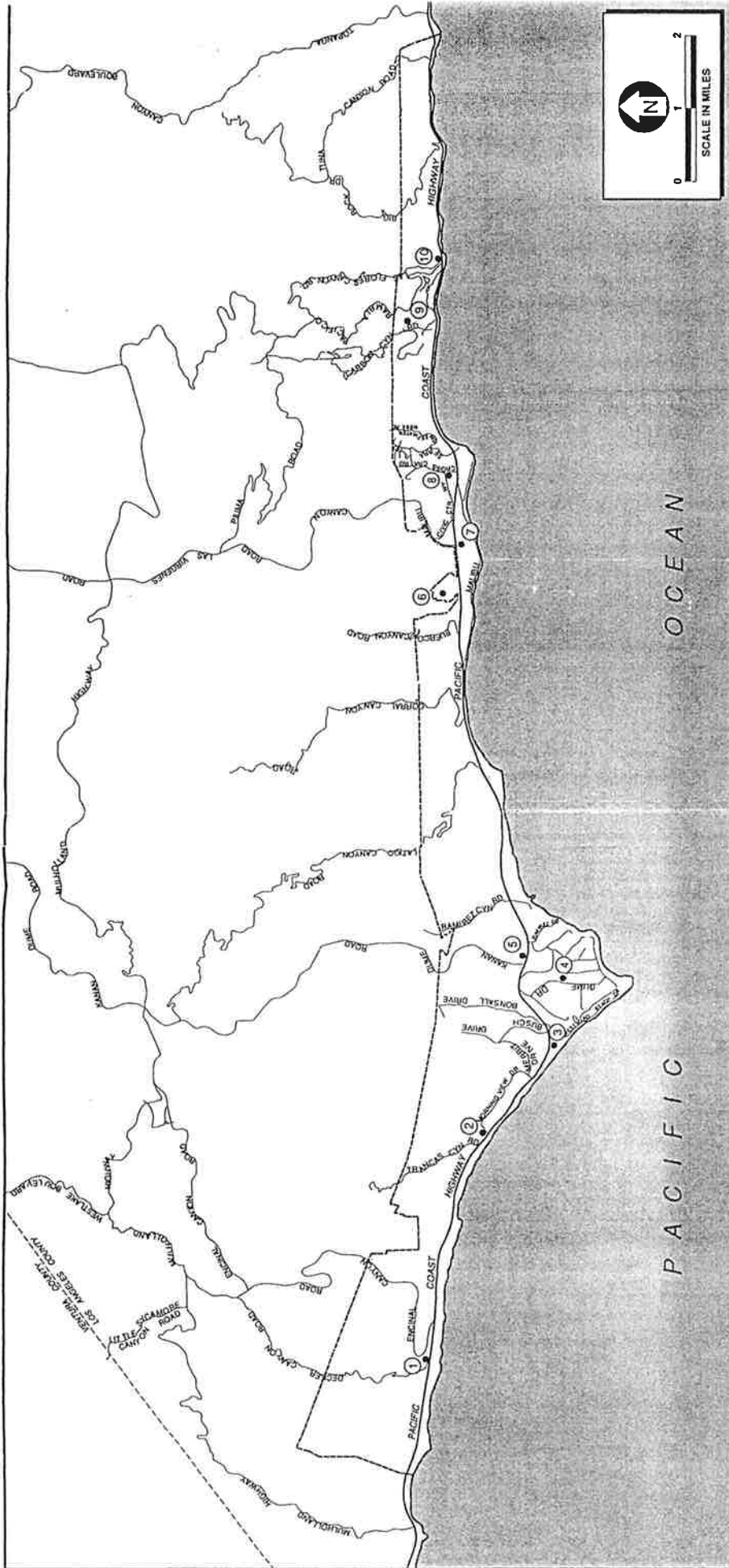
One objective of locating residential units relative to a known noise source is to maintain a suitable interior noise environment at no greater than 45 dB CNEL of  $L_{eq}$ . This requirement, coupled with the measured or calculated noise reduction performance of the type of structure under consideration, should govern the minimum acceptable distance to a noise source.

**D. ACCEPTABLE OUTDOOR ENVIRONMENTS**

Another consideration, which in some communities is an overriding factor, is the desire for an acceptable outdoor noise environment. When this is the case, more restrictive standards for land use compatibility, typically below the maximum considered "normally acceptable" for that land use category, may be appropriate.

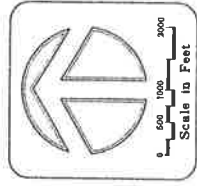
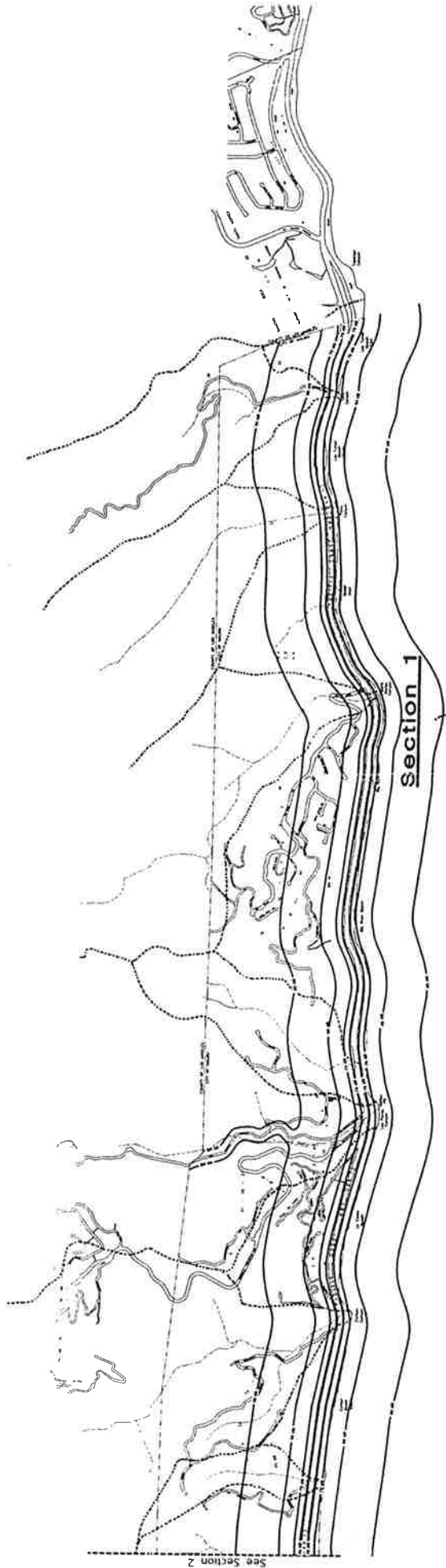
Source: California Department of Health, Guidelines for the Preparation and Content of Noise Elements of The General Plan, February, 1976

**CITY OF MALIBU GENERAL PLAN  
FIGURE N-2  
NOISE AND LAND USE COMPATIBILITY GUIDELINES**

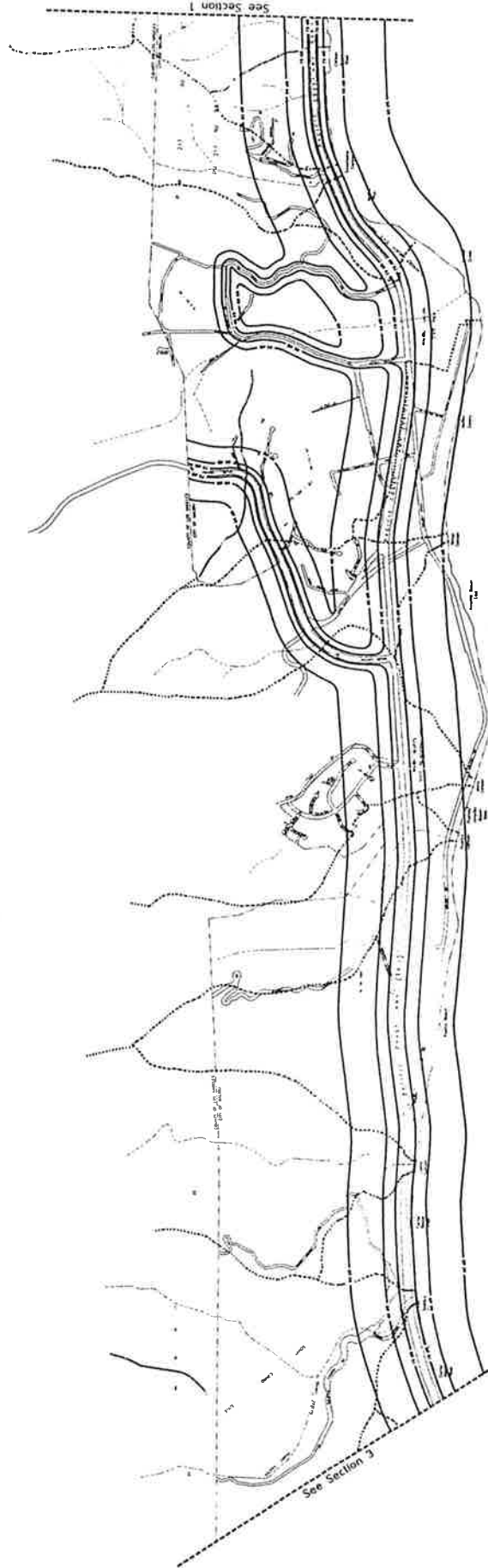


**LEGEND**  
 CITY LIMITS  
 NOISE MEASUREMENT LOCATIONS

**CITY OF MALIBU GENERAL PLAN**  
**FIGURE N - 3**  
**NOISE MEASUREMENT LOCATIONS**

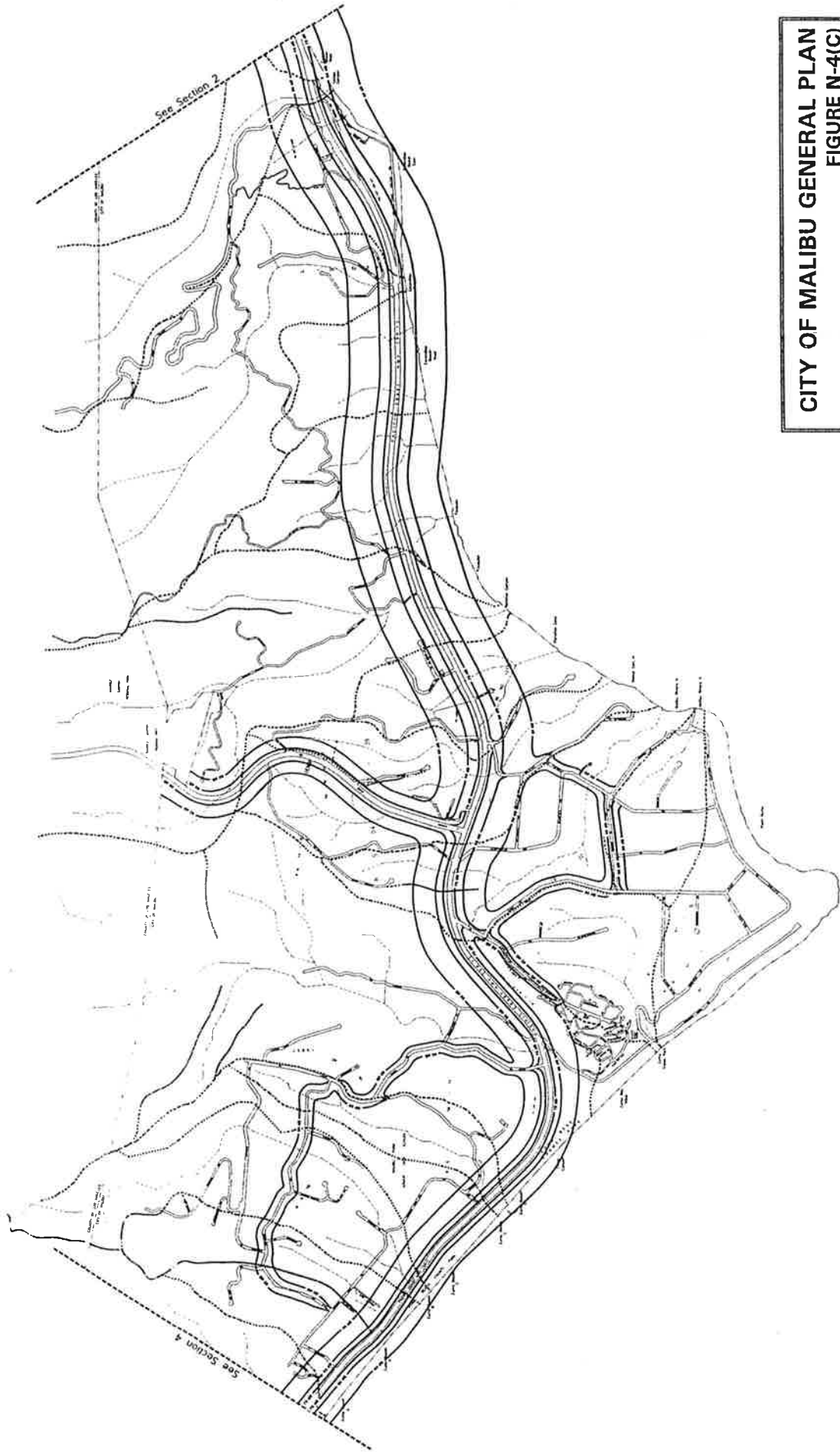


**CITY OF MALIBU GENERAL PLAN  
 FIGURE N-4(A)  
 PROJECTED FUTURE PEAK NOISE  
 CONTOURS - SECTION 1**



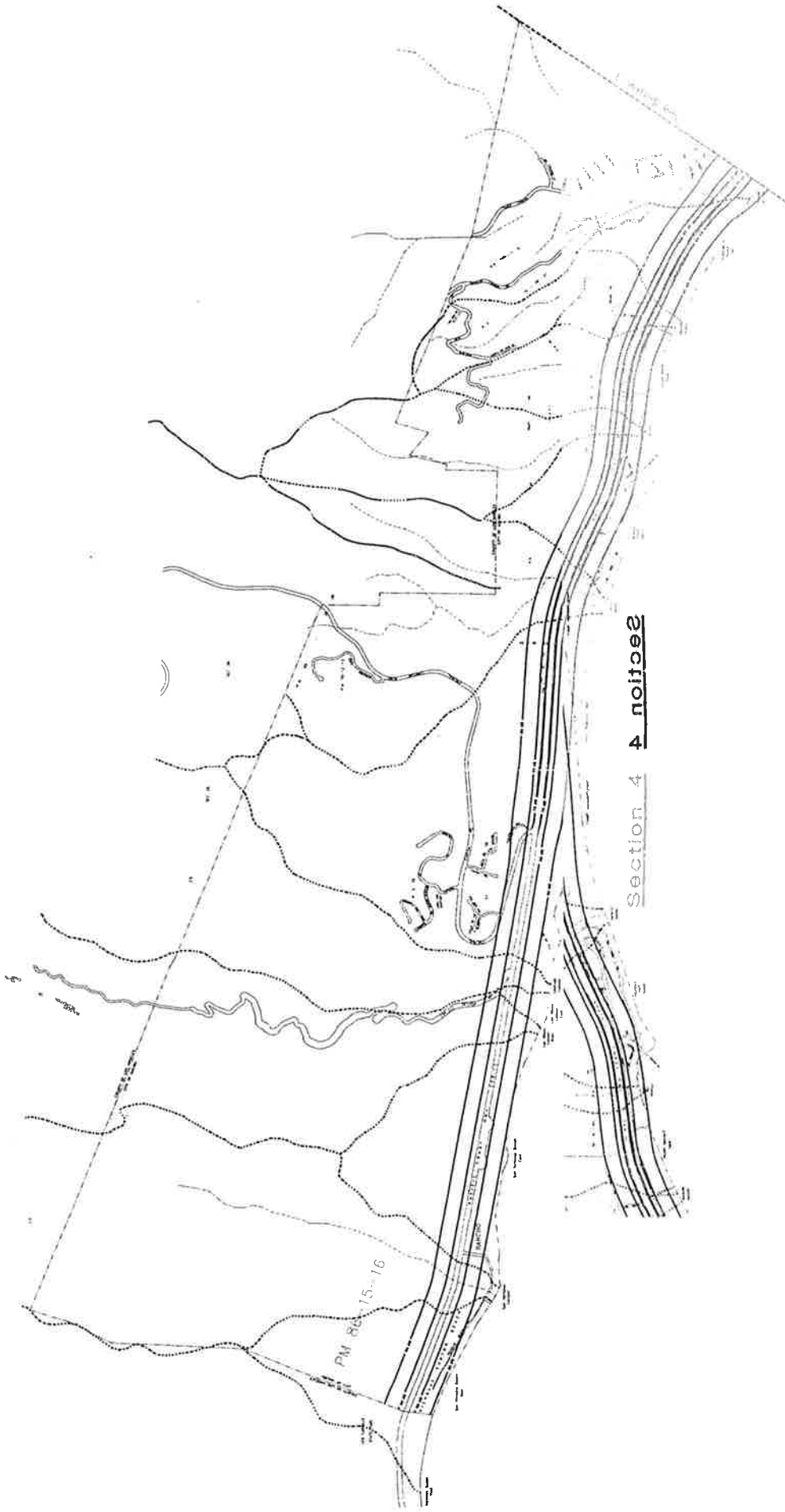
**Section 2**

**CITY OF MALIBU GENERAL PLAN  
FIGURE N-4(B)  
PROJECTED FUTURE PEAK NOISE  
CONTOURS - SECTION 2**



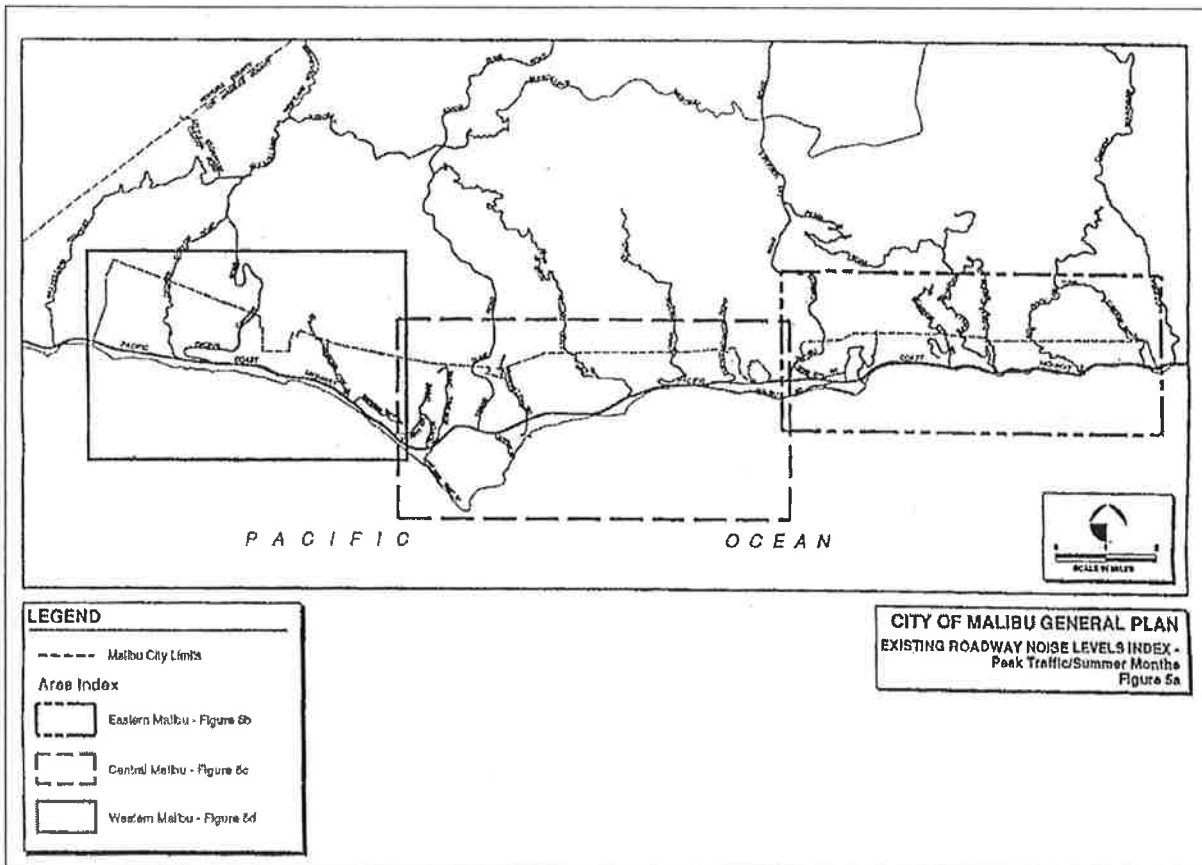
CITY OF MALIBU GENERAL PLAN  
FIGURE N-4(C)  
PROJECTED FUTURE PEAK NOISE  
CONTOURS - SECTION 3

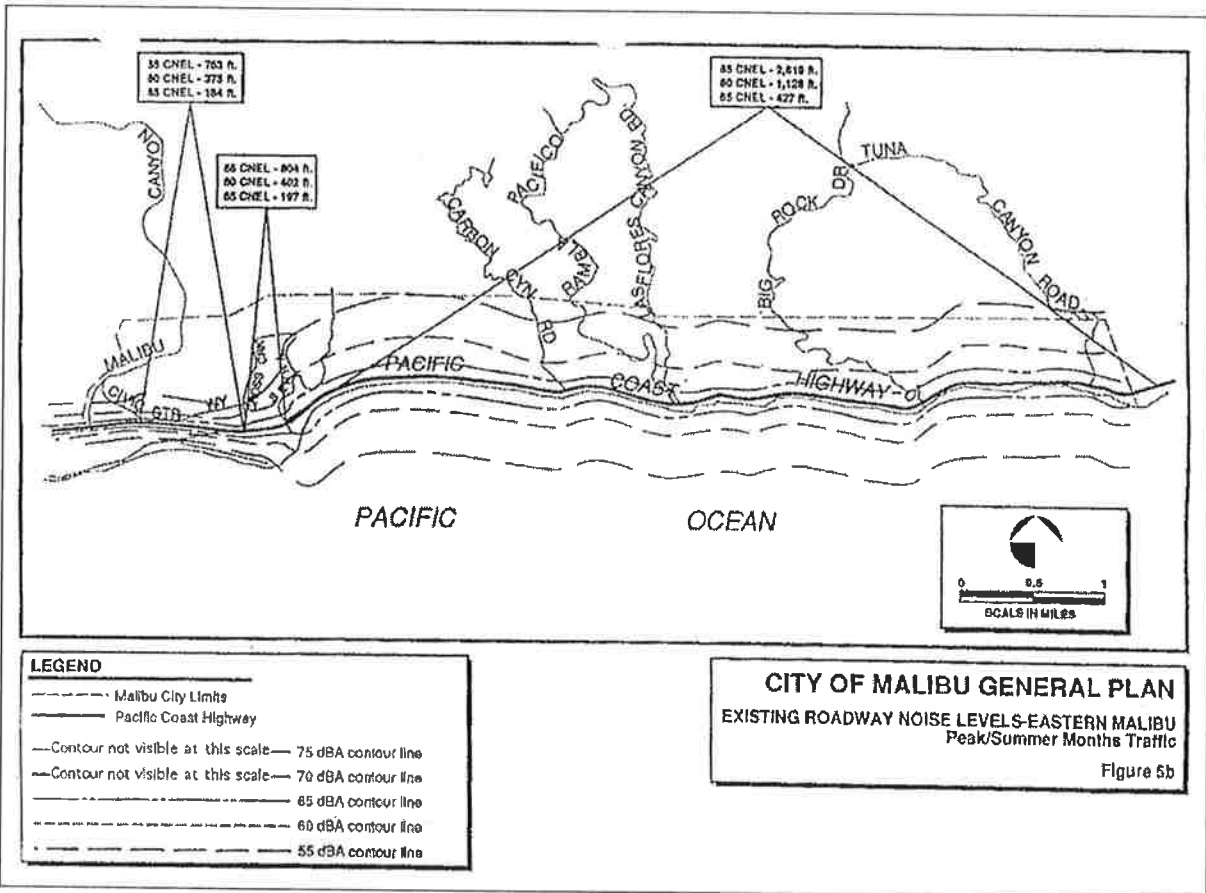
Section 3



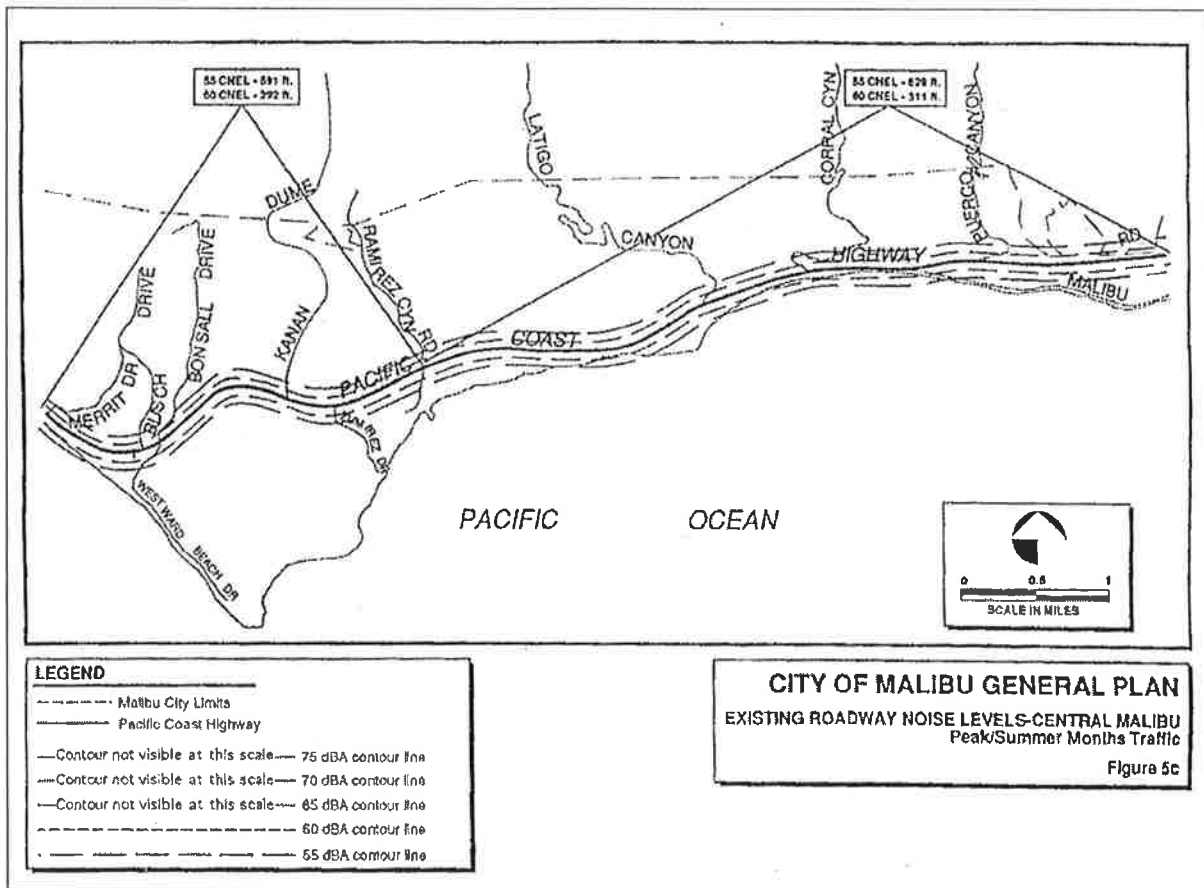
CITY OF MALIBU GENERAL PLAN  
 FIGURE N-4(D)  
 PROJECTED FUTURE PEAK NOISE  
 CONTOURS - SECTION 4

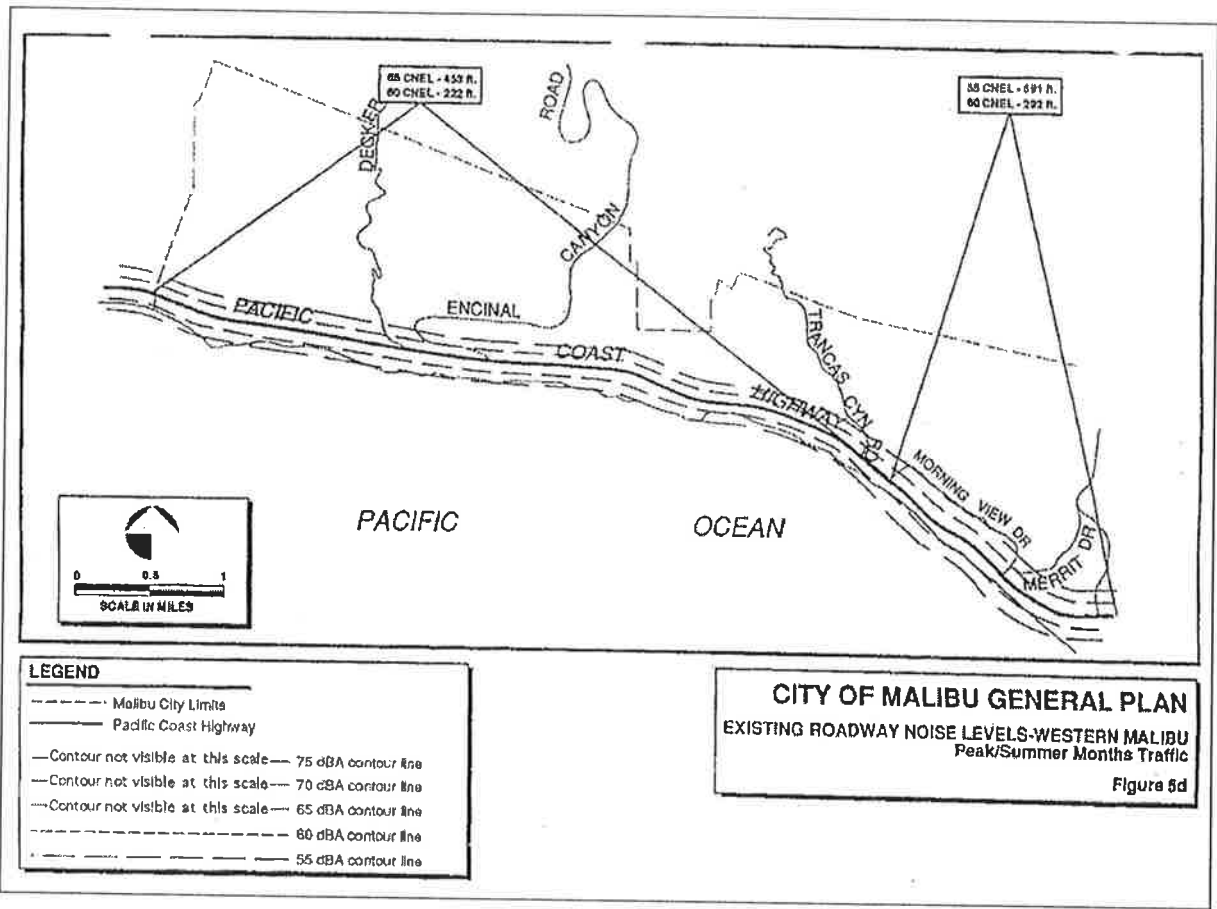
CITY OF  
 PROJ











**CHAPTER 7.0 HOUSING ELEMENT\***

**7.1 Introduction**

- 7.1.1 Overview**
- 7.1.2 Strategic Goals**
- 7.1.3 Purpose and Scope**

**7.2 Housing Needs Assessment**

- 7.2.1 Population Characteristics**
- 7.2.2 Income Characteristics**
- 7.2.3 Employment Trends**
- 7.2.4 Regional Housing Needs Assessment**
- 7.2.5 Malibu Housing Profile**
- 7.2.6 Housing Costs**
- 7.2.7 Special Needs**
- 7.2.8 Constraints**
- 7.2.9 Assessment of Land Suitable for Residential Development or Redevelopment**
- 7.2.10 Non-Governmental Constraints**
- 7.2.11 Inventory of Governmental Constraints**
- 7.2.12 Energy Conservation**

**7.3 General Plan Consistency**

- 7.3.1 Purpose and Scope**
- 7.3.2 Goals and Policies**

**7.4 Evaluation of the Previous Housing Element**

- 7.4.1 Purpose and Scope**
- 7.4.2 Housing Element Programs and Achievements**

**7.5 Efforts to Achieve Public Participation**

- 7.5.1 Purpose**
- 7.5.2 Encouragement of Public Participation**

**7.6 Goals, Objectives, Policies, and Implementation Measures**

- 7.6.1 Overview**
- 7.6.2 H GOAL: ADEQUATE HOUSING FOR EXISTING AND PROJECTED NEEDS OF ALL ECONOMIC SEGMENTS OF THE COMMUNITY**
- 7.6.3 Quantified Objectives 1998-2005**
- 7.6.4 Housing Element Appendices**

\* Editor's note: This Housing Element of the General Plan of the City of Malibu was amended in its entirety by Resolution 01-02, adopted February 12, 2001.

## HOUSING ELEMENT

### 7.1 Introduction

#### 7.1.1 Overview

The Housing Element of the General Plan is a comprehensive statement by the City of Malibu of its current and future housing needs and proposed actions to facilitate the provision of housing to meet those needs at all income levels. The policies contained in this Element are an expression of the statewide housing goal of “attaining decent housing and a suitable living environment for every California family,” as well as a reflection of the unique concerns of the community. The purpose of the Housing Element is to establish specific goals, policies and objectives relative to the provision of housing, and to adopt an action plan toward this end. In addition, the Element identifies and analyzes housing needs, and resources and constraints to meeting these needs.

#### 7.1.2 Strategic Goals

The Malibu Housing Element is based on five strategic goals:

- Assuring adequate housing opportunities for current and future residents;
- Assuring equal housing opportunities;
- Creating additional affordable housing opportunities;
- No net loss of affordable housing; and
- Addressing housing needs regionally.

#### 7.1.3 Purpose and Scope

In accordance with State law, the Housing Element is to be consistent and compatible with other General Plan Elements. Additionally, Housing Elements are to provide clear policy and direction for making decisions that pertain to zoning, subdivision approval, housing allocations, and capital improvements. State law (Government Code Sections 65580 through 65589) mandates the contents of the Housing Element. By law, the Housing Element must contain:

1. An assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs;
2. A statement of the community’s goals, quantified objectives, and policies relevant to the maintenance, improvement and development of housing; and
3. A program, that sets forth a five-year schedule of actions that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element.

The housing program must also identify adequate residential sites available for a variety of housing types for all income levels; assist in developing adequate housing to meet the needs of low- and moderate-income households; address governmental constraints to housing maintenance, improvement, and development; conserve and improve the condition of the existing affordable housing stock; and promote housing opportunities for all persons.

## 7.2 Housing Needs Assessment

### 7.2.1 Population Characteristics

#### Population

The City of Malibu was incorporated approximately one year after the 1990 Census, conducted in April of 1990. At the time of the Census, the areas comprising Malibu were not reported on separately by the Census Bureau as “census designated places (CDP),” with the exception of the Point Dume CDP. The four census tracts that comprise the City of Malibu (8004.01, 8004.02, 8005.01, and 8005.02) also include extensive areas outside the City limits, as do most of the census block groups within each of these tracts. As a result, Census information by tract or block group may not accurately reflect the characteristics of the geographic area that comprises the City.

The 1990 census tracts were created by the subdivision of 1980 census tracts 8004 and 8005, which included the area now comprising the City of Malibu. To obtain estimates of the number of dwelling units and population, the Los Angeles County Department of Regional Planning overlaid the City boundary upon the 1990 Census tract and block boundaries. Block level data was used to isolate housing counts between the City and unincorporated areas. To determine demographic trends, the percentage of dwelling units and population located within Malibu was used as the base percentage for all other statistics. Table 1 shows each census tract’s population for the City and unincorporated areas.

**Table 1**  
**1990 Population**

Census Tract	City	Unincorporated	Total	Percent
8004.01	597	2,201	2,798	21.3%
8004.02	7,125	1,000	8,125	87.7%
8005.01	1,410	2,245	3,655	38.6%
8005.02	1,984	807	2,791	71.1%
Total	11,116	6,253	17,369	64.0%

Sources: 1990 U.S. Census Tracts

According to the California Department of Finance, the population growth rate in Malibu between 1992 (the first year after incorporation) and January 1, 2000 was nine percent, increasing from 12,164 to 13,324. This was similar to Los Angeles County’s growth rate of eight percent. In 1993, two years after incorporation, the rate of growth dropped four percent but picked back up in 1995 to one percent. The population of the City of Malibu is growing, but at a rate of about two percent annually. The data suggests that the growth rate is rising slightly, but will likely remain near two percent as the City reaches build out.

#### Households

Between 1992 and January 1, 2000, the number of persons living in households increased from 12,062 to 13,222, or nine percent. During this same time the number of persons in households in the County increased from 8,942,706 to 9,709,283, or eight percent.

The Southern California Association of Governments (SCAG) Regional Growth Forecast (Table 2) predicts that, by 2020, the total number of households is expected to grow to 9,730. Household formation has been

HOUSING ELEMENT

about the same as population growth, indicating that the average household size has increased (from 2.387 to 2.525 according to the California Department of Finance). According to the SCAG projections, the City of Malibu will see a 29 percent increase in population and a 32 percent increase in the number of households by 2020.

**Table 2**  
**The City of Malibu SCAG Projections**

	<b>Population</b>	<b>Percent Change</b>	<b>Households</b>	<b>Percent Change</b>
1994	18,008	—	6,661	
2000	19,438	7%	6,704	<1%
2005	20,811	7%	7,157	6%
2010	22,343	7%	7,995	10%
2015	23,657	6%	8,753	9%
2020	25,440	7%	9,730	10%

Sources: SCAG Projections

At the time of the 1990 Census, 4,147 of 6,500 total households (64 percent) were family households comprised of related individuals. About two-thirds of all households (63 percent) consisted of one or two individuals. The large number of non-family households further illustrates the reasons for the smaller average household size in Malibu. Table 3 compares average household sizes in Malibu, neighboring cities, the region, and the state.

**Table 3**  
**Average Household Sizes (2000)**

	<b>Malibu</b>	<b>Arcadia</b>	<b>Pasadena</b>	<b>Los Angeles</b>	<b>L.A. County</b>	<b>California</b>
Average Household Size	2.5	2.8	2.7	3	3.1	2.9

Source: California Department of Finance

Of the 4,147 families reported living in the Malibu area in 1990, over three-fourths (86 percent) were married-couple families, nine percent were single-female families and five percent were single-male families.

**Ethnicity**

Malibu is not as ethnically diverse a community as other cities in Los Angeles County or as the state as a whole. While persons of Hispanic origin comprise over one-third of the countywide population and over one-fourth of the statewide population, such individuals comprise less than ten percent of the City’s population. Similarly, Blacks, persons of Asian origin, and other minority groups that represent large segments of the countywide and statewide populations comprise five percent or less each of the city’s population. Table 4 compares ethnicity on a citywide, countywide, and statewide basis.

**Table 4**  
**Comparison of Race by City, County and State Population**

	<b>City</b>	<b>County</b>	<b>State</b>
White	87%	69%	69%
Black	2%	17%	17%
Asian/Pacific Islander	4%	10%	10%
Other	<1%	13%	13%
Hispanic	7%	25%	25%

Source: 1990 U.S. Census Bureau

### Age

Table 5 compares the age distribution as reported by the Census Bureau in 1990. Persons 65 years and older made up the smallest percentage (11 percent) of people in the City. Persons between the ages of 30-49 made up the highest percentage (34 percent) of people followed by persons 18-29 (22 percent). The County had about the same percentages of young adults between the ages of 18-29 (30 percent) and a lower percentage of adults between the ages of 50-64 (12 percent). The smallest percentage of persons was 65 years and over (11 percent).

**Table 5**  
**Age Distribution (percent)**

	<b>Malibu</b>	<b>Arcadia</b>	<b>Pasadena</b>	<b>Los Angeles</b>	<b>L.A. County</b>	<b>California</b>
0-17	15%	22%	22%	25%	26%	26%
18-64	74%	62%	65%	65%	64%	63%
65+	11%	16%	13%	10%	10%	11%

Source: 1990 U.S. Census Bureau

### Household Type and Composition

The characteristics of the City's household population can be further evaluated by examining household size, composition, age, and other relevant factors. Of the 6,500 households in the Malibu area in 1990, Table 6 shows that the highest percentage of households were two-person households (38 percent), similar to that of the County (28 percent). Countywide, the percentages of single-person and three-person households were the same as in Malibu, while the percentage of households with four or more persons was lower in Malibu than countywide. This distribution of households by size is consistent with the assumption that the City houses more young to middle-aged small families and adults without children but few large families. The lower proportion of older adults in the city than countywide is also a factor in the household distribution, as older adults tend to comprise mostly single-person or two-person households.

HOUSING ELEMENT

**Table 6**  
**Number of Persons in Household**

Number of Persons	City	County
1	25%	25%
2	38%	28%
3	16%	16%
4	13%	14%
5	6%	8%
6	1%	4%
7+	1%	5%

Source: 1990 U.S. Census Bureau

In addition to the number of people per household, there are different types of households based on gender and marital status. The 1990 Census reported that over half (55 percent) of all households in the City were married-couple households, a substantially higher percentage than countywide (Table 7). The percent of the population within each household type reported in Table 8 varies in the City and countywide. Most people lived within family households, although there were higher percentages of spouses and householders in family households in the City than in the county, suggesting more single-parent households countywide. Countywide, family households had slightly higher percentages of children than in the City.

**Table 7**  
**Household Composition by Type (1990)**

	City	County
Couples w/Children	21%	26%
Single Parents	4%	9%
Families, No Children	39%	33%
Non-Family Household	36%	32%

Source: 1990 U.S. Census Bureau

**Table 8**  
**Household Composition by Type (1990)**

Household Type	Number of Households		Percent of People	
	City	County	City	County
<b>In Family Households</b>				
Householder	4,147	2,036,104	24%	23%
Spouse	3,583	1,491,209	21%	17%
Born to and adopted children	3,040	2,646,242	17%	30%
Step children	79	117,279	<1%	1%
Grandchildren	50	183,169	<1%	2%
Other relatives	414	659,887	2%	7%
Non-relatives	882	313,917	5%	4%



In Non-Family Households				
Male householder living alone	839	328,640	5%	7%
Male householder not living alone	453	133,473	3%	2%
Female householder living alone	791	413,849	5%	5%
Female householder not living alone	270	82,277	2%	1%
<b>Non-relatives</b>	<b>987</b>	<b>291,904</b>	<b>6%</b>	<b>3%</b>
In Group Quarters				
Institutionalized persons	358	93,343	2%	1%
Other persons in group quarters	1,526	71,872	9%	1%

Source: 1990 U.S. Census Bureau

percent or more of the Los Angeles County median income.

Because Census information used for Malibu does not completely reflect household composition, according to the 1990 Census, about nine percent of City residents lived in group quarters. This percentage undoubtedly reflects student housing at Pepperdine University, which is just outside the Malibu City limits but within one of the census tracts comprising the City.

**7.2.2 Income Characteristics**

According to the 1990 Census, the median household income in Malibu was \$28,100, which is below the county median of \$34,965. However, residents of Malibu are more diverse in income levels. In 1989, about five percent of the population were below the poverty level, compared to neighboring cities in the region. Of the individuals in households with incomes below the poverty level, three percent were senior citizens, seven percent were adults between the ages of 18-64, and three percent were children under the age of 17.

In evaluating income levels, four standards are used to compare Malibu to the area median income (the midpoint of all household incomes in Malibu). These standards are "very low-income," "low-income," "moderate-income," and "above moderate-income." The percentages of median income for each income level are shown below:

**INCOME DEFINITIONS**

- "Very low-income" = 50 percent or less of the Los Angeles County median income.
- "Low-income" = 51 percent to 80 percent of the Los Angeles County median income.
- "Moderate-income" = 81 percent to 120 percent of the Los Angeles County median income.
- "Above moderate-income" = 121 percent or more of the Los Angeles County median income.

1230	11815	0%	1%
328	83313	5%	1%

In Group Quarters

**Table 9**  
**1989 Household Income**

<b>Income</b>	<b>Number of Households</b>
Less than \$5,000	149
\$5,000 - \$9,999	172
\$10,000 - \$12,499	89
\$12,500 - \$14,999	103
\$15,000 - \$17,499	153
\$17,500 - \$19,999	85
\$20,000 - \$22,499	182
\$22,500 - \$24,999	62
\$25,000 - \$27,499	131
\$27,500 - \$29,999	119
\$30,000 - \$32,499	125
\$32,500 - \$34,999	111
\$35,000 - \$37,499	171
\$37,500 - \$39,999	71
\$40,000 - \$42,499	147
\$42,500 - \$44,999	88
\$45,000 - \$47,499	112
\$47,500 - \$49,999	37
\$50,000 - \$54,999	203
\$55,000 - \$59,999	172
\$60,000 - \$74,999	565
\$75,000 - \$99,999	759
\$100,000 - \$124,999	740
\$125,000 - \$149,999	353
\$150,000 or more	1,601

Source: 1990 U.S. Census Bureau

In a normally distributed population (that is, one not skewed to either end of the income scale), approximately 40 percent of the population will have incomes within the very low- and low-income ranges, about 20 percent within the moderate-income range, and about 40 percent in the above moderate-income range. Malibu has a larger relative percentage of above moderate-income households and a smaller percentage of low-income households in relation to the countywide income distribution. Table 10 shows the number of residents in each income group in 1990. Three-fourths (71 percent) of Malibu residents had above moderate-incomes in 1990, while less than one-fourth (17 percent) had very low- or low-incomes. Although there has been no update of a citywide census since 1990, economic trends, such as rising home prices, suggest that households who have moved to Malibu since 1990 have higher average incomes than current residents. If the 2000 Census confirms this hypothesis, then the gap between countywide incomes and incomes among Malibu residents has widened further.

**Table 10**  
**1989 Household Income per Income Category**

Income Category	Income Range	Number of Households (approximately)
Very Low Income	\$0-\$17,483	666
Low Income	\$17,484-\$27,972	460
Moderate Income	\$27,973-\$41,958	744
Above Moderate Income	\$41,959+	4,630
Median Income: \$34,965		

Source: 1990 U.S. Census Bureau

Low-income limits for households in 2000 are shown in Table 11. An income below \$29,200 for a single person was considered low-income according to Housing Urban Development. An income of \$55,000 for an eight-person household was also considered low-income. The median income level for a four-person household was approximately \$52,100.

**Table 11**  
**Income Limits (2000)**

Household Size	Extremely Low Income (30% of Median)	Very Low Income (50% of Median)	Low Income (80% of Median)
1 Person	\$10,950	\$18,250	\$29,200
2 Persons	\$12,500	\$20,850	\$33,350
3 Persons	\$14,050	\$23,450	\$37,500
4 Persons	\$15,650	\$26,050	\$41,700
5 Persons	\$16,900	\$28,150	\$45,000
6 Persons	\$18,150	\$30,200	\$48,350
7 Persons	\$19,400	\$32,300	\$51,700
8 Persons	\$20,650	\$34,400	\$55,000

Source: HUD 2000 Income Guidelines

### Poverty

The poverty rate is a federally defined level of income for minimum subsistence. The dollar threshold for poverty is adjusted for household size and composition. Table 12 provides 1999 poverty thresholds for several types of households.

**Table 12**  
**Poverty Thresholds (1999)**

Single Person 65+	\$7,990	Two Adults, One Child	\$13,410
Single Person Under 65	\$8,667	One Adult, Three Children	\$16,954
Two Persons 65+	\$10,070	Two Adults, Two Children	\$16,895
Two Persons Under 65	\$11,156	One Adult, Four Children	\$19,578
One Adult, Two Children	\$13,423	Two Adults, Three Children	\$19,882

Source: 1990 U.S. Census Bureau

## HOUSING ELEMENT

According to the 1990 Census data, approximately six percent of the City's population had incomes below the federally defined poverty level. Groups most likely to have poverty level incomes are families with children (particularly single mothers) and the elderly. Of those below the poverty level, Native American were the highest group (35 percent) and Hispanics were the second highest (21 percent). The ethnic composition of people below the poverty level is not similar to the ethnic composition of the City as a whole, as higher proportions of Blacks, Hispanics, and Native Americans are impoverished. The highest number of impoverished Whites, Blacks, Asian/Pacific Islanders and Others were adults age 18-64. Female householders represent three percent of the families below the poverty level.

By comparison, 15 percent of the County's population was below the poverty level. About 40 percent of the impoverished were White, compared to a total White population of 57 percent. Asian/Pacific Islanders and Native Americans comprised about the same percentages of impoverished individuals as their representation in the total population (ten percent and less than one percent respectively). Although Blacks comprised 11 percent of the total population, they represented 16 percent of the impoverished. Likewise, other ethnicities represented 21 percent of the total population, but 34 percent of all impoverished persons in the County.

Census data for the State revealed that approximately 18 percent of the total population was below the poverty level. Nearly two-thirds of those below the poverty level (64 percent) were White, 17 percent Other, 11 percent Black, seven percent Asian/Pacific Islander, and one percent Native American. Blacks and Others in the State represented a higher percentage of people below the poverty level than Whites and Asian/Pacific Islanders.

**Table 13**  
**Poverty Rates**

Group	Above Poverty Level	Below Poverty Level	Poverty Rate
Elderly	2,172	61	3%
Non-Elderly	12,507	822	6%
Single Mother Families	247	7	3%
Non-Single Mother Families	2,007	51	3%
Children	2,203	74	3%
Adults	10,304	748	7%
Black	172	13	7%
Asian/Pacific Islander	488	45	8%
Hispanic	741	194	21%
Native American	28	15	35%
Other	140	16	10%
White	13,851	794	5%
Total Population*	14,679	883	6%

Source: 1990 U.S. Census Bureau

\* Of the 17,369 persons living in Malibu, 15,562 of these persons were counted for the poverty level.

### 7.2.3 Employment Trends

The Southern California Association of Governments (SLAG) periodically provides employment reports and projections for cities and counties within its jurisdictions. The SCAG calculations used provide employment

projections based on 1990 Census information. Since Malibu wasn't incorporated at the time of the 1990 Census, SCAG was not able to provide employment projections specifically for the City. However, SCAG was able to make projections based on the four 1990 census tracts that comprise the City. SCAG's Employment Projections indicated an employment increase from 8,953 in 1994 to 10,259 in 2000 or 13 percent. Over the next 20 years employment in Malibu will increase from 10,259 in 2000 to 11,382 in 2020, a rate of three percent annually.

The 1990 Census data shows that most residents were employed in managerial and professional specialty occupations (44 percent of employed residents). Other common occupations included sales occupations (16 percent) and administrative support (14 percent).

According to the State Employment Development Department's (EDD) 1995-2002 projections for Los Angeles County, the largest occupations in the County are general management, general office clerks, and retail sales. Approximately 330,440 people were employed in these occupations in 1995, with a projected growth in 2002 to 362,140. The fastest growing occupations in the County between 1995 and 2002 are expected to be textile workers (72 percent growth), manicurists (66 percent), and data processors (55 percent). These countywide trends may not have great applicability to the City of Malibu, the employment base of which is more dependent on retail, lodging, and service businesses for local residents and visitors to beach areas. Conversely, most of Malibu's employed residents are adult professionals who do not work in local businesses.

In analyzing employment between the City and County, it is important to examine educational attainment levels, disabilities within the population, and numbers of persons receiving public assistance. Table 14 shows that over three-fourths of the adults (83 percent) in the City attained additional education after high school, well above the County's 49 percent. Less than one-tenth (five percent) of the adults in Malibu had less than a high school education, compared to approximately 30 percent of adults throughout the county. The unemployment rate for Malibu is not available however; it is safe to assume that with the highly educated population and the high income level that there is in fact a low unemployment rate.

**Table 14**  
**Educational Attainment**

<b>Education Level</b>	<b>City Population</b>	<b>% of Population</b>	<b>County Population</b>	<b>% of Population</b>
Less than 9th Grade	182	1%	853,988	16%
9th to 12th Grade (No Diploma)	601	4%	788,825	14%
High School Graduate (or GED)	1,783	12%	1,134,608	21%
Some College (No Degree)	4,685	32%	1,077,427	20%
Associate Degree	909	6%	402,932	7%
Bachelor's Degree	3,605	25%	793,556	14%
Graduate or Professional Degree	2,928	20%	429,886	8%

Source: 1990 U.S. Census Bureau: Educational Attainment for persons 18 years and over.

## HOUSING ELEMENT

Few Malibu residents received public assistance in 1990 and were not part of the labor force. In the City of Malibu, 134 households (2 percent) received public assistance in 1989, according to the 1990 Census. Comparatively, 294,826 households (10 percent) in the County received public assistance in 1989.

### 7.2.4 Regional Housing Needs Assessment

The State Housing Law requires SCAG to identify existing and future housing needs for the region every five years. The 1998 Regional Housing Needs Assessments (RHNA) identifies each jurisdiction's existing housing need, as of January 1, 1998, and future housing need for the January 1, 1998 to June 30, 2005 period.

Existing need is evaluated based on overpayment by lower income households (SCAG has used the figure 30 percent or more of income) and the need to raise vacancy rates in the jurisdiction to a level at which the market would operate freely.

SCAG's methodology used to determine future need took into consideration the growth in number of households expected, the need to achieve ideal vacancy rates, and compensation for anticipated demolition. Then an "avoidance of impact" adjustment was done. This is done to avoid further concentration of low-income units in jurisdictions that have more than the regional average.

The City must use the numbers allocated under the RHNA to identify measures (policies and ordinances) that are consistent with meeting these new construction goals. They are not meant to be a quota for development. In other words, the City must make it possible for units to be built but is not obligated to build any of the units.

According to the RHNA, the City of Malibu has a total housing construction need of 14 units and an annual need of two units. Malibu's 1998-2005 planning period allocation is shown in Table 15. Since Malibu's new housing construction need is so low, the City only needs to identify a few sites suitable for residential development to accommodate its share of the region's housing construction need between 1998 and 2000. Building permit records maintained by the City indicate that the City has already exceeded its 14-unit share of the region's housing construction need by October 2000, but none of these dwelling units were affordable to low- or moderate-income households.

**Table 15**  
**Malibu's 1998-2005 Regional Housing Needs Assessment**

2	17%	Very Low-Income:	Household income is less than 50% of the county median income.
2	12%	Low-Income:	Household income is between 51% and 80% of the county median income.
2	14%	Moderate-Income:	Household income is between 81% and 120% of the county median income.
8	57%	Above Moderate-Income:	Household income is greater than 120% of the county median income.

Source: SCAG

### 7.2.5 Malibu Housing Profile

According to the California Department of Finance, approximately 1,057 housing units were vacant as of January 1, 2000, a vacancy rate of 16 percent. By comparison, the countywide vacancy rate was five percent. The proportion of different types of housing countywide remained fairly constant between 1990 and 2000—48 percent single detached houses, 35 percent multiples of five or more units, nine percent multiples of two to four units, seven percent single attached houses, and two percent mobile homes. Over two-thirds of the City's housing units were single-family detached homes (61 percent), followed by multiple units of five or more (12 percent), mobile homes (11 percent), single-family attached units (nine percent), and multiple units of two to four (seven percent). Countywide, there is a substantially higher percentage of housing units in multifamily buildings of five or more units and a substantially lower percentage of single-family homes than in Malibu.

A notable characteristic of the City's housing stock is the high percentage of mobile homes (11 percent). Mobile homes represent one of the few "affordable" housing resources in Malibu in that the cost to purchase a home and rent a space is still within the financial means of some moderate-income households. In addition, existing mobile homes represent an important housing resource for low- and moderate-income occupants who have lived in these homes for many years, prior to the run-up in housing costs.

Annual changes in the housing stock varied, with some years resulting in a majority of single-family units and other years resulting in a majority of larger multifamily complexes. Still other years, notably 1992 and 1994, resulted in no growth and even some losses in total units. Tables 16 and 17 show the annual changes in the housing stock between January 1992 and January 2000 as determined by the California Department of Finance.

**Table 16**  
**Housing Estimates for the City of Malibu (1992 through 2000)**

Year	Housing Units								Persons Per Household
	Total	Single		Multiple		Mobile Homes	Occupied	% Vacant	
		Detached	Attached	2 to 4	5 Plus				
1992	6,074	3,740	554	437	656	687	5,054	16.79	2.387
1993	6,217	3,841	554	439	696	687	5,173	16.79	2.400
1994	5,949	3,596	554	429	683	687	4,950	16.79	2.415
1995	5,978	3,615	554	429	693	687	4,974	16.79	2.407
1996	6,008	3,645	554	429	693	687	4,999	16.79	2.416
1997	6,081	3,714	554	433	693	687	5,060	16.79	2.437
1998	6,145	3,752	554	459	693	687	5,113	16.79	2.461
1999	6,181	3,772	554	470	698	687	5,143	16.79	2.489
2000	6,294	3,856	554	493	704	687	5,237	16.79	2.525

Source: California Department of Finance, 1992—2000 City/County Population and Housing Estimates.

HOUSING ELEMENT

**Table 17**  
**Housing Estimates for the County of Los Angeles (1992 through 2000)**

Year	Housing Units								Persons Per Household
	Total	Single		Multiple		Mobile Homes	Occupied	% Vacant	
		Detached	Attached	2 to 4	5 Plus				
1992	3,207,064	1,552,149	209,806	283,344	1,105,930	55,835	3,030,855	5.5	2.9
1993	3,220,587	1,557,643	210,850	284,201	1,112,200	55,693	3,043,212	5.5	3.0
1994	3,228,941	1,561,809	211,199	284,976	1,115,195	55,762	3,050,136	5.5	3.0
1995	3,236,015	1,565,604	211,735	285,253	1,117,748	55,675	3,056,633	5.5	3.0
1996	3,240,625	1,569,180	211,833	285,540	1,118,397	55,675	3,060,760	5.5	3.0
1997	3,247,140	1,573,157	212,004	285,978	1,120,323	55,678	3,067,181	5.5	3.0
1998	3,254,772	1,578,157	212,114	286,193	1,122,604	55,704	3,074,546	5.5	3.0
1999	3,261,750	1,583,123	211,800	286,379	1,124,742	55,706	3,082,136	5.5	3.1
2000	3,272,169	1,588,957	211,948	286,883	1,128,591	55,790	3,091,963	5.5	3.1

Source: California Department of Finance, 1992—2000 City/County Population and Housing Estimates.

**Housing Occupancy and Tenure**

Of the 7,543 year-round dwelling units reported by the Census Bureau in 1990, 6,408 units (85 percent) were occupied and 1,135 units (15 percent) were vacant. Most of the vacant units were seasonal units due to Malibu’s status as a beach community, as shown in Table 18. In 1990, more housing units were owner-occupied (4,769 or 72 percent) than renter-occupied (1,865 or 28 percent). By comparison, the tenure of occupied housing units in the County was 48 percent owner-occupied units and 52 percent for renter-occupied units.

**Table 18**  
**Type of Vacant Units in Malibu (1990)**

Unit	Number of Units in City	Number of Units in County	Percent of City Vacant Units	Percent of County Vacant Units
For Rent	206	96,465	18%	56%
For Sale Only	200	27,721	18%	16%
Rented or Sold (not occupied)	79	18,515	7%	11%
Seasonal Use	395	6,430	35%	3%
Other Vacant	255	24,660	22%	14%

Source: 1990 U.S. Census Bureau

Analysis of tenure by ethnicity (Table 19) reveals that homeownership among White households far exceeds that of minority households. This disparity is largely a function of income, as minority households include a higher percentage of lower-income individuals.



**Table 19**  
**Tenure by Ethnicity and Hispanic Origin (1990)**

Group	City	Percent	County	Percent
<b>Owner-Occupied Units</b>				
White	4,512	95%	903,563	63%
Black	12	<1%	125,578	9%
Native American	0	0	4,089	<1%
Asian/Pacific Islander	115	2%	138,906	10%
Others	8	<1%	1,747	<1%
Hispanic Origin	122	3%	266,981	19%
<b>Renter-Occupied Units</b>				
White	1,662	89%	692,834	45%
Black	44	2%	216,051	14%
Native American	12	<1%	6,848	<1%
Asian/Pacific Islander	31	2%	129,590	8%
Others	12	<1%	2,888	<1%
Hispanic Origin	104	6%	500,477	32%

Source: 1990 U.S. Census Bureau

Ownership rates listed in Table 20 reveal that with the exception of Whites, Hispanics, and Asian Pacific Islander there were more renters in each ethnic group than owners. This suggests that with the high price of homes in Malibu, many people had difficulty becoming homeowners due to their relatively lower incomes. Native Americans comprise the highest percent of renters (although there were very few such households in the City in 1990), followed by Blacks and "Other."

**Table 20**  
**Home Ownership Rates**

Race	Owners	Renters	Ownership Rate	Rental Rate
White	4,512	1,662	73%	27%
Black	12	44	21%	79%
Native American	0	12	0%	100%
Asian/Pacific Islander	115	31	79%	21%
Other	8	12	40%	60%
Hispanic Origin	122	104	54%	46%

Source: 1990 U.S. Census Bureau

Analysis of the 1990 Census data on tenure by age in Malibu reveals that adults aged 35 to 64 tended to own their housing units rather than rent, while younger adults and elderly mostly rented rather than owned their homes. There are only a few, small housing developments in Malibu oriented specifically to seniors, so seniors who are unable to afford, or physically unable to live independently in conventional housing, have few housing choices in Malibu (for further discussion regarding senior housing needs, see the Special Needs section of the Housing Element).

## HOUSING ELEMENT

Of all occupied housing in 1990, the highest number of homes, 1,128 units (24 percent), were owned by persons ages 45 to 54, followed by 1,096 units (24 percent) owned by persons age 35 to 44, and 956 (21 percent) owned by persons ages 55 to 64. Only 30 units (less than one percent) were owned by persons ages 15 to 24 (Table 21). Comparatively, 33 percent of renters were ages 35 to 44 (583 units), 32 percent were ages 25 to 34 (570 units), 16 percent were ages 45 to 54 (276 units). Persons below the age of 24 account for nine percent (152 units).

**Table 21**  
**Tenure by Age of Householder (1990)**

Age	City	Percent	County	Percent
<b>Owner-Occupied Units</b>				
15 to 24	30	<1%	13,242	1%
25 to 34	313	7%	191,843	13%
35 to 44	1,096	24%	331,573	23%
45 to 54	1,128	24%	294,921	20%
55 to 64	956	21%	258,158	18%
65 to 74	761	16%	217,255	15%
75 and over	363	8%	133,872	9%
<b>Renter-Occupied Units</b>				
15 to 24	152	9%	143,396	9%
25 to 34	570	32%	521,625	34%
35 to 44	583	33%	369,562	24%
45 to 54	276	16%	191,713	12%
55 to 64	134	8%	126,930	8%
65 to 74	14	<1%	103,477	7%
75 and over	32	2%	91,985	6%

Source: 1990 U.S. Census Bureau.

### 7.2.6 Housing Costs

#### Rental Rates

Housing prices are higher in the city of Malibu than in many nearby communities due to the City's favorable location on the coast, limited development opportunities, and the high cost of developing land in most of the City (due to environmental conditions). Higher housing costs are consistent with a population of substantially more upper-income residents. There are very few apartments in the City, and turnover in the rental housing market is low. Table 22 shows listing from local Malibu newspapers.

**Table 22**  
**Rental Rates in Malibu (2000)**

Name/Type	1 Bed	2 Bed	3 Bed	4 Bed
<b>Apartments</b>				
Studio	\$1,000	—	—	—
Guest House	\$1,250	—	—	—
Room for Rent	\$900	—	—	—
Apartment from The Malibu Times	\$3,500	—	—	—
<b>Homes, Condominiums, and 4-Plexes</b>				
Home	—	—	\$4,500	\$8,500
Condominium	\$3,000	\$2,900	\$2,600	—
4-Plex	—	—	—	—

Source: Malibu Times, Malibu Surfside News and L.A. Times

There are two mobile home parks in Malibu: Point Dume and Paradise Cove. Point Dume is a gated community with a swimming pool, tennis court and offers single-wide, double-wide and even some triple-wide spaces. Paradise Cove offers single-wide and double-wide spaces only. Rental prices average from \$285 to \$1,200 a month. The average monthly rent is \$600. Table 23 lists the number of spaces and the average monthly rent for each of these mobile home parks.

**Table 23**  
**Mobile Home Park Space Rental Rates**

Name	Total Spaces	Average Monthly Rent
Point Dume Park	300	\$1,200
Paradise Cove	250	\$600

Source: Point Dume Mobile Home Park and Paradise Cove Mobile Home Park

### Home Prices

Table 24 lists prices of homes for sale as of October 1, 2000. The listing comes from The Los Angeles Times. The highest percentage of homes comprised three bedrooms (40 percent), single-family units, followed by two-bedroom (29 percent) single-family units. There were fewer listings for multifamily homes/condominiums in Malibu. The California Association of Realtors lists Malibu as one of the 10 cities with the highest median home prices in California during July 2000. The median housing price as of August 2000 was \$800,000 for the City and \$205,000 for the County. These rates increased in the City by approximately 21.2% within the last year.

**Table 24**  
**Home Prices in Malibu (2000)**

	<b>Bedrooms</b>	<b>Units Sold</b>	<b>Median</b>	<b>Average</b>	<b>Range</b>	<b>% of Total</b>
<b>Single-Family Homes</b>						
	1	32	\$340,000	\$541,421	\$215,000— \$1,600,000	6%
	2	149	\$436,136	\$624,776	\$145,500— \$4,700,000	29%
	3	202	\$735,000	\$881,372	\$95,000— \$3,500,000	40%
	4	100	\$880,000	\$1,175,005	\$330,000— \$4,790,000	20%
	5+	28	\$1,600,000	\$1,478,785	\$45,000— \$3,425,000	5%
<b>Total</b>	—	511	—	—	—	100%
<b>Multifamily Homes/Condominiums</b>						
	1	23	\$300,000	\$335,347	\$215,000— \$975,000	15%
	2	95	\$325,000	\$401,817	\$160,000— \$1,250,000	62%
	3	36	\$318,000	\$351,215	\$120,500— \$680,000	23%
	4+	—	—	—	—	—
<b>Total</b>	—	154	—	—	—	100%

Table 25 compares new home prices in the County to other counties in the region.

**Table 25**  
**Comparative Average New Home Prices (1999)**

<b>County</b>	<b>Average Price</b>
San Diego	\$260,000
Ventura	\$347,000
Orange	\$318,000
Los Angeles	\$266,000
Riverside	\$195,500
San Bernardino	\$177,000

Source: Inland Empire Quarterly Report, October 1999

### **Affordability**

As stated previously, there are four income categories typically used for comparative purposes based on the median countywide income: very low-income (0—50 percent of median income), low-income (50—80 percent of median income), moderate-income (80—120 percent of median income) and above moderate-income

(120 percent or more of median income). One method of analyzing housing affordability for each income group is to compare the number and/or percent of housing units by cost to the number and/or percent of households by comparable income levels.

A standard measure of housing affordability is that housing expenses on the average should not exceed 30 percent of a household's income. Those who pay 30 percent or more of their income on housing may experience difficulty in affording other basic necessities. However, to truly evaluate housing affordability, individual circumstances and factors must be taken into account. These circumstances and other factors include other long-term debt, mortgage interest rates, the number of children in a household, and other large, ongoing expenses (such as medical bills). Since it is impossible to consider each household's individual circumstances, the 30 percent rule-of-thumb provides a general measure of housing affordability for the average household. This is the measure used by most governmental agencies in defining overpayment.

Based on the County median income (1990) of \$34,965, a low-income household in 1990 was one that earned up to \$27,972 annually, and very low-income households earned up to \$17,483 annually. The HUD low-income level for a family of four in 1990 was approximately \$25,000. The HUD estimated median income for Los Angeles County as of March 2000 is \$52,100.

Approximately 15 percent of the City's households had incomes less than \$25,000/year, versus approximately 35.5 percent for Los Angeles County as a whole. According to the 1990 Census, just over one-third of Malibu renters spent more than 30 percent of their gross income on housing, while over one-fourth of owners spent more than 30 percent of their income on housing. Households that pay a disproportionate amount of their incomes for housing, especially low-income households, have less money to spend on other essentials, such as food, clothing, and medical care. Table 26 shows that the majority of low- and very low-income renters and owners pay over 30 percent of their incomes on housing. Therefore, housing affordability for lower income households, particularly renter households, is a significant issue in Malibu. Table 27 shows the number of households paying over 30 percent of their incomes on housing. Approximately 72 percent of very low-income households spend over 30 percent of their incomes on housing and 64 percent of low-income households spend over 30 percent of their incomes on housing. However, only 1,103 households were low-income or very low-income in 1990, which is only 17 percent of the City's households. Some households choose to pay over 30 percent of their income for various reasons, such as location, aesthetics, or other features. Other households choose to pay larger percentages of their income on housing because they may receive tax advantages, or are investing with the knowledge that their income will increase so that they pay a lower percentage of their income on a long-term basis. In contrast, most households are forced to pay a large percentage of their income because they cannot find suitable lower-cost housing.

**Table 26**  
**Households Overpaying**

<b>1990</b>	<b>Number</b>	<b>Percent of Total</b>
Owner	1,253	27%
Renter	694	39%

Sources: 1990 U.S. Census Tracts

Table 27

Number of Low-Income Households Paying Over 30 Percent of Income on Housing

	Owners	Renters	Total
Very Low-Income	141	217	358
Low-Income	138	731	869
Total	279	948	1,227

Source: 1990 Census Bureau Data

Note: 1990 Census data uses income ranges that do not correspond exactly to the income categories. Therefore, there are people in the low-income category that actually fall into the moderate-income category and likewise between the very low- and low-income categories. The numbers in the table include more persons than are actually in those categories.

OWNERS

The City's significant source of affordable housing is mobile home parks. The City's mobile home parks provide a resource for low-income households with limited or fixed income to live. The City has adopted a mobile home rent stabilization ordinance to ensure that mobile homes continue to provide affordable housing opportunities. Further analysis regarding expenditures as a percent of income show that most low-income and median-income owners pay 29.1 percent of their incomes on housing (Table 28). Renters with income below \$20,000 tend to pay a higher percentage of their income on housing. The majority of people earning \$30,000 or more paid less than 25 percent of their income on housing regardless of whether they rented or owned.

Table 28

Percentage of Owners Paying Expenditure Rate per Income Group

Income	30%+	30%-34%	35%+
Total Households	50%	30%	18%
Owners	50%	30%	18%
30%+	50%	30%	18%
35%+	50%	30%	18%
Total Households	50%	30%	18%

Source: 1990 Census Bureau Data

Table 29 provides an estimate of the number of affordable rental units at each income level based on 1990 Census Data. It is important to note that the percentage of apartments affordable within the low- and moderate-income groups is cumulative and includes the percentage from the previous income group. Also, households of many income levels will often compete for housing in the same price range, so the existence of a certain number of dwelling units affordable to a low-income level does not mean that those units are actually available or occupied by that income group.

**Table 29**  
**Affordability of Rental Housing in Relation to Income (1990)**

<b>Income Group</b>	<b>Affordable Rent Limit</b>	<b>% of City Rentals</b>	<b>% of County Rentals</b>
Very Low	\$437	6%	20%
Low	\$700	17%	70%
Moderate	\$1,050	100%	100%

Source: U.S. Census Bureau Data

A household can typically qualify to purchase a home that is two and a half to three times the annual income of that household depending on the down payment, the level of other long-term obligations (such as a car loan), and interest rates. In practice, the interaction of these factors allows some households to qualify for homes priced at more than three times their annual incomes, while other households may be limited to purchasing homes no more than two times their annual incomes. Based on the Los Angeles County 1999 Affordability Rates at three times the annual income of a four-person household and the homes sold within the last year, Table 30 shows that there were no homes affordable to four-person households in the very low-, low- and moderate income categories.

**Table 30**  
**Sold Units Affordable to Lower-Income Households (1999)**

<b>Income Group</b>	<b>Affordability Level</b>	<b>Homes Sold 2000</b>	<b>Percent of All Homes Sold</b>
Very Low-Income	\$78,150	0	0%
Low-Income	\$125,040	0	0%
Moderate-Income	\$187,560	0	0%

Source: L.A. Times Home Prices 2000

### **Housing Rehabilitation and Replacement Needs**

A cursory examination of the City's housing stock indicates a number of deteriorated rental units and beach-front homes along the coast comprising less than five percent of the City's total housing stock. These units are being replaced or rehabilitated over time because property values are so high. About 26 percent of the City's housing stock is more than 40 years old; the City does not believe there is a large demand or need for housing rehabilitation assistance. Nevertheless, some low- and moderate-income homeowners, particularly those paying in excess of 30 percent of their incomes for housing and living in older homes, may require financial assistance for home repairs. Table 31 illustrates the age of Malibu's dwelling units.

**Table 31**  
**Age of Malibu's Housing Stock**

<b>Year Structure Built</b>	<b>Total</b>	<b>Total Occupied</b>	<b>Renter Occupied</b>	<b>Percent of Total</b>
1980—1990	1,113	915	179	15%
1970—1979	2,414	1,971	488	32%
1960—1969	2,013	1,796	522	27%
1950—1959	1,199	1,000	258	16%
1940—1949	400	340	162	5%
1939 or earlier	404	351	152	5%
<b>Total</b>	<b>7,543</b>	<b>6,373</b>	<b>1,761</b>	<b>100%</b>

Source 1990 U.S. Census Bureau Data

### **Removal/Replacement of Housing in the Coastal Zone**

Between 1996 and 1999, the City approved permits for the demolition of 93 residential dwelling units. Each dwelling unit was evaluated for income of the occupants. All 93 residential dwellings were single-family homes, and none were occupied by households of low- or moderate-income. The City was not required under state law (Section 65590 (b) of the California Government Code) to ensure that these units were replaced with housing affordable to low- or moderate-income households, therefore. According to City records, there are no other dwelling units scheduled for demolition or conversion that are occupied by low- or moderate-income.

#### **7.2.7 Special Needs**

Special housing needs, arise due to physical, economic, social, or cultural characteristics, or conditions that are present in a substantial percentage of the local population. These characteristics or conditions distinguish individuals from the general population and lead to housing or supportive services needs that are not (or cannot) be met by the private market acting alone. Examples of special housing needs include accessibility for the mobility impaired, transitional housing for those leaving a homeless environment, and housing specifically designed for the physical and social needs of older adults.

Characteristics such as age or physical limitations may be present in a large portion of the population. It is important for the community to accommodate a variety of housing types to serve such special needs groups. For example, accessible housing units that are designed for the physical limitations of the elderly may be needed in a community with a large population of this age group. Conversely, a community may have a large population of large, low-income families that need adequately-sized housing at a low cost. Affordability issues are also important to groups such as female-headed households, college students, farm workers, or military personnel. Therefore, the City needs to evaluate the types of special needs groups in order to address special housing needs.

#### **Elderly**

Elderly housing needs include affordability and special design features to accommodate physical disabilities in new and rehabilitated housing. There is a wide spectrum of housing suitable to meet the needs of the elderly.



erly given the diversity of this population group and the fact that in the future there will be a larger “older old” group.

The different types of housing for seniors include individual residences for independent living as well as senior/adult living/retirement housing developments. For many senior housing projects, a critical factor is the necessity for having a project size large enough to support the provision of appropriate services, including property management, recreation and other staff services. In Malibu, the most appropriate way to meet the projected need for additional housing for the elderly is not with a large development but through smaller senior developments, mobile home parks, Section 8 vouchers, local rent subsidies and senior home sharing.

Approximately 11 percent, or 1,824 of the residents in Malibu were 65 years of age or older in 1990. However, an estimated 18 percent (1,170 persons) of all of the City’s households are headed by a person 65 years of age or older. The incidence of poverty was lower among the population over 65 years of age (three percent) than it was for the population between the ages of 18 and 64 (six percent). Ninety-six persons over the age of 65 were receiving public assistance. In 1990, 143 homeowners age 65 and older paid 30 percent of their income or more on housing. This represented 12 percent of all elderly homeowners. However, approximately 63 percent (29 renters) of elderly renters were paying 30 percent or more of their income on housing.

Tenure is important when analyzing the needs of seniors. The percentage of seniors living in owner-occupied housing was 96 percent according to the 1990 Census, compared to 73 percent of the population at large. In most communities the majority of senior citizens live on fixed incomes in the low- and moderate-income range, and they face difficulty with the costs of major home repairs. In combination with mobility limitations or the need for supportive services (such as medical or meal assistance), it can become very challenging for the elderly to adequately meet their housing needs. A more senior population living in an aged housing stock leads to a need for rehabilitation programs for existing units, as well as the creation of affordable senior housing units.

In Malibu, with its higher incomes, most seniors appear to have sufficient income to meet their financial needs. Nevertheless, there are a small number of low-income seniors who are renters facing dislocation due to high housing costs and no affordable housing alternatives. Similarly, there are a small number of low-income senior homeowners who cannot afford to properly maintain their homes and/or who cannot afford to make necessary modifications for accessibility. These seniors will probably have to move from Malibu if their financial and physical needs cannot be accommodated.

One common special need among the “frail” elderly is for care facilities that combine meals, with medical, and daily living assistance in a residential environment. There are two State Department of Social Services licensed elderly care facilities and one care facility with a Pending License in Malibu. Tender Heart Elder Care has a capacity of six persons and Tender Heart II has a capacity of 12 persons. Morning View RCFE has a pending license and a capacity of six persons. The total capacity for these units is 24.

### **Large Families**

Large households are defined by the number of persons, typically five or more. In Malibu, large households are typically groups of unrelated individuals sharing houses on the beach—a type of “group housing.” By contrast, there are a small number of large family households, household made up of related family members, with low- or moderate-incomes who cannot find housing with sufficient space to meet their needs, such as enough room for sleeping, studying, and food preparation. According to the 1990 Census there were 515

HOUSING ELEMENT

households of five or more persons. Large families occupied approximately eight percent of owner-occupied households and slightly more than five percent of renter households. Table 32 shows the number of large households, including family households, by tenure.

Table 32  
Tenure by Persons in Occupied Units

Number of Persons in Household	Owner-Occupied	Renter-Occupied
5	2.1%	8.1%
6	7.8%	0%
7+	8.5%	1.6%
<b>Total</b>	<b>3.7%</b>	<b>9.4%</b>

Source: 1990 U.S. Census Bureau Data

An indication of a mismatch between the number of large families and the availability of housing with sufficient space is the number of "overcrowded" households. The Census Bureau defines an overcrowded housing unit as one occupied by 1.01 or more persons per room. Overcrowding reflects the financial inability of households to buy or rent housing units having enough space to meet their needs. Table 33 shows that approximately 150 units (six percent) were overcrowded in Malibu in 1990.

Table 33  
Overcrowding of Occupied Households 1980 and 1990

Persons Per Room	1980	1990
1.01 or more	6%	8%
Percent	1%	5%
Total Occupied	1,617	1,761

Source: U.S. Census Bureau

College Students

Pepperdine University is a private university located outside of the City's jurisdiction in adjacent, unincorporated Los Angeles County. The University's total enrollment as of October 2000 was around 3,000 students (excluding the Graduate Programs). The Census Bureau defines an overcrowded household as one occupied by 1.01 or more persons per room. Overcrowding reflects the financial inability of households to buy or rent housing units having enough space to meet their needs. Table 33 shows that approximately 150 units (six percent) were overcrowded in Malibu in 1990. Pepperdine University had enough housing for 60 percent of its student population to live on campus, including all first year students. The University did not provide information on the number of students residing in Malibu, but the representative of the University's Residential Life Office indicated that the overwhelming majority of these students commute from lower cost communities in the interior. Even so, some students do find housing in Malibu, and the location of a large educational facility on the City's border will have some effect on housing demand in the City.

**Disabled Citizens**

Approximately five percent of the City’s non-institutionalized residents have physical or mental disabilities that impair their ability to live independently in conventional residential settings. These individuals have physical or mental disabilities, impairments, self-care limitations, or other conditions that may require special housing or financial assistance. Individuals with such disabilities can have a number of special needs that distinguish them from the population at large.

- Individuals with mobility difficulties (such as those confined to wheelchairs) may require special accommodations or modifications to their homes to allow for continued independent living. These accommodations are often called “handicapped access.”
- Individuals with self-care limitations (which can include persons with mobility difficulties) may require residential environments that include in-home or on-site support services, ranging from congregate to convalescent care. Support services can include medical therapy, daily living assistance, and related services.
- Individuals with developmental disabilities and other physical and mental conditions that prevent them from functioning independently may require assisted care or group home environments.
- Individuals with disabilities may require financial assistance to meet their housing needs. A higher percentage than the population at large are low-income and their special housing needs are often more costly than conventional housing.

Some people with mobility and/or self-care limitations are able to live with their families to assist in meeting housing and daily living needs. A segment of the disabled population, particularly low-income and retired individuals, may not have the financial capacity to pay for needed accommodations or modifications to their homes. In addition, even those able to pay for special housing accommodations may find them unavailable in the City.

Disabled persons often require special housing features to accommodate physical limitations. Some disabled persons may have financial difficulty due to the cost of having their special needs met or in finding appropriate employment. Although the California Administrative Code Title 24 requires public buildings be accessible to the public through architectural standards such as ramps, large doors, and restroom modifications to enable handicap access, not all available housing units have these features. According to the 1990 Census data, there were approximately 704 non-institutionalized disabled persons over age 16.

According to the 1990 Census, 35 persons (less than 1 percent) between the ages of 16 and/or self-care limitations.

Many persons with disabilities can benefit from a residential environment that provides supportive services in a group setting. According to the State Department of Social Services, there are two adult residential homes for the developmentally disabled with a total capacity of 46 and one group home with a total capacity of five.

**Female-Headed Households**

Female-headed households account for 5.7 percent (245) of the total households in Malibu as reported by the 1990 Census. Table 34 reveals that only 1.6 percent of female-headed households had poverty level incomes in 1990. All three households included children under 18. None of the female-headed households without children have poverty-level incomes. This compares to 2.7 percent of the total families with children in the

## HOUSING ELEMENT

City that had incomes below the poverty level. Therefore female-headed households are not any more likely to be living in poverty than the average Malibu household. Housing needs of the female-headed households include affordability, proximity to services, and access to all housing opportunities. These needs are addressed by the programs included in this Housing Element, which seek to reduce housing costs and expand the range of housing opportunities in the City.

**Table 34**  
**Female Headed Households**

Household Type	Above Poverty Level	Below Poverty Level	Total	Percent
With Children under 18	188	3	191	3.4%
Without Children under 18	54	0	54	0.9%
Total	242	3	245	4.3%

Sources: 1990 U.S. Census Tracts

### **Farm Workers**

Farm worker and day worker households in Los Angeles County have needs for affordable housing in both existing and new housing. However, due to the City's development pattern and employment base, the number of households with one or more persons employed as a farmer/day worker or in the agricultural industry is expected to be minimal. Of those types of housing needs that could not be justifiably estimated, it may be assumed that only farm workers would not find a need for housing in Malibu. Although Malibu does, however, experience a daily influx of day workers, neither day workers nor farm workers constitute a measurable demand on the City's existing housing resources.

The City's day laborer center, the Labor Exchange, is based at City Hall. The center provides employment assistance to day workers. The staff at the center estimates that approximately 40 people per day seek day labor positions. Although the center's application forms only ask for local residence status and not specific addresses, the center's staff estimates that approximately 20 percent of these workers are homeless (with the balance living in Malibu, Santa Monica, and Los Angeles). The need for assistance is already addressed by existing resources.

There is little active agriculture in the City. As a result, the needs of farm workers do not differ from the needs of other low-income households. The needs of these farm workers and day workers have already been considered among the existing low-income households. Further, the demand for programs for the homeless in Malibu does not appear to be substantial. The majority of the homeless in Malibu are served by agencies located in Santa Monica and elsewhere. Therefore, no housing program for farm workers or day workers is necessary for the City.

### **Homeless**

Legislation signed into law in September 1984 indicates that the "special needs" analysis must include the "homeless" and need for emergency shelters. "Homeless" refers to persons and/or families who are without

shelter because of economic and/or domestic circumstances. Such persons and families may live in campers, motels, and other temporary accommodations.

Homelessness is caused by a number of social and economic factors, including a breakdown of traditional social relationships, unemployment, shortage of low-income housing, and the deinstitutionalization of the mentally ill. A homeless person lacks consistent and adequate shelter. Homeless persons can be considered residents (those remaining in an area year round) or transient. Emergency and transitional shelters can help to address the needs of the homeless. Emergency shelters provide a short-term solution to homelessness and involve limited supplemental services. In contrast, transitional shelters are designed to remove the basis for homelessness. Shelter is provided for an extended period of time, and is combined with other social services and counseling to assist in the transition to self-sufficiency.

The nature of the homeless population makes exact counting difficult. The 1990 Census found no “visible” persons living on the streets and no people in homeless shelters. However, Census counts are not generally accepted as an accurate reflection of homelessness. Because the homeless move around and are not always visible on the street it is difficult to get an accurate count of homeless persons in a community. There is no specific data on the homeless population because homeless people were not accounted for in the Census. Los Angeles County Sheriff Department staff stationed in the area and familiar with the City estimate that there are approximately 25 homeless people living in the undeveloped hillside areas and other vacant or isolated areas of the City. This number has not changed appreciably over the past five years.

There are no facilities for the homeless within the City; however, there are several facilities which provide temporary shelter, food and social services in Santa Monica and Venice. The Los Angeles Homeless Services Authority provides an Info line for people looking for homeless shelters. The current shelters that people of Malibu would be referred to are the Sunlight, the Salvation Army and the Turning Point, which are all located in Santa Monica. The Turning Point is also the Food Bank available to the people of Malibu. The Bible Tabernacle is another facility located in Venice which provides emergency shelter to everyone. Appendix B gives a detailed listing of the facilities serving the City of Malibu.

### **Assisted Housing Projects**

Assisted housing projects are those that offer financial aid or provide extra services for people in need of financial or basic living assistance. There are a variety of programs, each focusing on a specific need or with a specific goal to eliminate unmet housing needs in the community. A review of information from state and federal agencies did not uncover any assisted rental housing developments with state or federal contracts. There are also no locally assisted rental housing developments.

### **County Housing Programs**

The City is likely to be considered a sub-recipient to Los Angeles County for any federal assistance for low- and moderate-income housing. Thus, it would qualify for assistance on the basis of the poverty of its residents compared with all the areas of the County that are not directly receiving assistance (e.g., the City of Los Angeles). According to the County Housing Authority, the County does not currently operate any housing units in Malibu, nor does the County Housing Authority plan to add any units in the City. Therefore, there are no Malibu residents on the County’s Section 8 waiting list. Currently, there are no Section 8 certificates/vouchers distributed in the City. Although the County offers the Shelter Plus Care program, HOPWA program, and Section 8 Existing Housing Homeless program, no residents of Malibu participate in these programs. One of the reasons for this lack of participation is that few rental units in Malibu cost less

## HOUSING ELEMENT

than the maximum allowed by the federal government for participation in rent subsidy programs (see Table 35 for Fair Market Rents).

There are no multifamily complexes in the City that currently participate in HUD's Section 8 program. However, the City is participating in the Section 8 rent subsidy program. The Section 8 Housing Assistance Payments Program (HAPP) is administered by the Los Angeles County Community Development Commission/Housing Authority. It is a program that links landlords with tenants eligible for rental assistance. HAPP guarantees landlords fair market rent while providing subsidies for tenants in rental properties. HAPP tenants are those elderly, handicapped, or low-income families needing help to secure decent housing.

Fair market rents for the Los Angeles County area in fiscal year 2000 are provided in Table 35 below. For the 40th percentile, fair market rents for manufactured home spaces in the Section 8 Choice Housing Program, space rents in Los Angeles County are listed at \$505 for fiscal year 2000 (Federal Register, February 2000).

**Table 35**  
**Fair Market Rents for Existing Housing in Los Angeles County**

<b>Studio</b>	<b>One Bedroom</b>	<b>Two Bedroom</b>	<b>Three Bedroom</b>	<b>Four Bedroom</b>
\$505	\$605	\$766	\$1,033	\$1,233

Source: Federal Register, HUD, February 2000

Individual initiative and the use of Community Development Block Grants (CDBG) have helped. In previous years the CDBG program has been used to assist with home improvement for applicants that meet the income guidelines.

### **Units Eligible for Conversion**

In 1989, the California Government Code was amended to include a requirement that localities identify and develop a program in their housing elements for the preservation of assisted, affordable multifamily units. Subsequent amendments have clarified the scope of the analysis to also include units developed pursuant to inclusionary housing and density bonus programs. In the preservation analysis, localities are required to provide an inventory of assisted, affordable units that are eligible to convert within ten years. As part of the analysis, an estimation of the cost of preserving versus replacing the units is to be included, as well as programs designed to preserve the affordable units.

The California Housing Partnership Corporation provides an inventory of federally subsidized rental units at risk of conversion. The 1999 update, which identifies units at risk through the year 2020, identifies no HUD-assisted multifamily housing developments with Section 8 contracts in the City of Malibu. Therefore, there are no units at risk of conversion and no costs to conserve assisted units.

A significant trend over the last decade has been the offering of accessory buildings and other surplus household space as rental units. Although the County of Los Angeles did not allow this practice, the City allows the creation of second units on all residentially-zoned land in the City. Occupancy of these units, however, is not based on income. These units are not part of the affordable rental housing stock at risk of converting to market-rate housing (because rents charged on these units are already at market rate).

**7.2.8 Constraints**

This section provides an analysis of resources and constraints on the City's ability to meet the challenge of meeting unmet housing needs. Information presented in this section:

- Housing Supply Characteristics;
- Assessment of Land Suitable for Residential Development;
- Inventory of Nongovernmental Constraints; and
- Inventory of Governmental Constraints.

από τον τομέο της κατοικίας. Αυτό αποτελεί το πρόβλημα της αντιμετώπισης της πρόκλησης της αντιμετώπισης των αναγκών για ανεκμεταλλούμενο χώρο κατοικίας. Η πληροφορία που παρουσιάζεται σε αυτό το τμήμα αφορά:

- Χαρακτηριστικά της Προσφοράς Κατοικίας;
- Αξιολόγηση του Χώρου Κατάλληλου για Ανάπτυξη Κατοικίας;
- Κατάλογο των Περιορισμών που Δεν Αφορούν τον Κρατικό Τομέο;
- Κατάλογο των Περιορισμών που Αφορούν τον Κρατικό Τομέο.

**Residential Development Trends**

Residential development in Malibu is located along both sides of Pacific Coast Highway and the hillsides. Residential development patterns are, like the City's linear.

Η ανάπτυξη της κατοικίας στην πόλη της Μάλιμπου βρίσκεται και στις δύο πλευρές της οδού Pacific Coast Highway και στις πλαγιές. Τα μοτίβα ανάπτυξης της κατοικίας στην πόλη της Μάλιμπου είναι, όπως και στην πόλη της Μάλιμπου, γραμμικά.

In 1990, the Census estimated approximately 7,543 units in the four census tracts. Based on desegregated numbers, approximately 5,851 of these units are within the City limits. This reflects an approximate 16 percent increase between 1980 and 1990 which is similar to the growth rates of full-time and part-time residents are roughly equal. The current estimate, based on data from the California Department of Finance, indicates that there were 5,746 housing units in Malibu in 1993, an increase of 2.2 percent since 1990.

Το 1990, ο Απογραφέας εκτίμησε περίπου 7.543 μονάδες στις τέσσερις περιοχές απογραφής. Βασισμένο σε αριθμούς που διαχωρίζονται ανά φυλή, περίπου 5.851 από αυτές τις μονάδες βρίσκονται εντός των ορίων της πόλης. Αυτό αντικατοπτρίζει μια αύξηση περίπου 16 τοις εκατό μεταξύ του 1980 και του 1990, η οποία είναι παρόμοια με τα ρυθμούς ανάπτυξης των μόνιμων και μερικών κατοίκων. Η τρέχουσα εκτίμηση, βασισμένη σε δεδομένα από το Καλιφόρνια Δεπάρτημα Οικονομικών, υποδηλώνει ότι υπήρχαν 5.746 μονάδες κατοικίας στην Μάλιμπου το 1993, μια αύξηση 2,2 τοις εκατό από το 1990.

The number of full-time resident households increased in 1990 to 4,318 from 3,668 in 1980, reflecting a growth rate of 17.7 percent. This growth rate is higher than the population growth rate for the same period, because the number of persons per household declined from 2.77 persons per household in 1980 to 2.22 in 1990. Assuming the population per household continues to decline as it has, it can be projected that by the year 2010 there could be as few as 2.22 persons per household. The City's projection for future growth in the City indicates a total number of households of 5,100 in the year 2000 and 5,300 in the year 2010.

Το 1990, ο αριθμός των νοικοκυριών μόνιμων κατοίκων αυξήθηκε σε 4.318 από 3.668 το 1980, αντανακλώντας έναν ρυθμό ανάπτυξης 17,7 τοις εκατό. Ο ρυθμός ανάπτυξης αυτός είναι υψηλότερος από τον ρυθμό ανάπτυξης του πληθυσμού για την ίδια περίοδο, επειδή ο αριθμός των ατόμων ανά νοικοκυριό μειώθηκε από 2,77 άτομα ανά νοικοκυριό το 1980 σε 2,22 το 1990. Αν υποθέσουμε ότι ο πληθυσμός ανά νοικοκυριό συνεχίζει να μειώνεται όπως έχει κάνει, μπορεί να προβλεφθεί ότι το 2010 θα μπορούσε να υπάρχουν μόνο 2,22 άτομα ανά νοικοκυριό. Η πρόβλεψη της πόλης για την ανάπτυξη στο μέλλον υποδηλώνει έναν συνολικό αριθμό νοικοκυριών 5.100 το 2000 και 5.300 το 2010.

**Status of Current Residential Development**

Vacant land accounts for the majority of the land within the City boundaries and the majority of the built environment.

Η πληροφορία αυτή υποδηλώνει ότι η πλειοψηφία του ελεύθερου χώρου και η πλειοψηφία του οικοδομημένου χώρου εντός των ορίων της πόλης της Μάλιμπου είναι κενά. Αυτό αντικατοπτρίζει την κατάσταση της ανάπτυξης κατοικίας στην πόλη της Μάλιμπου. Βασισμένο σε δεδομένα από τον απογραφέα, η πόλη της Μάλιμπου προβλέπει έναν συνολικό αριθμό νοικοκυριών 5.100 το 2000 και 5.300 το 2010.

Single-Family

The single-family residential category includes low density (more than two units per acre) and rural densities (less than two units per acre) uses. The lower density single-family development is more dominant than higher density development. Higher densities are generally found along the beaches while low density development is in the hillsides and canyon areas of the City.

Η κατηγορία κατοικίας μονοκατοικίας περιλαμβάνει χαμηλή πυκνότητα (πιο από δύο μονάδες ανά ακροαίο) και αγροτικές πυκνότητες (λιγότερο από δύο μονάδες ανά ακροαίο). Η ανάπτυξη κατοικίας μονοκατοικίας με χαμηλή πυκνότητα είναι πιο κυρίαρχη από την ανάπτυξη κατοικίας μονοκατοικίας με υψηλή πυκνότητα. Οι υψηλότερες πυκνότητες βρίσκονται γενικά κατά μήκος των ακτών, ενώ η ανάπτυξη κατοικίας μονοκατοικίας με χαμηλή πυκνότητα βρίσκεται στις πλαγιές και στις κοιλάδες της πόλης της Μάλιμπου.

Single-family homes sit on lots ranging from small clusters of approximately 10,000 square feet up to large parcels of 40 acres or more. Single-family homes dominate the coastline as well as the canyons and hillsides from the City boundary on the east to approximately one mile west of Carbon Canyon Road. Residential neighborhoods are found along canyons such as Big Rock, Las Flores, Rambla Pacifico and Carbon Canyon.

Between Carbon Canyon and Puerco Canyon, there are concentrations of single-family homes interspersed with other types of development. These residential neighborhoods are primarily located along the beach (including Malibu Colony), in the hills above the Civic Center and adjacent to Pepperdine University. With the

HOUSING ELEMENT

exception of the Civic Center Area, the majority of residential development on the north side of Pacific Coast Highway in this area, located between Latigo Canyon and the western city limits is characterized by relatively rural and low density single-family homes on both sides of Pacific Coast Highway extending into the hillsides. The largest concentration of residential neighborhoods is in the Point Dume area and the Malibu Park area, north of Pacific Coast Highway and Zorro Road. The majority of land along the coast between Malibu Park and the western city limits is characterized by relatively rural and low density single-family homes on both sides of Pacific Coast Highway extending into the hillsides. The largest concentration of residential neighborhoods is in the Point Dume area and the Malibu Park area, north of Pacific Coast Highway and Zorro Road.

Rural Residential

Rural residential refers to single-family detached homes in low density rural residential neighborhoods. The low-density rural residential neighborhoods are located in the Point Dume area, north of Pacific Coast Highway and Zorro Road, and Ramirez Canyon, and Ramirez Canyon Road. In addition, there is one area located at the east end of the City adjacent to the northern City boundary along Carbon Canyon Road.

Multiple Family

This category includes duplexes, triplexes and two- or three-unit townhouses and condominiums (attached units); apartment complexes (apartment buildings) with 10-18 units in a complex with common facilities (elevator, swimming pool, etc.); and apartment complexes with more than 18 units in a complex with common facilities (elevator, swimming pool, etc.).

The majority of multifamily units in the City are low-rise apartments, condominiums or townhouses. There are two areas of duplexes, triplexes, and fourplexes located along the coast between Big Rock Drive and Las Flores Canyon Drive, and one area located in Point Dume on Dume Drive. The only area which contains medium-rise apartments is located in Point Dume on Dume Drive.

The largest concentration of multifamily units is located in Point Dume on Dume Drive. The only area which contains medium-rise apartments is located in Point Dume on Dume Drive. The largest concentration of multifamily units is located in Point Dume on Dume Drive. The only area which contains medium-rise apartments is located in Point Dume on Dume Drive.



Mobile Homes

This category includes mobile homes, trailers and prefabricated housing which are either stationary with foundations or are capable of being moved. There are two mobile home parks in Malibu. The two parks are both located south of Pacific Coast Highway.

7.2.9 Assessment of Land Suitable for Residential Development

In October 1987, the State Attorney General added insight on how regional councils of government, such as SCAG, must determine a locality's share of regional housing demand by Senator Roberti was as follows:

“Must the availability of suitable housing sites be considered based upon the existing zoning ordinances and land use restrictions of the locality or based upon the potential for increased residential development under alternative zoning ordinances and land use restrictions?”

California Attorney General John Van De Kamps' opinion on a related important question was as follows:

“We find no indication in Section 65584 that current zoning ordinances and land use restrictions are to limit the factor of ‘the availability of suitable sites.’ A housing site would be unsuitable based upon its physical characteristics, not because of some governmental control of an artificial and external nature. The planning process of Sections 65583 and 65584 could be made available through different policies and procedures. The availability of suitable sites would be only one aspect of the ‘available data’ upon which a council of local government must consider the availability of suitable housing sites based on land use restrictions of the locality but also based upon the regional housing needs.”

The primary constraints to the production of housing units in Malibu are the significant environmental constraints (geology, topography, flood-areas, significant habitat, and other factors), the lack of infrastructure, the cost of vacant land, and the cost to construct affordable housing on land that has demonstrated significant environmental and physical constraints. The majority of new housing development that has occurred in the City in recent years has either been on infill land or been the development of large single-family homes on relatively large parcels of land. Estimates of vacant land using an updated version of the Los Angeles County land use inventory map of Malibu, shows that within Malibu, vacant land accounts for over half of the incorporated area. Information gathered for the Safety Element reveals that the vast majority of this land may be subject to some form of geologic or hydrologic hazard and will, therefore, be subject to various safety element plans for new construction.

Table 36 tabulates existing and proposed land uses. The City has designated for residential development sufficient land to accommodate the 16 affordable housing units needed in the City by the year 2005.

**Table 36**  
**Summary Potential Residential Units in the City of Malibu**

Land Use Designation	Vacant Land		Mixed Use	
	Acres	Potential Number of Housing Units	Acres	Potential Number of Housing Units
SF-M (2-4 du/acre)	133	544	NA	—
SF-L (1-2 du/acre)	109	218	NA	—
RR1 (1 du/acre)	211	225	NA	—
RR2 (2 du/5 acres)	1,635	810	NA	—
RR5 (1 du/5 acres)	1,360	255	NA	—
RR10 (1 du/10 acres)	352	31	NA	—
RR20 (1 du/20 acres)	1,719	79	NA	—
MF (6 du/acre)	11	66	NA	—
MFBF (1,855 sq. ft./unit)	1	15	NA	—
MH (1 du/acre)	0	-	NA	—
Commercial (CG)	NA	-	34	136
<b>Total</b>	<b>5,531</b>	<b>2,243</b>	<b>34</b>	<b>136</b>

Source: City of Malibu

\* Yields are based on 100% of allowable density. Given topographical and safety concerns (geology, flood plain, etc.) Actual yield is expected to be an average of 50% of allowable density however each site is evaluated based on its specific characteristics. On relatively flat sites without other environmental constraints, achievable densities will be close to 100% of the allowed density under the IZO (see the following discussion on the Civic Center site and Point Dume). As an example, the MFBF site shown in Table 7-36 is located on relatively unconstrained property with respect to achievable density under the IZO.

The City has also identified the following multifamily vacant land parcels available for development potential in Appendix D.

### Redevelopment Potential

In addition to the vacant land available to accommodate future residential housing for low income groups, the City is also evaluating other lands suitable for redevelopment potential. Two sites, the Civic Center site and Point Dume, have residential development potential as mixed-use properties. Either site could accommodate the 14 dwelling units that comprise the City's regional share of housing.

One of the potential areas for mixed-use is the City's Civic Center site. The City's Civic Center site contains 43 acres and is currently 80 percent underused. The site is zoned for Community Commercial, General Commercial, and Commercial Visitor Serving-1. Both Community and General Commercial zones allow mixed use developments that could also accommodate future residential housing for low- and/or moderate-income groups. The second potential mixed-use site is the Point Dume property, which contains 31 acres.

### Measure N

In November of 2000, Malibu voters approved a development ordinance (Ordinance 213) concerning real property located in the City. Listed as "Measure N" on the November ballot, the Ordinance amends Malibu Municipal Code Section 9.5.17 to require that developments of 30 acres in size in or more in commercial or commercial/residential zones be approved by the Council and City voters. The City does not believe that Measure N will negative impact Malibu's ability to accommodate its regional housing needs, particularly for

low- or moderate-income households, because it is unlikely that any residential projects, or mixed residential/commercial projects, would individually exceed the 30-acre threshold.

#### **7.2.10 Non-Governmental Constraints**

Several factors pose constraints to the provision of affordable and adequate housing. They are divided into several governmental and non-governmental constraints. Governmental constraints are deliberately imposed and would therefore seem to be easier to mitigate. However, the vast majority of governmental regulations are essential to the health, safety, and general welfare of the community. Non-governmental constraints, on the other hand, are existing conditions that are brought about by interdependent natural and socioeconomic forces which cannot easily be removed.

Non-governmental constraints are factors that negatively affect the provision of housing. In Malibu, these include the physical, natural, and economic aspects of location and construction of development, which limit the number, type and location of residential projects, and largely determine the costs/prices of housing units. Non-governmental constraints include environmental constraints and market forces.

#### **Environmental Constraints**

Malibu is located within the Santa Monica Mountains, which are characterized by steep rugged hillsides, valleys, and canyons draining into the Pacific Ocean. In the Malibu area, the natural environment substantially influences housing location. Some of the hillsides and canyons have slopes that make housing construction more expensive or impossible. Hillsides and steep slopes are a common constraint in Malibu where more than 80 percent of the City of Malibu is hillside area. The remaining relatively flat land is either subject to ocean and/or canyon (creek) flooding, or other significant environmental constraints.

Seismic characteristics pose a potential development constraint in Malibu due to the numerous faults surrounding the area, including the Malibu Coast Fault, the Santa Monica Fault, the Las Flores Reverse Fault, and the Anacapa Fault, all of which traverse the City. Development in a fault zone is possible, but it is generally discouraged as this seismic hazard represents an unnecessary risk.

Lands that fall within flood plains are generally regulated to prevent the potential loss of life and property. In the Malibu area, the Federal Emergency Management Agency (FEMA) has recorded eight major flooding incidents since 1934, and has identified 24 flooding sources, including creeks and low-lying beach front areas in the Malibu area. Flooding hazards associated with high tides and large ocean waves are also reported by FEMA for the Malibu area. Rough seas occurring in conjunction with heavy rains have caused extensive damage along the Malibu coast including the disruption, exposure, or complete wash-out of septic tank systems. Lands located near flooding sources are considered a moderate to high constraint on development.

A more detailed discussion of the biota of Malibu and a map of the Resource Protection Areas (RPAs) may be found with the Conservation Element of the General Plan. These areas contain vegetation and wildlife considered endangered, rare, or significant resources. Development is not necessarily prohibited within RPAs; however, intensive urban development is not appropriate.

In most locations in Malibu, the beaches are relatively narrow. Starting in the 20th century, the sandy beaches in Malibu were backed by slowly eroding sea cliffs. Currently 60 percent of the sea cliffs are protected against wave-caused erosion. There are two stretches of the coast which remain backed by unprotected sea cliffs and will continue to experience sea cliff retreat. One of these areas is between Escondido

## HOUSING ELEMENT

Beach and Point Dume, the second is between Lechuza Point and Sequit Point. There are some seawalls and revetments in these areas that protect private property.

Since 1938, the shoreline along most of the Malibu coast has advanced slightly at an average rate of 0.5 feet per year. The Malibu shoreline was, however, relatively stable in comparison to other beaches between 1938 and 1988. There are some beaches in the City that experienced coastal retreat while others experienced beach advancement. The rate of greatest retreat occurred at Malibu Beach where it averaged approximately one foot per year. The shoreline advanced most significantly at Zuma and Westward Beaches at a rate of approximately two feet per year.

### **Geologic Hazards**

Other development constraints include landslides, soil erosion, fire hazard, and liquefaction potential. Erosion and fire potential factors are largely a direct function of slope gradient. Damaging effects from liquefaction may be minimized through adherence to existing code requirements regarding foundation design. A full discussion of the physical constraints to development may be found in the Safety Element of the General Plan. The opportunity for development of high-density, lower-priced residential units is limited, because Malibu is exposed to a variety of environmental constraints. Malibu is subject to geologic hazards such as slope instability, landsliding, and unstable ground; flood and inundation hazards such as tsunami, seiche, and storm-induced flooding; and wildland and urban fire hazards. Large portions of the City are covered with hillsides and steep slopes. More than 80 percent of Malibu is considered to be hillside. In addition, inadequate infrastructure may also act as a constraint to residential development.

Expansive soils, compressible or collapsible soils, high groundwater and shoreline regression are additional geologic/geotechnical hazards which occur throughout the City. Each of these geologic/geotechnical and safety hazards is a constant threat to the property and health of residents in Malibu within and surrounding the areas where they exist.

### **Hillsides/Slopes**

Much of the City is comprised of rugged mountainous terrain within the Santa Monica Mountains. The mountainous coastal areas are characterized by steep hillsides that descend abruptly into narrow canyons. The majority of the area can be classed as having an average gradient of 35 percent and above. This gradient class is generally accepted as being not economically feasible for high-density urban development. Development on such severely sloped parcels would require substantial modification to the natural terrain that significantly adds to the cost of development. Development on the steep hillsides would also add to erosion and landslide potential.

### **Landslides**

The 1990 Los Angeles County Safety Element (LACSE) prepared a map that was a generalized inventory of landslides. Review of the Los Angeles County Landslide Inventory map indicates that particularly the Malibu area, and the Santa Monica Mountains area in general, constitute one of the three areas of L.A. County that display a high propensity for landsliding.

According to the 1992 review of landslides conducted by Philip Williams & Associates and Peter Warshall & Associates, there are approximately 250 mapped landslides in the area. Of the major slides listed in the Williams and Warshall report, sizes range from about eight acres up to the Big Rock Mesa landslide which is about 220 acres. Most of the large landslide areas involve housing units, many of which are threatened.

Public utilities have been affected, particularly those underground. To address the problem, underground piping has often been rerouted onto the ground surface with flexible connections.

The generally recognized landslide areas in Malibu include (listed from east to west):

- Las Tunas Beach Slides
- Eagle Pass-Las Flores Slide
- Calle Del Barco
- Carbon Canyon Slide
- Puerco Beach Slides
- Latigo Shore Slide
- Malibu Cove Colony Slides
- La Chusa Highland Slide
- Big Rock Mesa
- Rambla Pacifico
- Carbon Mesa Slides
- Amarillo Beach Slides
- R.V. Park Slide
- Latigo Canyon Slide
- Lower Encinal Canyon Slides

#### **Debris Flow/Mud Flow Hazards**

Debris flow can be a dangerous and deadly hazard that destroys property and endangers public health and safety. The major canyon bottoms would be the collection point for mud, water, and debris from all the uphill ravines in Malibu. Many of these canyon bottoms have been traversed by roadways that act as the points of ingress and egress from developed uphill areas. During a major storm flooding event these roads would be hazardous and the risk of being impacted by a sudden debris flow event, closing access to the communities above. Geologic hazard maps completed as part of the General Plan have delineated the highland areas above Malibu with the most likely potential for generating future debris flow events. The major canyon bottoms most exposed are Topanga Canyon, Las Flores Canyon, Malibu Creek, Puerco Canyon, Corral Canyon, Dry Canyon, Solstice Canyon, Latigo Canyon, Escondido Canyon, Ramirez Canyon, Zuma Canyon, and Trancas Canyon.

Mudslides that can contribute to the debris dangers downstream are often initiated from private properties where development has occurred and surface drainage has not been well controlled. Other incidences of mudsliding can occur where private roadway surface drainage is not well maintained or properly disposed. There are many sites within Malibu where canyon and side hill private roadways allow water to flow over a hillside. These are likely areas where mudslides will have a high potential of occurrence during a major storm.

Mudsliding is also possible on steep slopes where construction has been allowed to cut into the hillside and undermine the soil and weathered bedrock horizon. There have been past failures of hillsides along the north side of Pacific Coast Highway, the main arterial into and out of the City. The potential for mudslides and

## HOUSING ELEMENT

debris flows increase significantly following a major fire. The debris flow potential due to burned areas is a major hazard to Malibu's lowland and canyon development. Given that highland areas of Malibu are located in a high fire hazard area, there is a significant potential for experiencing large burn areas that will expose the soils to high erosion potential.

### Liquefaction and Subsidence

Few areas of significant liquefaction susceptibility exist in the City of Malibu. These areas are located along the beaches and in the flood plains of the major streams such as Malibu Creek.

Of the various geologic hazards that affect the State of California, expansive soils have caused millions of dollars in damages, particularly to single-family residences and private property improvements. Soils with moderate to high expansive potential are spread throughout Malibu. Specifics on possible private or public damages would be most available through site-specific reports of geotechnical consultants. Based upon the wide variety of individuals who have designed, and construct property improvements in Malibu, it is certain that distress to foundations, concrete slabs on-grade, and roadways have been suffered in Malibu. Each of the different geologic formations mapped in the Malibu area consists of various units that may possess expansive potential.

Potential collapsible soils may exist in areas of Malibu where geologic units of alluvium or colluvium are present at the lower end of sloping terrain where it begins to flatten and become less steep, but particularly where debris flow deposits have been recognized. Old deposits from debris flows have been mapped in the Point Dume-Zuma Beach area. Similar types of deposits are likely along Las Flores Canyon, Malibu Creek, Zuma Canyon, and Trancas Canyon. Compressible soils would be very likely in the Malibu Lagoon area, along Malibu Creek, Dume Canyon, and Trancas Canyon. Undetected, development on these types of soils may become distressed as a result of expansion or consolidation of the foundation soils.

### Faulting and Seismicity

There are numerous faults surrounding and traversing the Malibu area, including the Malibu Coast Fault, the Santa Monica Fault, the Las Flores Thrust Fault, and the Anacapa Fault. These faults are not well defined as they are not generally visible at the surface. Maps provided in the Background Report to the Safety Element of the General Plan delineate a 1,000-foot area on either side of all faults as areas that could be subject to seismic hazard.

The Malibu Coast Fault Zone is a north-south to east-west orientation onshore, sub-parallel to and along the shoreline for a linear distance of about 17 miles through the Malibu City limits, but which also extends offshore to the east and west for a total length perhaps 37.5 miles. Onshore, this fault extends from Sequit Point in the west to Carbon Beach in the east, although recent mapping suggests that the Las Flores Thrust Fault may conceivably represent an extension of this fault zone, thus pushing its onshore eastern limits to the Big Rock/Las Turbines area.

The Anacapa or Dume Fault is a north-south to east-west orientation offshore escarpment exceeding 600 meters locally, with a total length in excess of 62 miles. It occurs as close as 3.6 miles offshore south of Malibu at its western end, but trends northeast where it apparently merges with the offshore segment(s) of the Santa Monica Fault Zone, thus lying as close as two miles south of the Malibu Beach/Carbon Beach area.

**Tsunamis and Seiches**

Tsunamis (seismic sea waves) can be expected to occur as a result of surface ground rupture of the offshore faulting offshore. Displacement of the sea floor could generate a local wave and would include wave runup to elevations 12 feet above Mean Lower Low Water (MLLW). Runups for the Malibu coast in general are between five and six feet for the 500-year zone. The higher run-ups occur in the eastern part of Malibu due to effects related to the Santa Monica Bay resonance.

Most of the coastal dwellings and low lying commercial buildings are expected to be damaged by an earthquake-generated tsunami. Damage to buildings is expected. The most vulnerable objects would be on or near the beach, and bridges over the streams near the beach, such as along the Pacific Coast Highway at Malibu Creek and Corral Creek.

**Fire Hazards**

The City of Malibu is served by the Los Angeles County Fire Department, or the Department of Forestry, if needed. According to the Fire Department, Malibu is considered to be an extreme fire hazard area and part of the natural regeneration cycle of the native California chaparral. Malibu has experienced major brush fires in the past 10 to 30 years, the most recent fire being the Old Topanga Malibu Fire of November 2-5, 1993. This fire resulted in the destruction and damage of approximately 270 homes in the City.

**Noise**

The majority of vacant developable parcels along the Pacific Coast Highway are exposed to noise levels of 65 CNEL. California has established mandatory noise guidelines. Residential development cannot be exposed to outdoor ambient noise levels to 45 dBA. Parcels along PCH do not meet these noise criteria and are not suitable for large scale residential development.

**7.2.11 Inventory of Governmental Constraints**

The State of California defines governmental constraints as moratoria, site improvement requirements (or Commission approval), excessive fees, and exactions designed to control development within a community. While providing procedures and standards for order and public welfare, these actions may also unnecessarily restrict growth. Government regulation may inhibit the needed residential development when they raise development costs and indirectly raise rents and housing market values. The State requires that each Housing Element review the applicable regulations with respect to their impact on the cost of development.

The City's Interim Zoning Ordinance (IZO) is a constraint to additional affordable housing because of the reduction in permitted development (or down zoning). However, the City has since adopted a mixed-use zone to permit the development of affordable housing.

### **Parking Requirements**

Another potential constraint to the production of affordable housing in multifamily zones is the City's requirement of four parking spaces per dwelling unit. The requirements for two covered and two non-covered parking spaces per unit could significantly reduce the development potential of a small multifamily-zoned sites when combined with setback, yard, height, and other requirements. Given high land and development costs in Malibu, such a reduction in density would reduce feasibility of producing housing affordable to low- or moderate-income households. This potential constraint could be mitigated by permitting parking reductions or shared parking in mixed-use projects where site conditions and user characteristics warrant such reductions. Many communities allow for reduced parking, for example, for senior housing projects, projects near public transit, or projects with smaller dwelling units (or fewer bedrooms) that are less likely to create parking problems.

### **Ordinances**

The City Council issued a building moratorium for Malibu upon the City's incorporation. The moratorium expired on March 28, 1993. The City now has in place an IZO which provides reasonable standards for development. The IZO is intended to ensure that future development in the City is consistent with the City's objectives to preserve sensitive and unique environmental resources, retain the City's rural character, ensure that future development does not over burden the City's limited infrastructure, and provide a balance of land uses. The overriding objective of the IZO and other ordinances adopted by the City, is to protect the health, safety, and welfare of the public. Further, and as previously noted, the City has adopted a mixed-use zone to permit the development of affordable housing.

The City Council has allowed for the creation of development standards, that reflect the character of individual neighborhoods, and has adopted individualized development standards for six neighborhoods in the City. Two of these overlay districts, La Costa and Malibu Country Estates, are in relatively intense development neighborhoods and allow for homes to be built that exceed the structure size and setback limitations of the IZO. Another overlay district, DeVille Way allows for development standards for a multifamily project. The City Council has approved a tentative tract map for a 22-unit condominium project in the DeVille Way Overlay District which meets the General Plan multifamily density of six dwelling units per acre and also meets the IZO parking standards of four parking spaces per unit. In addition to the DeVille Way Overlay District, the Multifamily Beach Front zone allows for higher density multifamily projects with a reduction in half from four spaces to two spaces per dwelling unit.

The IZO's zoning designations are more restrictive in some cases than the land use categories presented in this General Plan and will be amended accordingly. The land use densities proposed in the Land Use Element (and as depicted on the Land Use Policy Map of the Land Use Element) have been developed based on specific constraints facing the City:

- Limited infrastructure;
- Sensitive and unique environmental resources; and
- The area's geology and other physical constraints (including but not limited to areas subject to flooding, landslides, liquefaction, brush fires, and other risks).

The City enforces the state's Building Standards Code. The use of uniform codes reduces housing costs and the corresponding City codes and ordinances do not constitute a constraint to the City's housing supply. The



City’s codes and ordinances are necessary to ensure the protection of the City and to ensure the health, safety and welfare of the public and property. Table 37 provides a summary of the City’s zoning regulations.

**Table 37  
Land Use Requirements, Controls and Standards by Zone**

RURAL RESIDENTIAL DISTRICT						
Land Use Category	Minimum Lot Size/Density	Minimum Lot Dimension	Impermeable Coverage Limit	Setback <sup>1</sup>	Height <sup>2</sup>	Parking
RR-40 RR-20 RR-10 RR-5 RR-2	40 acres 20 acres 10 acres 5 acres 2 acres	Width: 150 feet Depth: 250 feet	30% to 45%, not to exceed 25,000 square feet	<u>Front Yard:</u> 20% of total depth of lot <u>Side Yard:</u> 25% (cumulative) of total width of lot, but no single lot should be less than 10% or 5 feet (whichever is greater) <u>Rear Yard:</u> 15% of lot depth or 15 feet (whichever is greater)	18 feet above natural or finished grade (whichever is lower) for all residential structures; up to 28 feet with permit	2 enclosed and 2 unenclosed spaces per unit

SINGLE-FAMILY NON-BEACHFRONT RESIDENTIAL						
Land Use Category	Minimum Lot Size/Density	Minimum Lot Dimension	Impermeable Coverage Limit	Setback <sup>1</sup>	Height <sup>2</sup>	Parking
SF-L SF-M	1 acre 1/2 acre	<u>Width:</u> 100 feet <u>Depth:</u> 150 feet	30% to 45%, not to exceed 25,000 square feet	<u>Front Yard:</u> 20% of total depth of lot <u>Side Yard:</u> 25% (cumulative) of total width of lot, but no single lot should be less than 10% or 5 feet (whichever is greater) <u>Rear Yard:</u> 15% of lot depth or 15 feet (whichever is greater)	18 feet above natural or finished grade (whichever is lower) for all residential structures; up to 28 feet with permit	2 enclosed and 2 unenclosed spaces per unit

HOUSING ELEMENT

SINGLE-FAMILY BEACHFRONT RESIDENTIAL						
Land Use Category	Minimum Lot Size/Density	Minimum Lot Dimension	Impermeable Coverage Limit	Setback <sup>1</sup>	Height <sup>2</sup>	Parking
SF-L SF-M	1 acre 1/2 acre	<u>Width:</u> 100 feet <u>Depth:</u> 150 feet	30% to 45%, not to exceed 25,000 square feet	<u>Front Yard:</u> 20 feet maximum or average of 2 immediate neighbors (whichever is less) <u>Side Yard:</u> 10% of lot width on each side, with a 3 foot minimum and 5 foot maximum <u>Rear Yard:</u> Determined by the stringline rule	24 feet—flat roof 28 feet—pitched roof	2 enclosed and 2 unenclosed spaces per unit

MULTIPLE FAMILY NON-BEACHFRONT RESIDENTIAL						
Land Use Category	Minimum Lot Size/Density	Minimum Lot Dimension	Impermeable Coverage Limit	Setback <sup>1</sup>	Height <sup>2</sup>	Parking
MF	6 units/acres; 20,000 square feet	<u>Width:</u> 100 feet <u>Depth:</u> 150 feet	30% to 45% (25,000 square feet maximum)	<u>Front Yard:</u> 20% of total depth of lot <u>Side Yard:</u> 25% (cumulative) of total width of lot, but no single lot should be less than 10% or 5 feet (whichever is greater) <u>Rear Yard:</u> 15% of lot depth or 15 feet (whichever is greater)	18 feet above natural or finished grade (whichever is lower) for all residential structures: up to 28 feet with permit	2 enclosed and 2 unenclosed spaces for each dwelling unit and 1 guest parking space for each 4 units (or fraction thereof)

HOUSING ELEMENT

MULTIPLE FAMILY BEACHFRONT RESIDENTIAL						
Land Use Category	Minimum Lot Size/Density	Minimum Lot Dimension	Impermeable Coverage Limit	Setback <sup>1</sup>	Height <sup>2</sup>	Parking
MF	1 unit per 1,885 square feet or lot area, not to exceed 4 units	<u>Width:</u> 50 feet <u>Depth:</u> 100 feet	30% to 45% (25,000 square feet maximum)	<u>Front Yard:</u> 20 feet maximum or average of 2 immediate neighbors (whichever is less) <u>Side Yard:</u> 10% of lot width on each side, with a 3 foot minimum and 5 foot maximum <u>Rear Yard:</u> Determined by the stringline rule	24 feet—flat roof 28 feet—pitched roof	2 enclosed and 2 unenclosed spaces for each dwelling unit and 1 guest parking space for each 4 units (or fraction thereof)

MOBILE HOME DISTRICT						
Land Use Category	Minimum Lot Size/Density	Minimum Lot Dimension	Impermeable Coverage Limit	Setback <sup>1</sup>	Height <sup>2</sup>	Parking
MH Commercial General (incentives in the form of development standards available for affordable housing projects)	N/A 5 acres/ 0.30 FAR	N/A <u>Width:</u> 300 feet <u>Depth:</u> 500 feet	N/A 30% to 45% (25,000 square feet maximum)	N/A <u>Front Yard:</u> 20% of total depth of lot <u>Side Yard:</u> 25% (cumulative) of total width of lot <u>Rear Yard:</u> 15% of lot depth or 15 feet (whichever is greater) (reductions available for affordable housing)	18 feet above natural or finished grade (whichever is lower) for all residential structures; up to 28 feet with permit	2 spaces for each mobile home space 1 space for each 200 feet of shopping center; 1 space for every 225 square feet of general retail (reduction available for affordable housing projects)

Source: City of Malibu Interim Zoning Ordinance, June 1993

Notes:

1. a. For the purpose of calculating yards, slopes equal to or greater than 1:1 shall not be included in the lot dimension.
- b. All structures must be set back at least 25 feet from the top of a 45 degree angle. For slopes greater than 45 degrees, setback shall be 25 feet horizontal as measured from the top of the slope at the end of the 45 degree line commencing at the base of the slope. Where feasible, all structures shall be set back a minimum of 100 feet from any environmentally sensitive area.
- c. Beachfront Bluffs: consistent with the stringline rule, structures may extend over a bluff which is 10 feet or less in height, from toe to top. Shoreline Bluffs: Structures on non-infill lots shall not extend over a bluff which is greater than 10 feet, but less than 25 feet. Structures on infill lots on shoreline bluffs shall conform to stringline rule.
- d. On ridgelines, structures shall be sited a minimum of 100 feet horizontally from and have a roof below the nearest ridgeline.
2. Includes satellite dishes.
3. The maximum size of individual dwelling units in residential zones is limited based on lot area (IZO Section 9.3.03, paragraph 13). On lots of 5,000 square feet or less, the maximum dwelling unit size is 1,885 square feet. The minimum residential structure size increases with lot size.

## HOUSING ELEMENT

Based on an evaluation of residential development standards (setbacks, yards, lot coverage, height), the City has concluded that residential densities permitted under the IZO are achievable, excepting small, odd-shaped, or environmentally constrained, properties (see Assessment of Land Suitable for Residential Development).

### **Permitting Process**

Time and cost constraints are placed on housing construction by the development review process. One of the goals of the Planning Department is to process planning applications in a timely manner. Processing times within Malibu are similar to those of other cities that have similar sensitive environments. Permit processing in Malibu require an average of three to four months. Due to geologic and geotechnical conditions in the City, development is subject to geologic and geotechnical reviews. Although the requirement for geological and geotechnical reports can extend the permit process, and thereby raise the cost of residential development, these reports are necessary to ensure public safety in Malibu. The City does not have a public sewer and as such each project proposed in the City must receive septic approval. The geology review and septic approval are done concurrently with the planning review which shortens the overall processing time for projects.

The City of Malibu has prepared and distributed a Development Review Handbook that describes all the procedures and forms necessary for permit approval through the planning department. The handbook describes a process for approving development requests and has several components, the overall zoning clearance, which leads to an “Approval-in-Concept” for projects which conform to the Zoning Ordinance, and four sub-procedures, which must be completed within the overall zoning clearance process. The four sub-procedures are: archaeology/cultural resources; biology; geology, including coastal geology; and environmental health (septic). An applicant must be “signed-off” by each of these four department before any further processing can occur.

While the applicant is working with the four other departments, Planning Staff will review the project with the standards of the zoning ordinance (setbacks, height, floor area, etc.). Development is subject to standards in the IZO, which is not unlike other cities except for a heightened review of environmental issues.

The City’s processing time for various permits is consistent with the state’s Permit Streamlining Act (PSA). The time necessary to review and process permits, therefore, does not present a delay to development nor create a government constraint. It is the intent of the General Plan to increase the degree of certainty in the development review process without reducing the level of protection afforded to significant environmental features within Malibu. Appendix A gives a comparison of development fees between the City of Malibu and Los Angeles County. Applications that meet the requirements permitted by right of the zoning code require only an administrative zone clearance or plot plan review. This can be granted by staff, without the need for a public hearing before the Planning Commission.

Discretionary review for certain modifications (such as an increase in the permitted height, up to 28 feet, or reduction of setback) can be granted by the Planning Director after appropriate notice to affected property owners. Conditional use permits and other discretionary applications are reviewed by the Planning Commission after a duly noticed public.

Currently, in addition to permit approval by the City, most projects also require a coastal development permit from the California Coastal Commission. This dual permit requirement can add expense and delay. The City intends to seek certification of its local coastal program, which is being developed in conjunction with

this Plan. The City's procedures are typical of most cities. There is nothing unusual or onerous about the City's notice requirements and the process does not needlessly hinder development. Therefore, this process is not considered a constraint. This dual permit requirement can add expense and delay.

Once a decision is final, the applicant will be required to accept any conditions imposed on the project. The applicant will then receive "Approval-in-Concept" and can proceed to Coastal Commission Review and Building Department Plan Check. Once certified, the City will issue coastal development permits as part of its planning review. This will significantly reduce the time and cost involved in obtaining necessary approvals to develop land in Malibu.

The time line for each individual project varies step by step. For example, a simple addition to a house can be approved "over the counter" within 60 days or less. A new single-family residence could require six months to one year for approval, depending on design, location, environmental conditions, and other factors. The Building and Safety Department will depend on the corrections required by the plan checker; this could take up to a month to process. These timelines reflect City permit processing times only. An applicant must also obtain permits from the California Coastal Commission, which can occur concurrently with Building and Safety Department review. The Coastal Commission can also require six months to one year.

While the City's permit processing procedures and time do not represent an undue hardship in obtaining development approval, the combination of local and state required permit procedures can create delays that might adversely affect the financial feasibility of affordable housing. To address this problem, the City has sought opportunities to streamline and conduct concurrent reviews for projects requiring multiple permit approvals.

### **Fees**

Processing fees for building permits, development review, and infrastructure costs add to the total cost of housing construction, but not necessarily to the price of the finished housing product. The price of the finished product must be an amount the market is willing to pay or the product will not sell. If the cost of the product, including profit exceeds the price which it will bring in the market, the prudent developer will choose not to develop that product at that location unless the additional cost may be absorbed through a reduction in expected profit. There are several types of fees associated with development in Malibu as set forth in Resolution No. 91-67. Typical types of fees are listed below:

- Building Permit Fees
- Grading Permit Fees
- Plumbing Permit Fees
- Rehabilitation Processing Fees
- Map and Related Document Processing
- Electrical Permit Fees
- Mechanical Permit Fees
- Quimby/Parkland Fees
- Geologic Review Fee Deposits
- Environmental Health Review

## HOUSING ELEMENT

Other fees that are typical for projects requiring Planning Department review are as follows:

- General Plan Amendment
- Negative Declaration
- Site Plan Review
- Parcel Map
- Initial Study
- Plot Plan Review
- Tract Map
- Zoning Ordinance Amendment

The fees required by the City only cover the cost to the City of providing the service(s) for which the fees are imposed. The City does not have the financial resources to subsidize housing by waiving or reducing these fees.

Malibu charges a number of permit and development impact fees to cover the cost of processing development requests, providing public facilities and services to new development, and mitigating the environmental impacts of new development. Although these fees are necessary to meet City service and environmental standards, they can have a substantial impact on the cost of housing, particularly affordable housing. Table 86 summarizes the various permit and development impact fees charged by the City.

Normally, permit fees would have a minimal impact on housing costs because most fees are flat rate charges, not per unit charges, and can be spread over the entire development. For a modest-sized development proposal, permit fees would typically amount to a few hundred dollars per dwelling unit. Permit fees could have a more substantial impact on small, infill projects that would be typical of most remaining vacant land.

Development impact fees have a much larger effect than permit fees on the final cost of a home. Such fees include water and sewer impact and hook-up costs, park fees (in lieu of land dedication), traffic impact fees, and similar charges. Based on the schedule of fees shown in Table 38, these impact fees average about \$728,000 for a 5,600 square foot single-family dwelling on in-land property (\$130 per square foot, including permit fees) and \$1,750,000 for a 7,000 square foot single-family dwelling on beach front property (\$250 per square foot, including permit fees). These fees represent between 23 percent and 36 percent of the total cost of a dwelling unit, depending on the dwelling unit type, square footage, number of bedrooms, location, environmental constraints and land development cost. The cost impact of these fees is significant for a typical single-family home due to the location and environmental constraints. The City's development impact fees could be significant for an affordable multifamily housing project, however, if the fees would require additional project funding to make the affordable project "pencil out."

**Table 38  
Summary of Malibu Development and Permit Fees**

<b>Planning Department Fees</b>	
Residential Plot Plan Review	\$660 (Minor); \$1,365 (Major); \$225 (Miscellaneous)
Site Plan Review	\$665
Minor Modification	\$665 (201-5,000 sq ft)
Neighborhood Standards Review	\$1,240 (10-500 sq ft)
Variance	\$1,475
Conditional Use Permit	\$770 (Minor); \$1,885 (Major)
Demolition Permit	\$285
Miscellaneous Applications	\$225
Sign Permit	\$120 (Individual); \$1,020 (Major); \$115 (Minor Modification); \$150 (Temporary)
Tentative Parcel Map	\$2,205
Tentative Tract Map	\$3,380
Final Parcel Map	\$460
Final Tract Map	\$520
Lot Line Adjustment	\$805 (10-500 sq ft)
Revisions to Tract or Parcel Maps	\$1,520
Pre-Application	\$285
Temporary Use Permit	\$150
Appeals/Plan Revision Prior to Final Planning Approval	1/2 the fee of the subject application
Time Extension	\$190
Determination of Use	\$200
Specific Plan	Consultant cost to prepare plan only
Zoning Ordinance Amendment	\$1,340
General Plan Amendment	\$1,475
Archaeology - Geological Trenching	\$370
Archaeology - Waiver	\$260
Archaeology Phase I	\$440 (Minor); \$980 (Major); \$200 (Leasehold)
Archaeology - Review of Contract Phase I	\$455 (1/2 fee)
Archaeology Phase II	\$615
Environmental Review Board Analysis	\$920
Initial Study	\$270 (1/2 fee)
Negative Declaration	\$140
Environmental Impact Report	Consultant cost to prepare EIR plus 10%
Final Planning Review	\$140 (0-500 sf/misc.); \$200 (501-2,000 sf); \$225 (2,001+ sf)
Wireless Telecommunications Facilities	\$870

HOUSING ELEMENT

<b>Building and Safety Fees</b>	
Plan Check	\$4,316.19
Permit	\$5,168.23
Electrical	\$804.75
Mechanical	\$227.50
Plumbing	\$579.75
Septic	\$151.00

<b>Development Impact Fees</b>	
Geology	\$625
Geotechnical	\$625
Health	\$625 (for all new septic systems)
Fire	\$1,067.04 (\$0.1976 per square foot)
Public Works	\$25
School District	\$9,650 (\$1.93 per square foot)

Source: City of Malibu, 2000

In addition to the fees for services described above, there are currently two impact fees in the City: Wildland Fire Fee and Quimby Act/Parkland Development Fee. The Wildland Fire Fee was initiated by the Los Angeles County Fire Department and is the same fee charged by most of the cities and in the unincorporated areas of the County surrounding Malibu. The fee is necessary to assure that adequate fire response equipment and services are available as Malibu is in a high-risk fire zone. The fee is \$18 per square foot of new construction. The Quimby Act Fee was first enacted by the County of Los Angeles prior to the City's incorporation and the City added an additional park land fee which applies to new construction other than new subdivisions. The Quimby Act Fee is based on the following formula:

$$X = 0.003(UP)$$

Where:

X = Local park space obligation in acres;

U = Total approved number of dwelling units;

P = 3.4 for detached single-family residences;

2.9 for attached single-family (townhouse) residences, two-family residences, and apartment houses containing fewer than five dwelling units;

2.1 for apartment houses containing five or more dwelling units; and

2.0 for mobile homes.

The Parkland Development Fee is established as follows:

<b>Type of Dwelling Unit</b>	<b>Fee (per dwelling unit)</b>
Single-family detached dwelling unit	\$2,073
Attached multifamily dwelling unit (containing less than five dwelling units per building)	\$1,770
Attached multifamily dwelling unit (containing five or more dwelling units per building)	\$1,318



These fees are not unique to Malibu, and they do not exceed the cost of mitigating the direct impacts of development. Moreover, the City does not have the financial resources to fund such mitigation. Therefore, these fees are not considered a constraint to development. There are currently no other development fees. The City will consider other development fees to mitigate the impacts of development on circulation, trails, and affordable housing. One of the considerations before enacting any new fee would be the effect that the fee would have on the cost of development and, in particular, whether the fee would place an undue burden on the development of affordable housing.

In addition to the above-described fees and costs imposed by the City, the California Coastal Commission administers a transfer of development credit program.

#### **Operation of the Coastal Commission's TDC Program in Malibu**

For each new single-family residential parcel which is proposed to be created (above and beyond those parcels which already exist), an applicant must acquire one transfer of development credit (TDC) from the Coastal Commission. That is, the applicant must demonstrate that the development potential on the equivalent of one developable parcel has been extinguished. This is normally done by recording an offer to dedicate an open space easement over the subject property. The open space easement prohibits construction of a residence and most other types of development.

As implemented by the Coastal Commission, the TDC Program in Malibu is mandatory for applicants who propose to intensify land use through subdivisions or construction of condominiums or rental housing projects. Any property owner may choose not to participate in the program by simply applying for a coastal development permit for no more than one residential unit on each existing residential parcel.

The Commission has recognized several ways to "generate" a TDC (that is to assemble the equivalent of one developable parcel which can then be restricted to open space). For instance, in a small-lot subdivision, a credit will be considered "generated" according to a formula which measures the "buildability" of the site. To qualify property as a TDC generator, site-specific soil studies, percolation tests, and the like are not typically performed due to the often considerable expense which such tests involve. Instead, the formula is based on the criteria of slope, road access and water service, which can be measured without undue expense to the property owner.

The number of small lots required to equal one TDC depends on the application of the formula to the lots in question: the more gentle the slope, the greater the credit value of the lots, since a more generous dwelling could be constructed. As an example, one or more lots capable of supporting a small-to-medium sized dwelling (one with 1,500 square feet of floor space) are determined to generate one TDC.

Where small lots are less suited to development, transfer of development credits may be generated based on their size rather than slope. Thus, the second way of generating a TDC would be based on 500 square feet of "credit" for each lot that has at least 4,000 square feet of area. Three such lots, generating 1,500 square feet of credit, are considered to generate one TDC.

A third way to generate TDCs for lots smaller than 4,000 square feet is to assign a value of one TDC for any combination of lots adding up to a total of one acre. The assumption here is that an acre of land, even if steep, can probably accommodate at least a small dwelling. Of course, if the property was determined to be completely unbuildable, no TDCs would be generated, since the whole point of the program is to avoid development that could otherwise occur.

## HOUSING ELEMENT

However TDCs are considered to be generated, the mechanism by which development potential is extinguished is recordation of an offer to dedicate an open space easement. In general, the open space easement allows no development as defined by the Coastal Act, except for removal of vegetation which constitutes a fire hazard, installation of underground utility lines or septic systems, passive public recreational use, directional or no-trespassing signs, and fences necessary to protect natural resources and/or private property. Residential use, as a primary use, is not allowed, although some easements allow uses associated with a residence, such as corrals or decks. Such ancillary uses are appropriate where the underlying fee interest in the land is under the ownership of an adjacent homeowner, who can assume the necessary responsibility for payment of property taxes and for weed abatement. In other instances, where other public land holdings are adjacent or nearby, fee ownership of the land is turned over to a public agency, such as the State Parks Department.

The GSA program limits the size and intensity of residential development through the use of a slope intensity/gross structural area formula. This formula provides incentives to develop a single residence on more than one lot, thereby reducing overall density build out in the region. In addition, 394 lots in Malibu Mar Vista, Malibu Vista, Malibu Lake, and Malibu Bowl were retired as of 1998 through the TDC and GSA programs.

The impacts of this constraint on housing production may or may not be justified. Once the City has its local coastal plan certified by the Coastal Commission, it will be in the position to modify the TDC and GSA requirements so that they do not impose an undue burden on the production of new affordable housing. However, the Coastal Commission's Regional Cumulative Assessment Project (adopted June 1999) recommends that the City consider a TDC program that directs development away from shorefront lots unless those lots are adequately sized to avoid the use of shoreline protective devices.

### **Infrastructure**

Pacific Coast Highway (PCH) is a four-lane state highway traversing the city from east to west and is the only major arterial within the city. It serves mostly commuters during the weekday peak hours. A significant portion of commuters access the highway from various canyon roads from western Los Angeles and Ventura Counties. In the summer months PCH also serves as a main access route to the beaches along the coast. This results in significant traffic delays on the highway. Major rock falls or landslides also have the potential to block the road for extended periods and isolate the community from essential services. Vehicular accidents and filming activities further reduce the capacity of the roadway segments along PCH.

There are no sewer lines in place in the City. The community is currently served by individual septic tanks and small package treatment plants. Lack of a sewer system constrains the amount of development that the City can accommodate. However, because of the hilly landscape and landslide potential, on-site systems are a better solution for sewage treatment than a community sewer.

### **Market Forces**

Four aspects of market forces determine the cost of housing construction in Malibu: (1) land costs; (2) labor costs; (3) construction costs; and (4) financing rates. The natural resources and location of the City has made Malibu a desirable place to live. Much of the buildable land in Malibu has already been developed. The demand for land in Malibu has therefore made land prices considerably more expensive than in the rest of Los Angeles County. Land prices for the year 2000 were estimated through a limited survey of advertised lots and acreage for sale. The price of the land depends on the size, number of potentially developable lots, and

the location. Land located in the more developed areas generally costs less than the more rural land, with the exception of beachfront property, which is typically some of the most desirable and therefore expensive land. Residential lots and acreage in the City range in price from \$25,000 to \$6,250,000 with a median price of \$285,000. The average price per acre ranges from \$6,875 to \$1,090,909 with a median price of \$31,727.

Labor costs have risen due to inflation as a result of unionization of construction. The gradual shift from on-site work to off-site work has helped decrease total labor costs. Nonunion off-site labor and day laborers have alleviated the otherwise steadily rising labor costs.

Construction costs have risen ten percent for the past decade. The bulk of this increase has been the result of rising energy costs. Not only have the production costs of lumber, concrete, metals, and other finished goods increased, but shipping costs have risen as well. The City of Malibu's 2000 Environmental and Building Safety Services Fees, give construction costs for a typical 5,000 square foot single-family residence with an attached 400 square foot garage as \$116.75 per square foot.

### **Land Costs**

Land in the City ranges in cost per acre depending on the size of the lot, its location in the City, the availability of infrastructure, amount of slope, and environmental/geological constraint. A listing taken from the LA Times Real Estate section on January 8th, 2001 had 113 listings for vacant land for sale. Lot prices (without dwelling units) range in general from approximately \$25,000 to \$6,250,000 per lot. The general price per acre ranges from \$6,875 to \$1,090,909. These prices are based on the number of existing land improvements on the lot. For example, listings range from \$40,000 for 6 acres of unimproved land to \$150,000 for 0.4 acres of vacant land with a potential permit for a 1,200 single-family home. The most important factor in determining the value of the land is its location. If all other factors are equal, the following is true:

- (a) Beachfront property is the most expensive.
- (b) Bluff/ocean view property approximately 1/2 mile up from Pacific Coast Highway (far enough to be shielded from traffic generated noise, but easily accessible from the highway) is the next most expensive.
- (c) Land costs per acre are less for properties which have the following characteristics (not necessarily limited to these):
  1. Farther distance from Pacific Coast Highway (difficult access);
  2. Lack of ocean views;
  3. Adjacent to Pacific Coast Highway, but on the land side.

The size of the lot is not necessarily as important as the usability of the lot in determining its value. For example, if the location and all other factors are the same, a one-acre lot which is 100 percent useable is generally more expensive than a four-acre lot, of which only half an acre is useable.

Therefore, a 40-acre lot located within one of the canyons and without ocean view may cost far less than a half-acre beachfront lot. Recent properties listed by real estate agencies within the city include a 30-acre property without views, for \$249,500. This is compared to a 1.1-acre property with panoramic ocean views listed for \$1,200,000. At this cost, the production of housing affordable to low- or moderate-income house-

## HOUSING ELEMENT

holds would be virtually impossible without extremely high densities (higher than environmental conditions would allow) or extremely large subsidies.

### Financing

Financing costs for construction and mortgage loans are important in determining the availability of, and demand for, new housing. Fluctuating and lower interest rates are encouraging potential buyers to purchase new homes. Current financing rates for southland homes for “conforming” (\$0 to \$252,700) and “jumbo” (\$252,700 +) loans for 30- and 15-year fixed VA/FHA loans and an adjustable loan are presented in Table 39.

**Table 39**  
**Conforming and Jumbo Loans**

Loan Type	Rates	Points
30-Year Fixed Loan	7.20	1.892
30-Year Fixed Jumbo Loan	7.625	1.697
30-Year Adjustable Loan	5.048	1.100
30-Year Adjustable Jumbo Loan	5.310	1.263
15-Year Fixed Loan	6.938	1.636
15-Year Fixed Jumbo Loan	7.363	1.792

Source: L.A. Times, October 2000

In general, interest rates are higher for “jumbo loans” (loans greater than \$252,700); while the rates have fluctuated dramatically over the past couple of years, it is likely that the rates will remain with the same range as they have for the past two to three years. In general, the costs of financing are less than ten percent of the total cost of most affordable housing projects.

### Access to Public Facilities and Services

Public facilities may be a constraint in two different ways. First, they can limit housing development on land adjacent to existing public facilities. Within the City, roads, schools and utilities are constraints. For example, many of the City’s roads are narrow winding mountain or hillside roads that cannot be widened without creating significant environmental impacts (including loss of unique and sensitive native vegetation and disturbance of wildlife habitat). Therefore, there are no significant opportunities to increase access to public facilities for low-income or very low-income families that need to rely on public roads for convenient and safe access.

Second, housing must be provided with basic services (streets, water, some type of sewage disposal). All housing developments need adequate facilities to provide for water, waste disposal, electricity, natural gas, schools, parks, and fire and police protection services. Land use and zoning controls ensure that residential developments have access to adequate public facilities. The provisions of roads and police protection are responsibilities of the City. Water services and fire protection are provided by independent districts.

The following is a summary of public facilities and services in the City:

**Transit:** The City is currently served by the Los Angeles County Metropolitan Transportation Authority (MTA), which operates an intercity express bus route from Los Angeles to Trancas Canyon Road. Para-

transit services are also provided in the City. These services are operated by BlueTrains under contract with the County.

**Fire Protection:** The Los Angeles County Fire Department provides fire protection services to the City. Currently, there are seven fire stations serving the Malibu area. There are a total of seven engine companies which are staffed with fire protection services. Fire protection services is assessed according to standards of residential, commercial, industrial, and entertainment zones. The type and intensity of residential, commercial, industrial, and entertainment zones are assessed.

**Police Services:** The City is served by the Los Angeles County Sheriff's Department. The sheriff operates a station in the Lost Hills Community Center. In September 1991 the County closed the station in the Civic Center. Police protection services are provided by the Los Angeles County Sheriff's Department. The secluded orientation of the City and the large area of the City are assessed for visual inspection from major roads and freeways. The Malibu Branch Library serves a population of 50,385 persons.

**Schools:** The elementary and middle high school district in Malibu are served by the Santa Monica/Malibu Unified School District, an independent agency governed by a Board of Trustees. Enrollment has increased substantially since 1980. The classrooms in Malibu are nearing capacity due to population increases. There are three elementary schools and one high school in Malibu: Malibu High, Point Dume Marine Science Mall, and Santa Monica High School. The Santa Monica High School is often used during peak periods.

**Hospitals:** The City uses Santa Monica Hospital as the base hospital for emergency care for residents in Malibu. Santa Monica Hospital is located at 250 16th Street in the City of Santa Monica, a distance of between 4.5 and over 25 miles from Malibu, depending on where in Malibu the distance is measured. Travel to the hospital can take as much as 40 minutes at other than peak hours. Nearby hospitals used when Santa Monica Hospital emergency facilities are at full capacity are the University of California Los Angeles (UCLA) Medical Center located at 10833 Le Conte Avenue in Los Angeles, and Westlake Hospital located at 4415 South Lakeview Drive in Los Angeles. The Santa Monica Hospital is used during peak periods to reduce travel times. The Santa Monica Hospital and Westlake Hospital provide the two types of services offered.

**Libraries:** The Los Angeles County Library District is the only library facility serving the City. The Malibu Branch Library provides adult and juvenile reference services and materials; audio-visual materials, including compact discs, VHS videocassettes and laser-discs; audio cassettes; and a variety of other services. The Malibu Branch Library serves a population of 20,282 persons from 7,506 housing units. The library has a collection of 104,000 books. The library is housed in the City of Malibu and is assessed for visual inspection through the South Stage area north of the City in September 1991. The County closed the station in the City.

**Electrical Service:** The Southern California Edison Company provides electricity from three primary stations and three secondary stations. The Southern California Gas Company provides natural gas. General Telephone provides telephone service. Cable television, an information and entertainment source for residents in most areas of the City, is presently provided by Falcon Cable.

**Water:** Water is supplied to the City by County Waterworks District No. 29 from the Metropolitan Water District of Southern California (MWD). MWD obtains its water from the State Water Project and the Colorado River. Wholesalers of this water in the Malibu/Santa Monica Mountains area are the Las Virgenes Mu-

## HOUSING ELEMENT

municipal Water District and the West Basin Municipal Water District. These wholesalers distribute to three retailers which include the Los Angeles County Waterworks District No. 29, Silvas Park Mutual Water Company, and Las Virgenes Metro Water District. Many of the City's water mains and tanks have been identified by the City and by Waterworks District No. 29 as severely undersized. District No. 29 estimates it may cost \$100,000,000 to upgrade the City's water system to current minimum standards.

There are also a number of private wells that supply water within the City. However, the utilization of wells as a source of potable water has steadily declined since 1965, when water became available through MWD. Although the amount of water supplied by these wells is now considered to be insignificant, they are sources of inexpensive water for agricultural and other interests that are located too far from piped water service.

**Sewers:** Municipal sewer service is available only to the far eastern end of the City. There are five small, package sewage treatment plants within the city: the Latigo Bay Shores, Point Dume, Trancas Canyon, Malibu Mesa and Maison de Ville. Hughes Research Laboratory operates their own facilities and Pepperdine University is served by the Malibu Mesa Plant. These plants are described in more detail in the Williams & Warshall report, "The Malibu Wastewater Management Study" (March 1992).

Most wastewater is treated on-site. Improperly maintained septic systems have caused alleged health and safety problems, but with adequate area for leaching fields or regular disposal septic systems can be safely operated in almost all areas of the City. The "Malibu Wastewater Management Study" (Williams & Marshall 1992) recommends programs for ensuring that septic systems are properly engineered, installed, and maintained. Details of the hazards associated with the systems are described in the Background Report to the Safety Element of the General Plan.

**Solid Waste:** Solid waste disposal in Malibu is presently handled by four private hauling companies, one of which is under contract to service the Los Angeles County/Malibu Garbage Disposal District. All four haulers deliver solid waste to the Calabasas Landfill. The Calabasas Landfill is owned and operated by the Los Angeles County Sanitation District and services Malibu as one of many regional sources. The landfill is presently scheduled for closure in 2015 and as of 1990, has a remaining capacity of 12 million tons of waste yielding a projection that the landfill will accommodate an average of 500,000 tons of waste each year during that period. Malibu contributes less than ten percent of that amount. Based on the 1992 Preliminary Draft Source Reduction and Recycling Element for the City, there were 38,750 tons of waste disposed from Malibu residents and businesses in 1991.

A complete discussion of the existing community services is found within the Circulation and Infrastructure Element of the General Plan.

Land development generally follows the areas that are provided with infrastructure and utilities. This allows development to proceed in an orderly and economical manner.

### 7.2.12 Energy Conservation

Section 65583(a)(7) of the Government Code requires an analysis of opportunities for energy conservation in residential developments. According to the Department of Housing and Community Development, the purpose of this analysis is to show that the locality must consider how energy conservation might be achieved in residential development and how energy conservation requirements may contribute to the affordability of units.

Following are examples of local policies, plans, and development standards that have been successful in reducing energy conservation standards:

- Active constructive enforcement by local building officials of existing state residential energy conservation standards;
- Standards for street width, landscaping of streets, and parking lots to reduce heat loss or provide shade; and
- Standards for energy efficient retrofit to be met prior to resale of homes.

Many residents of Malibu do not have regular working hours and, in fact, many residents work out of their homes (“telecommuting” to work). Telecommuting provides several tangible benefits, including reducing traffic on the City’s constrained circulation system and reducing vehicle emissions.

The City enforces Title 24 of the State Building Code that establishes energy standards. However, energy costs do continue to rise, resulting in the rise of operating cost of housing units in direct proportion to its energy requirements. In a mild climate such as Malibu, energy costs are lower than those in places such as desert or mountain areas, however, energy costs can still add substantially to the cost of housing. Reducing the need for energy resources on a per unit basis will have a long-term effect of lowering the operating cost of housing and decreasing the energy needs of the City. The City’s General Plan (Conservation Element and Land Use Element) includes specific goals, objectives, and policies to encourage energy conservation.

While activities during construction expend different forms of energy, the greatest amount of energy consumption is in natural gas and electricity used to maintain the individual housing units. There are several opportunities for energy conservation both during and after construction. Mechanical systems and maintenance practices may be improved to decrease energy costs. Building orientation and shapes, landscaping, glazing, surface materials, and insulation can be designed to minimize the energy requirements of structures.

### 7.3 General Plan Consistency

#### 7.3.1 Purpose and Scope

State law requires that Housing Elements contain a statement of “the means by which consistency will be achieved with other general plan elements and community goals” (California Government Code, Section 65583[c][6][13]). There are two aspects of this analysis: (1) an identification of other General Plan goals, policies, and programs that could affect implementation of the Housing Element or that could be affected by the implementation of the Housing Element, and (2) an identification of actions to ensure consistency between the Housing Element and affected parts of other General Plan elements.

#### 7.3.2 Goals and Policies

The 1995 General Plan contains several elements with policies related to housing. Policies and the means for achieving consistency are summarized in the table below.

**SUMMARY OF GENERAL PLAN GOALS AND POLICIES AFFECTING HOUSING**

General Plan Element	Policy	Means for Achieving Consistency
Land Use Element	LU 1.1.1	This policy ensures that only land uses compatible with the natural environment shall be permitted for development. Existing zoning and building requirements determine the location and extent of new housing development. The Housing Element will not conflict with this policy as the current requirements will be maintained.
Land Use Element	LU 1.1.4	This policy seeks to preserve the rural residential character of Malibu. Since existing zoning and building requirements determine the location and extent of new housing development, the Housing Element will not conflict with this policy as the current requirements will be maintained.
Land Use Element	LU 1.3.1-3	These policies require land uses to be consistent with flood, geologic, and fire safety requirements. Since existing building permitting procedures require the analysis of the development in comparison to these requirements, the Housing Element will not conflict with these policies.
Land Use Element	LU 1.4.1-5	These policies require that new development be consistent with the preservation of the natural topography and the protection of viewsheds. Visual impacts of hillside development shall be minimized and ridgelines, topographic features, hillsides, and natural drainage courses shall be protected. Since existing zoning and building requirements determine the location and extent of new housing development, and permitting procedures require an assessment of impacts caused by the development, the Housing Element will not conflict with these policies.
Land Use Element	LU 2.2.1 and 2.2.3	These policies require the consistency of new development with the efficient operation of the traffic and infrastructure service systems to maintain adequate capacity to serve all residents. The City requires adequate infrastructure as a condition of proposed development approval. In addition, the City only permits development that is consistent with the capital improvement plan and economic health of the City. Since permitting procedures require an assessment of impacts caused by the development, the Housing Element will not conflict with these policies.



HOUSING ELEMENT

General Plan Element	Policy	Means for Achieving Consistency
Land Use Element	LU 2.3.1-2	These policies seek to maintain the appropriate scale and context of new developments. The unique character of the City’s existing neighborhoods should be maintained. The City discourages “mansionization” through the use of height, bulk, and square footage limits for all new and remodeled single-family residences. Existing zoning and building requirements determine the extent of new housing development in size and amenities. The Housing Element will not conflict with these policies as the current size requirements will be maintained.
Land Use Element	LU 2.4.1 and 2.4.3	These policies are directed toward development within western Malibu and require that vistas and large open space areas be preserved to maintain the rural atmosphere. In addition, the City encourages the maintenance of large lots and through residential and compatible agricultural uses. Because existing zoning and building requirements determine the location and extent of new housing development, the Housing Element will not conflict with these policies.
Land Use Element	LU 4.4.4	This policy permits commercial uses such as home offices, art studios, family day care facilities, equestrian, and other uses in residential areas if they do not substantially diminish the quiet rural residential character of the area. Implementation Measure 6 of the Housing Element encourages mixed usage where appropriate.
Open Space and Recreation Element	OS 1.2.2	This policy encourages clustering of development to preserve large blocks of open space if the clustering does not create an urban development pattern in a rural area. This policy is similar to the density bonus policies of the Housing Element (Measure 4).
Open Space and Recreation Element	OS 3.3.2	This policy seeks to balance public access to open space and park lands with the privacy and property interests of abutting property owners. Since existing zoning and building requirements determine the location and extent of new housing development, the Housing Element will not conflict with this policy.
Conservation Element	CON 1.3.9	This policy requires the use of setbacks on beachfront property that is subject to beach erosion. Existing zoning and building requirements determine the location and extent of new housing development. The Housing Element will not conflict with this policy as the current setback requirements would be maintained.
Conservation Element	CON 2.1.3	Through this policy, the City provides incentives to property owners of historical structures to encourage preservation of designated cultural resources. The Housing Element does not conflict with this policy as the current incentives will be maintained.
Conservation Element	CON 3.1.2 and 3.1.4	These policies encourage the use of state-of-the-art energy efficiency standards for all new construction design and encourages the use of solar and other non-polluting, renewable energy sources. The Housing Element encourages energy conservation in housing and is consistent with Conservation Element policies.
Conservation Element	CON 4.1.3-7	These policies encourage water conservation design measures in residential, commercial, and industrial development, including the use of water efficient low flow fixtures, drought resistant landscaping, and the use of reclaimed and grey water systems. The Housing Element does not conflict with these policies as the current water efficiency requirements will be maintained.

## HOUSING ELEMENT

General Plan Element	Policy	Means for Achieving Consistency
Safety and Health Element	S 1.2.1-4	The City requires development to provide analysis of site safety related to potential geologic safety hazards including earthquake fault rupture, liquefaction, expansive soils, erosion, tsunamis, and flooding. Since permitting procedures require an assessment of impacts caused by the development, the Housing Element will not conflict with these policies.
Noise Element	N 1.1.1-2	These policies ensure that noise sensitive land uses will be protected from negative impacts of noise generating uses. Since existing zoning and building requirements determine the location and extent of new housing development, the Housing Element will not conflict with these policies.
Noise Element	N 1.1.5	This policy encourages new construction and remodels to utilize designs and materials that reduce exposure to noise sources. The Housing Element does not conflict with this policy as the current building code requirements will be maintained.

## 7.4 Evaluation of the Previous Housing Element

### 7.4.1 Purpose and Scope

State law (California Government Code Section 65588 [a]) requires each local government to review its housing element as frequently as appropriate to evaluate all of the following: (1) The appropriateness of the housing goals, objectives, and policies in contributing to the attainment of the state housing goal; (2) The effectiveness of the housing element in attainment of the community's housing goals and objectives; and (3) The progress of the City, County, or City and County in implementation of the housing element.

### 7.4.2 Housing Element Programs and Achievements

The following table summarizes the City's achievements under the previous Housing Element, the effectiveness of those programs, and the appropriateness of the programs for the updated Housing Element.

PROGRAM	OBJECTIVE	ACHIEVEMENTS
1. Work with property owners and developers to encourage development of the amount and type of housing that accomplishes the community's goals, including negotiating development agreements in which providing deed restricted affordable housing serves as part of the public benefit justifying the agreement.	6-8 units	One of the projects in the City, Rancho Malibu Hotel, has been conditioned to provide a low income housing study as part of their approval. The study will identify the affordable housing needs generated by employment at the Hotel and potential solutions to meeting that need. The City will require that affordable housing be included in the development or that the developer contribute to an affordable fund.
2. Evaluate all General Plan amendment requests in light of overall impact on distribution of densities, especially on higher density zoning.	No net loss of units	As part of the City's process for evaluating proposed General Plan amendments, the City has ensured that there has been no net loss of land zoned for higher density multifamily use. To date, no General Plan amendments have resulted in a loss of higher density residentially-zoned land.
3. Develop and maintain a handbook for public distribution setting forth how to apply for housing development in the City and summarizing the basic development criteria for different zones.	Not applicable	The City has prepared this handbook and distributed it to the public. This workbook provides valuable information to applicants in completing the permit process in the most efficient manner possible.
4. Develop a density bonus system consistent with State law in which density on a project site may be increased by 25 percent where units are deed restricted for either (a) 20 percent for low-income families, (b) ten percent for very-low income families or (c) 50 percent for seniors. The City shall encourage its use in areas where hazards such as flooding, fires, earthquakes and liquefaction do not pose unreasonable risks.	3-4 units	No density bonus units have been approved because there has been no developer interest in using the density bonus program. Property values are so high in Malibu that a for-profit developer has little or no incentive for proposed residential developments with affordable units to receive a density bonus. Even nonprofit developers that might be interested in this option have not proposed affordable housing projects in Malibu because of high land and development costs.  When appropriate, the City will continue to use the development agreement process to require residential or commercial development to include affordable housing units (see Program 1 above). In exchange for providing affordable housing units, the City will offer density bonuses and other regulatory or financial incentives.

HOUSING ELEMENT

5. Permit residential care facilities for seniors and similar innovative alternative living projects in commercial areas where such projects would be <b>compatible with the surrounding uses</b> .	10 units	Article IX Chapter 9.2.60 Community Commercial (CC) allows Residential Care facilities for the elderly with a Conditional Use Permit.
6. Permit structures and projects with commercial uses and affordable residential units in commercial general (CG) zones. Floor area dedicated to very low-, low-, or moderate-income housing will be permitted a density bonus up to .05 over the maximum intensity permitted within commercial <b>general zones</b> .	60 units	No proposals for affordable housing in the commercial CG zone have been submitted to the City.
7. Expedite permit processing, waive fees where appropriate and provide special assistance to homeowners seeking to rebuild homes burned in <b>fire, damaged</b> in flood or other disaster.	268 rebuilt homes	The City did expedite permit processing and waive fees where appropriate to assist in the rapid rebuilding of fire and storm damaged homes.
8. Use Bluffs Park and Point Dume Community Center as Red Cross Emergency shelters and open whatever City buildings are necessary and appropriate to provide displaced residents shelter after a disaster.	Not applicable	The City has used these facilities as necessary as emergency centers during periods of natural disasters.
9. Make emergency shelters and transitional housing a permitted or conditionally permitted use in appropriate zones.	None provided	Article IX Chapter 9.2.60 Community Commercial (CC), under 9.2.61. Permitted Uses allows mobile homes for residential occupancy by property owner for a period of not more than two consecutive years where the property owner's primary residence is destroyed or uninhabitable as a result of landslide, fire, or other natural disaster. The mobile homes shall comply with all applicable building codes for residential <b>occupancy</b> .
10. Continue to enforce State's barrier-free policies and provide complaint referral services to Department of Fair Employment and Housing (DFEH).	Not applicable	The City reviews plans and inspects buildings for compliance with ADA and other accessibility requirements. No requests have been made for referrals to DFEH.
11. Streamline permit process and building inspections to reduce the cost of building housing that accommodates those with special needs by providing one-stop service for ministerial permit <b>approvals</b> .	Not applicable	The City has provided expedited permit processing and provided one-stop permit service to facilitate the construction of accessibility modifications that are handled administratively.
12. Monitor the supply of new housing provided as affordable to very low-, low- and moderate-income persons, including but not limited to, mobile homes and second units on existing residential lots.	Not applicable	No new affordable housing has been proposed or constructed in Malibu since the adoption of the 1995 Housing Element. With extremely high housing costs and limited land for residential development, there have not been any proposals for housing developments that are affordable to low- or moderate-income households. This program should be continued since the City expects to implement several programs that could result in the creation of new affordable housing. The City is in the process of adopting new standards for second units and will monitor these units. To date, the City has not documented or monitored existing second units, particularly those created prior to incorporation or <b>adoption of the interim Zoning Ordinance</b> .

HOUSING ELEMENT

<p>13. Require new commercial and industrial development to mitigate its effect on affordable housing in Malibu by either providing an adequate number of affordable housing units to meet the new demand for such housing created by the project or pay an in-lieu fee. The fee shall be deposited in the City's affordable housing fund and be used for programs that purchase or subsidize housing units or mobile home park spaces to make them available at an affordable price to very low-, low- and moderate-income families.</p>	<p>5 units</p>	<p>Rancho Malibu Hotel project has been conditioned to provide a low-income study. (See Program 1.)</p>
<p>14. Provide information and referral service to assist very low-, low- and moderate-income persons and families, elderly, and handicapped in finding suitable housing at affordable cost.</p>	<p>Not applicable</p>	<p>The City received two requests for referrals and referred the individuals to programs available through Los Angeles County and HUD. Because affordable housing opportunities are limited in Malibu, the City does not frequently receive inquiries regarding the availability of such housing. Nevertheless, as the City becomes more active in implementing affordable housing programs, it is expected that inquiries and referrals may become a more important service. Therefore, this program should be continued.</p>
<p>15. Explore financing, such as a rent subsidy program using CDBG funds, to develop affordable housing in existing multifamily projects and mobile home parks.</p>	<p>5-10 units</p>	<p>This program is ongoing and is available to anyone who qualifies. Thus far only one applicant has qualified.</p>
<p>16. Encourage the adaptive re-use of commercial buildings to residential use by allowing increased density where new housing units are created in existing structures and in proportion to the number of new units which are deed-restricted for very low-, low- or moderate-income families and, where necessary, by decreasing the minimum number of parking spaces required for each unit restricted for seniors.</p>	<p>3 units</p>	<p>The City has adopted zoning provisions to encourage the adaptive re-use of commercial buildings, but no proposals have been submitted for housing. Since property values are so high in Malibu, it is unlikely that an adaptive re-use project would be financially feasible unless the price/rent per square foot were similar to those that could be achieved for commercial use. The City will explore options for regulatory or financial incentives that could reduce the cost of an adaptive re-use project that includes affordable housing units.</p>
<p>17. Establish a program to promote the expeditious processing of residential projects which qualify for a density bonus under Government Code Section 65915, as may be amended from time to time or, applicable state law.</p>	<p>Dependent on developer response</p>	<p>No affordable housing projects have been proposed that would qualify for density bonuses. See Program 19 regarding City efforts to provide greater incentives for affordable housing.</p>
<p>18. Allow "granny flats" consistent with Government Code Section 65852.1 and adjust the parking requirement for units restricted to serve senior citizens.</p>	<p>5 units</p>	<p>The City has received one request for a granny flat that is currently before the Coastal Commission for approval. No additional parking has been required. This program has not been used very often, due in part to coastal permitting requirements. Nevertheless, the City believes that granny flats and other types of second units are a viable housing alternative and a potential affordable housing resource that should be encouraged. The City will take active steps to promote the use of second units as a housing alternative.</p>

HOUSING ELEMENT

<p>19. Offer incentives to developers willing to provide affordable housing to low- and very low- income families. A minimum of 30 year affordability shall be required to receive any incentive. Any developer who receives approval to use any incentive shall be required to screen initial tenants or buyers for compliance with income group limits and establish a monitoring system to ensure the unit's continued affordability. The incentives may include but are not limited to the following: (1) reduction in setback requirements, reduction in ratio of vehicle parking spaces to housing units, and increase of square footage maximum, where such modification would not conflict with the building standards in the building code or have a significant adverse impact on public health and safety; (2) priority processing of planning approvals and building permits; (3) direct financial aid including CDBG funding, subsidize infrastructure, or contribution from the City's affordable housing trust fund.</p>	<p>Not applicable</p>	<p>No affordable housing proposals have been submitted. There are few vacant sites in the City on which residential developments could provide affordable housing and obtain density bonuses. Land costs make it unlikely that a density bonus, even if combined with other regulatory incentives would provide enough of a financial inducement for a developer to provide affordable housing. The City has modified its housing programs to intensify efforts to obtain funding that could be used to subsidize affordable housing in Malibu and make a density bonus project financially feasible. An affordable housing in-lieu fee is one potential funding source the City could use to help subsidize affordable housing projects.</p>
<p>20. Investigate and, if it can be designed in a manner that does not create an undue burden of housing production, develop an inclusionary housing program which requires new subdivisions of five or more units/lots to deed restrict 20 percent of new units for very low-, low- and moderate-income residents. The program shall include provisions such that, where it is infeasible to provide the inclusionary units on-site, the subdivider may elect to provide the units off-site or pay a fee in lieu of constructing units. In-lieu fees shall be deposited into an affordable housing trust fund to be used to purchase existing units or mobile home spaces for use as affordable housing.</p>	<p>10 units</p>	<p>The City has not established an inclusionary housing program. Given the available land in the City and the cost of development, it is unlikely that an across-the-board inclusionary program will be practical in Malibu. Instead, the City will negotiate individual opportunities to include affordable housing new development through developer agreements. (See Program 1.)</p>
<p>21. Permit second units and allow reductions in the parking standards for second units which are restricted for rent by very low-, low- and moderate-income families where the modification would not have a significant adverse impact on traffic and parking in the particular neighborhood where the modification is desired.</p>	<p>5 units</p>	<p>The City is in the process of studying options for new second unit standards. The revised Housing Element includes a schedule for completing this study and adopting new standards.</p>
<p>22. Work with Los Angeles County Housing Authority to obtain Section 8/Vouchers for City residents.</p>	<p>3-5 vouchers</p>	<p>The City does not administer the voucher program, and has no substantive influence over its distribution in the County. This program should be discontinued.</p>
<p>23. Participate in Los Angeles County Community Development Commission housing programs such as the Mortgage Credit Certificate Program for first-time homebuyers.</p>	<p>Not applicable</p>	<p>The City does not have the financial or managerial capacity to directly administer a mortgage revenue bond or credit certification program. These programs are valuable tools, however, for assisting low- or moderate-income households in becoming homeowners. Malibu will continue to participate in countywide programs when funding is available. Given the extremely high housing costs in the City, however, the dwelling units that could likely qualify</p>

HOUSING ELEMENT

		for financing would be ones assisted under a density bonus, or other programs in which prices are specifically set at levels affordable to low-income households.
24. Maintain a mobile home park rent stabilization ordinance that regulates maximum allowable rents and limits rent increases.	No net loss of units	The City has adopted a rent stabilization ordinance.
25. Pursuant to the provisions of Government Code Section 65863.7, require the submittal of a report detailing the impacts of any proposed mobile home park conversion to a nonresidential use concurrent with the filing of any discretionary permit on such property and impose reasonable mitigation measures upon the park owners.	Not applicable	The City regulates the conversion of mobile home parks and, to date, no parks have been converted to other uses.
26. Establish a housing conservation program and provide incentives to rehabilitate existing housing, such as permit fee waivers for those units deed restricted for rent or sale as affordable to very low-, low- and moderate-income families.	Not applicable	The City has established a housing rehabilitation program to assist low-income households in maintaining their properties (see Program 27 below).
27. In accordance with Government Code Section 65590, require the replacement of affordable units removed (either by demolition or conversion) from the coastal zone whenever feasible.	No net loss of units	No dwelling units occupied by low-income households have been removed in the coastal zone.
28. Implement an incentive program to bring substandard housing into compliance, including establishing a rehabilitation assistance program and permit streamlining process.	47 units rehabilitated	The City has been able to assist one household in rehabilitating a dwelling unit. The level of funding available to the City has not made it possible to assist additional households. The City hopes to have additional funding available to assist a greater number of households over the next five years.
29. Provide incentives (such as rehabilitation assistance, fee waivers and permit streamlining) for the repair, restoration, and/or reconstruction of existing, affordable housing units which are impacted by natural disaster or condemnation, especially units which accommodate very low-, low- and moderate-income households, elderly, disabled, large families, single heads of households, farm workers, those in need of emergency shelter, and other individuals or household types with special needs, except if those units are located in areas physically unsuitable for development.	Not applicable	The City has assisted property owners whose homes have been damaged or destroyed by natural disasters through CDBG funding and referrals to FEMA.
30. Implement and encourage participation in the CDBG housing rehabilitation programs including the California HOME Program.	Not applicable	1 person has qualified.
31. Establish a voluntary amnesty and legalization program for existing housing units in the City where (1) the unit is "livable" and meets basic health and safety requirements; (2) the unit existed at the time of the City's incorporation; and (3) the unit is restricted for owner-occupancy or rental by very low-, low- or moderate-income persons at an affordable rate.	5 units	The City did not establish an amnesty program due to other staff priorities and the lack of sufficient staff time. Planning Department staff are currently working on proposed criteria for an amnesty program that will be submitted to the City Council for consideration in the Summer of 2001.

HOUSING ELEMENT

<p>32. Explore the possibility of cooperative agreements with agencies and other levels of government to provide emergency shelter.</p>	<p>Not applicable</p>	<p>City is a signatory to the Master Mutual Aid Agreement statewide.</p>
<p>33. Enter into an agreement with Los Angeles County Housing Authority or other appropriate agencies to operate a Fair Housing Program encompassing investigation of discrimination complaints, research on housing discrimination related issues, and public information about the rights and responsibilities of land owners and tenants. Promote availability of the program through the use of pamphlets and public bulletin board on community television.</p>	<p>Not applicable</p>	<p>The City entered into such an agreement due to a shortage of staff resources. This is still a priority of the City and this action will thus be implemented as part of the updated Housing Element.</p>
<p>34. Work with SCAG to encourage an appropriate fair share allocation of regional housing demands based on population need, existing supply/demand, ability to accommodate growth given the physical/environmental constraints, and the jobs-to-housing ratio.</p>	<p>Not applicable</p>	<p>The City worked with SCAG in the development of the current RHNA numbers.</p>



## **7.5 Efforts to Achieve Public Participation**

### **7.5.1 Purpose**

State law (California Government Code 65583[c][6][B]) requires the City of Malibu to make a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element. Efforts to achieve public participation must be described in the Housing Element.

### **7.5.2 Encouragement of Public Participation**

According to guidelines adopted by the California Department of Housing and Community Development (HCD), an effective public participation process should begin at the outset of the housing element process. Members of the community should be involved in each part of the preparing or updating the Housing Element, from evaluating past achievements to establishing or modifying goals, policies, and programs. The Department's guidelines recommend that communities do more than hold required public hearings to involve the public. Examples of additional efforts include:

1. Establishment of a housing task force or advisory committee comprised of diverse members of the public at large and/or representatives of organizations with an interest in housing issues.
2. Advertising and outreach campaigns targeted to individuals and organizations that address the needs of minority, low-income, and special needs groups.
3. Distribution of public information and housing element documents in languages other than English if a substantial percentage of the local population is not English proficient.
4. Use of a variety of media (such as web sites, local access cable television, and public service announcements) to reach the largest possible audience as frequently as possible.

To meet the intent and requirements of state law, the City of Malibu has undertaken the following public outreach efforts related to the Housing Element update:

In addition, the City conducted a workshop before the Planning Commission on October 16, 2000 to explain the update process and key issues that will be considered in the update. The workshop was publicized by Malibu Surfside News, and was broadcast on the local public access cable television station.

The City also conducted public hearings before the Planning Commission and City Council on the draft Housing Element on November 20, 2000 and November 27, 2000 and before the City Council on the final draft Housing Element (containing revisions in response to HCD comments) on November 11, 2000.

## 7.6 Goals, Objectives, Policies, and Implementation Measures

### 7.6.1 Overview

The quantified objectives are estimates based on a reasonably predicted response to the programs in view of all available information. There are many factors and constraints outside the City's control that may influence the actual response. These estimates represent the City's best effort to quantify potential results.

The following outlines Malibu's proposed program to ensure that an adequate amount of housing is provided over the life of the Element to accommodate its fair share of regional housing needs and to ensure that adequate housing opportunities are available to all economic segments of the community.

**7.6.2 H GOAL:**                   **ADEQUATE HOUSING FOR EXISTING AND PROJECTED NEEDS OF ALL ECONOMIC SEGMENTS OF THE COMMUNITY.**

**H OBJECTIVE 1.1:**           **ALL RESIDENTS, INCLUDING THOSE WITH SPECIAL NEEDS, HAVE ACCESS TO DECENT, SAFE, AND SANITARY HOUSING THAT IS AVAILABLE AND AFFORDABLE.**

**H Policy 1.1.1:**           Foster a mix of housing types.

**H Policy 1.1.2:**           Encourage new housing to meet housing needs based on the ability to provide public services and within the limits of Malibu's environmental constraints.

**H Policy 1.1.3:**           Identify adequate sites for 14 new housing units by the year 2005, 2 of which would be affordable to very low-income families, 2 of which would be affordable to low-income families, 2 of which would be affordable to moderate-income families and 8 of which would accommodate those families above the moderate-income level.

**H Policy 1.1.4:**           Implement programs to respond, facilitate and expedite the rebuilding of homes damaged or destroyed by natural disasters.

**H Policy 1.1.5:**           Continue to cooperate with neighboring communities to implement regional solutions to homelessness.

**H Policy 1.1.6:**           Continue to provide temporary emergency shelter in response to disasters.

*To implement these policies the City will:*

**H Implementation Measure 1:** Provide appropriate incentives to encourage the development of housing to meet low- and moderate-income needs. Such incentives may include density bonuses (see H Implementation Measure 4), permit fee waivers or deferrals, development agreements that serve as part of the public benefit justifying the agreement, and assistance in accessing state or federal funding. The City may also approve alternative standards for parking on a case-by-case basis if necessary to achieve a density necessary for the financial feasibility of low- or moderate-income housing.

Responsible Department: Planning Department/City Manager

Funding source:           General fund

Timeframe:                2005

Objective:                 6 units

**H Implementation Measure 2:** Evaluate all General Plan amendment requests for their potential impact on the availability of land at higher zoning density that could potentially accommodate affordable housing. The purpose of this evaluation is to maintain an adequate supply of higher density zoned land to meet low- and moderate-income housing needs.

Responsible Department: Planning Department  
 Funding source: Permit fees  
 Timeframe: On-going  
 Objective: No net loss of land zoned for multifamily use

**H Implementation Measure 3:** Develop and maintain, and periodically update, a handbook for public distribution setting forth how to apply for housing development in the City and summarizing the basic development criteria for different zones.

Responsible Department: Planning Department  
 Funding source: General fund/permit fees  
 Timeframe: Current and ongoing  
 Objective: Not applicable

**H Implementation Measure 4:** Continue to implement a density bonus system, consistent with State law, in which density on a project site designated for multifamily uses may be increased. A density increase of 25 percent over the base density shall be allowed when the project provides at least one of the following: (a) 20 percent for low-income families, (b) 10 percent for very low-income families or (c) 50 percent for seniors. A minimum of 30-year affordability will be required to receive any incentive.

Any developer who receives approval to use this incentive will be required to screen initial tenants or buyers for compliance with income group limits and establish a monitoring system to ensure the unit's continued affordability. The City will encourage its use in areas where hazards such as flooding, fires, earthquakes and liquefaction do not pose unreasonable risks.

Incentives may include, but will not be limited to:

- (1) 20 percent reduction in setback requirements in addition to minor modification setback reduction, if applicable;
- (2) 20 percent reduction in ratio of vehicle parking spaces required for housing units;
- (2) Priority processing of planning approvals and building permits;
- (3) Direct financial aid, including CDBG funding, subsidization of infrastructure, or contribution from City's affordable housing trust fund; and
- (4) Expedited permit processing consisting of simultaneous review and processing of multiple permit approvals.

Responsible Department: Planning Department  
 Funding source: General fund/fees  
 Timeframe: Current and ongoing  
 Objective: 5 units

## HOUSING ELEMENT

**H Implementation Measure 5:** Permit residential care facilities for seniors and disabled individuals and similar innovative alternative living projects in commercial areas where such projects would be compatible with the surrounding uses.

Responsible Department: City Council  
Funding source: General fund  
Timeframe: Current and ongoing  
Objective: 5 units

**H Implementation Measure 6:** Continue to permit mixed-use structures and developments consisting of commercial uses and affordable residential units in commercial general (CG) zones. Floor area dedicated to very low-, low-, or moderate-income housing will be permitted a density bonus up to .05 over the maximum intensity permitted within commercial general zones. Projects that provided deed-restricted very low income, low income or senior housing will also be permitted a density bonus up to .05 over the maximum intensity permitted within Commercial General zones for that portion of the project dedicated to commercial uses. This incentive is in addition to the 25% density bonus for the residential portion of a project allowed under H Implementation Measure 4. The amount of bonus density for the commercial uses shall be directly related to the amount and type of affordable units provided. Any developer who received approval to use these incentives shall be required to screen initial tenants or buyers for compliance with income group limits and establish a monitoring system to ensure the unit's continued affordability.

Responsible Department: City Council  
Funding source: General Fund/CDBG  
Timeframe: Current and ongoing  
Objective: 20 units

**H Implementation Measure 7:** Expedite permit processing and waive fees where appropriate for homeowners seeking to rebuild their dwelling units damaged or destroyed by natural or other disasters.

Responsible Department: City Council/Building Department  
Funding source: General Fund/FEMA/OES  
Timeframe: Current and ongoing  
Objective: Rebuilding of all damaged homes

**H Implementation Measure 8:** Use Bluffs Park and Point Dume Community Centers as a Red Cross Emergency shelters and open other municipal City buildings as needed and appropriate to provide displaced residents with temporary shelter after a disaster. Continue to allow emergency shelters and transitional housing, other than the smaller facilities already permitted in residential areas, as permitted or conditionally permitted use where such projects would be compatible with the surrounding uses. In addition, the City will amend the IZO to designate specific commercial zones in which emergency shelters or transitional housing will be permitted and specify incentives that may be offered to allow to mitigate the impacts of zoning standards on the feasibility of such uses. Incentives that will be considered by the City include, but are not limited to, direct financial assistance through the use of CDBG funds, a reduction in the open space requirements or parking standards (if these can be accomplished within the overall intent of the IZO), and waiver or reduction in permit fees.

Responsible Department: City Council  
 Funding source: General Fund, CDBG  
 Timeframe: Staff to prepare recommended zoning code amendment by December 2001 City Council to adopt by June 2002.  
 Objective: Not applicable

**H Implementation Measure 9:** Designate additional sites on which mobile home parks will be permitted subject to development standards in the IZO.

Responsible Department: City Council  
 Funding source: General fund  
 Timeframe: Staff to prepare recommended zoning code amendment by December 2001 City Council to adopt by June 2002.  
 Objective: Identify at least one additional site suitable for a mobile home park

**H OBJECTIVE 2.1:** EQUAL OPPORTUNITY FOR ALL RESIDENTS TO LIVE IN HOUSING OF THEIR CHOICE.

**H Policy 2.1.1:** The City shall encourage a variety of types of housing, including housing for those with special needs such as the disabled, elderly, large families, and families with single heads of households.

**H Policy 2.1.2:** The City shall support the enforcement of existing prohibition of local, state, and federal housing anti-discrimination laws.

*To implement these policies the City shall:*

**H Implementation Measure 10:** Continue to enforce the State’s barrier-free policies and provide complaint referral services to the Los Angeles County Department of Community Development/Housing Authority or the California Department of Fair Employment and Housing, as appropriate. The City has designated an individual at City Hall to handle fair housing complaints, provide appropriate information regarding fair housing laws, and refer complaints to the County or DFEH, depending on the nature of the complaint.

Responsible Department: Building Department/Code Enforcement  
 Funding source: Permit fees/seek additional revenue sources  
 Timeframe: Current and on going  
 Objective: Not applicable

**H Implementation Measure 11:** Continue to implement a streamlined permit process and building inspections to reduce the cost of building housing that accommodates those with special needs by providing one-stop service for ministerial permit approvals.

Responsible Department: Building Department  
 Funding source: Permit fees/seek additional revenue sources  
 Timeframe: Current and ongoing  
 Objective: Not applicable

HOUSING ELEMENT

- H OBJECTIVE 3.1:** AVAILABLE AFFORDABLE HOUSING.
- H Policy 3.1.1:** The City shall promote the adaptation of existing structures to meet the City's affordable housing needs.
- H Policy 3.1.2:** The City shall permit affordable housing units in commercial general zones mixed-use projects as a means of meeting the City's affordable housing goals.
- H Policy 3.1.3:** The City shall regulate space rents in mobile home parks to conserve affordable housing.
- H Policy 3.1.4:** The City shall provide information to very low-, low-, and moderate-income families regarding affordable housing opportunities in or near Malibu.

*To implement these policies the City shall:*

**H Implementation Measure 12:** Monitor the supply of new housing provided as affordable to very low-, low-, or moderate-income persons, including but not limited to mobile homes and second units on existing residential lots.

Responsible Department: Planning Department  
Funding source: General fund  
Timeframe: Current and ongoing  
Objective: Not applicable

**H Implementation Measure 13:** Require new commercial and industrial developments, particularly those employing low- and moderate-income workers, to mitigate the impact of employment on housing demand in Malibu by either providing an adequate number of affordable housing units to meet the new demand for such housing created by the project or pay an in-lieu fee to be deposited into a Housing Trust Fund. The fee shall be used for programs that purchase or subsidize housing units or mobile home park spaces to make them available at an affordable price to very low-, low- and moderate-income families.

Responsible Department: City Council  
Funding source: General fund  
Timeframe: Current and ongoing  
Objective: 5 units

**H Implementation Measure 14:** Provide information and referral services that assist very low-, low-, and moderate-income households, seniors, and disabled individuals in finding suitable housing at an affordable cost.

Responsible Department: Planning Department  
Funding source: General Fund  
Timeframe: On going  
Objective: Not applicable

**H Implementation Measure 15:** Continue to encourage the adaptive reuse of commercial buildings for residential use by allowing increased floor area density in proportion to the number of new units that are deed restricted for very low-, low-, or moderate-income families. If necessary, decrease the minimum num-

ber of parking spaces required for each unit restricted for seniors and for studio and one-bedroom units that are unlikely to generate as much parking demand.

Responsible Department: City Council  
 Funding source: General Fund  
 Timeframe: Amend current Zoning Code provisions by January 2001 relating to residential reuse of commercial structures.  
 Objective: 3 units

**H Implementation Measure 16:** Establish a program to promote the expeditious processing of residential projects which qualify for a density bonus under the implementation of the Housing Element, Government Code Section 65915 as may be amended from time to time, or applicable to state law. The City will provide priority permit processing for residential projects containing housing affordable to low- or moderate-income residents and assist the applicant in expediting review by the Coastal Commission.

Responsible Department: City Council  
 Funding source: General Fund  
 Timeframe: Current and ongoing  
 Objective: Dependent on developer response

**H Implementation Measure 17:** Allow “granny flats,” which are age-restricted second units, and second units for non-senior households consistent with Government Code Sections 65852.1 and 6585.2. and adjust the parking requirement for units restricted to serve senior citizens according to the requirements of state law. Allow reductions in the parking standards for other second units which are restricted for rent by very low, low and moderate-income families where the modification would not have a significant adverse impact on traffic and parking in the particular neighborhood where the modification is desired.

Responsible Department: City Council  
 Funding source: General fund  
 Timeframe: On going  
 Objective: 5 senior units, 5 non-senior units

**H Implementation Measure 18:** Develop an inclusionary housing program for multifamily development that requires new subdivisions projects of five or more units/lots to deed restrict 20% of new units for low- or moderate-income residents, depending on the financial characteristics of the project. The program shall include provisions such that, where it is unfeasible to provide the inclusionary units on-site, the developer may elect to provide the units off-site or pay a fee in lieu of constructing units. In-lieu fees shall be deposited into an affordable housing trust fund to be used to purchase existing units or mobile home spaces for use as affordable housing.

Responsible Department: City Council  
 Funding source: General Fund  
 Timeframe: Staff to propose program to City Council by June 2001. City Council to adopt program by September 2001.  
 Objective: 5 units

## HOUSING ELEMENT

**H Implementation Measure 19:** Participate in Los Angeles County Community Development Commission (CDC) housing programs such as the Mortgage Credit Certificate Program for first time homebuyers. The City will undertake the following actions to implement this program:

- (1) Periodically meet with CDC representatives to confirm program availability in, and applicability to, Malibu.
- (2) Consult with CDC representative during the program development phase of new programs to assure that such programs are available in Malibu and/or address Malibu's unique circumstances.
- (3) Monitor the availability of new state and federal programs administered by the CDC and, as they become available, meet with CDC representatives to assure their applicability to, and availability in, Malibu.

Responsible Department: City Council  
Funding source: Community Development Commission/General Fund  
Timeframe: Current and Ongoing  
Objective: Not applicable

### **H OBJECTIVE 4.1:** NO NET LOSS OF AFFORDABLE HOUSING

**H Policy 4.1.1:** The City shall strive to maintain existing affordable housing stock.

**H Policy 4.1.2:** The City shall require property owners to replace affordable housing lost by re-development, particularly housing occupied by low- or moderate-income households.

*To implement these policies the City shall:*

**H Implementation Measure 20:** Maintain a mobile home park rent stabilization ordinance that regulates maximum allowable rents and limits rent increases.

Responsible Department: City Manager/City Council  
Funding source: General Fund/registration fees  
Timeframe: On going  
Objective: No net loss of units

**H Implementation Measure 21:** Pursuant to the provisions of Government Code Section 65863.7, require the submittal of a report detailing the impacts of any proposed mobile home park conversion to a nonresidential use concurrent with the filing of any discretionary permit on such property and impose reasonable mitigation measures upon the park owners.

Responsible Department: City Council  
Funding source: General Fund  
Timeframe: On going  
Objective: Not applicable

**H Implementation Measure 22:** Establish a housing rehabilitation program and provide financial assistance and/or incentives to encourage rehabilitation of both owner-occupied and rental housing and the pres-



ervation of such housing as affordable to low- and moderate-income households. Examples of the financial assistance/incentive the City will explore are:

- (1) Direct financial assistance for rehabilitation (loans or grants)
- (2) Fee waivers or reductions
- (3) Relaxation of development standards to facilitate the rehabilitation

Responsible Department: City Council

Funding source: General Fund

Timeframe: City Staff to develop program guidelines and identify potential funding sources by December 2001. City Council to adopt program by March 2002. City to identify method of administration (City Staff, consultant, nonprofit agency, County agency, etc.) and begin implementing program by June 2002.

Objective: 15 units rehabilitated

**H Implementation Measure 23:** In accordance with Government Code Section 65590, require the replacement of affordable units removed (either by demolition or conversion) from the coastal zone whenever feasible.

Responsible Department: City Council

Funding source: General Fund

Timeframe: Current and ongoing

Objective: No net loss of units

**H Implementation Measure 24:** Establish a voluntary amnesty and legalization program for existing housing units in the City provided where:

- (1) the unit is “livable” and meets basic health and safety requirements;
- (2) the unit existed at the time of the City’s incorporation; and
- (3) the unit is restricted for owner-occupancy or rental by very low-, low- or moderate-income persons at an affordable rate.

Responsible Department: City Council

Funding source: General Fund

Timeframe: Current and ongoing

Objective: 5-10 units

**H OBJECTIVE 5.1:** HOUSING NEEDS ADDRESSED REGIONALLY.

**H Policy 5.1.1:** The City shall initiate cooperation among neighboring jurisdictions and other public agencies to pool resources to meet regional housing needs.

**H Policy 5.1.2:** The City shall work to assure that responses to the regional housing problems are fairly allocated among the affected jurisdictions in the region.

*To implement these policies the City shall:*

## HOUSING ELEMENT

**H Implementation Measure 25:** Explore the possibility of cooperative agreements with agencies and other levels of government to provide emergency shelter. The objectives of the cooperative agreements will be to identify appropriate locations for emergency shelters that serve more than one community and establish a cost-sharing mechanism so that each participating community contributes a fair share to the operation of the shelter.

Responsible Department: City Manager/Council liaison to Westside Summit  
Funding source: General Fund  
Timeframe: Current and ongoing  
Objective: Not applicable

**H Implementation Measure 26:** Enter into an agreement with Los Angeles County or other appropriate agencies such as the Westside Fair Housing Council to operate a Fair Housing Program encompassing investigation of discrimination complaints, research on housing discrimination related issues, and public information about the rights and responsibilities of land owners and tenants. Promote availability of the program through the use of pamphlets and public bulletin board on community television (See Program 10).

Responsible Department: City Attorney/Code Enforcement  
Funding source: Seek sources  
Timeframe: Current and ongoing  
Objective: Not applicable

**H Implementation Measure 27:** Work with Southern California Association of Governments to encourage an appropriate fair share allocation of regional housing demands based on population need, existing supply/demand, ability to accommodate growth given the physical/environmental constraints and the jobs-to-housing ratio.

Responsible Department: City Manager/Council liaison to Westside Summit  
Funding source: General fund  
Timeframe: Current and ongoing  
Objective: Not applicable

### 7.6.3 Quantified Objectives 1998-2005

The City has established quantified objectives related to the programs and implementation measures described above. The following table summarizes the objectives for the period covered by the SCAG housing allocation plan. It addresses the City's responsibility for accommodating a share of the region's housing development between 1998 and 2005, assisting the construction of affordable housing and rehabilitating housing.

**Table 1**  
**Quantified Objectives (January 1, 1998 - June 30, 2005)**

	<b>Very Low- Income</b>	<b>Low-Income</b>	<b>Moderate- Income</b>	<b>Above Moderate- Income</b>	<b>Total</b>
Designate Sites to Meet the RHNA New Construction Need at a Minimum	2	2	2	8	14
Anticipated Units to Be Produced (Including Infill, Reuse, Second Units and Granny Flats)	6	21	28	70	125
Housing Rehabilitation	5	10	0	0	15

HOUSING ELEMENT

7.6.4 Housing Element Appendices

**APPENDIX A: COMPARISON OF DEVELOPMENT FEES**

The following provides information regarding various development fees for the City of Malibu and the County of Los Angeles.

<b>Action</b>	<b>City of Malibu</b>	<b>County of Los Angeles</b>
Environmental Assessment (Initial Study)	\$270.00	\$748.00
Environmental Impact Report (EIR)		
Minor EIR	Consultant cost to prepare + 20%	\$3,000.00+dep
Major EIR	Consultant cost to prepare + 20%	\$5,000.00+dep
Fire Dept Review	N/A	\$1,000.00+dep
Tentative Parcel Map	\$2,205.00	
Major Land Division	N/A	\$11,549.00+dep
Minor Land Division	N/A	\$8,860.00+dep
Revisions to Tract or Parcel Maps	\$3,380.00	
Major Land Division	N/A	\$3,272.00+dep
Minor Land Division	N/A	\$2,670.00+dep
Lot Line Adjustment	\$805.00	\$915.00
Conditional Use Permit (CUP)		\$3,979.00
Minor CUP	\$770.00	
Major CUP	\$1,885.00	
Environmental Review Board	\$920.00	\$1,065.00
Site Plan Review	\$665.00	\$514.00
Specific Plans	Consultant cost to prepare + 20%	\$3,000.00+dep
Temporary Use Permit	\$150.00	\$684.00

**APPENDIX B: SOCIAL SERVICE PROVIDERS SERVING THE CITY OF MALIBU  
AND SURROUNDING AREAS**

**A. City of Malibu**

The following organizations in the City of Malibu provide a variety of services to the community including assistance to the homeless who seek help.

*Religious Organizations*

Sena Retreat: Does not have any organized provision of services, however, people are not turned away.

*Other Agencies/Groups*

The Artifact Tree (thrift shop): Located at 3728 1/2 Cross Creek, provides lunch meals to day laborers.

**B. Surrounding Communities**

In addition to the services provided in the City of Malibu, there are additional services available to the homeless in the surrounding communities. The following provides information on some of these services.

*City of Los Angeles (community of Venice)*

Bible Tabernacle: Provides emergency shelter to single men, some single women, and some families. Families are separated and boys over the age of approximately five are sent to the men's section. After two nights, men and boys are transferred to a shelter in Canyon Country in northeastern Los Angeles County. They do not give a capacity and the Health Department cites them often because people sleep on the floor.

*City of Santa Monica*

Sunlight: Christian-oriented program, which has a capacity of 128 persons. The shelter accepts children, families, couples, women with children, men with children, and single men and women.

Turning Point: Associated with the Ocean Park Community Center in Santa Monica. The shelter provides separate accommodations for men and women. There are 24 cots for men and 11 cots for women. The maximum permitted stay is two weeks.

Infoline: (800) 339-6993 (funded by the United Way and Los Angeles County)

Battered Women: (310) 392-8361

Overnight Shelters: OPCC Daybreak Shelter (for women)

Other services - day centers, food services, public showers, employment and training, alcohol and drug recovery and medical and health services - are also provided by a wide variety of public and private associations and agencies in the City of Santa Monica. Information on these services is available from the City of Santa Monica's Social Services Commission (310) 458-8701.

*City of West Hollywood*

Homeless Family Assistance: (213) 461-9532

## HOUSING ELEMENT

West Hollywood Homeless Organization: (213) 650-4040

Infoline: (809) 333-9997

### Food:

Romaine and Sycamore: Food line starts at 5:30 p.m.

Sova Food Pantry: 7536 1/2 Beverly Blvd. (310) 828-8814

All Saints' Episcopal Church: 504 N. Camden Drive, Beverly Hills, Friday 3:00-5:00 p.m. Lunch and walk-in services.

### Medical:

L.A Free Clinic: 8405 Beverly Blvd., Los Angeles (213) 653-1990

USC Medical Center: (213) 226-2622

**APPENDIX C: INCENTIVES TO PROVIDE AFFORDABLE HOUSING****Scenario A: Multifamily Project in a Multifamily (MF) or Multifamily Beach Front (MFBF) Land Use Designation.**

1. Density increase of 25 percent over the base density shall be allowed when the project provides one of the following:
  - (a) 20 percent of the total units deed-restricted for low-income families; or
  - (b) 10 percent of the total units deed-restricted for very low income families; or
  - (c) 50 percent of the total units deed-restricted for seniors. (H Implementation Measure 4)
2. Any of the following development standard reductions:
  - (a) 20 percent reduction in the setback requirements in addition to the minor modification setback reduction, if applicable; or
  - (b) 20 percent reduction in the number of vehicle parking spaces required for housing units. (H Implementation Measure 4)
3. Financial incentives may include direct financial aid including CDBG funding, subsidization of infrastructure, or contribution from the City's affordable housing trust fund. (H Implementation Measure 4)
4. Expedite processing of planning approvals and building permits. (H Implementation Measure 4)

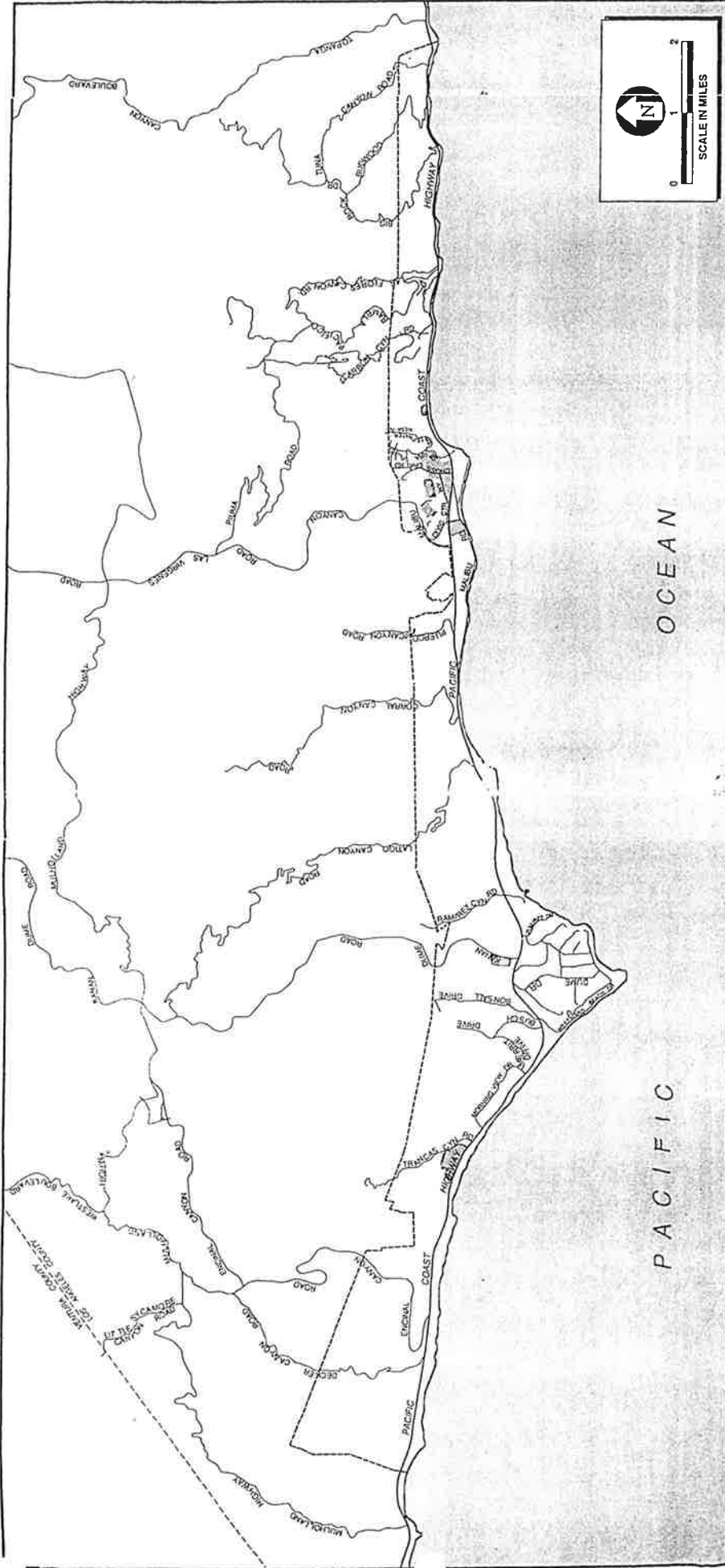
**Scenario B: Mixed-Use Project in a Commercial General Zone.**

1. A density increase of 25 percent over the base density for the residential portion of a project shall be allowed when the project provides one of the following:
  - (a) 20 percent of the total units deed restricted for low-income families; or
  - (b) 10 percent of the total units deed-restricted for very low-income families; or
  - (c) 50 percent of the total units deed-restricted for seniors. (H Implementation Measure 4)
2. Up to .05 increase over the maximum intensity permitted within Commercial General zones for that portion of the project dedicated to commercial uses. (H Implementation Measure 6)
3. Any of the following development standard reductions:
  - (a) 20 percent reduction in the setback requirements in addition to the minor modification setback reduction, if applicable; or
  - (b) 20 percent reduction in the number vehicle parking spaces required for housing units. (H Implementation Measure 4)
4. Financial incentives may include direct financial aid including CDBG funding, subsidization of infrastructure, or contribution from the City's affordable housing trust fund. (H Implementation Measure 4)
5. Expedite processing of planning approvals and building permits. (H Implementation Measure 4)

**APPENDIX D: LOCATION OF POTENTIAL HOUSING SITES**

**Figure H-2: Potential Housing Sites**





**CITY OF MALIBU GENERAL PLAN**  
**Figure H-2**  
**Potential Housing Sites**

## SECTION III. GLOSSARIES

### Appendix A Glossary of Terms

The following glossary of terms is based on several sources. The sources for the glossary include the California Planning Roundtable, a nonprofit association affiliated with the California Chapter of the American Planning Association. In addition, the glossary also includes terms and definitions developed by the League of California Cities and the City of Calabasas.

The purpose of this glossary is to define the terms used to describe the City of Malibu's policy commitments.

#### **Adaptive Reuse**

The conversion of an existing building from one type of use to another type of use. The purpose of adaptive reuse is to encourage retaining the primary constructed structure while minimizing new construction. Examples include, but are not limited to the following: (a) converting a church sanctuary to a performing arts theater; (b) converting an elementary school to an office complex; (c) converting a gas station to a restaurant; (d) converting retail space to residential uses; and other similar conversions.

#### **Adverse Impact**

A negative consequence for the physical, social, or economic environment resulting from an action or project.

#### **Adopt**

Action will be undertaken to formulate policy, guidelines, or ordinances or revisions thereto. The expectation is that resources would be devoted to creating the policy, guidelines, ordinances, or revisions, and that they will be formally enacted by appropriate City decision makers.

#### **Affordable Housing**

Housing capable of being purchased or rented by a household with very low, low, or moderate income, based on a household's ability to make monthly payments necessary to obtain housing. Housing is considered affordable when a household pays less than 30% of its gross monthly income for housing including utilities.

#### **Affordability Requirements**

Provisions established by a public agency to require that a specific percentage of housing units in a project or development remain affordable to very low- and low-income households for a specified period.

#### **Alluvial**

Soils deposited by stream action.

#### **Ambient**

Surrounding on all sides; used to describe measurements of existing conditions with respect to traffic, noise, air and other environments.

#### **Annex**

To incorporate a land area into an existing district or municipality, with a resulting change in the boundaries of the annexing jurisdiction.

## GLOSSARIES

### **Applicant**

A person proposing development (see proposed development).

### **Aquifer**

An underground, water-bearing layer of earth, porous rock, sand or gravel, through which water can seep or be held in natural storage. Aquifers generally hold sufficient water to be used as a water supply.

### **Archaeological**

Relating to the material remains of past human life, culture, or activities.

### **Articulation**

Variation in the depth of the building plane, roof line, or height of a structure that breaks up plain, monotonous areas and creates patterns of light and shadow.

### **Avoid**

To keep away from, or to prevent the occurrence or effectiveness. Development in areas to be avoided will be subject to additional conditions requiring mitigation of the impact of that development on public services, facilities and resources. Areas to be avoided would be among those included in the last phase of a growth management study.

### **Base Flood**

In any given year, a 100-year flood that has one percent likelihood of occurring, and is recognized as a standard for acceptable risk.

### **Basic Biogeographic Planning Area**

A geographic area which is united by common biological and geophysical processes, which creates a natural planning unit for evaluating and implementing natural resource protection. The basic biogeographic resource planning area for the Malibu coastal zone is defined as the individual watershed.

### **Biota**

All the living organisms of a particular area; the combined flora and fauna of a region.

### **Blue Line Stream**

Those drainage pathways identified by a "blue line" on U.S.G.S. topographic maps.

### **Bluff**

A cliff, head land or hill with a broad steep face.

### **Buildout**

Development of land to its full potential or theoretical capacity as permitted under the provisions of the General Plan.

### **Bulk Envelope**

The space remaining on a site for structures after all building setback, height limit and bulk requirements.

### **California Environmental Quality Act (CEQA)**

A state law requiring state and local agencies to regulate activities with consideration for environmental protection. If a proposed activity has the potential for a significant adverse environmental im-

pact, an Environmental Impact Report (EIR) must be prepared and certified as to its adequacy before taking action of the proposed project.

**Caltrans**

California Department of Transportation.

**Capital Improvement Program**

A budgetary program that schedules the construction of public facilities to fit its fiscal capability some years into the future. Capital improvement programs are usually projected five or six years in advance and should be updated annually.

**Carrying Capacity**

The level of land use, human activity, or development for a specific area that can be accommodated permanently without an irreversible change in the quality of air, water, land, or plant and animal habitats. Carrying capacity also refers to the upper limits beyond which the quality of life, health, welfare, safety or community character within an area will be impaired.

**Character**

Special physical characteristics of a structure or area that set it apart from its surroundings and contribute to its individuality.

**Circulation Element**

One of the seven State-mandated elements of a local general plan, it contains adopted goals, policies, and implementation programs (or measures) for the planning and management of existing and proposed thoroughfares, transportation routes, and terminals, as well as local public utilities and facilities, all correlated with the land use element of the general plan.

**Coastal Morphology**

The biological characteristics of the coastal area, including the relationships between terrestrial and marine plants and animals in the coastal zone.

**Commercial Strip**

Commercial development, usually one store deep, that fronts on a major street for a distance, usually one block or more. Includes individual buildings on their own lots, with or without on-site parking, and small linear shopping centers with shallow on-site parking in front of the stores.

**Common Open Space**

Land within or related to a development, not individually owned or dedicated for public use, which is designed and intended for the common use or enjoyment of the residents of the development.

**Community**

The recognizable unit of a given geographic area, produced by interaction of climatic factors, biota, and substrate, usually designated according to the characteristic adult or climax vegetation, such as deciduous forest, grassland, chaparral, and the like.

**Community Noise Equivalency Level (CNEL)**

A 24-hour energy equivalent level derived from a variety of single-noise events, with weighing factors of 5 and 10 dBA applied to the evening (7:00 p.m. to 10:00 p.m.) and nighttime (10:00 p.m. to 7:00 a.m.) periods, respectively, to allow for the greater sensitivity to noise during these hours.

## GLOSSARIES

### **Composting**

The treatment of solid organic refuse through aerobic, biologic decomposition.

### **Congestion Management Plan (CMP)**

A mechanism employing growth management techniques, including traffic level of service requirements, development mitigation programs, transportation systems management (TSM), and capital improvement programming, for the purpose of controlling and/or reducing the cumulative regional traffic impacts of development. AB 1791, effective August 1, 1990, requires all cities, and counties that include urbanized areas, to adopt and annually update a CMP.

### **Conservation Element**

One of the seven State-mandated elements of a local general plan, it contains adopted goals, policies, and implementation programs for the conservation, development, and use of natural resources including water and its hydraulic force, forests, soils, rivers and other waters, harbors, fisheries, wildlife, minerals, and other natural resources.

### **Coordinate**

Action will be taken to expend time and money in jointly pursuing an implementing activity with other entities. The expectation is that implementation will definitely result, and that it will be accomplished cooperatively with other organizations, possibly with the City in the lead.

### **Cumulative Effect or Cumulative Impact**

“Cumulative impacts” refers to two or more individual effects which, when considered together, are considerable or which compound or increase other environmental impacts. The incremental effects of an individual project are reviewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.

### **dB**

Decibel; a unit used to express the relative intensity of a sound as it is heard by the human ear.

### **dBA**

The “A-weighted” scale for measuring sound in decibels; weighs or reduces the effects of low and high frequencies in order to simulate human hearing. Every increase of 10 dBA doubles the perceived loudness though the noise is actually ten times more intense.

### **Dedication**

An action by a property owner which turns over private land for a public use, and its acceptance for such use by the government agency in charge of the public function for which it will be used. Dedications for streets, parks, school sites, or other public uses are often made conditions for the approval of a development.

### **Density Transfer**

A process permitting unused allowable densities in one area to be used in another area. Where density transfer is permitted the average density over an area would remain constant, but allow internal variations. Within a single development, the result would normally be a clustering of buildings on smaller lots with some land retained as open space.

**Development**

The physical extension and/or construction of structures, subdivision of land, roads or other facilities, installation of septic systems; grading which requires a permit; and deposit of debris or fill materials. Additions to existing structures that do not exceed 10% of the original floor area, routine repair, maintenance and remodel are not “development.”

**Development (Proposed)**

Development for which an application for approval/permits has been submitted to the City, but not yet approved.

**Dispersion**

A measure of the “scattering” of a component of water (e.g., pathogens or nitrates) in various directions.

**District**

1. An area of a city or county that has a unique character identifiable as different from surrounding areas because of distinctive architecture, streets, geographic features, culture, landmarks, activities, or land uses.
2. A portion of the territory of a city or county within which uniform zoning regulations and requirements apply; a zone.

**Disturbed Sensitive Resource Areas (DSRAs)**

Those areas which would historically have met the Coastal Act definition of an environmentally sensitive habitat but which have been substantially modified as a result of coastal development. DSR’s typically possess remnant biota which remain important biological resources.

**Diversity**

Differences among otherwise similar elements that give them unique forms and qualities, e.g., housing diversity can be achieved by differences in unit size, tenure, or cost.

**Downzoning**

A change in the zoning classification of land to a classification permitting development that is less intensive or dense, such as from multifamily to single-family or from commercial to residential. A change in the opposite direction is called “upzoning.”

**Drainfield**

A means to finally treat and dispose of septic tank effluent by means of subsurface soil-absorption and adsorption. Also known as disposal field or leachfield.

**Dwelling Unit**

A room or group of rooms (including sleeping, eating, cooking and sanitation facilities, but not more than one kitchen), which constitutes an independent housekeeping unit, occupied or intended for occupancy by one household on a long-term basis.

**Easement**

The portion of a property for which access or use is allowed by a person or agency other than the owner.

## GLOSSARIES

### **Easement, Conservation**

A tool for acquiring open space with less than full-fee purchase, whereby a public agency buys only certain specific rights from the land owner. These may be positive rights (providing the public with the opportunity to hunt, fish, or ride over the land), or they may be restrictive rights (limiting the uses to which the land owner may devote the land in the future).

### **Ecology**

The interrelationship of living things to one another and their environment; the study of organisms as affected by the factors of their environments.

### **Ecosystem**

The fundamental unit in ecology, comprising the living organisms and the nonliving elements interacting in a certain defined area.

### **Effluent**

Water, sewage, or any other liquid (partially treated or in its natural state) that is flowing out of a reservoir, septic tank, or treatment plant.

### **Eminent Domain**

The legal right of government to acquire or take private property for public use or public purpose upon paying just compensation to the owner. While originally used only when land was to be kept in public ownership, i.e., for highways, public buildings or parks, property has been condemned under eminent domain powers for private use in the public interest, such as urban renewal.

### **Encourage**

The action will receive positive treatment in written policy, and will be transmitted as appropriate to influence others. In cases where the City can compel action, such as in the application review process, the City will commit resources to assist others to achieve the action or condition being encouraged. The expectation is that, to the extent that the action or condition meets both the objectives of the City and the other party, that the action or condition will occur. In cases where the City cannot compel the actions of others, encourage is synonymous with support.

### **Endangered Species**

A species of animal or plant that is considered to be endangered when its prospects for survival and reproduction are in immediate jeopardy from one or more causes. Both the California Department of Fish and Game (pursuant to Title 14 of the California Administrative Code) and the U.S. Fish and Wildlife Service (pursuant to the Federal Endangered Species Act) identify endangered species.

### **Endemic**

A species or habitat type that is restricted to a particular geographic area or soil type and which occurs in no other area.

### **Encroachment**

Any obstruction or protrusion into a right-of-way or adjacent property, whether on the land or above it.

### **Enhance**

To improve existing conditions by increasing the quantity or quality of beneficial uses or features. Action will be taken to improve existing conditions by increasing the quantity or quality of beneficial uses

or existing actions. The expectation is that a desirable condition exists, and is to be improved by the action.

**Ensure**

Action will be taken to guarantee a certain outcome or result. The expectation is that, in guaranteeing a particular result, the City will commit resources, and has the legal right to compel other parties to take a particular action or perform in a prescribed manner.

**Environmentally Sensitive Area or Environmentally Sensitive Habitat Area (ESHA)**

Any area in which plant or animal life or their habitats are either rare or especially valuable because of their special nature or role in an ecosystem and which could be easily disturbed or degraded by human activities and developments. Malibu's ESHAs include, but are not limited to, the following:

1. Those areas designated as such on the Sensitive Environmental Resources and Marine Resources Maps.
2. Habitat for species and plant communities recognized as threatened or endangered by the state or federal governments; plant communities recognized by the State of California (in the Terrestrial Natural Communities Inventory) as restricted in distribution and very threatened; those habitat types of limited distribution recognized to be of particular habitat value including wetlands, riparian scrub, riparian woodlands, oak woodlands, and oak savannahs (Table 3-5).
3. Those areas designated by the County of Los Angeles as Significant Ecological Areas (SEAs) which meet the definition of environmentally sensitive habitat areas as defined in Section 30107.5 of the Coastal Act (Table 3-4).
4. Any areas which through professional biological evaluation meet the criteria enumerated in (2) and (3), above.
5. Those marine areas designated by the State of California as areas of Special Biological Significance (ASBS).

**Evapotranspiration**

The actual loss of water by evaporation from soil and water bodies as well as transpiration from plants.

**Exclusionary Zoning**

Zoning regulations which result in the exclusion of low- and moderate-income or minority persons from a community.

**Expansive Soils**

Soils which swell when they absorb water and shrink as they dry.

**Feasible**

Capable of being accomplished in a successful manner within a reasonable period of time taking into account economic, environmental, social, and technological factors.

**Fiscal Impact Analysis**

A projection of the direct public costs and revenues resulting from population or employment change to the local jurisdiction(s) in which the change is taking place. Enables local governments to evaluate relative fiscal merits of general plans, specific plans, or projects.



## GLOSSARIES

### **Flood - 100 Year (Base Flood)**

The magnitude of a flood expected to occur on the average every 100 years, based on historical data. The 100-year flood has a 1/100, or one percent, chance of occurring in any given year.

### **Floodplain**

The land area on either side of the banks of a stream regularly subject to flooding from any source. That part of the flood plain subject to a one percent chance of flooding in any given year is designated as an “area of special flood hazard” by the Federal Insurance Administration.

### **Floor Area Ratio (FAR)**

The gross floor area permitted on a site divided by the total net area of the site, expressed in decimals to one or two places. For example, on a site with 10,000 net sq. ft. of land area, a Floor Area Ratio of 1.0 will allow a maximum of 10,000 gross sq. ft. of building floor area to be built. On the same site, a FAR of 0.5 would allow 5,000 sq. ft. of floor area; an FAR of 0.25 would allow 2,500 sq. ft.; and an FAR of 0.15 would allow only 1,500 sq. ft. Also, as commonly used in zoning, FARs typically are applied on a parcel-by-parcel basis to an average FAR for an entire land use or zoning district.

### **“Granny Flats”**

A secondary housing unit, no greater than 1,200 sq. ft. in floor area, developed on a residential lot or parcel for the purpose of providing additional affordable housing opportunities, typically for extended elderly family members. Granny flats include kitchen and bathroom facilities.

### **Grasslands**

Lands in which grasses are the predominant vegetation.

### **Greywater**

“Wastewater” generated by household appliances and fixtures with the exception of the toilet, possibly the garbage grinder (garbage disposer), and non-bathing water bodies (jacuzzis, swimming pool, spas).

### **Ground Failure**

Ground movement or rupture caused by strong shaking during an earthquake. Includes landslide, lateral spreading, liquefaction, and subsidence.

### **Ground Shaking**

Ground movement resulting from the transmission of seismic waves during an earthquake.

### **Groundwater**

Water under the earth’s surface, often confined to aquifers capable of supplying wells and springs.

### **Groundwater Recharge**

The natural process of infiltration and percolation of rainwater from land areas or streams through permeable soils into water-holding rocks which provide underground storage (“aquifers”).

### **Growth Management**

Policy for future growth to be controlled or otherwise regulated by various ordinances and programs. The land use element of the general plan identifies future growth, including both residential and non-residential development. Growth management is a process, through ordinances and programs, to ensure that the growth identified in the general plan’s land use element occurs at a pace consistent with the agency’s objectives.

**Habitat**

The physical location or type of environment in which an organism or biological population lives or occurs.

**Heritage Tree**

Any tree over 24 inches in dbh as a single trunk or multiple trunks that cumulatively add up to 24 inches dbh.

**Hillside**

Land which has an average percent of slope equal to or exceeding 10%.

**Home Occupation**

A commercial activity conducted solely by the occupants of a particular dwelling unit in a manner incidental to residential occupancy.

**Hotel**

A facility offering transient lodging accommodations to the general public and providing additional services, such as restaurants and meeting rooms.

**Households, Number of**

The count of all year-round housing units occupied by one or more persons. The concept of households is important because the formation of new households generates the demand for housing. Each new household formed creates the need for one additional housing unit or requires that one existing housing unit be shared by two households. Thus, household formation can continue to take place even without an increase in population, thereby increasing the demand for housing.

**Household, Low-Income**

A household with an annual income usually no greater than 80% of the area's median family income adjusted by household size, as determined by a survey of incomes conducted by a city or a county, or in the absence of such a survey, based on the latest available eligibility limits established by the U.S. Department of Housing and Urban Development.

**Household, Moderate-Income**

A household with an annual income between the lower income eligibility limits and 120% of the area's median family income adjusted by household size, as determined by a survey of incomes conducted by a city or a county, or in the absence of such a survey, based on the latest available eligibility limits established by the U.S. Department Of Housing and Urban Development.

**Household, Very-Low Income**

A household with an annual income no greater than 50% of the area's median family income adjusted by household size, as determined by a survey of incomes conducted by a city or a county, or in the absence of such a survey, based on the latest available eligibility limits established by the U.S. Department of Housing and Urban Development for the Section 8 housing program.

**Housing and Community Development, Department of (HCD)**

The state agency that has principal responsibility for assessing, planning for, and assisting communities to meet the needs of very-low, low- and moderate-income households.

## GLOSSARIES

### **Housing Element**

One of the seven State-mandated elements of a local general plan, it assesses the existing and projected housing needs of all economic segments of the community, identifies potential sites adequate to provide the amount and kind of housing needed, and contains adopted goals, policies, and implementation programs for the preservation, improvement, and development of housing. Under State law, Housing Elements must be updated every five years.

### **Impact**

The effect of any direct man-made actions or indirect repercussions of man-made actions on existing physical, social or economic conditions.

### **Impact Fee**

A fee, also called a development fee, levied on the developer of a project by a city, county or other public agency as compensation for otherwise-unmitigated impacts the project will produce. California Government Code Section 66000, et. seq., specifies that development fees shall not exceed the estimated reasonable costs of providing the service for which the fee is charged. To lawfully impose a development fee, the public agency must verify its method of calculation and document proper restrictions on use of the fund.

### **Impervious Surface**

Surface through which water cannot penetrate, such as roof, road, sidewalk, and paved parking lot. The amount of impervious surface increases with development and established the need for drainage facilities to carry the increased runoff.

### **Implementation Measures**

Actions, procedures, programs, or techniques that carry out policies.

### **Incorporation**

Creation of a new city.

### **Infill Development**

The development of new housing or other buildings on scattered vacant sites in a built-up area. Infill development is usually considered the development of vacant parcels or lots in an area that is primarily developed.

### **Influent**

Water, wastewater or other liquid flowing into a reservoir, basin or treatment plant.

### **Infrastructure**

Includes, but is not limited to: road, schools, public utilities (such as water, natural gas, telephone, electricity, etc.), parks and playgrounds, waste disposal, sewers and/or septic systems.

### **Intertidal**

That portion of the shore or structures in the ocean which is between high and low tide levels; the substrate and organisms in the intertidal are alternately covered by seawater and exposed to the air.

### **Jobs/Housing Balance; Jobs/Housing Ratio**

The availability of affordable housing for employees. The jobs/housing ratio divides the number of jobs in an area by the number of employed residents. A ratio of 1.0 indicates a balance. A ratio greater

than 1.0 indicates a net in-commute (that is, workers commute to the area because there are more jobs available than residents to fill the jobs); a ratio less than 1.0 indicates a net out-commute (that is, residents commute out of the area to find employment).

### **Joint Power Agency (JPA)**

A legal arrangement that enables two or more units of government to share authority in order to plan and carry out a specific program or set of programs that serves both units of government.

### **Lagoon**

A shallow lake or pond, especially one connected with a larger body of water.

### **Landmark**

1. A building, site, object, structure, or significant tree, having historical, architectural, social, or cultural significance and marked for preservation by the local, state, or federal government.
2. A visually prominent or outstanding structure or natural feature that functions as a point of orientation or identification.

### **Landslide**

Downslope movement of soil and/or rock, which typically occurs during an earthquake or following heavy rainfall.

### **Lateral Spreading**

Lateral movement of soil, often as a result of liquefaction during an earthquake.

### **Level of Service (LOS)**

A scale that measures the amount of traffic a roadway may be capable of handling on a roadway segment or at an intersection of roadways; typically measured by a ratio of traffic volume to roadway capacity (V/C), as follows:

*Level of Service A:* indicates a relatively free flow of traffic, with little or no limitation on vehicle movement or speed; the V/C is 0.60 or less.

*Level of Service B:* describes a steady flow of traffic, with only slight delays in vehicle movement and speed. All queues clear in a single signal cycle; the V/C is 0.61 to 0.70.

*Level of Service C:* denotes a reasonably steady, high-volume flow of traffic, with some limitations on movement and speed, and occasional backups on critical approaches; V/C is 0.71 to 0.80.

*Level of Service D:* denotes the level where traffic nears an unstable flow. Intersections still function, but short queues develop and cars may have to wait through one cycle during short peaks; V/C is 0.81 to 0.90.

*Level of Service E:* describes traffic characterized by slow movement and frequent (although momentary) stoppages. This type of congestion is considered severe, but is not uncommon at peak traffic hours, with frequent stopping, long-standing queues, and blocked intersections; V/C is 0.91 to 1.00.

*Level of Service F:* describes unsatisfactory stop-and-go traffic characterized by “traffic jams” and stoppages of long durations. Vehicles at signalized intersections usually have to wait through

## GLOSSARIES

one of more signal changes, and “upstream” intersections may be blocked by the long queues; V/C is greater than 1.00.

Some communities in California are developing standards for levels of services relating to municipal functions, such as police, fire, and library service. These standards are incorporated in the general plan or in separate “Level of Service Plans.”

### **Liquefaction**

The transformation of loose, wet soil from a solid to a liquid state, often as a result of ground shaking during an earthquake.

### **Littoral**

A segment of coast that has definable sand sources and sand sinks, and into which and out of which the quantity of sand moving along the coast is known. Most littoral cells are bounded on either end by complete barriers to the long shore movement of sand.

### **Local Agency Formation Commission (LAFCo)**

A five member commission within each county that reviews and evaluates all proposals for formation of special districts, incorporation of cities, annexations to special districts or cities, consolidation of districts, and merger of districts with cities. Each county’s LAFCo is empowered to approve, disapprove or conditionally approve such proposals. The five LAFCo members generally include two county supervisors, two City Council members and one member representing the general public. Some LAFCos include members who are directors of special districts.

### **Maintain**

Action will be taken to continue ongoing City programs or services. The expectation is that active means may be employed to continue such programs or services.

### **Marine Area of Special Biological Significance (MASBS)**

An area designated by the State Water Resources Control Board requiring protection of species or biological communities to the extent that alteration of natural water quality is undesirable.

### **Minimize**

Action will be taken to reduce or lessen, but not necessarily eliminate, an existing condition or action to the greatest feasible extent. The expectation is that positive action will be undertaken to improve existing conditions by reducing the negative consequences of a particular situation.

### **Mitigate**

Action will be taken to ameliorate, alleviate, or avoid to the extent feasible, an undesirable situation or consequence of action. The expectation is that negative consequences will be reduced to a level of insignificance.

### **Mitigation**

Actions, improvements, features, modifications or requirements intended to eliminate or reduce the significant environmental effects of a project.

### **Mixed-Use Development**

The development of a tract of land, parcel or building with two or more different uses. Mixed-use zoning permits a combination of usually separate uses within a single development or building.

**Motel**

A group of attached or detached buildings containing guest rooms, some or all of which have a separate entrance leading directly from the outside of the building to automobile parking space conveniently located on the lot or parcel of land and which is designed, used or intended to be used wholly or in part for the accommodation of automobile transients.

**Natural Pollutant Discharge Elimination System (NPDES)**

Standards for waste discharges from point and non-point sources to surface waters (rivers, lakes, bays, oceans, etc.) controlled by state or federal agencies under provisions of the federal Clean Water Act.

**Native Plant**

Any plant indigenous to the Santa Monica Mountains and its Coastal Region, existing before European settlement, as identified in the Flora of the Santa Monica Mountains (Raven, Thompson, and Prigge, 1986. Southern California Botanists Special Publication #2).

**Neighborhood**

A planning area commonly identified as such in a community's planning documents, and by the individuals residing and working within the neighborhood. Documentation may include a map prepared for planning purposes, on which the names and boundaries of the neighborhood are shown.

**Noise Element**

One of the seven State-mandated elements of a local general plan, it assesses noise levels of highways and freeways, local arterials, railroads, airports, local industrial plants, and other ground stationary sources, and adopts goals, policies, and implementation programs to reduce the community's exposure to noise.

**Open Space Element**

One of the seven State-mandated elements of a local general plan, it contains an inventory of privately and publicly owned open-space lands, and adopted goals, policies, and implementation programs for the preservation, protection, and management of open space lands.

**Open Space, Public**

Open space is any parcel of land or water which is essentially in its natural condition, and is devoted to an open space use for the purposes of: (a) preservation of natural resources; (b) managed production of resources; (c) outdoor recreation; or (d) public health and safety. "Public open space" is open space that is owned by a public agency and available to the public.

**Ordinance**

A law, or regulation, set forth and adopted by a governmental authority, usually a city or a county.

**Overlay Zone**

A specifically defined area wherein a set of zoning requirements in addition to those of the underlying district apply. Developments within an overlay zone must conform to the requirements of both zones or the more restrictive of the two. It usually is employed to deal with special physical characteristics such as flood plains or historical areas.

**Pathogen**

An organism or virus producing or capable of producing a disease (e.g., polio virus).

## GLOSSARIES

### **Payment in lieu**

Payments of cash which are authorized in subdivision regulations when requirements for mandatory dedication of land cannot be met because of physical conditions of the site or other reasons.

### **Peak Hour/Peak Period**

For any given roadway, a daily period during which traffic volume is highest, usually occurring in the morning and evening commute periods. Where “F” Levels of Service are encountered, the “peak hour” may stretch into a “peak period” of several hours’ duration.

### **Percolation**

The downward movement of water through porous soils or filtering medium. The liquid may or may not fill all the pores of the medium.

### **Planned Development (P-D)**

A self-contained development, often with a mixture of land uses and densities, in which the subdivision and zoning controls are applied to the project as a whole rather than to individual lots. Commercial and even industrial uses are combined with different types of residential uses. A planned development with just residential uses is referred to as “residential planned development” (RP-D).

### **Planned Unit Development (PUD)**

Land use zoning which allows the adoption of a set of development standards that are specific to a particular project. PUD zones usually do not contain detailed development standards; those are established during the process of considering proposals and adopted by ordinance upon project approval.

### **Plant Community**

A recognizable combination of native or naturalized plant species that is produced by the interaction of climate, biota, and substrata and is usually designated according to the characteristic adult a climate vegetation.

### **Policy**

A statement of principle or of guiding actions which implies clear commitment but does not mandate specific actions. A general direction that the City sets to follow in order to meet its goals and objectives which direction is realized through implementation measures.

### **Pollution, Non-Point Source**

In reference to water quality, sources for pollution which can not be traced to a single source location and usually cover broad areas of land, and which are primarily carried from the land by runoff to receiving waters. Examples include fertilizers from agricultural land and petrochemicals from roads and parking lots.

### **Pollution, Point Source**

In reference to water quality, a discrete source from which pollution is generated before it enters receiving waters, such as a sewer outfall, a smokestack, or an industrial waste pipe.

### **Preserve**

Action will be taken to maintain beneficial uses or features in their present condition as nearly as possible. The expectation is that the feature itself will endure over time as the result of that action.

**Prohibit, Prevent**

Action will be taken to compel others not to take a particular action or perform in a prescribed manner. The expectation is that the City will commit resources, and has the legal right to compel other parties in this manner.

**Promontory**

A high point of land or rock projecting into a body of water or a mass of land overlooking or projecting into a lowland.

**Proposed Development**

See Development

**Protect**

Action will be taken to keep a feature safe from destruction or decay, or to keep that feature intact. The expectation is that the positive qualities of that feature will endure over time as the result of the action.

**RPA**

Resource Protection Area

**Rare**

To be scarce or uncommon, or of limited distribution.

**Rare or Endangered Species**

A species of animal or plant listed in: Section 670.2 or 670.5, Title 14, California Administrative Code; or Title 50, Code of Federal Regulations, Section 17.11 or Section 17.2, pursuant to the Federal Endangered Species Act designating species as rare, threatened or endangered.

**Reclaim**

To bring back to a natural condition.

**Reclamation**

The reuse of resources, usually those present in solid wastes or sewage.

**Recreation, Passive**

Type of recreation or activity which does not require the use of organized play areas.

**Recreation, Active**

A type of recreation or activity which requires the use of organized play areas including, but not limited to, softball, baseball, football and soccer fields, tennis and basketball courts, and various forms of children's play equipment.

**Remodel**

The upgrade of the interior or exterior faces of a building or structure without altering the existing foundation, footprint or building envelope. Remodeling may include the replacement of exterior walls within the limitations described herein and according to the requirements of the Building Code provided that such remodeling can meet the standards for zone clearance or plot plan review.



## GLOSSARIES

### **Retrofit**

To add materials and/or devices to an existing building or system to improve its operation, safety, or efficiency. For example, buildings have been retrofitted to use solar energy and to strengthen their ability to withstand earthquakes.

### **Resource Protection Area**

A geographic area which contains significant natural resources that have been identified in the Conservation Element of the Malibu General Plan and for which specific resource protection policies have been established. Resource protection areas in the Malibu coastal zone include Environmentally Sensitive Habitat Areas (ESHAs), Significant Watersheds, Wildlife Habitat Linkages, Disturbed Sensitive Resource Areas (DSRAs), and Blueline Streams.

### **Ridgeline**

A line connecting the highest points along a principal ridge separating watershed areas.

### **Riparian**

Habitat occurring along the bank of a natural and freshwater waterway (e.g., river, stream or creek) which provides for high density, diversity and productivity of plant and animal species.

### **Riparian Areas**

Areas that contain vegetation adapted to basic soil conditions adjacent to perennial and intermittent streams. Riparian areas are delineated by the existence of plant species normally found near freshwater.

### **Riparian Corridor**

The band of riparian vegetation which occurs along perennial or intermittent stream courses.

### **Runoff**

That portion of rain or snow which does not percolate into the ground and runs over the ground onto abutting property or is discharged into streams.

### **Rural**

Respect for nature; proximity and ease of access to the shore, ocean and mountains; a sense of open space, residential privacy and closeness to nature from within and without the dwelling; predominance of natural topography and vegetation over the built environment creating the feeling, scent, sound and visual presence of "country"; low-density and low-intensity land uses subordinate to the natural setting; a non-urban environment characterized by the minimization of urban services and facilities; and unobtrusive commercial signs as well as low levels of artificial light and sound.

### **Safety Element**

One of the seven State-mandated elements of a local general plan, it contains adopted goals, policies, and implementation programs for the protection of the community from any unreasonable risks associated with seismic and geologic hazards, flooding, and wildland and urban fires. Many safety elements also incorporate a review of police needs, objectives, facilities, and services.

### **SEA**

See Significant Ecological Area.

**Scenic Highway/Route**

A highway, road, drive or street which, in addition to its transportation function, provides opportunities for the enjoyment of natural and man-made scenic resources and access or direct views to areas or scenes of exceptional beauty or historic or cultural interest. The aesthetic values of scenic routes often are protected and enhanced by regulations governing the development of property or the placement of outdoor advertising.

**Second Unit**

A self-contained living unit, either attached to or detached from a residential building, which is a residential unit on a single lot; sometimes called "Granny Flat."

**Seepage Pit**

When the shape of the drainfield receiving septic tank effluent is a cylindrical excavation, the drainfield is called a seepage pit.

**Seiche**

An earthquake-generated wave in an enclosed body of water such as a lake, reservoir, or bay.

**Sensitive**

An adjective for plant or animal life or their habitats which are either rare or especially valuable because of their nature or role in an ecosystem and which could be easily disturbed or degraded by human activities and development.

**Service**

Includes, but is not limited to: police/sheriff, fire, libraries, and city administration.

**Shall**

The action referred to is mandatory, and there is a positive obligation to undertake the action (see also definition of policy).

**Significant Ecological Areas**

Lands designated by Los Angeles County as ecologically fragile or important areas which are valuable as plant or wildlife habitat. See Environmentally Sensitive Habitat Area (ESA) definition.

**Significant Oak Woodlands and Oak Savannahs**

Defined as oak woodlands (non-riparian) or oak savannahs located outside the major riparian woodland corridors. These are considered to be an Environmentally Sensitive Habitat Area.

**Significant Watersheds**

Those watershed which contain significant development of environmentally sensitive riparian or woodland habitat; those watershed which drain a watershed area of greater than 1 square mile, or those from which runoff could impact particularly sensitive marine resources. Limited to: Arroyo Sequit, Zuma Canyon, Solstice Canyon, Corral Canyon, Malibu Canyon, Luna Canyon, Trancas Canyon, Ramirez Canyon, Las Flores Canyon, Encinal Canyon, San Nicholas Canyon, Los Alisos (Decker) Canyon, LaChusa Canyon, Escondido Canyon, Latigo Canyon, Puerco Canyon, Carbon Canyon, Topanga Canyon and its tributaries.

## GLOSSARIES

### **Solid Waste**

Any unwanted or discarded material that is not a liquid or gas. Includes organic wastes, paper products, metals, glass, plastics, cloth, brick, rock, soil, leather, rubber, yard wastes, and wood, but does not include sewage and hazardous materials. Organic wastes and paper products comprise about 75% of typical urban solid waste.

### **Specific Plan**

A plan adopted by a city or county to implement their adopted general plan for a specifically designated area. It contains the locations and standards for land use densities, streets, and other public facilities in greater detail than the general plan map and text.

### **Sphere of Influence**

The probable ultimate physical boundary and service limits of a local agency as approved by the Local Agency Formation Commission (LAFCo). It identifies the area available to a city for future annexation. However, unless another arrangement has been made with LAFCo, the City has no actual authority over such area outside its city limits.

### **Storm Runoff**

Surplus surface water generated by rainfall that does not seep into the earth but flows overland to flowing or stagnant bodies of water.

### **Stringline Rule**

A line drawn between the nearest adjacent corners of the adjacent structures. Separate stringlines shall be drawn for both enclosed living spaces and decks. Enclosed living spaces and decks shall not extend farther than the applicable stringline at any point along the stringline. Within infill areas, the Planning Director shall determine the applicable properties to be utilized in the event that the nearest properties create an unreasonable hardship on development of an infill lot.

### **Subdivision**

The division of a tract of land into defined lots, either improved or unimproved, which can be separately conveyed by sale or lease, and which can be altered or developed. "Subdivision" includes a condominium project (as defined in Section 1350 of the California Civil Code) and a community apartment project (as defined in Section 11004 of the Business and Professions Code).

### **Subsidence**

The sudden sinking or gradual downward settling and compaction of soil and other surface material with little or no horizontal motion. Subsidence may be caused by a variety of human and natural activity, including earthquake.

### **Support**

The action will receive positive treatment in written policy, but will receive no further action or commitment of resources other than transmitting the policy as appropriate to influence others to take specific actions.

### **Synergistic**

Acting together, enhancing the effect of another force or entity, wherein the combined effect is greater than the sum of their individual effects.

**Terrestrial**

Land living or dwelling plants or animals

**Thermal Mass**

Large quantities of heavy or dense material with a high heat capacity, used in solar buildings to absorb heat, store it during the hours of the day when solar radiation is received, and release it during the hours of the night when solar radiation is not received.

**Tidepool**

Small pools of water that remain in the rocky intertidal zone after the receding tide.

**Transportation Demand Management (TDM)**

A strategy for reducing roadway congestion by encouraging carpooling, vanpools, buses and trains, walking and biking. TDM can be an element of TSM (see below). TDM attempts to reduce the number of persons who drive along on the roadway during the commute period and to increase the number in car-pools, vanpools, buses and trains, walking and biking.

**Transportation Management (TSM)**

A comprehensive approach to managing transportation systems on an existing local transportation system. TSM measures are characterized by their low costs and quick implementation time frame, such as computerized traffic signals, metered freeways, and one-way streets.

**Transfer of Development Credits (TDCs)**

Development credits that are transferred from one site to another to allow development in a less sensitive area. TDCs are used to preserve endangered natural environments, protect historic areas, stage development, promote low- and moderate-income housing, and achieve other land use objectives.

**Trip Generation (TG)**

The number of trips that originate from a particular location. Trip generation is a function of land use, population, and other factors. Trip generations of households are correlated with destinations that attract members for specific purposes. Trip generation is a function of land use, population, and other factors. TDM can be an element of TSM (see below).

**Tsunami**

A great sea wave caused by the displacement of the bottom of the sea by volcanic eruptions or earthquakes.

**Vehicle Trip**

A one-way journey that proceeds from an origin to a destination via a single mode of transportation; the smallest unit of movement considered in transportation studies. Each trip has one "production end" (or origin, usually from home but not always) and one "attraction end" (or destination).

## GLOSSARIES

### **View Corridor**

The line of sight — identified as to height, width, and distance — of an observer looking toward an object of significant to the community (e.g., ridgeline, river, historic building, etc.); the route that directs the viewer's attention.

### **Viewshed**

The area within view from a defined observation point.

### **Visitor-Serving**

Non-residential land uses (included but not limited to restaurants, stores, motels, etc.) that are primarily oriented to visitors to the City of Malibu.

### **Volume-to-Capacity Ratio (V/C)**

A measure of the operation capacity of a roadway or intersection, in terms of the number of vehicles passing through, divided by the number of vehicles that theoretically could pass through when the roadway or intersection is operating at its designed capacity. Abbreviated as "V/C." At V/C ratio 1.0, the roadway or intersection is operating at capacity. If the ration is less than 1.0, the traffic facility has additional capacity. Although rations slightly greater than 1.0 are possible, it is more likely that the peak hour will elongate into a "peak period." (See "Peak Hour" and "Level of Service.")

### **Wastewater Irrigation**

The process by which wastewater that has undergone appropriate treatment is used to irrigate land.

### **Watershed**

The total area above a given point on a watercourse that contributes water to its flow; the entire region drained by a waterway or watercourse which drains into a lake, ocean or reservoir.

### **Wave Uprush Study**

A study that identifies the potential area that would be inundated along the coast from ocean waves, accounting for the typical wave height of typical storms. The purpose of the study is to identify areas that may be affected by and potentially at risk from ocean waves.

### **Wetland**

Lands which may be covered periodically or permanently with shallow water and include saltwater marshes, freshwater marshes, open or closed brackish water marshes, swamps, mudflats, fens, and perennial streams.

### **Wildlife Habitat Linkages**

Areas of relatively undeveloped open space which, by virtue of their geographic location or habitat characteristics, have the potential to facilitate wildlife or plant migration between major habitat areas in the Malibu Coastal Zone including Topanga State Park, Malibu Creek State Park, Zuma/Trancas, Leo Carrillo and Mugu State Park. They are identified on Figure CO-3 of the Conservation Element of the Malibu General Plan.

### **Zoning**

A measure enacted by a city or county to divide a community into districts or zones within which permitted and special uses are established, as well as regulations governing lot size, building bulk, placement and other development standards. Requirements vary from district to district, but they must be

uniform within districts. The zoning ordinance consists of two parts: the text and the map. Zoning a program to implement policies of the general plan.

**Zoning Map**

Government Code Section 65851 permits a legislative body to divide a county, a city or portions thereof, into zone of the number, shape, and area it deems best suited to carry out the purposes of the zoning ordinance. These zones are delineated on a map, or maps, called the “Zoning Map.”

## GLOSSARIES

### Appendix B Glossary of Abbreviations

<b>AAQS</b>	Ambient Air Quality Standards
<b>ADT</b>	Average daily trips made by vehicles in a 24-hour period
<b>AQMD</b>	South Coast Air Quality Management District
<b>AQMP</b>	South Coast Air Quality Management Plan
<b>ASB</b>	Marine Areas of Special Biological Significance
<b>BMP</b>	Best Management Practices
<b>Caltrans</b>	California Department of Transportation
<b>CARB</b>	California Air Resources Board
<b>CC</b>	Commercial, Community
<b>CC&amp;Rs</b>	Codes, Covenants and Restrictions
<b>CDBG</b>	Community Development Block Grant
<b>CEQA</b>	California Environmental Quality Act
<b>CG</b>	Commercial, General
<b>CIP</b>	Capital Improvements Program
<b>CMP</b>	Congestion Management Plan
<b>CN</b>	Commercial, Neighborhood
<b>CNEL</b>	Community Noise Equivalent Level
<b>CR</b>	Commercial, Recreational
<b>CUP</b>	Conditional Use Permit
<b>CV</b>	Commercial, Visitor
<b>dB</b>	Decibel
<b>dBA</b>	Decibels on the “A-weighted” decibel scale
<b>DEIR</b>	Draft Environmental Impact Report
<b>DSRA</b>	Disturbed Sensitive Resource Area
<b>ESHA</b>	Environmentally Sensitive Habitat Area
<b>FAR</b>	Floor Area Ratio
<b>FEIR</b>	Final Environmental Impact Report
<b>FEMA</b>	Federal Emergency Management Agency

FHA	Flood Hazard Area
PUD	Planned Unit Development
FHWA	Federal Highway Administration
PRF	Private Recreational Facility
FIRM	Flood Insurance Rate Map
PD	Planned Development
HCDC	California Department of Housing and Community Development
PCH	Pacific Coast Highway
HOV	High Occupancy Vehicle
OS	Open Space
I	Institutional
OPR	Office of Planning and Research, State of California
IITF	Institute of Transportation Engineers
NPDES	National Pollution Discharge Elimination System
JPA	Joint Powers Authority
MWD	Metropolitan Water District of Southern California
LAFCD	Local Agency Formation Commission
MTA	Metropolitan Transportation Authority
LCP	Local Coastal Program
MBU	Mixed Residential Use
L <sub>dn</sub>	Day and Night Average Sound Level
MEL	Malibu Erosion Cell
L <sub>eq</sub>	Sound Energy Equivalent Level
MH	Mobile Home
LOS	Level of Service
MLU	Multifamily
LUP	Land Use Plan
MCS	Malibu Coastal Zone
MCFZ	Malibu Coastal Fault Zone
MCEZ	Malibu Coastal Erosion Zone
MZ	Malibu Coastal Zone
LUP	Land Use Plan
MH	Multifamily
LOS	Level of Service
MH	Mobile Home
L <sub>eq</sub>	Sound Energy Equivalent Level
MEL	Malibu Erosion Cell
MRL	Day and Night Average Sound Level
MRL	Mixed Residential Use
LCP	Local Coastal Program
MTA	Metropolitan Transportation Authority
LAFCD	Local Agency Formation Commission
MWD	Metropolitan Water District of Southern California
JPA	Joint Powers Authority
NPDES	National Pollution Discharge Elimination System
IITF	Institute of Transportation Engineers
OPR	Office of Planning and Research, State of California
I	Institutional
OS	Open Space
PCH	Pacific Coast Highway
PD	Planned Development
PRF	Private Recreational Facility
PUD	Planned Unit Development



## GLOSSARIES

<b>RPA</b>	Resource Protection Area
<b>RR</b>	Rural Residential
<b>RR1</b>	Rural Residential, 1 unit/acre
<b>RR2</b>	Rural Residential, 1 unit/2 acres
<b>RR5</b>	Rural Residential, 1 unit/5 acres
<b>RR10</b>	Rural Residential, 1 unit/10 acres
<b>RR20</b>	Rural Residential, 1 unit/20 acres
<b>RVP</b>	Recreational Vehicle Park
<b>RWQCB</b>	Regional Water Quality Control Board
<b>SCAG</b>	Southern California Association of Governments
<b>SCE</b>	Southern California Edison Company
<b>SCS</b>	Soil Conservation Service
<b>SEA</b>	Significant Ecological Areas
<b>SF-L</b>	Single-Family, Low
<b>SF-M</b>	Single-Family, Medium
<b>SMARA</b>	Surface Mining and Reclamation Act
<b>SMMNRA</b>	Santa Monica-Malibu National Recreational Area
<b>SP</b>	Specific Plan overlay
<b>TDM</b>	Transportation Demand Management
<b>TDR</b>	Transfer of Development Rights
<b>TSM</b>	Transportation Systems Management
<b>TWRF</b>	Tapia Water Reclamation Facility
<b>UBC</b>	Uniform Building Code
<b>USGS</b>	U.S. Geological Service
<b>VMT</b>	Vehicle Miles Traveled
<b>V/C</b>	Volume-to-Capacity Ratio

(Resolution No. 09-43, 7/13/09)

## RESOLUTION LIST

<b>Resolution Number</b>	
96-047	Approves negative declaration 96-009 and GP amendment 96-001; amends GP Land Use Policy Map changing CV-1 land use designation to MFBF for certain properties on PCH.
96-079	Approves negative declaration 96-028 and GP amendment 96-004; amends GP Land Use Policy Map changing land use designations for various properties.
96-080	Approves negative declaration 96-007 and GP amendment 96-002; amends GP Land Use Policy Map changing land use designations for various properties.
97-001	Approves negative declaration 96-031 and GP amendment 96-005; adds Appendix C to Housing Element; amends Housing Element §§ 7.3.4.1 and 7.3.4.2 and Housing Element Implementation Measures 4, 6, 9, 17, 19 and 33.
97-042	Adopts negative declaration 97-018 and approves GP amendment 97-001; adds §§ 7.2.3.8 and 7.3.4.7 to Housing Element; amends Housing Element Implementation Measures 9, 10, 13, 14 and 19 and Appendix C; renumbers Housing Implementation Measures 11 through 34.
99-06	Approves GP amendment 98-002; amends GP Land Use Map for a certain parcel of land at Las Flores Canyon Road.
99-22	Amends GP Land Use Map, changing CC land use designation to MF for a certain property on PCH.
99-24	Approves GP text amendment 99-001(C) clarifying FAR policy in commercial land use designations.
00-57	Approves GP amendments 99-002 and 00-001 changing land use designations for certain properties.
01-02	Adopts negative declaration 00-014; adds Appendix D to Housing Element; amends Resolution 97-042 and Housing Element §§ 7.1 through 7.6 and Appendices A and C.
03-38	Approves GP amendment 02-001 changing land use designation from Multi-Family Residential to Commercial Visitor Serving for a certain property on PCH.
06-71	Approves LCPA 06-001 and GP amendment 06-001 amending the Land Use Plan Parkland and Land Use Map for a certain property on Paseo Canyon Drive.
09-43	Approves GP amendment 08-001 correcting land use designations for certain properties to rectify them with land use designations on certified LCP land use maps; adds LCP Planned Development designation and eliminates Business Professional Office designation for consistency between GP and LCP.
10-42	Approves Administrative Plan Review No. 07-120, Conditional Use Permit No. 07-015 and General Plan Map Amendment No. 09-001, rectifying a zoning discrepancy between the General Plan Land Use Map and the Local Coastal Program Land Use Map.

## CIRCULATION AND INFRASTRUCTURE ELEMENT

### INDEX

— C —

#### CIRCULATION AND INFRASTRUCTURE ELEMENT

##### Goals

- C 1, safe, environmentally sensitive transportation 4.4.1
- C 2, environmentally sensitive, cost effective, safe service infrastructure 4.4.2
- C 3, educational needs and cultural vitality of schools 4.4.3
- C 4, scenic roads, roadways 4.4.4

Legislative authority 4.1.1

Maps 4.5

Parking 4.2.4

##### Public services

- fire protection 4.3.1
- hospitals 4.3.4
- libraries 4.3.5
- police 4.3.2
- schools 4.3.3
- utilities 4.3.6

Public transit 4.2.5

Purpose of provisions 4.1.2

Scenic highways 4.2.3

Service level 4.2.2

System description 4.2.1

#### CITY

Introduction 1.1

Vision, mission statements 1.0

#### CONSERVATION ELEMENT

##### Constraints

- development pressure, rising property values 3.3.6
- generally 3.3.0
- high quality water resource maintenance 3.3.3
- lack of comprehensive resource surveys 3.3.2
- limited city resources 3.3.5
- physical changes to environment 3.3.1
- recreational uses 3.3.4

#### Existing natural resources

##### designated

- air resources, climate 3.2.1
- beach, shoreline resources 3.2.5
- cultural 3.2.11
- marine resources 3.2.6
- mineral resources 3.2.2
- scenic 3.2.10
- soil resources 3.2.3
- vegetation and wildlife 3.2.7
- water resources 3.2.4

generally 3.2.0

identification of significant natural resources 3.2.8

protection of sensitive habitat areas 3.2.9

Generally 3.1.0

##### Goals

- CON 1, preservation, protection of natural resources 3.4.1
- CON 2, preservation, protection of cultural resources 3.4.2
- CON 3, energy conservation 3.4.3
- CON 4, water conservation 3.4.4
- CON 5, solid waste reduction, recycling 3.4.5

Legislative authority 3.1.1

Maps 3.6

Purpose of provisions 3.1.2

##### Sensitive terrestrial habitats analysis

##### location

- Arroyo Sequit 3.5.2
- Carbon Canyon 3.5.23
- Clyde Canyon 3.5.7
- Cold Creek Canyon 3.5.24
- Corral Canyon 3.5.20
- Dry Canyon 3.5.19
- Encinal Canyon 3.5.8
- Escondido Canyon 3.5.16
- Hepatic Gulch 3.5.25
- Las Flores Canyon and Little Las Flores Canyon 3.5.27
- Latigo Canyon 3.5.17
- Lechuza Canyon 3.5.6
- Los Alias (Decker) Canyon 3.5.5
- Malibu Canyon 3.5.22
- Newton Canyon 3.5.12

## DEFINITIONS

Piedra Gorda Canyon 3.5.26  
Point Dume 3.5.13  
Puerco Canyon 3.5.21  
Ramirez Canyon 3.5.15  
San Nicholas Canyon 3.5.4  
Solstice Canyon 3.5.18  
Steep Hill Canyon 3.5.9  
Topanoga Canyon and tributaries 3.5.29  
Trancas Canyon 3.5.10  
Tuna and Pena Canyons 3.5.28  
Walnut Canyon 3.5.14  
Willow Creek 3.5.3  
Zuma Canyon 3.5.11  
purpose of provisions 3.5.1

— D —

## DEFINITIONS

Abbreviations appendix B, III  
Designated appendix A, III

— G —

## GENERAL PLAN

Elements  
See also Specific Element  
designated 1.2  
Planning process 1.3

— H —

## HOUSING ELEMENT

Appendices 7.6.4  
Generally 7.1.1  
General plan consistency  
goals, policies 7.3.2  
purpose of provisions 7.3.1  
Goals, H 1, adequate housing for existing and  
projected needs of the community 7.6.2  
Needs assessment  
constraints  
generally 7.2.8  
governmental, inventory 7.2.11  
nongovernmental 7.2.10  
employment trends 7.2.3

energy conservation 7.2.12  
housing  
costs 7.2.6  
profile 7.2.5  
income characteristics 7.2.2  
lands suitable for residential development,  
redevelopment 7.2.9  
population characteristics 7.2.1  
regional 7.2.4  
special needs 7.2.7  
Objectives 1998-2005 7.6.3  
Prior, evaluation  
programs, achievements 7.4.2  
purpose of provisions 7.4.1  
Public participation  
encouragement 7.5.2  
purpose of provisions 7.5.1  
Purpose of provisions 7.1.3  
Strategic goals 7.1.2

— L —

## LAND USE ELEMENT

Existing conditions  
development characteristics 1.2.1  
land use trends 1.2.2  
purpose of provisions 1.2.0  
Goals  
LU 1, natural and environmental resources  
protection, enhancement 1.4.1  
LU 2, growth management to preserve rural  
character 1.4.2  
LU 3, recreational opportunity consistency 1.4.3  
LU 4, commercial uses, structures consistency  
1.4.4  
LU 5, agricultural protection 1.4.5  
LU 6, protection of private property rights 1.4.6  
LU 7, land development adjacent to city 1.4.7  
Legislative authority 1.1.1  
Neighborhood descriptions  
homeowners' associations of Malibu Canyon  
Village, de Ville, Malibu Pacifica  
Condominiums 1.6.17  
inland of Pacific Coast Highway, west of  
Lunita/Bailard Tract to city line 1.6.11

## NOISE ELEMENT

- La Costa 1.6.7
- Las Flores Canyon
  - generally 1.6.6(a)
  - watershed 1.6.6
- Las Flores Mesa 1.6.6(b)
- Las Tunas Beach to Carbon Beach 1.6.8
- Malibu
  - Country Estates 1.6.15
  - Knolls 1.6.12
  - Park 1.6.9
  - Road 1.6.16
- Paradise Cove 1.6.3
- Point Dume 1.6.13
- Ramirez Canyon 1.6.5
- Serra Retreat 1.6.14
- Sycamore Park 1.6.2
- Trancas Canyon area 1.6.1
- Winding Way, De Butts Terrace 1.6.10
- Zuma Canyon 1.6.18
- Zuma/Westward Beach to city's west boundary 1.6.4

Proposed land uses

- buildout 1.3.1
- policy map 1.3.2

Purpose of provisions 1.1.2

Relationship to

- local coastal program 1.1.4
- other elements 1.1.3

Use designations

- commercial
  - general (CG) 1.5.1
  - neighborhood (CN) 1.5.2
  - recreation (CR) 1.5.3
  - visitor serving (CV) 1.5.4
- community commercial (CC) 1.5.5
- flood hazard area overlay (FHA) 1.5.6
- generally 1.5.0
- historical preservation overlay (HP) 1.5.7
- institutional (I) 1.5.8
- mobile home residential (MHR) 1.5.9
- multifamily
  - beach front (MFBF) 1.5.10
  - residential (MF) 1.5.11
- planned development (PD) 1.5.12
- private recreational facilities (PRF) 1.5.13

- public open space (OS) 1.5.14
- recreational vehicle park (RVP) 1.5.15
- rural residential (RR) 1.5.16
- single-family residential (SF) 1.5.17
- specific plan overlay (SP) 1.5.18

— N —

## NOISE ELEMENT

- Definitions 6.1.3
- Existing noise
  - community survey 6.3.2
  - contours
    - generally 6.3.4
    - interpretation 6.3.5
  - generally 6.3.1
  - roadway traffic 6.3.3
- Goals, N 1, comprehensive noise control program 6.4.1
- Legislative authority 6.1.1
- Maps 6.5
- Purpose of provisions 6.1.2
- Standards
  - EPA information 6.2.2
  - Federal Highway Administration criteria 6.2.3
  - State of California 6.2.4
  - use compatibility guidelines 6.2.1

— O —

## OPEN SPACE AND RECREATION ELEMENT

- Existing
  - open space
    - generally 2.2.0
    - private undeveloped land 2.2.1
    - public 2.2.2
  - recreational facilities
    - California Department of Parks and Recreation facilities 2.3.3
    - city of Malibu 2.3.1
    - generally 2.3.0
    - Los Angeles County 2.3.2
    - National Park Service 2.3.5
    - Point Dume community services district 2.3.7
    - private 2.3.8

## SAFETY AND HEALTH ELEMENT

- Santa Monica/Malibu unified school district 2.3.6
- Santa Monica Mountains conservancy trails 2.3.4 2.3.9
- Generally 2.1.0
- Legislative authority 2.1.1
- Opportunities, constraints
  - deficiencies, project needs 2.4.2
  - generally 2.4.1
  - goals
    - OS 1, abundance of open space 2.5.1
    - OS 2, diverse recreation, leisure opportunities 2.5.2
    - OS 3, integrated circulation system of trails 2.5.3
  - trail system 2.4.3
- Public resource inventory
  - central Malibu 2.6.2
  - east Malibu 2.6.3
  - school district properties 2.6.4
  - west Malibu 2.6.1
- Purpose of provisions 2.1.2

— S —

## SAFETY AND HEALTH ELEMENT

- Existing conditions
  - climate 5.2.3
  - crime 5.2.4
  - fire hazards 5.2.5
  - geologic hazards 5.2.2
  - geology, topography 5.2.1
  - purpose of provisions 5.2.0
- Goals
  - S 1, community safe from risk of hazards 5.3.1
  - S 2, effective response to emergencies 5.3.2
  - S 3, exceptional safety and health of community 5.3.3
- Legislative authority 5.1.1
- Maps 5.4
- Purpose of provisions 5.1.2



# Council Agenda Report

To: Mayor La Monte and the Honorable Members of the City Council

Approved by: Jim Thorsen, City Manager 

Date prepared: January 23, 2013

Meeting date: January 29, 2013

Subject: City Work Plan and Priorities (Mayor Pro Tem House)

---

**REQUESTED ACTION:** At the request of Mayor Pro Tem House, review the current City Work Plan and provide direction to staff about prioritizing projects and work efforts.

**FISCAL IMPACT:** None.

**DISCUSSION:** Attached is the City's Fiscal Year 2012-2013 Work Plan, which is a yearlong snapshot identifying the important projects and programs that City staff has been directed to address. The plan, as shown, is separated among the departments responsible for the projects. The plan does not include daily tasks and only includes work effort that requires significant staff time to complete or oversee. The day-to-day tasks, such as invoicing, processing payments, permit issuance, plan checking, park and facility maintenance, recreation programming, constituent assistance, commission and committee administration, inspection services, election services, records retrieval and retention, and many other routine functions are not included in this list.

Mayor Pro Tem House is requesting that the Council review the City's current work plan and provide direction to staff about prioritizing projects and work efforts.

**ATTACHMENTS:** City of Malibu Fiscal Year 2012-2013 Work Plan

# CITY OF MALIBU

## FISCAL YEAR 2012-2013 WORK PLAN

---

### **MANAGEMENT AND ADMINISTRATIVE SERVICES**

**1. Civic Center Wastewater Treatment Design**

This project involves several City Departments and includes the development of a centralized wastewater collection, treatment, re-use and dispersal facility. Staff is utilizing a professional design consulting firm to prepare reports, plans, EIR and permits. Funding for the design and EIR has been funded through the City's general fund and will now be funded from the recent approval of a Community Facilities District (CFD). The construction of the project will require the formation of an Assessment District.

**2. Santa Monica College Satellite Campus**

City Council and Santa Monica College (SMC) are interested in bringing a satellite campus for the college into the City's Civic Center on the County parcel adjacent to the Library. The County and SMC have agreed to a plan to reconstruct a 20,000 sf community college that will include the potential for a portion of the building to be used by the Sheriff's Department.

**3. Sheriff's Substation**

The Los Angeles County Sheriff Department, SMC and the City are working together to include a Malibu Sheriff's Substation within the proposed SMC satellite campus project. The design will be completed by the Sheriff's Department and include approximately 5,000 square feet of space.

**4. City Website and Media Operations**

City staff is working with our consultant to improve and modernize the City's website. The upgrade will improve the appearance and efficiency for users. It is estimated that the new site will be ready for launch by June 2013. Staff is also working with Granicus to add more tools to allow interactive capabilities to the website.

**5. Review of Long-term Financial Liabilities**

Staff continues to research information that will be provided to the Administration and Finance Subcommittee and the City Council to review the City's long-term liability with CalPERS and options for curtailing future costs.

**6. Oversight of Library Services and Use of Library Set Aside Funds**

City Administrative Services and Parks and Recreation staff continue to work with County Library staff to develop a Speaker Series program and to coordinate the purchase of additional collection material specific to Malibu.

**7. Licensing Program**

Administrative Services staff is working with the City consultant and the City Manager's Office to develop a robust City Licensing Program that will lead to additional revenue for the City.



# CITY OF MALIBU

## *FISCAL YEAR 2012-2013 WORK PLAN*

---

**8. Civic Center Wastewater Treatment Facility Communities Facilities District (CFD No. 2012-1) and Assessment District**

The project includes the establishment of a Community Facilities District and oversight of the financing for the design and EIR of the Civic Center Wastewater Treatment Facility.

**9. Parking Enforcement Services**

The Request for Proposal for parking enforcement services was issued in December 2012 and Administrative Services staff will coordinate activities of the consultant selected. This project is on hold pending further review of outsourcing.

**10. Commercial Rental Properties**

This project includes oversight of the lease agreements for each of the City's three commercial properties and assisting of tenants, as needed.

## **PARKS AND RECREATION**

**11. Parks and Recreation Master Plan**

The Master Plan will include analysis and recommendations that will provide a guide for the City Council when making decisions on future development, re-development and enhancement of the City's park system. Once the Council approves the final document, staff will develop a strategy to implement the recommendations cited in the Plan. The Draft Plan has been completed and is being vetted through the Parks and Recreation Commission before Council review.

**12. Santa Monica-Malibu Unified School District Joint Use Agreement (JUA)**

The current JUA is due to expire on June 30, 2013. City and District staff are working together to develop a new JUA that will allow the City to operate recreation programs cost effectively on SMMUSD school facilities.

**13. Legacy Park Interpretive Program**

Staff is working to create a self-guided walk that will inform and educate park users about the unique function of the park, habitat areas and park history. Additional work will include implementing a docent-led program to provide history and interpretive information to school children and the public.

**14. Skatepark Facility**

This project includes investigating the opportunities and constraints associated with locating a permanent skate facility at Malibu Bluffs Park or other location. A skatepark designer has been hired and will include conceptual designs based on community input. In addition, staff has been working to find a location for a temporary skatepark.

**15. Expand Use of Proposition A Paratransit Funding**

Staff is working to identify methods that could be implemented to operate the existing Dial-A-Ride program more cost-efficiently by consolidating trips and increasing revenue. Reducing

# CITY OF MALIBU

## ***FISCAL YEAR 2012-2013 WORK PLAN***

---

costs and increasing revenues will allow surplus Prop A funds to be used for recreation-based transportation needs.

**16. Park Monitoring System**

Staff is studying the feasibility of using web-based cameras to monitor and track the use of Malibu Bluffs and Trancas Canyon Parks.

**17. Parks and Recreation Outreach Video**

Staff is creating a 10-minute video to highlight and promote City parks and recreation programs for use in community presentations, as clips on the City website and on the government channel

**18. Nautica Malibu Triathlon**

Staff is working with Michael Epstein Sports Productions on a multi-year agreement to conduct the annual Nautica Malibu Triathlon event within the Malibu City limits

**19. Seniors and Active Adult Outreach**

This project is intended to develop a congregate meals program for seniors to encourage participation in Senior Center activities.

**20. Michael Landon Center Expansion**

This project includes increasing the square footage of the Landon Center to allow more programming opportunities for the public. The Request for Proposals (RFP) for design services for the Michael Landon Center expansion is complete, but has been placed on hold pending further action from the City Council.

**21. Marathon and Other Race Event Policy**

On December 10, 2012, the City Council adopted Council Policy #47 – Road Race Event Policy. The policy established a structured process for permitting the use of public roadways for non-motorized vehicle races and events conducted by the private sector that affect residents or use of public resources.

**22. Malibu-Based Youth Sport Programs Facility Use and Maintenance Agreements**

Staff is currently working with Malibu Little League on developing a Facility Use and Maintenance Agreement. The agreement will be similar to the Malibu AYSO agreement and will provide continued support of youth-based programs.

**23. Playground with a Purpose Project**

The Playground with a Purpose project at Bluffs Park is in its final phase, which includes interpretive signage. Interpretive information for the signs is complete and illustrative artwork with a continuous theme linking the playground components is under review by staff.

**24. Malipalooza and Chumash Days**

These two large, annual events are held at Bluffs Park. Last year, in order to generate more interest in Malipalooza, local musicians were used for entertainment, the event was moved to the end of summer, rather than the beginning of summer, and a strong event theme was developed. *Malipalooza, Rocking 50's* was held Saturday, August 25, 2012, at Malibu Bluffs Park and featured 6 Malibu groups, including 4 teen groups, 1 youth group and a senior citizens group. Approximately 900 people attended the event. Malipalooza concluded with the movie

# CITY OF MALIBU

## ***FISCAL YEAR 2012-2013 WORK PLAN***

---

screening of the summer CineMalibu™ series, *Grease*. Chumash Days is a 2-day weekend event that features an intertribal gathering and Native American dancing as part of traditional powwow ceremony. The event draws thousands of visitors and includes a wide variety of vendors, crafts and games for children.

### **25. Malibu Bluffs Donation Program**

In August 2011, the City Council approved implementation of the Park Enhancement and Donation Program. The purpose of the program is to promote donation opportunities for park enhancements and to standardize associated cost for each donation and the methods by which the City accepts donations and financial sponsorships. As part of the program, a brochure promoting donation opportunities was published and distributed throughout the community.

## **ENVIRONMENTAL SUSTAINABILITY**

### **26. Permitting Software Program**

The project includes a technology upgrade to the City's permitting software that will allow for advanced streamlining of the City's permits. Computer Software, Inc. (CSI) has been hired to provide the software upgrade. CSI set up and hosts a test server for training and testing purposes. City staff will use the test server until CSI transfers the system from its server to the City's servers. A soft launch is expected in mid-March 2013.

### **27. Rainwater Harvesting Program**

City Council directed staff to develop a comprehensive program for the storage and use of rainwater. The Rainwater Harvesting Program will focus on new projects and incentive programs for existing development. This program will reduce the amount of water consumption, maximize the use of existing water resources and increase the sustainability of water use in the City. Staff began exploring opportunities for collaboration with partners to pursue grants for a comprehensive rainwater harvesting, water conservation and runoff reduction incentive program.

### **28. Geotechnical Guideline Update**

The update of the Geotechnical and Coastal Engineer guidelines has been completed. The draft document was circulated to the appropriate practitioners for review and comment. Comments will be reviewed and incorporated into the final document where appropriate. Final versions of the Geotechnical Guidelines and the Coastal Engineering Guidelines will be completed and made available to the public in Spring 2013.

### **29. Onsite Wastewater Treatment Systems (OWTS) Guideline**

Initial edits to the draft OWTS Guideline document have been completed and the document will be circulated to OWTS practitioners for review and comment. Upon receipt and review of these comments, appropriate inclusions into the document will be made. Thereafter, the document will be made available to the public. The intent of this guideline is to provide assistance to the public on requirements and also to reduce staff time for reviews.

### **30. Grease Receptor Program**

Staff will develop a program for the efficient removal and disposal of grease from those occupancies that generate grease, such as restaurants and fast food establishments. This will

# CITY OF MALIBU

## *FISCAL YEAR 2012-2013 WORK PLAN*

---

reduce the impact to the OWTS servicing these facilities and increasing the sustainability of the OWTS.

**31. Integrated Wastewater Information Management System (IWIMS)**

Staff will work with the software permit development firm to enhance the capabilities of IWIMS. Reporting templates will be created for the dissemination of essential information regarding the City's OWTS. Enhancements will include the development of GIS capabilities of the IWIMS system to provide mapping capabilities.

**32. ASBS Settlement Agreement**

City staff is working to implement the terms of the settlement agreement. Public Works and ESD staff continue to manage the temporary best management practices installed at the storm drains within the ASBS and the City is in the process of installing temporary best management practices at the storm drains outside of the ASBS.

**33. Clean Water Monitoring Program**

Staff will develop a stream and ocean monitoring program and effective community outreach plan to promote current water quality data and the improvements that have been made to our local water bodies. This may include use of rapid indicator methods and upgrades to the City website to inform the public. Various monitoring programs are ongoing or in development to meet regulatory requirements. Compliance monitoring in the ASBS will begin this winter. Staff is also considering the development of a smartphone/tablet app for community outreach.

## PLANNING

**34. View Preservation & Restoration**

In February 2012, the City Council adopted a Citywide View Restoration Ordinance, protecting primary views as they existed on or after February 13, 2012. At the conclusion of the meeting, Council directed staff to develop a program to solicit and process, within a 6 month period, view assessment applications from any person wishing to restore a view that existed "any time since the date of acquisition or City incorporation, whichever is more recent, unless the property was acquired without a developed, legally-habitable structure." Staff is utilizing a consultant to process the approximately 230 view preservation and restoration applications that were submitted to the City and will present a report back to Council on specifics related to the applications submitted and processed.

**35. Housing Element Update**

State law requires that the element be updated for the 2008-2014 planning period. Staff completed an update of the General Plan Housing Element and, in July 2012, received preliminary certification of the Update from the California Department of Housing and Community Development (HCD). HCD found that the Draft Element will comply with housing element law when adopted by the City Council (via approval of the amendment to the General Plan). In association with the Update, staff will complete an Environmental Impact Report (EIR) and associated LCP and Municipal Code (M.M.C.) text amendments to implement the General Plan amendment. Also in early 2013, staff will publish a new RFP for a consultant to prepare the next Housing Element update for the 2014-2021 cycle.

# CITY OF MALIBU

## *FISCAL YEAR 2012-2013 WORK PLAN*

---

**36. Cultural Arts Commission**

The City Council appointed five full members and one ex-officio member to the Cultural Arts Commission. Planning staff will establish a regular monthly meeting time for the Commission and will serve as the liaison until a time when it is deemed appropriate for the Parks and Recreation Department to take over the Commission.

**37. Formula Retail**

Staff will prepare a draft formula retail ordinance for review by the City Council. The ordinance concept would provide new regulations for chain retail/services in the Civic Center area and create a conditional use process that would require approval by the Planning Commission before a chain retail/service would be permitted to open.

**38. LCP Public Access Map**

Staff submitted the recently updated LCP Public Access Map to the California Coastal Commission (CCC) on December 28, 2012 for processing. Staff received comments from CCC on January 9, 2013 and will work with CCC staff to complete their requests for final incorporation into the City's LCP.

**39. LCP ESHA Map**

Staff is preparing an update to the existing LCP Environmentally Sensitive Habitat Area (ESHA) map with parcel-specific data obtained since the original map was prepared by CCC in September 2002. Once completed and reviewed by the City Council, the map would be submitted to the CCC for processing as an LCP amendment.

**40. LCP Parkland and Trails System Map**

Staff will continue working with CCC staff for final incorporation of the City's updated Parkland and Trails System Map into the LCP. The current map is being processed by the CCC; however, several information items have been requested by the City to allow CCC to continue processing this LCP amendment.

**41. Comprehensive Zoning Code / LCP Update**

Staff will continue working with our zoning consultant, LWC, to prepare a comprehensive update to the Zoning Code and LCP. The purpose of the comprehensive update is to eliminate the numerous inconsistencies between the documents while incorporating current State and Federal laws. The update will include revisions to all of the items on the Council's priority zoning text amendment list, including the Sign Ordinance, Commercial Landscape/Open Space Requirements, Remodels, Temporary Use Permits, Remodels and Multi-Family Building Size Limitations.

## **PUBLIC WORKS**

**42. Las Flores Creek Park - Phase 2 Project**

The Las Flores Creek Park Phase 2 project includes finalizing the design and construction of a pedestrian bridge and a restroom facility. This project was previously delayed due to the State's budget deficit. Staff is currently finalizing the design and working to update project permits.

# CITY OF MALIBU

## FISCAL YEAR 2012-2013 WORK PLAN

---

**43. Trancas Highland Water Utility District**

City staff is assisting a group of property owners in the Highlands area of Trancas Canyon Road with the formation of an assessment district to provide owners the ability to finance the design and construction of an improved potable water system. The Assessment Engineering Consultant has compiled project costs and a formal petition to potential district participants to determine the level of interest in forming an assessment district will be prepared.

**44. Broad Beach Infiltration Project**

This project was funded through a grant and proposes to divert dry-weather and stormwater runoff from eight storm drain inlets along a one-mile stretch of Broad Beach Road into a combined porous parking and engineered infiltration system on the landward (north) shoulder. The final design is nearly complete and staff anticipates construction to begin in Spring 2013.

**45. Wildlife Road Treatment Project**

This project was funded through a grant and proposes to install pre-manufactured filtration systems below ground to treat dry-weather and stormwater runoff that enters stormwater inlets from Wildlife Road and Whitesands Place. The final design is nearly complete and staff anticipates construction to begin in Spring 2013.

**46. Storm Drain Improvements at Webb Way and Malibu Road**

Staff is analyzing designs possibilities to improve stormwater drainage at the intersection of Webb Way and Malibu Road.

**47. Landslide Maintenance Districts**

City staff oversees administration and maintenance services for three separate landslide maintenance districts within the City of Malibu. These services include installation and maintenance of dewatering wells, monitoring water levels and slide activities and preparation of the annual assessment and geological reports.

**48. Busch Drive Encroachments**

City Council requested staff to work with Busch Drive residents to possibly convert the publicly encroached areas into a multi-use public pathway. City staff worked with residents to remove all encroachments and create an 8-foot path along Busch Drive. City staff is working with the Planning Department and Coastal Commission to develop a parking plan for the area of the road from Pacific Coast Highway to Rainsford.

**49. Annual Tree Maintenance Program**

This project requires the identification of priority tree trimming maintenance in accordance with the Citywide inventory so that the City's urban forest is protected, the roadways are clear of potential hazards and liability to the City is minimized.

**50. Annual Sidewalk Maintenance Program**

City staff continues to maintain the City's existing sidewalk system (concrete, decomposed granite and permeable pavers) in an effort to reduce the potential liability of slip and fall injuries.

# CITY OF MALIBU

## *FISCAL YEAR 2012-2013 WORK PLAN*

---

**51. Street Maintenance and Operations**

City staff continues to manage and implement regular and as-needed street maintenance, street sweeping, signal maintenance and storm drain cleaning services to maintain the safety and operation of City streets and related infrastructure.

**52. Operation and Maintenance of Stormwater Treatment Facilities**

The day-to-day operation of two City-owned stormwater treatment facilities located at Civic Center Way and at Paradise Cove requires monitoring and maintenance, as well as the oversight of the water quality monitoring at each location.

**53. Malibu City Hall and Library Construction Projects**

Staff is working with the respective contractors to complete the punch list items and prepare both of these construction projects for contract completion and acceptance.

**54. PCH Bicycle Safety Improvements Project**

The City received a Highway Safety Improvement Program (HSIP) grant from Caltrans to improve bicycle safety along PCH between Busch Drive and the northern City limits. The design is complete and staff is currently submitting documents for Caltrans review and approval. The contract will be let in Spring 2013.

**55. Annual Street Overlay Program**

This project includes the design and management of the construction of annual street overlays throughout the City in accordance with the City's approved Pavement Management Plan.

**56. Malibu PCH Safety Study**

A safety study is being performed along PCH in the City of Malibu that will analyze potential strategies and identify feasible recommendations that will promote improved safety along the highway for all modes of travel, including bicycle and pedestrian. Results of the study will be used as a basis for a master plan of highway safety improvements. Staff is currently working with the traffic engineering consultant on the existing conditions and safety assessment phases of the project.

**57. Transportation Grants**

City Council directed staff to prepare and submit transportation grant fund applications to the MTA 2013 Call for Projects, MTA Measure R Grant Program, Highway Safety Improvement Grant Program and the State of California Office of Traffic Safety Grant Programs for funding of City road and traffic safety improvement projects.

**58. PCH Regional Traffic Messaging System**

This project consists of installing changeable message signs along PCH and at strategic locations throughout the City. The project will enable the City and other agencies to notify travelers of critical regional traffic and safety information. Staff will perform the design work, prepare the plans and specifications, and obtain all applicable permits. The project is anticipated to be constructed in FY 2013-14 with funds from Measure R administered by MTA.

# **CITY OF MALIBU**

## ***FISCAL YEAR 2012-2013 WORK PLAN***

---

**59. PCH and Kanan Dume Road Intersection and Arrester Bed Improvements**

This project will improve and channelize the intersection of PCH and Kanan Dume Road and the existing arrester bed that extends along Kanan Dume Road north of the intersection. The design is complete and staff is working to secure the necessary permits for the project. The project is anticipated to be constructed in FY 2013-14 with funds from Measure R administered by MTA.

**60. PCH/Big Rock Drive Left Turn Signal Intersection Improvements**

This project will improve safety and operations at the intersection of PCH and Big Rock Drive. Staff is working with Caltrans to secure the necessary approvals for the project. The project is anticipated to be constructed in FY 2013-14 with funds from Measure R administered by MTA.

**61. 23431 Pacific Coast Highway - Animal Hospital Septic System Upgrades**

This project consists of the removal and replacement of the existing septic system at the City-owned property located at 23431 Pacific Coast Highway. City staff is managing the bidding and construction phase of the City-owned facility. Staff is currently evaluating the eight bids that were received for this project.





City Hall 1400 Highland Avenue Manhattan Beach, CA 90266-4795  
Telephone (310) 802-5000 FAX (310) 802-5001 TDD (310) 546-3501

September 19, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Folz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Re: 2012-2013 Los Angeles County Civil Grand Jury Report

Enclosed is the City of Manhattan Beach response to the Civil Grand Jury report on cities' fiscal health, governance, financial management and compensation.

If you should have questions regarding the responses, please contact me at 310-802-5552 or by email at [bmoe@citymb.info](mailto:bmoe@citymb.info).

Sincerely,

Bruce Moe  
Director of Finance  
City of Manhattan Beach

Attachments: City Response to Civil Grand Jury Report  
City of Manhattan Beach Financial Policies

## City of Manhattan Beach Responses to L.A. County Grand Jury Report

The following information is in response to the 2012-2013 Los Angeles County Civil Grand Jury Report on fiscal health, governance, financial management and compensation for cities within Los Angeles County. Questions may be directed to Bruce Moe, Director of Finance for the City of Manhattan Beach, who prepared these responses. He may be contacted at 310-802-5552 or [bmoe@citymb.info](mailto:bmoe@citymb.info).

### Fiscal Health

***Statement #1 – Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.***

The City disagrees with the finding because the recommendation is already being complied with through the City's Financial Policies, a copy of which is attached.

***Statement #2 – Cities should develop a balanced budget and commit to operate within the budget constraints.***

The City disagrees with the finding for the following reasons:

The City's financial policies (referred to above and attached) discuss the goal of a balanced budget (revenues equal to, or in excess of expenditures). The City has regularly adopted balanced operating (General Fund) budgets over the years:

Fiscal Year	Revenues	Expenditures	Difference
2010-2011	\$49,274,023	\$49,254,226	\$19,797
2011-2012	\$51,170,408	\$50,657,495	\$512,913
2012-2013	\$53,098,918	52,994,257	\$104,661

However, there are times where an imbalance may be appropriate. For example, the City's adopted General Fund budget for FY 2013-2014 includes revenues of \$57,528,730 and expenditures of \$58,938,080 resulting in a use of fund balance of \$1,409,350. The \$1,409,350 imbalance is due to one-time capital equipment/projects under an adopted technology master plan. The operating portion of the budget (e.g., salaries, benefits, operational expenditures) is, however, balanced. Even an "unbalanced" budget may be a sound fiscal plan. Structural deficits are the concern; not one time use of fund balance.

Additionally, it is important to note that the lack of a balanced budget (where yearend actual expenditures exceeded actual revenues) does not necessarily indicate a financial problem. For example,

oversight of the work of any independent accountants engaged for the purpose of preparing or issuing an independent audit report...". The City's FSC selects and recommends to the full City Council the appointment of the auditor, and meets with and reviews the work of the auditor prior to presentation to the full City Council. The City believes the spirit of the best practice is being observed through the function of the FSC.

The City will, however, further review the Grand Jury and GFOA recommendation and determine if formalizing the FSC as an Audit Committee is necessary and prudent. This will be accomplished no later than June 30, 2014.

***Statement #4 – Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.***

The City agrees with the finding. The recommendation has not yet been implemented, but will be in the future. Estimated time for implementation is by June 30, 2014.

***Statement #5 – Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.***

The City agrees with the finding. The City agrees with this best practice and will implement the policy during fiscal year 2013-2014.

***Statement #6 – City should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hotline, to permit the confidential, anonymous reporting of concerns.***

The City agrees with this finding, agrees with this best practice and will implement the policy during fiscal year 2013-2014.

***Statement #8 – Cities should undertake a full-scale competitive process every five years for the selection of an independent auditor.***

The City disagrees with this finding because the City's Financial Policies (attached) address this goal, and this has been the City's past practice. Further, the City has instructed the audit firm that the audit manager is to be rotated each year to ensure a fresh perspective annually.

***City of Manhattan Beach***

A faint, circular seal of the City of Manhattan Beach is visible in the background. The seal features a central emblem with a triangle and a circle, surrounded by the text "CITY OF MANHATTAN BEACH" and "1907".

**Financial Policies**

Revised/Adopted by City Council June 21, 2011

## GENERAL POLICIES

The City will:

- ❖ manage its financial assets in a sound and prudent manner;
- ❖ maintain and further develop programs to ensure its long term ability to pay all costs necessary to provide the level and quality of service required by its citizens;
- ❖ establish and maintain investment policies that are in accordance with State laws;

## ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICIES

### FINANCIAL INFORMATION

It is the policy of the City of Manhattan Beach to provide all financial information in a thorough, timely fashion, and in a format that is easy for Council, citizens, and City employees to understand and utilize.

### ACCOUNTING STANDARDS

The City's accounting of financial systems shall be maintained in accordance with Generally Accepted Accounting Principles (GAAP), standards of the Governmental Accounting Standards Board (GASB), and the Government Finance Officers Association (GFOA).

### ANNUAL AUDIT

An independent public accounting firm will perform an annual audit and its opinions will be included in the comprehensive annual financial report.

The independent audit firm will be selected through a competitive process at least once every five years. The contract will be for an initial period of three years with two additional one-year options at the City Council's discretion. The Finance Subcommittee, City Manager and Finance Director will review the qualifications of prospective firms and make a recommendation to the City Council. The audit contract, and any extensions, will be awarded by the City Council.

An Annual Financial Report shall be prepared within six months of the close of the previous fiscal year. It will be reviewed with the Finance Subcommittee, and presented to the City Council and community at a public meeting no later than February 1<sup>st</sup> of the following year.

It is the City's goal to maintain accounting records, processes and procedures in such a manner as to receive an unqualified audit opinion and to maintain a Certificate of Achievement for Excellence in Financial Reporting from the GFOA.

## **RISK MANAGEMENT FUND**

The City maintains a self-insurance fund for the purpose of property, liability, and workers' compensation expenses. This fund pays insurance premiums, benefit and settlement payments, and administrative and operating expenses. The Risk Management Fund is supported by charges to other City funds for the services it provides. These annual charges for service shall reflect historical experience and shall be established to approximately equal the annual expenses of the fund. Separate reserves shall be maintained for current and long term general liability and workers' compensation liability at a level which will adequately fund the City's potential loss exposure in each area as determined by historical loss data. The Risk Management Fund shall maintain an annual working capital balance of \$2 million.

## **TRUST AND AGENCY FUNDS**

The City maintains funds on a trustee basis for a number of purposes, including City-sponsored post employment benefits programs and trust accounts for such purposes as utility underground projects. These funds shall be segregated from the City's general funds.

The estimated cost of City-sponsored retirement programs will be actuarially valued biennially. Ongoing annual normal costs for such programs will be budgeted in the department receiving the benefit. Unfunded liabilities will be disclosed and accounted for in accordance with Generally Accepted Accounting Principles (GAAP).

## **DEBT POLICIES**

### **ISSUANCE OF DEBT**

The City will not use long-term debt to pay for current operations.

The use of bonds or certificates of participation will only be considered for significant capital and infrastructure improvements.

The term of the debt shall never extend beyond the useful life of the improvements to be financed.

### **CREDIT RATING**

It is the City's goal to maintain our AAA/Aaa credit rating from all three major rating agencies. The factors that contribute to our high rating include the City's strong financial management, low debt levels, budgetary and fiscal controls, and accountability. To support this policy, the City will continue to maintain its position of full financial disclosure and proactive fiscal planning.

### **LEASE-PURCHASE**

The City will lease-purchase equipment if necessary because of funding availability, or if lease rates are more favorable than the rate attained from investment return. Equipment may also be leased if the lease terms compare favorably when reviewing the total life cycle cost of the equipment. In no case shall the City lease-purchase equipment whose useful life is not greater than the term of the lease.

## **USER SERVICE FEES**

The City may impose user fees wherever appropriate. Such fees will recover the cost of providing the service, including all direct and indirect costs, administrative overhead, depreciation, etc. By policy, Council may direct certain fees to be lowered for particular purposes. Waivers of user fees will be presented for Council approval as appropriate. Fees will be reviewed periodically, but not less than every five years, to ensure that full cost recovery levels are identified.

Fees such as space rental, parking meter rates, etc. are based upon market conditions and are not subject to the limitations of cost recovery. These fees may be adjusted periodically by the City Council.

## **CAPITAL IMPROVEMENT POLICIES**

### **DEDICATED CIP FUNDING SOURCES**

Most of the City's infrastructure has a designated revenue source to pay for its upgrade or replacement as appropriate. For example, water/wastewater rates fund utility infrastructure needs; gas tax revenues fund street needs; and storm drainage needs are paid for with related fees and assessments. However, our public buildings and our park system are the primary beneficiaries of the City's Capital Improvement Fund (CIP). Specific revenue sources have been designated to provide permanent funding in support of general operational infrastructure. In particular, the City has dedicated:

- ❖ 15% of annual hotel transient occupancy tax (1.5% of the 10% tax);
- ❖ Fifty cents of the per hour charge for all on-street city parking meter collections;
- ❖ \$4 of each parking citation (with the exception of expired meter cites).

Transfers into the CIP Fund will be processed by the Finance Department on a monthly basis and recorded as such in the annual adopted budget.

### **FIVE YEAR CAPITAL IMPROVEMENT PROGRAM (CIP)**

The City shall annually prepare a capital improvement spending program projecting capital needs for a five year period. This CIP shall address all of the City's funds.

The first year of the five year CIP will be consistent with, and adopted as a component of, the annual operating budget.

In the development of the Capital Improvement Program, the operating costs associated with the capital project will be projected and considered in conjunction with the CIP.

### **ENTERPRISE FUND CAPITAL IMPROVEMENTS**

Capital Improvements funded from the Enterprise Funds shall be paid for in combination of "pay-as-you-go" financing and the use of long-term debt. The City shall periodically review its enterprise capital needs and establish capital spending plans that are appropriate and reflect a combination of debt and "pay-as-you-go," while attempting to keep our rates competitive with those in the surrounding area.

## **BUDGET DOCUMENT**

The operating budget shall serve as the annual financial plan for the City. It will serve as the policy document of the City Council for implementing Council goals and objectives. The budget shall provide the staff the resources necessary to accomplish City Council determined service levels.

The City Manager shall annually prepare and present a proposed operating budget to the City Council no later than the second regular Council meeting in May of each year; and Council will adopt said budget no later than June 30 of each year. Funds may not be expended or encumbered for the following fiscal year until the budget has been adopted by the City Council.

The City's annual budget will be presented by department, with a logical breakdown of programs and proposed expenses. The budget document will also summarize expenditures at the personnel, operating and maintenance, and capital levels.

Where practical, the City's annual budget will include measures of workload, efficiency, and effectiveness.

## **BUDGET CONTROL AND ACCOUNTABILITY**

Budget control is maintained at the departmental level. The City Manager has the authority to approve appropriation transfers between programs or departments. In no case may total expenditures of a particular fund exceed that which is appropriated by the City Council without a budget amendment. Amendments to the budget are approved by the City Council with the exception of the appropriation and transfer of funds from employee leave reserves to a specific department's program budget to cover unplanned customary termination leave expenditures within a given year. Such amendments may be approved by the City Manager.

Budget accountability rests primarily with the operating departments of the City.

## **CAPITAL PLANT AND EQUIPMENT**

The annual budget will provide for adequate maintenance and replacement of capital assets.

## **ENTERPRISE FUNDS**

The Enterprise Funds shall be supported by their own rates and not subsidized by the General Fund.

The Enterprise Funds will pay their share of overhead services provided by the General Fund.





# City of Maywood

4319 East Slauson Avenue • Maywood, California 90270  
Tel: (323) 562-5700 • Fax (323) 773-2806

December 2, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge-Foltz Criminal Justice Center  
Presiding Judge of the Los Angeles Superior Court  
210 West Temple Street, Room 11-506  
Los Angeles, CA 90012

RE: 2012-2013 Civil Grand Jury Report on Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation

To the Honorable Presiding Judge:

Pursuant to California Penal Code 933.05, after careful review of the above referenced report, as one of the 88 respondents, we are in agreement with the findings contained in the report. It should be noted that it appears that the City of Maywood was inadvertently omitted from several exhibits although it had completed audited financial statements for FY 2010-2011. In addition, the statement made on page 153, "*The cities of **Avalon, Bell, Compton and Maywood** have not yet issued financial statements for FY 2010-11*" is inaccurate as the financial statements were publicly available for Maywood.

The City of Maywood's responses to the grand jury recommendations are contained in the table below.

## FISCAL HEALTH

Recommendation	Response
1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.	The recommendation has not yet been implemented, but will be implemented by July 2014.
2. Cities should develop a balanced budget and commit to operate within the budget constraints.	The recommendation has been implemented as the City Council has adopted a two-year balanced budget.

3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.	The recommendation has not yet been implemented, but will be implemented by December 2014.
4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.	The recommendation has not yet been implemented, but will be implemented by December 2014.

### GOVERNANCE PRACTICES

Recommendation	Response
1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.	No response required as this is a standard City practice.
2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.	No response required as this is a standard City practice.
3. City Councils should develop specific annual goals for the City's executive.	The recommendation has been implemented. Goals for the City Manager have been established.
4. City councils should conduct meaningful evaluations of the city's executive at least annually.	This recommendation has been implemented. The City Manager was evaluated in the last 12 months.
5. Cities should publish their financial reports or CAFR on their city's website.	The recommendation has not been implemented, but will be implemented by March 2014 along with a new website.

## FINANCIAL MANAGEMENT

Recommendation	Response
1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.	The recommendation has not yet been implemented, but will be implemented by August 2014.
2. Cities that do not currently select the auditor through a competitive process should do so.	No response required as this is a standard City practice.
3. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.	Not applicable.
4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.	No response required.
5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.	No response required.
6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.	No response required.

7. Cities should periodically review and update internal control procedures over financial management.	No response required.
8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.	The recommendation has been implemented. The next full-scale competitive process will take place in 2015.

I would like thank the Chairperson of the Continuity Committee and the Foreperson of the 2012-2013 Los Angeles County Civil Grand Jury for the notification regarding the extension to submit the City's responses.

Sincerely,



Lilian Myers  
City Manager



September 30, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Re: City of Monrovia Responses to 2012-13 Grand Jury Report – Fiscal Health, Governance, Financial Management, and Compensation

Presiding Judge,

In connection with the above-referenced report, attached please find the responses to the findings for the City of Monrovia. If you have any questions, please do not hesitate to contact me.

Thank you for your assistance and cooperation.

Respectfully,

A handwritten signature in black ink, appearing to read "Mark D. Alvarado".

Mark D. Alvarado  
Administrative Services Director

attachment

## Cities of Los Angeles County

### Fiscal Health, Governance, Financial Management, and Compensation

#### City of Monrovia

##### Exhibit 12: Recap of Recommendations and Required Responses

###### Fiscal Health:

1. *Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.*

The City agrees with this recommendation, and it was implemented before this audit took place. The City already has in place Principles of Financial Management, which include fourteen principles that help create balanced budgets, prudent reserves, and long term planning. All budgets that are adopted by the City Council are balanced.

2. *Cities should develop a balanced budget and commit to operate within the budget constraints.*

The City agrees with this recommendation, and it was implemented before this audit took place. The City already has in place Principles of Financial Management, which include principle #1, *City Budgets Must Balance*. The City adopts a balanced budget every year. Budget study sessions are held leading up to the budget adoption to ensure the City Council has sufficient information to make any necessary cuts to ensure that a balanced budget is adopted every year.

3. *Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.*

The City agrees with this recommendation, and it was implemented before this audit took place. The City already has in place Principles of Financial Management, which include principle #VII, *The City Shall Fund Ongoing Costs with Ongoing Revenues*. It is the City's practice to ensure that ongoing program costs are funded only with ongoing revenues.

4. *Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of shortfall.*

The City agrees with this recommendation, and it was implemented before this audit took place. The City already has in place Principles of Financial

## Cities of Los Angeles County

### Fiscal Health, Governance, Financial Management, and Compensation

#### City of Monrovia

Management, which include principle #II, *The City Shall Maintain Prudent Reserves*. The City currently has a General Fund Reserve for Operating Contingency of 14%. The goal is to increase that amount to 20% of the General Fund operating budget.

#### Financial Management:

1. *Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.*

This recommendation requires further analysis. The City will consider the potential benefits of an audit committee. The City has just implemented a series of monthly study sessions with the City Council to engage them more with the financial make up of the City and possible long term financial planning.

2. *Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.*

The City agrees with this recommendation. This process is part of the City's standard operating procedures. Any non-audit services that are provided by our independent auditor are reviewed and approved by City staff and the City Council prior to the start of the work.

3. *Cities should undertake a full-scale competitive process every five years for selection of an independent external auditor.*

The City agrees with this recommendation. The recommendation has not yet been implemented, but will be implemented in the future.



**ALVAREZ-GLASMAN & COLVIN**

ATTORNEYS AT LAW

13181 Crossroads Parkway North  
Suite 400-West Tower  
City of Industry, CA 91746  
Tel: 562.699.5500  
Fax: 562.692.2244  
www.agclawfirm.com

February 11, 2014

County of Los Angeles, Civil Grand Jury  
Attn: Nancy Coleman, Chairperson, Continuity Committee  
210 West Temple Street, Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

**Re: City of Montebello's Civil Grand Jury Response**

Dear Ms. Coleman:

On behalf of the City of Montebello, enclosed please find the response to the County of Los Angeles Civil Grand Jury Report for 2013-2014 ("Report"). Please accept the City's apology for the delay in providing the enclosed response.

The City of Montebello has made significant progress in fulfilling the various recommendations and performance indicators. As you are probably aware, the City of Montebello has undergone significant scrutiny by State and Federal agencies in many of the areas that are covered by the Report. It is making significant strides in correcting the past practices of previous City Councils and City Administrations.

It is our hope that the responses provided meet your needs and the expectations of the Grand Jury. If you need detailed support to the responses provided, please feel free to contact my office and the City will provide you Agenda Reports, the City's response to the previously conducted audits, policies and procedures, and any other documentation that will assist you in your evaluation of the response provided.

We look forward to working cooperatively with the Grand Jury to improve the image and practice of local government. The City of Montebello applauds the efforts undertaken by the County of Los Angeles and the Civil Grand Jury.

Very truly yours,

ALVAREZ-GLASMAN & COLVIN

Arnold M. Alvarez-Glasman  
City Attorney

AMAG/mrl

Enclosure: Attachment "A"

cc: Jonathan McCaverty, Office of the County Counsel (*via email*)



**ATTACHMENT "A"**

<b>Recommendation</b>	<b>Response from City of Montebello</b>
<b>Fiscal Health</b>	
1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.	The City of Montebello has engaged in significant progress in addressing budget related policy decisions. The City has worked cooperatively with the Office of the Controller of the State of California through various audits and the definition of applicable policies in this area.
2. Cities should develop a balanced budget and commit to operate within the budget constraints.	The City of Montebello has adopted a balanced budget for the past three (3) years. The City Council also reviews the budget on a quarterly basis to ensure that spending is consistent with the budgeted allocations.
3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.	With the ongoing efforts of the Department of Finance of the State of California to claw back general fund monies which were lawfully paid by the Former Redevelopment Agency, the City is taking all efforts available, including litigation with the State of California, to avoid using one-time revenues for ongoing expenditures. Like many cities in the State of California, in order to exist in the future, one-time revenue approaches maybe necessary in order to avoid significant cutbacks in services and programs.
4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.	The City of Montebello has increased its reserves in the amount of \$7.9 million over the past three (3) years. The past practice of drawing down from the City's reserved fund has stopped and the "pay as you go" approach is the practice of the City for a sound financial approach.
<b>Governance Practices</b>	
1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.	The City of Montebello is not required to provide a response to the recommendation.
2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance	The City Council is currently working with the City Administrator to establish a timeline for comprehensive strategic planning/team

**ATTACHMENT "A"**

measures should be quantified, focuses on outcomes and information should be provided for several years to allow evaluation of progress over time.	building sessions. This recommendation will be addressed during those strategic planning sessions and comprehensive performance measurements will be created and forwarded to the Grand Jury at a future date.
3. City councils should develop specific annual goals for the city's executive.	The City of Montebello is not required to provide a response to the recommendation.
4. City Councils should conduct meaningful evaluations for the city's executive at least annually.	The City of Montebello is not required to provide a response to the recommendation.
5. Cities should publish their financial reports or CAFR on their city's website.	The City of Montebello is not required to provide a response to the recommendation.
<b>Financial Management</b>	
1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.	The City of Montebello is not required to provide a response to the recommendation.
2. Cities that do not currently select the auditor through a competitive process should do so.	The City of Montebello is not required to provide a response to the recommendation.
3. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.	The City of Montebello does not allow the auditor to provide non-audit services.
4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.	The City of Montebello is not required to provide a response to the recommendation.
5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.	The City of Montebello is not required to provide a response to the recommendation.
6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.	A comprehensive review of policies and procedures which would assist in detecting fraud, abuse and questionable practices is being developed by the new Director of Finance for the City of Montebello. This would include creating an open door policy at all levels of the organization. In addition, a confidential hotline system is being developed in order to expand upon available methods of reporting potential fraud or abuse.
7. Cities should periodically review and update internal control procedures over financial management.	As indicated previously, the City of Montebello has been subject to significant scrutiny by the State of California, Office of the State Controller, and the Federal

ATTACHMENT "A"

	<p>Government under the direction of the Department of Housing and Urban Development. The City has reviewed these audits and has taken steps towards implementing the recommendations outlined in those audits. The City of Montebello engages in an ongoing effort to review internal control procedures relating to the financial management of all funds within the jurisdiction of the City.</p>
<p>8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.</p>	<p>The City of Montebello has recently conducted the selection of its auditor through a comprehensive RFP process. The length of the Services Contract with the City's current auditor is three (3) years. The City will continue to select its auditor through a competitive bidding process in order to ensure the integrity and accuracy of all auditing activities.</p>

# CITY OF MONTEREY PARK

320 West Newmark Avenue • Monterey Park • California 91754-2896  
[www.ci.monterey-park.ca.us](http://www.ci.monterey-park.ca.us)



**City Council**  
 Peter Chan  
 Mitchell Ing  
 Hans Liang  
 Teresa Real Sebastian  
 Anthony Wong

**City Clerk**  
 Vincent D. Chang

**City Treasurer**  
 Joseph Leon

September 25, 2013

Presiding Judge  
 Los Angeles County Superior Court  
 Clara Shortridge Foltz Criminal Justice Center  
 210 West Temple Street,  
 Eleventh Floor, Room 11-506  
 Los Angeles, CA 90012

Subject: City of Monterey Park Responses for the 2012-2013 Los Angeles County  
 Civil Grand Jury Final Report's Recommendations

Honorable Presiding Judge:

The City of Monterey Park has summarized its responses to the 2012-2013 Los Angeles County Civil Grand Jury recommendations in the following Table.

CGJ Recommendation	Response From Monterey Park
<b>Fiscal Health</b>	
1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.	<p><b>This recommendation has already been implemented.</b></p> <ul style="list-style-type: none"> <li>• The City's long-term financial plan takes into account its capital improvement plan (CIPs) and financial forecast as part of its expenditure projections, revenue estimates as well as future debt position.</li> <li>• The City has a Budget Policy, Revenue Policy, Fund Balance Policy, Grant Administration Policy, Investment Policy...etc to guide city officials to develop sustainable balanced budgets.</li> <li>• The City Budget is developed in the most responsive manner toward achieving the goals and strategic programs following City Council's priorities and policy direction.</li> </ul>
2. Cities should develop a balanced budget and commit to operate within the budget constraints.	<p><b>This recommendation has already been implemented.</b></p> <ul style="list-style-type: none"> <li>• The City is required to adopt a balanced budget for its</li> </ul>

	<p>General Fund at the beginning of the fiscal year per the City's Budget Policy. A balanced budget means current revenues equal current expenditures.</p> <ul style="list-style-type: none"> <li>• Additionally, the City Council is presented a Midyear fiscal (budget) review, which provides written analysis of the City's financial health. All of the key assumptions are reviewed and revised as necessary to ensure a balanced budget. If there is a need due to budget constraints, the City would proactively implement cost-containment measures to ensure spending within its budget.</li> </ul>
<p>3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.</p>	<p><b>This recommendation has already been implemented.</b></p> <ul style="list-style-type: none"> <li>• According to the City's Revenue Policy, the City <b>funds all current expenditures from current revenues</b>, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.</li> <li>• The City's General Fund will be self-supporting, as will the various enterprise or special purpose funds. The objective is to maintain budgets, which do not borrow from one fund to support another or to use one-time revenues to fund on-going operation expenditures.</li> <li>• It is the City's practice to set aside non-recurring, one-time revenues in the Assigned Fund Balance for future infrastructure and other one-time Capital expenditure needs of the City.</li> </ul>
<p>4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.</p>	<p><b>This recommendation has already been implemented.</b></p> <ul style="list-style-type: none"> <li>• The City has adopted a Fund Balance Policy.</li> <li>• The City sticks to the Governmental Accounting Standards Board (GASB) regulations to classify its fund balances into five components: Nonspendable, Restricted, Committed, Assigned, and Unassigned.</li> <li>• In addition to the unassigned fund balance, the City has General Fund reserves earmarked for Unemployment Claims (\$340,000), Potential Catastrophic Events (\$2</li> </ul>

	<p>million), Economic Stabilization (\$3 million), and Economic Development (\$1.8 million). Specifically, the funding of this committed fund balance account is reviewed each year during the Midyear fiscal review process.</p> <ul style="list-style-type: none"> <li>• The City also established an (Assigned) Fund Balance reserve for future Capital projects account (\$5 million) to capture accumulated, nonrecurring or unanticipated revenues or expenditures savings, and is to provide resources for the City Council to fund future infrastructure and other one-time expenditure needs of the City.</li> <li>• In addition, the City also maintains adequate reserve to fund scheduled vehicle maintenance and replacement in its Shop Fund, accrued leave liability in the Separation Benefits Fund, technology and telephone replacement in the Technology Fund, and retiree medical benefits in the OPEB Fund.</li> </ul>
--	---

**Governance Practices – No CGJ Recommendations**

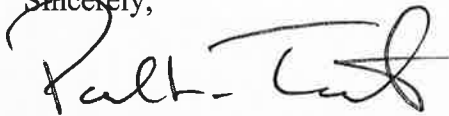
**Financial Management**

<p>1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.</p>	<p><b>The City disagrees with this recommendation as it is not warranted.</b></p> <ul style="list-style-type: none"> <li>• The City understands that the responsibility of an Audit Committee is to provide independent review and oversight of: (a) the City's financial reporting processes; (b) the City's internal controls; and (c) the independent audit of the annual financial statements.</li> </ul> <p>However, the City hires Certified Public Accountants that must follow the Governmental Accounting Standards Board (GASB) statements, generally accepted accounting principles (GAAP) guidance, federally and state mandated regulations and laws, as well as City adopted policies, in performing all of the audit committee tasks. The City's Annual Comprehensive Audited Financial Report (CAFR) is reviewed by the City Council, City Manager, City Treasurer, and key individuals in the Finance Department.</p> <ul style="list-style-type: none"> <li>• The City presents its financial statements to the City</li> </ul>
---	---

	<p>Council by the City's Independent Auditors through an open, regular Council meeting where the Auditors candidly discuss audit-related matters with members of the governing body.</p> <ul style="list-style-type: none"> <li>• The City already adequately conducts the tasks that an audit committee would undertake through its existing audit procedures, budget and various financial policies.</li> </ul>
<p>8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.</p>	<p><b>This recommendation has already been implemented.</b></p> <ul style="list-style-type: none"> <li>• The City has this required practice in place and will continue this practice for selecting any of the City's future external auditors accordingly.</li> </ul>

The City of Monterey Park expresses its deepest appreciation for the Grand Jury's recommendations and is confident that the City's responses have met with your requirement.

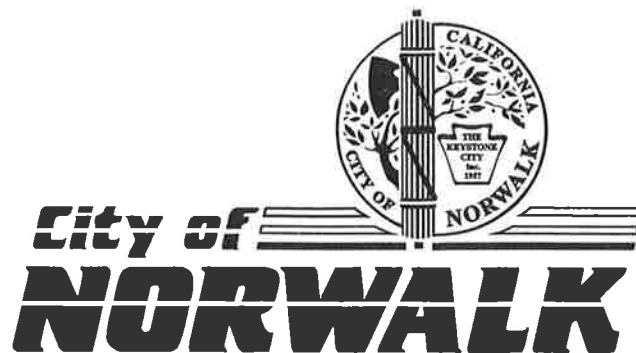
Sincerely,



Paul Talbot  
City Manager

*Cc. City Council*

LUIGI VERNOLA  
Mayor  
MARCEL RODARTE  
Vice Mayor  
CHERI KELLEY  
Councilmember  
MICHAEL MENDEZ  
Councilmember  
LEONARD SHRYOCK  
Councilmember  
MICHAEL J. EGAN  
City Manager



---

12700 NORWALK BLVD., P.O. BOX 1030, NORWALK, CA 90651-1030 \* PHONE: 562/929-5700 \* FACSIMILE: 562/929-5773 \* WWW.NORWALKCA.GOV

September 26, 2013

The Honorable David S. Wesley  
Presiding Judge  
Los Angeles County Superior court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street, 11<sup>th</sup> Floor, Room 11-506  
Los Angeles, CA 90012

**RE: City of Norwalk Response to Recommendations of 2012-13 Los Angeles County Civil Grand Jury Report on Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation**

Dear Judge Wesley:

Pursuant to California Penal Code Section 933 933.05, this letter is the response of the City of Norwalk (the City) to the recommendations of the subject Civil Grand Jury report.

**Fiscal Health** – Recommendations number:

**1. Cities should adopt financial planning revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.**

The City Agrees.

*Action:* Not yet been implemented, but policies will be in place by December 31, 2014. Please note, the City has exercised prudent fiscal management in the past, annually adopted balanced budgets, maintained healthy reserves and adopted fund balance policy.

**2. Cities should develop a balanced budget and commit to operate within the budget constraints**

The City Agrees.



**City of Norwalk**

**Re: Response to 2012-13 Civil Grand Jury Report on Cities of Los Angeles**

**September 26, 2013**

**Page 2**

*Action:* Norwalk annually adopts a balanced budget and operates within its budget constraints, using one-time revenues or the unassigned fund balance only for one-time expenditures. Even with the recent tough economic challenges caused by the recession and the State's revenue shifts including the dissolution of redevelopment agencies, the City Council took responsible actions with significant budget cuts promptly to turn operating deficits into surpluses for all succeeding years.

**3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures**

The City Agrees.

*Action:* The City's financial practice has always been that one-time revenues can fund only one-time expenditures. This recommendation will be included in a formal financial budget policy (Fiscal Health Recommendation 1.)

**4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of shortfall.**

The City Agrees.

*Action:* This recommendation has already been implemented by the City's Fund Balance Policy and budgeting practice. The General Fund Balance Policy stipulates that the City maintains a minimum of 16.6% of the following year's budgeted operating expenditures. During the last four fiscal years the City maintained its unassigned General Fund balance above the targeted minimum, and maintained its reserves between 25% and 31% of operating expenditures.

**Governance Practices** – Recommendations number:

**3. City councils should develop specific annual goals for the city's executive.**

The City Agrees.

*Action:* This recommendation has been implemented through the annual evaluation of the City Manager by the members of the City Council.

**Financial Management** – Recommendations number:

**1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.**

The City Partially Agrees.

*Action:* The City does not anticipate implementation of this recommendation. The City Council, City and the City Manager have the ability to directly communicate with the auditors about any material findings and is functioning as an Audit Committee. The City's Comprehensive Annual Financial Reports (CAFRs) are distributed annually to the City Council and operating results are also reported in a public meeting. The Statement on

**City of Norwalk**

**Re: Response to 2012-13 Civil Grand Jury Report on Cities of Los Angeles**

**September 26, 2013**

**Page 3**

Auditing Standards (SAS) no. 114 also provides a mechanism for communication between the independent auditors and those in governance.

- 4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.**

The City Agrees.

*Action:* The existing policies and procedures are reviewed and evaluated annually (May-June) during the internal controls audit and preparation of the annual budget. The necessary revisions in defining the specific authority and responsibility of employees are part of this review.

- 5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.**

The City Agrees.

*Action:* The City plans to implement this recommendation. The review will coincide with the City's budgeting cycle.

- 6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.**

The City Agrees.

*Action:* The City plans to implement this recommendation by adopting a Fraud Policy by June 30, 2013.

- 8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.**

The City Partially Agrees.

*Action:* This recommendation is the City's current practice. It has been implemented in fiscal year 2007/08 when the City selected, through a competitive process the current independent external audit firm. The original contract had 3-year term with possible two one-year extensions. Due to the Dissolution of redevelopment in California and the complexity of this issue, on April 2, 2013, the City elected to extend the agreement an additional two fiscal years. The current agreement will end with the completion of the fiscal year 2013/14 audit. The City will then initiate a competitive process for the selection of an independent external auditor. It should be noted for consistency that the Government Finance Officers Associations' *Blue Book on Governmental Accounting, Auditing, and Financial Reporting* (2012), page 772, actually recommends "the use of a multiyear audit contract of at least five years". In addition, one of the advantages suggested for auditor rotation (such as obtaining a "fresh perspective") often can be achieved by rotating staff within the same firm.

**City of Norwalk**  
**Re: Response to 2012-13 Civil Grand Jury Report on Cities of Los Angeles**  
**September 26, 2013**  
**Page 4**

Should you have any questions, please contact me at phone number (562) 929-5702, or [megan@norwalkca.gov](mailto:megan@norwalkca.gov).

Sincerely,

A handwritten signature in black ink, appearing to be 'M. Egan', with a long horizontal line extending to the right.

Michael J. Egan  
City Manager

cc: City Council  
Michael J. Egan, City Manager  
Steven L. Dorsey, City Attorney

Clear



# PALMDALE

*a place to call home*

September 12, 2013

Presiding Judge

Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

JAMES C. LEDFORD, JR.  
*Mayor*

TOM LACKEY  
*Mayor Pro Tem*

LAURA BETTENCOURT  
*Councilmember*

MIKE DISPENZA  
*Councilmember*

STEVEN D. HOFBAUER  
*Councilmember*

Your Honor:

Thank you for the opportunity to respond to the recommendations provided by the Civil Grand Jury. The recommendations were greatly appreciated and we have made every effort to implement all recommendations. Please find the following update on the City of Palmdale's responses to the most recent recommendations made by the Grand Jury.

38300 Sierra Highway

Palmdale, CA 93550-4798

Tel: 661/267-5100

Fax: 661/267-5122

TDD: 661/267-5167

**1. *Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.***

The City agrees with the recommendation and has in place City Municipal Code, Section 3.04.020 that requires the City to adopt an annual balanced budget that provide a financial plan for the City. Other policies and procedures that help in developing revenue and expenditures are also in place to ensure the City Council has a balanced budget that is sustainable. These budget policies and procedures are published in the budget document annually and include revenue and expenditure policies.

**2. *Cities should develop a balanced budget and commit to operate within the budget constraints.***

The City agrees with the recommendation. The City's budget policies and procedure that guide budgetary control are outlined in the published budget document annually. These policies and procedures include budgetary basis, responsibility for preparation of the budget, budget preparation timeline, operating costs definition followed up with the necessity that these costs be supported by ongoing stable revenue resources, revenue policies, debt management guidelines, and capital improvement budget development. The budget also includes budgetary control policies and budget revision policies to ensure the City operates within the budget constraints.

**3. *Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.***

Auxiliary aids provided for

communication accessibility

upon 72 hours notice and request.

The City agrees with the recommendation and has in place budget policies and procedures that support the use of cash balances to be used only for one-time expenditures, such as capital equipment. The budget policies and procedure are outlined in the published budget document annually and guide the City on budgeting for operating costs with the condition that these costs should be supported by ongoing stable revenue sources.

**4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.**

The City has procedures to reserve fund balance to respond to a downturn in the economy or cover a major unforeseen contingency without having to make drastic cuts to the budget. The City has historically practiced saving into a reserve or "rainy day" fund and asks City Council to approve the reserve when the annual budget is adopted. The budget adoption resolution allows for a minimum reserve of ten percent of operating expenditures and a goal of twenty percent if funding is available. This practice has served the City well over the past four years during the recession that has severely impacted California as well as the United States.

**5. Cities that allow the auditor to provide the non-audit services should ensure appropriate review and approval of those services.**

The City formally established an Audit Committee on November 7, 2012 as the result of the previously issued Civil Grand Jury Report recommendations. The Committee's responsibilities include the review and approval of all non-audit services beginning July 2013.

**6. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.**

The City formally established an Audit Committee on November 7, 2012 as the result of the previously issued Civil Grand Jury Report recommendations. The Committee's responsibilities include the review and approval of all audit services. The City's current independent external auditor's contract will expire on July 1, 2016 and the City's Audit Committee will be overseeing the competitive bidding process and selection of an independent external auditor for fiscal year beginning July 2015.

Sincerely,  
  
David Childs  
City Manager



CITY OF  
*Palos Verdes Estates*

OFFICE OF  
THE CITY MANAGER

July 1, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Re: Cities of Los Angeles County Fiscal Health, Governance, Financial Management and  
Compensation Report

Dear Presiding Judge:

The City of Palos Verdes Estates is in receipt of the above referenced report and, as required, is submitting this response in reference to the recommendations of the Grand Jury.

We applaud the Grand Jury's broad goal to promote "transparency," fiscal health and management, governance and best practices of cities and appreciate its intent to assure information is available to the public; in some communities, finance and financial management information may not receive the public attention and scrutiny that it deserves and is appropriate. In Palos Verdes Estates, however, that is not the case, and there are a variety of findings in the report that we dispute; conclusions that are inaccurate, and analysis that is incomplete. The following represents staff's response to the report:

1. Page 105, Exhibit 4

The analysis of Total Revenues and Total Expenditures fails to take into account that while revenues were lower in FY 2011/12 as compared to FY 2010/11, the City's increase in expenditures is attributed to capital projects spending for sewer and general capital projects; the figure listed for Total Expenditures does not distinguish or differentiate the operating costs from the capital expenditures. Moreover, the funds invested into capital projects are technically both strengthening the long term health of

the City and avoiding even larger infrastructure costs in the future. Page 3 of the 2011/12 Comprehensive Annual Financial Report addresses this matter.

2. Page 116, Exhibit 6

This exhibit is simply not a meaningful comparison. The figures do not differentiate between operating, capital and depreciation expenses. For FY 2011/12, for example, \$53 million of the City's "Ending Net Assts" is capital. Moreover, in FY 2011/12, the City depreciated \$1.4 million which compromises most of the negative \$1.98 million identified as "Change in Net Assets".

3. Page 124, Exhibit 8

The figures showing in this exhibit are misleading and there is insufficient information to explain why they were used for the evaluation. For example, the FY 2011/12 "Ending GF Balance" does not include/represent the \$1 million voluntarily transferred out to the Capital Fund for future capital projects. Had the true Ending Balance included the \$1 million before it was transferred, the City's "Change in GF Balance" would have been a positive figure.

4. Page 128, Exhibit 9

The City follows General Accounting Standards Board (GASB) rules for reporting and accounting of its finances. GASB recently required cities to classify its reserves. As such, the City has specified "Committed" funds of \$7.2 million as an emergency reserve (Note page 14 in the FY 2011/12 Comprehensive Annual Financial Report). The "Unassigned GF Balance" on this exhibit identifies the balance in excess of the funds set aside in reserve and thus, inaccurately identifies the City's true General Fund balance.

5. Page 135, Exhibit 10

**#4** – The answer to this question is "Yes." Annually, as a part of the budget process, the City Manager discusses and finalizes a work plan with the City Council. The work plan is posted on the City's website and it represents the Executive's specific goals for the year.

**#5** – The answer to this question is "Yes." A meaningful evaluation of the City Manager's performance is conducted on a regular basis at least annually in coordination with any adjustments in compensation.

**#6 and #30** – The answer to these questions is "Yes." Attached is Resolution Number R12-17 entitled "A Resolution of the City Council of the City of Palos Verdes Estates to Adopt an Amended Conflict of Interest Code Updating Designated Employees and Officers" and Resolution Number R13-08 that specifies the City's reimbursement policy.

In addition, the City Council is required, by State law, to follow AB 1234. The City Clerk maintains certificates of ethics training, as required, for each elected official. Moreover, as conveyed in the "Supplemental comments provided to on-line Grand Jury Survey Completed 01-02-13," the City's mission, approved by the City Council as an expectation of staff and prominently displayed on business cards, specifically emphasizes the City's focus on ethics. The mission statement is as follows: "Guided by the highest principles of public policy and law, our mission is to provide exemplary service to the Community, City Council and our fellow Employees with a commitment to integrity, efficiency, professionalism and cooperation."

**#10** – As previously stated in the "Supplemental comments provided to on-line Grand Jury Survey Completed 01-02-13," the City has an Audit Committee. It consists of the Mayor and Mayor Pro Tem; the designation of these two individuals is annually reviewed by the City Council.

**#16 and #19** – The answer to these questions is "Yes." At the end of the term of the auditor's contract, the City undertakes a competitive process to select a new auditor. The City's current auditor started, for the fiscal year 2010/11 audit, in a 3 year contract with a provision to extend for a total of 2 years. In FY 2014/15, the City will again issue a Request for Proposals for audit services.

**#31, 32 and 42** – As referenced in the "Supplemental comments provided to on-line Grand Jury Survey Completed 01-02-13," Palos Verdes Estates is a very small organization with approximately 40 staff (including public safety) and as such, there is no practical mechanism to have a fraud hotline or internal audit function. The community and organization are sufficiently small that the Mayor and City Council, Treasurer, City Manager and City Attorney are all directly, equally and easily accessible for anyone to report fraud, abuse and questionable practices. Moreover, the external auditor through their annual audit reviews for fraud and abuse, questions management about it, selects 3 employees at random to interview, and discuss the matter with the City's Audit Committee.

**#36** – The answer to this question is "Yes." As described above, Palos Verdes Estates is a very small organization with open lines of communication and easy access to elected and management officials. Lower level staff has unfettered access to anyone in the organization to report instances of management override of controls.

In conclusion, it is recognized that the reporting of "Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation is well meaning and well intended. However, the findings are not complete and there are factual inaccuracies. In general, the report does not take



into account the unique circumstances and practices of communities relative to providing transparency, practicing “best management practices,” and maintaining a good governance structure. There is also no qualitative, weighted ranking (answers rated by significance), and some of the conclusions are based on inaccurate or incomplete information. For Palos Verdes Estates specifically, most if not all of the recommendations of the report are reasonably addressed within current practices and procedures, and it does not appear necessary to pursue the recommendations further. In turn, recognizing that the report will have widespread distribution and unintentionally will misinform the public as written, it is requested it be republished with the correct information about the City.

Please express our thanks to the Grand Jury for its hard work and commitment to good government. Their efforts are appreciated.

Sincerely,



Anton Daherbruch

City Manager

c: Mayor and City Council  
City Treasurer  
City Attorney Christi Hogin  
Acting Finance Director Lori Yamasaka

Enclosures:

Resolution No. R12-17

Resolution No. R13-08

Supplemental comments provided to on-line Grand Jury Survey Completed 01-02-13  
(resubmitted)

## RESOLUTION NO. R12-17

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES TO ADOPT AN AMENDED CONFLICT OF INTEREST CODE UPDATING DESIGNATED EMPLOYEES AND OFFICERS**

WHEREAS, The Political Reform Act, Government Code Section 81000, et, seq., requires state and local government agencies to adopt and promulgate conflict of interest codes; and

WHEREAS, The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations, Section 18730) containing terms of a standard conflict of interest code that may be incorporated by reference into an agency's conflict of interest code; and

WHEREAS, the Political Reform Act requires the City to review its conflict of interest code biennially to determine if it is accurate or, alternatively that the code must be amended.

WHEREAS, the City Council adopted a Conflict of Interest Code in Resolution R90-20 on May 22, 1990, and revised the Appendix of designated employees, officers and disclosure categories in Resolution No. R96-40, which now must be revised to add the City Geologist, a contracted consultant, as a designated filer, and to delete the Assistant City Manager, an obsolete title/designation from the City's Conflict of Interest Code. The City Council determines the attached Appendices accurately set forth those updated positions which should be designated and categories of financial interest which should be made reportable.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Palos Verdes Estates as follows:


1. The terms of 2 California Code of Regulations, Section 18730 along with any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and; Appendix A, listing Government Code Section 87200 Filers (for informational purposes only) and Designated Filers; and Appendix B setting forth the disclosure requirements, shall constitute the amended conflict of interest code of the City of Palos Verdes Estates.
2. The City Clerk and Deputy City Clerk(s) are designated as the Filing Officials and Filing Officers for the City of Palos Verdes Estates, and shall perform the duties of Filing Official and Filing Officer.
3. Government Code Section 87200 Filers shall file their Statements of Economic Interest with the Filing Officer for the City of Palos Verdes Estates who shall make and retain a copy and forward the original of these statements to the Fair Political Practices Commission. (Included for informational purposes only).

4. Designated filers shall file their Statements of Economic Interest with the Filing Official for the City of Palos Verdes Estates who shall retain the original of these statements.
5. All Statements of economic interest will be available for public inspection and reproduction (upon request) pursuant to Government Code Section 81008.

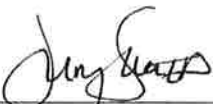
AND, BE IT FURTHER RESOLVED that the City of Palos Verdes Estates has conducted the 2012 biennial review of its conflict of interest code, as required by the Political Reform Act, and as a result of the biennial review determined the need for amendments as presented in this resolution.

The City Clerk shall certify to the passage and adoption of this Resolution and enter into the book of original Resolutions.

APPROVED AND ADOPTED this 24<sup>TH</sup> day of July, 2012.

  
\_\_\_\_\_  
GEORGE F. BIRD, JR., MAYOR

ATTEST:

  
\_\_\_\_\_  
JUDY SMITH, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
CHRISTI HOGIN, City Attorney

**RESOLUTION R12-17**  
**APPENDIX A**  
**LIST OF G.C.CODE §87200 FILERS AND DESIGNATED FILERS**

**G.C. Code Section 87200 Filers** are defined by California Government Code Section 87200 as "...members of planning commissions,...mayors, city managers, city attorneys, city treasurers, ... members of city councils of cities, and other public officials who manage public investments, and to candidates for any of these offices at any election." Filing obligations for individuals holding these positions are contained in California Government Code Sections 87200-87210. They are listed here for informational purposes only.

*Filing Official sends original to FPPC, and retains copy.*

City Council Members  
Planning Commissioners  
City Manager  
City Treasurer  
City Attorney  
Candidates for any elected positions

**Designated Filers** are defined as employee, members and consultants determined by the City of Palos Verdes Estates to be persons who "make or participate in the making of decisions which may foreseeably have a material effect on economic interests", under 2 California Code of Regulations, Section 18730 (2) Designated Employees.

*Filing Officer retains original.*

Police Chief  
Principal in charge of Charles Abbott Associates and the City's on-site representative of Charles Abbott Associates (Building, Planning, Public Works Director)  
Principal representative of Kling Consulting Group, Inc., the City's Geologist

**APPENDIX B**  
**DISCLOSURE REQUIREMENTS**

**G.C. Code Section 87200 Filers:** Disclosure requirements for Code Filers are contained in the Political Reform Act, Chapter 7-Conflict of Interest, Article 2-Disclosure, Sections 87200-87210.

**Designated Filers:** Full disclosure is required for all designated employees. Full disclosure includes all interest in real property located within the City of Palos Verdes Estates (other than filer's principle residence), as well as investments, business positions and sources of income, including gifts, loans and travel payments.

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) SS:  
CITY OF PALOS VERDES ESTATES )

I, Vickie Kroneberger, Executive Assistant/Deputy City Clerk for the City of Palos Verdes Estates, California, do hereby certify that the foregoing Resolution **R12-17** was duly and regularly approved and adopted by the City Council of the City of Palos Verdes Estates at its regular meeting of the City Council on the 24th day of July, 2012, by the following vote:

AYES: COUNCILMEMBERS: Bird, Goodhart, Rea, Perkins

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: Humphrey

  
\_\_\_\_\_  
Vickie Kroneberger,  
Executive Assistant/Deputy City Clerk

**RESOLUTION NO. R13-08**

**A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF PALOS VERDES ESTATES, CALIFORNIA,  
ADOPTING A REIMBURSEMENT POLICY; AND RESCINDING R06-08**

WHEREAS, the City of Palos Verdes Estates (the "City") takes its stewardship over the use of its limited public resources seriously,

WHEREAS, public resources should only be used when there is a substantial benefit to the City,

WHEREAS, such benefits include:

1. The opportunity to discuss the community's concerns with state and federal officials,
2. Participating in regional, state and national organizations whose activities affect the City,
3. Attending educational seminars designed to improve officials' skill and information levels, and
4. Promoting public service and morale by recognizing such service.

WHEREAS, this policy satisfies the requirements of Government Code §53232.2 and §53232.3,

WHEREAS, this policy supplements the definition of actual and necessary expenses for purposes of state laws relating to permissible uses of public resources, and

WHEREAS, this policy also supplements the definition of necessary and reasonable expenses for purposes of federal and state income tax laws.

**NOW, THEREFORE, THE CITY COUNCIL HEREBY FINDS AND  
RESOLVES AS FOLLOWS:**

**Section 1. Authorized Expenses**

City funds, equipment, supplies (including letterhead), titles, and staff time must only be used for authorized City business. Authorization for travel expenses is generally made through the budget review process and an approved budget appropriation. Expenses

incurred in connection with the following types of activities generally constitute authorized expenses, long as the other requirements of this policy are met:

1. Communication with representatives of regional, state and national government on City policy positions,
2. Attending educational seminars designed to improve officials' skill and information levels,
3. Participating in regional, state and national organizations whose activities affect the City's interests,
4. Recognizing service to the City.
5. Attending City events.
6. For a Councilmember, the only expenses the City will reimburse are those set for in Section 3 of this Resolution, subject to the provisions of that section.

All other expenditures require prior approval. If extraordinary expenses are expected to be incurred or when this Resolution or associated Administrative Regulation do not adequately cover the situation or would cause an undue hardship, the City Manager may authorize an exception; provided that the exception is reported to the City Council, verbally or in writing, at a public meeting.

**Section 2. City Manager to Adopt Administrative Instruction**

Subject to the limitations set forth in Section 3 below, the City Manager is hereby directed and authorized to adopt an Administrative Instruction regarding rates, reporting, accounting and documentation for reimbursement for travel and other expenses incurred by any City official or employee on City business.

**Section 3. Councilmember Provisions**

Expenses incurred at the following events are the only expenses eligible for reimbursement to a City Councilmember, and are deemed to be for the conduct of City business;

1. The League of California Cities ("League") annual conference, the Council appointee's attendance at a regular dinner or luncheon meeting of the League L.A. County Division,
2. Any event a Councilmember attends as the City's official representative, including the events "Citizen of the Year", Educator of the Year" and "Salute to Business". The Mayor or his/her designated representative shall be deemed the City's official representative, and

3. Any other event attended by a Councilmember when the City is expected to derive a substantial benefit; provided that the Councilmember obtains prior approval of the City Council.

**Section 4. Compliance with Laws**

All agency expenditures are public records subject to disclosure under the Public Records Act. Some expenditures may also be subject to reporting under the Political Reform Act and other laws.

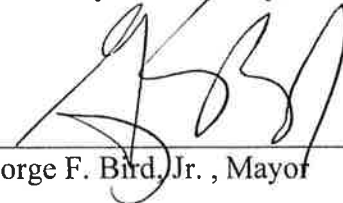
**Section 5. Violation of this Policy**

Use of public resources or falsifying expense reports in violation of this policy may result in any or all of the following: 1) loss of reimbursement privileges, 2) a demand for restitution to the City, 3) the agency's reporting the expenses as income to the elected official to state and federal tax authorities, 4) other remedies or penalties available under the law.

**Section 6. Resolution R06-08 is hereby rescinded.**

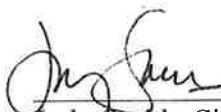
**Section 7. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.**

**PASSED, APPROVED and ADOPTED this 12th day of February, 2013.**

  
\_\_\_\_\_  
George F. Bird, Jr., Mayor

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Judy Smith, City Clerk

  
\_\_\_\_\_  
Christi Hogin, City Attorney



STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) SS:  
CITY OF PALOS VERDES ESTATES )

I, Vickie Kroneberger, Executive Assistant/Deputy City Clerk for the City of Palos Verdes Estates, California, do hereby certify that the foregoing Resolution **R13-08** was duly and regularly approved and adopted by the City Council of the City of Palos Verdes Estates at its regular meeting of the City Council on the 12th day of February, 2013, by the following vote:

AYES: COUNCILMEMBERS: Bird, Perkins, Rea, Humphrey

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None

RECUSED: COUNCILMEMBER: Goodhart

  
Vickie Kroneberger,  
Executive Assistant/Deputy City Clerk

**Supplemental comments provided to on-line Grand Jury Survey**  
**Completed 01-02-13**

**Governance Question # 2** – Has Council adopted performance measures or indicators to evaluate outcomes (Yes). The Council requires and reviews a status report on Major Projects (priorities) prepared by staff at the beginning, middle and end of the fiscal year.

**Audit Committee Question #10** – Does City have an Audit Committee formally established by enabling resolution or other legal means (No). The Audit Committee is a standing committee of the City Council, Mayor and MPT serve. Each year, agendaized item at public meeting, City Council approves/confirms committee assignments and describes duties, including Audit Committee, but there is no formal enabling resolution.

**Fraud Abuse & Questionable Practices Question #30** - Does City have formally adopted and widely distributed publicized ethics policy (No). Ethical conduct is highly emphasized component of City Mission, Vision and Values statement created by employees and approved by the City Council **and Question #31** – Does City have a practical mechanism, fraud hotline, to permit confidential, anonymous reporting of fraud, etc. (No). We are a very small city and have not established a fraud hotline.

**Internal Audit** – General comment. We are a very small city and do not staff an internal audit function.

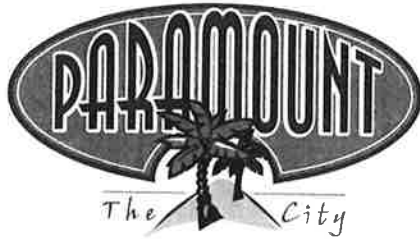
**Documents provided as part of Grand Jury Survey Mailed 1-3-2013**

**Governance:** City Council operating guidelines (June 2009); PVEMC Chapter 2.08 City Manager; Major Project Status Report (Agenda Item #15; 7-24-2012); Investment Policy (Agenda Item #2; 12-9-2008)

**Audit Committee:** City Council Committee Assignments (Agenda Item #13; 4-10-12)

**Fraud, Abuse & Questionable Practices:** City Mission, Vision, Values Statements (Agenda Item #15; 3-13-2012); Administrative Regulation #15 Fraud Policy (10-23-2007)

**Fund Balance:** Fund Balance Policy – Resolution R11-09



GENE DANIELS  
Mayor

DIANE J. MARTINEZ  
Vice Mayor

TOM HANSEN  
Councilmember

DARYL HOFMEYER  
Councilmember

PEGGY LEMONS  
Councilmember

September 20, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Re: 2012-2013 Civil Grand Jury Final Report: Cities of Los Angeles County  
Fiscal Health, Governance, Management and Compensation

Dear Presiding Judge:

Enclosed please find responses from the City of Paramount to the pertinent Civil Grand Jury recommendations found in the above-referenced report.

CITY OF PARAMOUNT

Linda Benedetti-Leal  
City Manager

H:\CityManager\LBL\Presiding Judge.doc

## City of Paramount Responses

### **Fiscal Health**

1. *Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.*

The recommendation has already been implemented. For over three decades, Paramount city officials have reviewed revenues and expenditures on a bi-annual basis and have adopted sustainable, balanced budgets. Even during the unprecedented fiscal crisis of the last several years and the loss of the Paramount Redevelopment Agency, we only posted minor deficits in two fiscal years and, since FY 2011, we have posted surpluses at the end of each fiscal year.

2. *Cities should develop a balanced budget and commit to operate within the budget constraints.*

The recommendation has already been implemented. For over three decades, Paramount has developed a balanced budget and operated within its constraints. We note that the Grand Jury's evaluation of "General Fund Net Revenue Percent" does not seem to take into account expenditures from reserve, grant, or restricted funds that are accumulated over a number of years and expended all in one budget year for a particular program or project.

3. *Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.*

The recommendation has already been implemented. Paramount has not and does not use one-time revenues to fund recurring or on-going expenditures.

4. *Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.*

The recommendation has already been implemented. As part of the annual budget, Paramount officials review all fund balances. We have contributed to the General Fund reserve consistently over decades, and currently have a balance of \$11.8 million, which equates to a full 6 months of operating expenditures. We also have separate reserves within the budget, such as the Capital Reserve Fund for large capital projects and the Equipment Replacement Fund for large equipment purchases, so that necessary expenditures for these purposes can be absorbed without swings in the operations budget in any given year.

## **City of Paramount Responses**

### **Governance Practices**

2. *Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.*

This recommendation has already been implemented. The City Council holds priority setting meetings with executive management staff. On an annual basis (every January) the City Council receives a report on the goals met and objectives accomplished during the prior year. The report includes descriptions of the programs implemented, projects built, projects on-going, events held, etc.

4. *City Councils should conduct meaningful evaluations of the city's executive at least annually.*

This recommendation has already been implemented. Meaningful evaluation of the city's executive is conducted on an on-going basis by the City Council.

### **Financial Management**

1. *Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.*

This recommendation has already been implemented. In compliance with GASB standards, the auditor meets with a 2-person committee annually to go over the audit procedures and elicit any input, requests, concerns, etc. that might be relevant to the audit.

3. *Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.*

This recommendation has already been implemented. The City's auditor performs very minimal non-audit services, mostly related to compiling state reports and financial statements. Appropriate review and approval of any non-audit services is currently being done.

8. *Cities should undertake a full-scale competitive process every 5 years for the selection on an independent external auditor.*

This recommendation has not yet been implemented, but will be implemented at the expiration of the next auditor's contract.



OFFICE OF THE MAYOR

September 30, 2013

Presiding Judge  
Los Angeles Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Your Honor:

On behalf of The City of Pasadena the following represents responses to the recommendations that were received from the Los Angeles County Civil Grand Jury in its 2012-2013 Annual Report. We appreciate the attention that has been given to all the cities of Los Angeles County that are the subject of these recommendations, and we believe that our responses are helpful and in the public interest.

The Grand Jury made a total of seventeen recommendations to all cities and in Exhibit 12 calls out six which apply to the City of Pasadena. Based on the recommendation of Court staff that support the Grand Jury, the City of Pasadena is responding to the 15 general findings, 17 general recommendations, the recommendation regarding salary reviews contained on page 93, and the six recommendations directly related to the City of Pasadena. The following represents the Grand Jury finding or recommendation followed by the City's response:

**Grand Jury Recommendations and City's Responses:**

**A. Fiscal Health**

**Grand Jury Finding 1:** Most cities expended more than they received in revenues during FY 2012.

**City Response:** The City of Pasadena agrees with the general finding, but notes that Tables 3 and 4 which support this finding in regards to the City of Pasadena, does not tell the whole story. Revenues collected from prior years, for example, which are intended to be used for FY 2012 expenditures, are not identified or taken into account in this finding. This situation results in simply a timing issue and would not necessary impact fiscal health.

Additionally, this finding does not reflect net other financing sources/uses which result from transfers. These factors combine to make the conclusions of the report misleading.

**Grand Jury Finding 2:** Most cities' total net assets and general fund balances declined during FY 2012, and several cities' ratios of total net assets to total liabilities are lower than desirable.

**City Response:** The City of Pasadena agrees with the general finding, but notes that Pasadena was in the desirable range with ratios greater than 2.0 which is improved from FY 2011

**Grand Jury Recommendation 1:** All cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

**City Response:** The City of Pasadena agrees with the recommendation. These concepts are already part of the City's financial forecasting and planning methods and most are included in the City's formal Fund Balance Policy. Some further analysis is required to formalize any components which are not already part of an existing written policy. It is anticipated that this will be completed within six months. This has been partially implemented.

**Grand Jury Recommendation 2:** All cities reviewed in this report should develop a balanced budget and commit to operate within budget constraints.

**City Response:** The City of Pasadena agrees with the recommendation and has implemented the recommendation.

**Grand Jury Recommendation 3:** All cities should not use one-time revenue to fund recurring or on-going expenditures.

**City Response:** The City of Pasadena agrees with the recommendation. These concepts are already part of the City's financial budgeting, forecasting, and planning methods. This recommendation has been implemented.

**Grand Jury Recommendation 4:** All cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of shortfall.

**City Response:** The City of Pasadena agrees with the recommendation and the City Council approved a Fund Balance Policy on August 15, 2011 which establishes a policy and method of increasing the General Fund balance. This policy calls for adherence to the Government Finance Officers Association (GFOA) Best Practices by increasing our General Fund balance from 10 percent currently to 20 percent after FY

2014. The rate of 20 percent is above the 16.67 percent (two month) minimum recommended by GFOA. The FY 2012 General Fund balance committed to the General Fund Emergency Contingency when combined with the General Fund unassigned fund balance as adjusted for redevelopment dissolution as previously discussed, is 13.3 percent of appropriations. Additionally the City's five-year forecast is used to monitor fund balance with a goal of saving and rebuilding fund balance in favorable years. The policy change has been adopted. We are in compliance with our stated policy with the accumulation of fund balance progressing towards the City's stated target for FY 2015.

## **B. Governance and Financial Management Best Practices**

Regarding this category, all findings and recommendations have been met and one response is proposed for all at the end of this section.

**Grand Jury Finding 1:** Most cities have developed strategic plans to provide appropriate strategic focus and direction for the City.

**Grand Jury Finding 2:** Most cities have developed performance measures to demonstrate the results of their organizational activities and goals.

**Grand Jury Finding 3:** All cities stated they have a formal policy agreement, or other documents that define the role of city council and city executive.

**Grand Jury Finding 4:** Most city councils have established specific goals for executives at least annually.

**Grand Jury Finding 5:** Most cities have adopted a "Conflict of Interest" code.

**Grand Jury Finding 6:** Most cities have adopted an "Investment" policy.

**Grand Jury Finding 7:** Most cities published their financial reports or CAFR to their website.

**Grand Jury Recommendation 1:** Cities should develop and adopt a strategic plan that articulates the mission, vision, core values, and priorities for the city.

**Grand Jury Recommendation 2:** Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes, and information should be provided for several years to allow evaluation of progress over time.

**Grand Jury Recommendation 3:** City councils should develop specific annual goals for the city's executive.



**Grand Jury Recommendation 4:** City councils should conduct meaningful evaluations of the city's executive at least annually.

**Grand Jury Recommendation 5:** Cities should publish their financial reports or CAFRs on their city's website.

**City Response for Governance and Financial Management Best Practices Findings 1 through 7 and Recommendations 1 through 5:** The City of Pasadena agrees with these findings and recommendations and is pleased to report (as acknowledged in the report) that it has already implemented all findings and recommendations in this category. Previous responses and evidence submitted has demonstrated compliance.

### **C. Financial Management Practices**

**Grand Jury Finding 1:** Few cities formally establish an audit committee responsible for monitoring and overseeing financial reporting.

**City Response:** The City of Pasadena agrees with the finding and has a City Charter requirement that the Finance Committee, a standing committee of the City Council, perform the functions of an audit committee.

**Grand Jury Finding 2:** All cities require their auditors to comply with independence standards and most selected their auditors through a competitive process. Most also precluded the auditor from providing non-audit services.

**City Response:** The City of Pasadena agrees with the finding with a minor exception regarding non-audit services. The City will only utilize its auditor for non-audit services after full and appropriate review and compliance with current professional standards which provides guidance and restrictions in this area.

**Grand Jury Finding 3:** Many cities could improve their documentation and maintenance of accounting policies and procedures.

**City Response:** The City of Pasadena agrees with the finding. The City has extensive written policies and has, in many individual areas, reviewed and updated specific policies and procedures. The City is committed to updating our accounting policies and procedures. Pasadena's fund balance policy was updated in 2011, a consultant has reviewed financial operations and made recommendations, and a consultant will be used to assist with a comprehensive review and full documentation of accounting policies and procedures. As the City moves forward with an Enterprise Resource Planning (ERP) solution, business practices and their related documentation will also be reviewed and updated.

**Grand Jury Finding 4:** Many cities could improve their policies and procedures for reporting fraud, abuse, and questionable practices.

**City Response:** The City of Pasadena agrees with the finding and has taken a number of steps to create a fraud, waste, and abuse hotline. Pasadena's fraud, waste, and abuse hotline is now operational and is available at (626) 744-7448

**Grand Jury Finding 5:** Many cities could improve their internal control procedures over financial management.

**City Response:** The City of Pasadena agrees with the finding and, although policies and procedures are in place, improvements can always be made. This will also be part of the actions discussed in Finding #3.

**Grand Jury Finding 6:** Most cities did not have a formal internal audit function.

**City Response:** The City of Pasadena agrees with the finding. The City is handling the internal audit function under the direction of the Director of Finance and the Controller. External auditors have been engaged to perform a number of internal audits in specific areas. In the last year, five of these audits have been conducted focusing on purchasing card use and cash handling. Currently two audits are underway. These audits are selected and prioritized based on an assessment by the Director of Finance and Controller. Additionally, existing Finance Department accounting staff are performing internal audits. The City intends to expand the use of existing staff to perform more internal audits.

**Grand Jury Finding 7:** Many cities' policies and procedures governing General Fund unrestricted fund balance could be improved.

**City Response:** The City of Pasadena agrees with the finding and has adopted a General Fund balance policy which complies with GFOA recommended best practices as discussed in the response to recommendation #4.

**Grand Jury Finding 8:** All cities maintained an adequate accounting system. Most issued timely financial statements and a CAFR in compliance with standards, and most made the CAFR readily accessible to the general public on their website.

**City Response:** The City of Pasadena agrees with the finding and has an adequate accounting system and the City's CAFRs for fiscal years 2003 through 2012 are readily available on the City's website. Additionally, the City has begun the Enterprise Resource Planning (ERP) system replacement process and will be implementing a fully integrated, robust accounting solution in the next few years.

**Grand Jury Recommendation 1:** Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

**City Response:** The City of Pasadena agrees with the recommendation and has a City Charter requirement that the Finance Committee, a standing committee of the City Council, performs the functions of an audit committee. This recommendation has been fully implemented for many years.

**Grand Jury Recommendation 2:** Cities that do not currently select the auditor through a competitive process should do so.

**City Response:** The City of Pasadena agrees with the recommendation and selects its auditor through a competitive process. This selection was most recently done in 2009 and in 2011. This recommendation has been fully implemented for many years.

**Grand Jury Recommendation 3:** Cities that allow the auditor to provide non-audit Services should ensure appropriate review and approval of services.

**City Response:** The City of Pasadena agrees with the recommendation and will only utilize its auditor for non-audit services after full and appropriate review and compliance with current professional standards which provide guidance and restrictions in this area. This recommendation has been implemented.

**Grand Jury Recommendation 4:** Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.

**City Response:** The City of Pasadena agrees with the recommendation. The City has extensive written policies and has, in many individual areas, reviewed and updated specific policies and procedures. The City is committed to updating our accounting policies and procedures. Pasadena's fund balance policy was updated in 2011, a consultant reviewed financial operations and made recommendations, and a consultant will be used to assist with a comprehensive review and full documentation of accounting policies and procedures. As the City moves forward with an Enterprise Resource Planning (ERP) solution, business practices and their related documentation will also be reviewed and updated. The City intends to hire a consultant to assist with this documentation within six months. This recommendation has been partially implemented.

**Grand Jury Recommendation 5:** Cities should establish a policy requiring policies and procedures to be reviewed annually and updated at least once every three years.

**City Response:** The City of Pasadena agrees with the recommendation and will implement as part of the response to Recommendation 4 and by bringing forward a formal policy. The City intends to hire a consultant to assist with this documentation within six months. This recommendation has been partially implemented.

**Grand Jury Recommendation 6:** Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.

**City Response:** The City of Pasadena agrees with the recommendation and has taken a number of steps to create a fraud, waste, and abuse hotline. Pasadena's fraud, waste, and abuse hotline is now operational and is available at (626) 744-7448. This is partially implemented with full implementation expected within six months.

**Grand Jury Recommendation 7:** Cities should periodically review and update internal control procedures over financial management.

**City Response:** The City of Pasadena agrees with the finding and although policies and procedures are in place, improvements can always be made. This will also be part of the actions discussed in recommendation #4. The City intends to hire a consultant to assist with this documentation within six months. This recommendation has been partially implemented.

**Grand Jury Recommendation 8:** Cities should undertake a full-scale competitive process every five years for the selection of an independent auditor.

**City Response:** The City of Pasadena agrees with the recommendation and last conducted a full scale, competitive process in both 2009 and 2011. The City's current contract is a three-year contract with two, one-year optional extensions. The City will conduct a full scale competitive process in compliance with this recommendation. This recommendation has been fully implemented for a number of years.

#### **D. Employee Compensation**

On page 93 of the Grand Jury report is a section suggesting that greater transparency and accountability in the area of employee compensation is needed. While the Grand Jury did not list it as a recommendation in the structure of the report, they did make the statement, "City councils and members of the public should annually review the actual compensation received by employees of their city." The report does provide two items to promote this. First, Exhibit 2 is a list of the number of employees with compensation over \$200,000 and each city's population. Pasadena is listed with eight employees receiving over \$200,000. Further details are provided in Appendix C.

**City Response:** The City of Pasadena agrees with the recommendation. The City, for a number of years, has listed all salary ranges by position on its public website. This information can be viewed at [www.cityofpasadena.net](http://www.cityofpasadena.net) under the Human Resources, Classification/Compensation pages. The direct link is:  
<http://agency.governmentjobs.com/pasadena/default.cfm?action=agencyspecs>

It has been the practice of the City to review salaries and total benefit packages as part of the labor negotiation cycle, normally upon the expiration of memorandums of understanding with bargaining units. Additionally, the impact of compensation is evaluated with each annual budget cycle. This recommendation has been partially implemented.

The City supplies actual compensation information to the State Controller's Office annually. The City encourages the public to review this website at:  
[http://www.sco.ca.gov/compensation\\_search.html](http://www.sco.ca.gov/compensation_search.html)

### **RECOMMENDATIONS AND REQUIRED RESPONSES (6 of 17 required)**

Exhibit 12 of the Grand Jury Report is a recap of the seventeen recommendations in the report and required responses. It notes that the City of Pasadena's response is only required for six of the seventeen recommendations, four in the Fiscal Health section, none in the Governance Practices section, and two in the Financial Management section. It was the recommendation of the Grand Jury staff that cities complete both individual responses as done above and also for this section. As these responses are identical to the above responses, please refer to the responses above. The following is a list of the six recommendations specifically requiring responses by the City of Pasadena:

#### Fiscal Health

Grand Jury Recommendation 1

Grand Jury Recommendation 2

Grand Jury Recommendation 3:

Grand Jury Recommendation 4

#### Financial Management

Grand Jury Recommendation 5

Grand Jury Recommendation 8

Presiding Judge  
Los Angeles Superior Court  
September 30, 2013  
Page 9 of 9

If any questions are raised by the foregoing responses, please do not hesitate to communicate with the City's Controller, Bob Ridley, at [rridley@cityofpasadena.net](mailto:rridley@cityofpasadena.net).

Sincerely,



BILL BOGAARD  
Mayor

BB:rsr

cc: Michael J. Beck, City Manager, City of Pasadena  
Andrew Green, Director of Finance



# City of Pico Rivera

## OFFICE OF THE CITY COUNCIL

6615 Passons Boulevard · Pico Rivera, California 90660 · (562) 801-4371

web: [www.pico-rivera.org](http://www.pico-rivera.org) · e-mail: [spena@pico-rivera.org](mailto:spena@pico-rivera.org)

**GUSTAVO V. CAMACHO**

*Mayor*

August 8, 2013

Presiding Judge  
Los Angeles Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

**Re: City of Pico Rivera Response to Recommendations of 2012-2013 Los Angeles County Civil Grand Jury Report on Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation**

Dear Judge:

On behalf of the Pico Rivera City Council (Council), and in accordance with California Penal Code Section 933(c) and 933.05, the following is the City of Pico Rivera's (City's) response to the subject Civil Grand Jury report.

### **Fiscal Health**

**1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.**

The Council is aware of the responsibility to our constituents to develop a sustainable balanced budget. In 2007, the Council adopted a resolution No. 6279 (attached #1) emphasizing the importance of a balanced budget and adequate reserves. During the past two years, the City is considering options for funding retiree medical (OPEB) and ongoing pension obligations.

**2. Cities should develop a balanced budget and commit to operate within the budget constraints.**

The City budget for the past two years has been balanced as long as long-term funding for pensions and retiree medical are excluded. The Council recognizes that annual funding is needed for future retiree medical and pension obligations. When funding for those future obligations is included, only then, are there budget deficits. Council wants to show the true deficit, and the Council has made difficult choices to achieving reductions in the deficit each year.

**3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.**

The Council formally adopted Resolution No. 6279 (attached #1) in 2007 to establish reserves and avoid deficit spending.

**4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.**

The Council adopted Resolution No. 6279 (attached #1) establishing a policy for general fund reserve balances and saving into a reserve. This policy direction was revised by the Council to increase the goal to 25%.

**Governance Practices**

**1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.**

Each year the City of Pico Rivera diligently adopts a strategic plan that articulates the mission, vision, core values and priorities of the city. The City includes strategic planning in the City’s budget process which includes each department’s review of mission statement, key achievements in current fiscal year, and key goals and objectives for the upcoming fiscal year. The mission statements (attached #2) are from the City’s current FY-2013-14 budget posted on the City’s website at [www.pico-rivera.org](http://www.pico-rivera.org) under the Finance Department tab/budget. The City believes strategic planning must be updated at least annually to be effective.

**Financial Management**

**1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.**

The Council has established a Finance committee consisting of two council members. The committee is responsible for the budget and the audit. The auditors interact with the Finance committee and discuss matters for those charged with governance.

**8. Cities should undertake a full-scale competitive process every 5-years for the selection of an independent external auditor.**

During the past 11 years, the City has changed external independent auditor firms three times, and no firm has served for more than five years. The current auditors (White Nelson Diehl Evans) are in the second year of their contract.



City of Pico Rivera

Re: Response to 2012-13 Civil Grand Jury Report on Cities of Los Angeles County

August 8, 2013

Page 3

Should you have any questions, please direct them to Assistant City Manager/Director of Finance Michael J. Matsumoto at the above address or 562-801-4368, or [mmatsumoto@pico-rivera.org](mailto:mmatsumoto@pico-rivera.org).

Sincerely,

A handwritten signature in black ink, appearing to read 'Gustavo V. Camacho', with a long horizontal flourish extending to the right.

Gustavo V. Camacho

Mayor

mjm/mm

Attachments: 1. Resolution 6279 and Agenda Report (3)  
2. Mission Statements by Department/Division (34)

cc: City Council

Ronald Bates, City Manager

Arnold M. Alvarez-Glasman, City Attorney

118-132

**RESOLUTION NO. 6279**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA ESTABLISHING A FISCAL POLICY FOR GENERAL FUND RESERVE BALANCES.**

**WHEREAS**, the City Manager each year prepares a proposed budget for the fiscal year, in compliance with Section 2.04.090A of the Pico Rivera Municipal Code, entitled "Legislative and Executive Action" and

**WHEREAS**, the City Council wishes to provide guidance for a minimum level of unreserved fund balance in a General Fund Reserve of said annual budget, which shall be subject to annual review and approval.

**NOW, THEREFORE, THE CITY COUNCIL HEREBY RESOLVES AS FOLLOWS:**

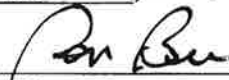
**SECTION 1.** The annual budget for the City of Pico Rivera for the fiscal year beginning July 1, 2007 and ending June 30, 2008 will show the establishment of a General Fund Reserve with an ending fund balance of \$2,000,000.

**SECTION 2.** Each annual budget presented after the fiscal year beginning July 1, 2007 and ending June 30, 2008 will show a minimum increase of \$250,000 to \$500,000 being added to the ending balance of the General Fund Reserve, until said ending balance exceeds 15% of the general fund operation expenditures for that year. This policy direction is subject to annual review and revision by the City Council.


**SECTION 3.** Once this goal is achieved the annual budget shall maintain the 15% of the general fund operation expenditures for that year by continuing to add to this balance, or funds in excess of the 15% requirement may be utilized as determined by City Manager and City Council.

**SECTION 4.** The City Clerk shall certify to the adoption of this resolution, and shall keep three copies of this resolution and the budget documents and henceforth and hereafter, effective July 1, 2007 the same shall be in full force and effect.

**APPROVED AND ADOPTED** this 26th day of June, 2007.

  
\_\_\_\_\_  
Ron Beilke, Mayor

**ATTEST:**  
  
\_\_\_\_\_  
Michael R. Gersch, Interim City Clerk

**APPROVED AS TO FORM:**  
  
\_\_\_\_\_  
Arnold M. Alvarez-Glasman, City Attorney

- AYES:** Archuleta, Armenta, Gallegos-Smith, Salcido, Mayor Beilke
- NOES:** None
- ABSENT:** None
- ABSTAIN:** None

115,112



CITY COUNCIL

AGENDA REPORT

**To:** Mayor and City Council

**From:** City Manager

**Meeting Date:** June 26, 2007

**Subject:** ESTABLISH FISCAL POLICY FOR GENERAL FUND RESERVE LEVELS

**Recommendation:**

Approve Resolution creating a formal fiscal policy for the establishment and maintenance of City General Fund Reserves.

**Fiscal Impact:**

This policy provides guidance to be used in the development of revenue and expenditure levels necessary for increasing general fund reserves to an adequate and prudent level. While this policy directive sets budgetary goals, it does not bind any future City Council action for upcoming years.

**Discussion:**

Accountants employ the term *fund balance* to describe the net assets of governmental funds calculated in accordance with generally accepted accounting principles (GAAP) and to describe the net assets on a budgetary basis. *Fund balance* is intended to serve as a measure of the financial resources available in a governmental fund.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. GFOA (Government Finance Officers Association) recommends that governments establish a formal policy on the level of unreserved fund balance that should be maintained in the general fund. The adequacy of unreserved fund balance in the general fund should be established based on our

COUNCIL AGENDA REPORT-6/26/07  
GENERAL FUND RESERVE POLICY  
Page 2

own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than five to 15 percent of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures.

As pointed out at the June 19, 2007 budget study session, a general fund reserve with an ending fund balance of \$2,000,000 has been shown in the City Budget for Fiscal Year 2007-2008. This represents 6.5% of the operating expenditures of the general fund. I recommend that the City's general fund reserve policy be set at 15% of operating expenditures of the general fund and that an additional \$250,000 to \$500,000 be added each year to this initial \$2,000,000 balance, until the goal is achieved. This goal of 15% would equate to \$4,600,000 for the 2007-08 budget and represents 1.8 months of operating expenditures.



Charles P. Fuentes

CPF:RSR:zc

Attachment

## CITY COUNCIL

### Mission Statement:

The City Council, which consists of a Mayor and a four member Council, is the legislative and policy-making body for the City of Pico Rivera. The Council members are elected at-large for four-year, overlapping terms of office. The Mayor, who is selected each year during each Council re-organization, presides over all Council meetings and is the ceremonial head of the City for official functions.

The City Council is responsible to the electorate for keeping pace with changing community needs; for establishing the quality of municipal services and the community environment; for promoting confidence in local government through open conduct of public affairs; and for encouraging constructive citizen participation. The Council determines service levels and revenue obligations through the adoption of an annual budget; authorizes City contracts and expenditures; establishes municipal service goals and operating policies; adopts such regulatory measures as may be necessary to establish community protection; appointing commissions and committees; and hiring the City Manager, City Clerk and City Attorney. Councilmembers represent the City on various intergovernmental organizations to achieve governmental cooperation, legislation, and programs that are consistent with the needs of Pico Rivera's citizens.

The City Council also serves as governing board of the Housing Assistance Agency and Water Authority.

## **CITY MANAGER**

### **Mission Statement:**

The City Manager serves as the Chief Executive Officer of the City of Pico Rivera. The City Manager is appointed by and serves under the direction of the City Council. The City Manager also serves as Executive Director of the Pico Rivera Housing Assistance Agency and Water Authority. Specific services objectives are:

- Provide overall direction and coordination of city operations, community programs and public safety to ensure the City Council adopted service objectives are met or exceeded and costs do not exceed budget restrictions.
- Provide continual monitoring and evaluation of services and programming to assure the City Council that city services, laws, and programs remain relevant to community needs and are administered in an equitable manner.
- Provide useful and timely data to the City Council so alternatives are considered and decisive policy action is taken to accommodate changing needs and conditions without crisis and without interruption in services.
- Oversee an aggressive program of resource development that results in measurable increase in the productivity of city operations each year, procurement of available grant funds to achieve special projects, and new commercial and industrial development that expands the economic base of the city.

### **Key Achievements 2012-13:**

- The City evaluated several waste haulers and awarded a contract to NASA saving Pico Rivera residents and businesses \$1.4M annually.
- The Rivera Park Renovation Project (\$7.7 M) was completed, and construction has begun on Rio Vista and Smith Parks (\$14.9M).
- The City was awarded and completed a second KaBOOM playground at Streamland Park (first one was at Pico Park).
- The Passons Boulevard Underpass project (\$43.5M) was completed.
- The City also secured funding for another underpass on Durfee (\$73M), and the design has already begun on the Durfee underpass. These underpasses enhance safety, reduce traffic, and beautify the City.
- Completed the upgrade of the Pico Rivera Golf Course.
- The City worked with BakeMark Manufacturing to expand their facility adding over 100 new jobs. The PetSmart opened in the Towne Center adding over 25 new jobs.
- The City implemented an online water payment system to allow residents to pay water bills online.
- The City was a top five finalist for the Most Business Friendly City in Los Angeles County (By Los Angeles Economic Development Corporation).
- To enhance senior transportation, the City implemented a dial-a-taxi service to supplement the widely used dial-a-van service.
- Created a comprehensive residents guide for online publication.

## CITY MANAGER

### Key Goals & Objectives 2013-14:

- Develop a plan to balance the budget for Fiscal Year 2014 - 15.
- Negotiate Labor Agreements consistent with a balanced budget.
- Complete construction of Smith and Rio Vista Parks on schedule and within revised budgets.
- Complete the new Pico Rivera Library on schedule and within budget.
- Continue to advance the design on the Durfee Grade Separation Project.
- Implement the State's new Pension Reform law.
- Continue to actively pursue a positive increased cash flow for the City based on the dissolution of the Redevelopment Agency.
- Continue to advance the completion of the City's General Plan and zoning ordinances.
- Complete and implement a Council approved plan for the Pico Rivera Sports Arena/campground facility.
- Evaluate and based on funding available and Council approval, implement Fixed Route Transit System.
- Develop a plan to address the City's unfunded medical retirement costs.

## **CITY CLERK**

### **Mission Statement:**

In continuing with the City's overall strategic direction, the City Clerk's mission is to provide reliable, timely, efficient and effective support services to both internal and external stakeholders while maintaining a strategic focus on best practices and ways to utilize technology to enhance service delivery.

### **Program Statement:**

The Division of the City Clerk is tasked with legally mandated duties including: Conducting regular and special municipal elections, managing official records of the City, administering City Council meetings, preparing agendas for all four City legal entities, maintaining the City's municipal code as well as acting as filing officer for conflict of interest statements filed by City elected and appointed officials. While these represent the main core duties of the City Clerk's work program, there are other duties that are equally important such as: providing support to City Administration and Elected Officials, processing requests for information and preserving the legislative record through resolutions, ordinances and minute orders.

### **FY2012-2013 Program Achievements:**

- Completed Phase 1 and 2 of Records Management restructuring.
- Formed City Clerk's new Accession log.
- Streamlined the Records Management process.
- Assisted with the development of the Oversight Board.

### **FY2013-2014 Goals & Objectives:**

- Prepare and manage November 5, 2013 Election.
- Provide learning and professional development and training opportunities for staff.
- Continue to streamline our workflow process.
- Continue to enhance the Records Management System with an upgrade.
- Utilize Best Practices for the City Clerk's Office.
- Utilize the City's website to provide the public with user friendly information as it relates to ordinances/resolutions/minutes/agendas.
- Acquire a paperless agenda application to improve on agenda preparation and save costs.
- Maintain the City's Retention schedule.



## **BUSINESS & COMMUNITY OUTREACH**

### **Mission Statement:**

Business & Community Outreach Division is committed to increase awareness, and participation of community programs and services aimed at local businesses, schools and neighborhoods. The division is responsible for the development and implementation of three programs (Community/Business Outreach, Environmental/Recycling, and Community Transportation).

### **Program Statement:**

**Environmental/Recycling:** The Division monitors State mandated AB939 Solid Waste diversion and compliance and sustainable activities. The division is committed to developing innovative, practical and wide-ranging environmental programs, city policies and regulations sustaining community-wide quality of life and economic growth. In addition, staff manages the promotion and implementation of the Used Oil Block Grant, Household Hazardous Waste Grant and California Beverage Container Recycling grant.

**Community/Business Outreach:** The Community/Business outreach program supports local neighborhoods, business and non-profit organizations through collaboration and coordination of programs and activities to increase the quality of life of neighborhoods and the expansion and retention of local businesses.

**Transportation:** The Transportation Division oversees citywide transportation planning, bicycle and pedestrian planning, and alternative transportation programs. In partnership with community groups, and local businesses develops short and long range policy recommendations and directs program implementation to support a safe, efficient transportation environment in Pico Rivera.

### **FY2012-2013 Program Achievements:**

- Development and implementation of a new solid waste collection and recycling contract.
- Implementation of improved community demand response transit program.
- In collaboration with the County of Los Angeles Community Development Commission, began the development of the new Pico Rivera Library.
- Successfully hosted a business Exporting workshop.
- Reintroduced Administrative Internship Program
- Successfully implemented the installation of temporary shuttle service for grade separation project
- Successfully completed the development of the

## **BUSINESS & COMMUNITY OUTREACH**

### **FY2013-2014 Goals & Objectives:**

- Collaborate with County for grand opening of new Pico Rivera Library
- Coordinate renovation plans for Pico Rivera Sports Arena and Campground Park
- Coordinate submission of 2013-14 National Transportation Data Base volunteer reporting program.
- Develop an interdepartmental Green/Sustainability Committee
- Develop and implement community garden farmers market project
- Coordinate Sister City delegation visit to SLP fall 2013

# HUMAN RESOURCES DIVISION

## Mission Statement:

Our mission is to provide a useful source of information to assist in serving the needs of the City's approximately 118 full-time and 150 hourly employees as well as to provide a superior source of information accessible to the general public. Human Resources Division is committed to serving the needs of all City employees and external customers in a positive, professional and efficient manner.

## FY 2012 - 2013 Program Achievements:

- Conducted approximately 20 recruitments resulting in 3 new full-time employees and 41 hourly or seasonal hires.
- Recovered over \$17,000 in damages to City property.
- Managed the Early Retirement Incentive plans approved by the City Council.
- Conducted two special Open Enrollments for the City's Dental and Vision Carriers.
- Continued administration of the workers' compensation and claims programs.
- Assisted with various employee retirements and resignations and provided information for benefit transitions.
- Commenced negotiations with Parks and Recreation hourly bargaining unit.
- Provided guidance in performance management/evaluation, disciplinary matters, compensation, recruitment, policy interpretation and other personnel issues.
- Processed fourteen (14) FMLA/CFRA Leave requests.
- Continued employee development by offering quality training opportunities at nominal costs.

## FY2013-2014 Goals & Objectives:

- Update the City's Personnel Rules and Regulations.
- Create an Interview Guidebook for oral rater panelists.
- Provide Webinar training opportunities as a cost and time saving measure for City employees.
- Continue to attract and hire qualified candidates through effective recruitment and retention programs.
- Develop new methods to control the City's exposure to risk and financial losses to the City.
- Strengthen employer-employee relations and support compliance with all applicable labor laws through effective policy formulation, contract negotiations and implementation and dispute mediation/resolution.

# **PUBLIC INFORMATION**

## **Mission Statement**

The Public Information Division directs the City's communication efforts by increasing awareness of government services and activities. Information is regularly distributed to residents, business, media, City officials and employees of the City of Pico Rivera. The Public Information Division serves as an information resource center for the public and employees by developing and implementing public information strategies, and marketing campaigns

## **Program Statement:**

The Division serves as the communication arm of the Administration Department. The Division designs and produces a variety of community information, promotion and marketing materials and special writing projects including the monthly Profile newsletter, and the quarterly Parks and Recreation catalog.

The Division oversees the operation of the City's cable television channel CTV3. The operation includes the production and airing of CTV3 News and local originating television programming and the airing of PEG suitable programming. The Division also manages the video content posted to the City's website, including the City's news show, City Council meetings, Special Reports and local originating programming. The Division is also responsible for the content posted to the City's Facebook page.

The Division also serves as the creative arm of the Administration Department. The Division provides graphics, photography and video support to other City departments, and provides a range of writing and ceremonial services as required to the offices of the City Manager and City Council.

## **FY2012 - 2013 Program Achievements:**

The Public Information Division has successfully accomplished several major goals and objectives. These include:

- The coordination, design and production of a variety of marketing and promotional materials aimed at increasing awareness of government services and activities.
- Production of the City's monthly Profile newsletter.
- Production of a monthly City television news show.
- Redesign and production of the Parks and Recreation Guide.
- Redesign and implementation of new Broadcast, Audio and Presentation Equipment for the Council Chambers.
- The filming and producing of more local originating programming.
- Posting of Video stories to the City's website and Facebook Site.
- The design and production of the City of Pico Rivera Water Consumer Confidence Report.
- The design and production of Special Event and Public Awareness billboards.
- The design and production of Public Awareness flyers and brochures

## **PUBLIC INFORMATION**

### **FY2013 - 2014 Goals and Objectives:**

- The continued design and coordination, design and production of a variety of marketing and promotional materials aimed at increasing awareness of government services and activities.
- The continued development of a monthly news show highlighting City news, events and programs.
- The continued management of the City's website and social networking site.
- Continue posting of Video stories to the City's website and Facebook Site.
- The continued production of the annual City of Pico Rivera Water Consumer Confidence Report.
- The continued support to City-Wide Special Events.
- Research and recommend policies regarding Proclamations and memorial dedications.

## CITY ATTORNEY

### Mission Statement:

The City Attorney acts as the City's legal counsel. In this capacity, the City Attorney advises the City Council and staff on legal matters relating to the operation of the municipal government and is responsible for the review and preparation of resolutions, ordinances, and agreements. The services of the City Attorney are provided via contract with Alvarez-Glasman and Colvin (AGC), a private legal firm. Specific service objectives are:

- Provide expert legal advice to the City Council and its commissions, as well as the City Manager, and all City departments so that policies are established and programs administered according to the legal guidelines established by City, State and Federal laws.
- Ensure the City and its officers are properly represented in all actions arising from performance of city business.
- Ensure that all City Ordinances, Resolutions, agreements and contracts are correct as to form.

### FY 2012-2013 Program Achievements:

- Attended City Council meetings as scheduled.
- Responded to formal requests for attorney services within agreed upon timeframes.
- Provided appropriate and accurate legal advice.

### FY 2013-2014 Goals & Objectives:

- Provide legal advice and counsel to the City, its elected and appointed officials, its Boards, Departments, and Agencies, including the Housing Assistance Agency, and Water Authority.
- Prosecute and defend all suits for and on behalf of the City, as authorized by the City Council.
- Prepare or approve all contracts, bonds, and other instruments in writing in which the City is concerned, and render opinion upon questions of law.
- Provide administrative staff and legal counsel to conduct all City Prosecutor hearings.
- Prosecute for violation of Municipal Code not tied with State statutes.
- Effectively represent the interests of the City by minimizing liability and defending against claims.
- Practice the art of preventive lawyering by avoiding unnecessary, unproductive lawsuits, or legal problems. These goals can be met by knowing the law through continuing legal education courses and advising the City Council, City Manager, Department Heads, and employees on legal issues before they ripen into litigation.

# LAW ENFORCEMENT DIVISION

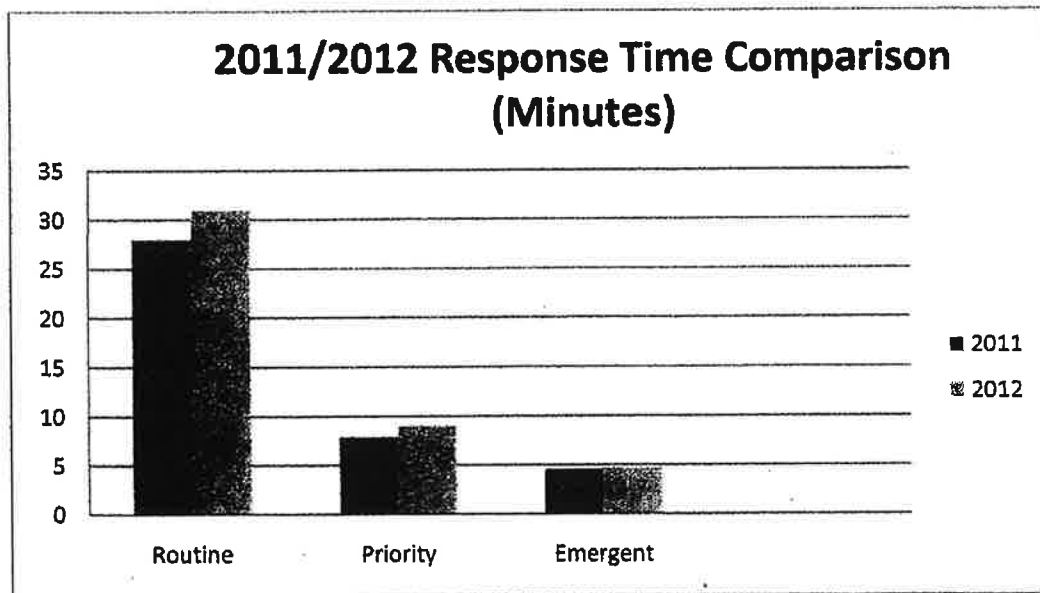
## Mission Statement:

Lead the fight to prevent crime and injustice. Enforce the law fairly and defend the rights of all. Partner with the people we serve to secure and promote safety in our communities.

## Performance/Workload Measures:

### 2012 Average Response Times

Calls for service are classified in three categories: Emergent, Priority, and Routine. The Los Angeles County Sheriff's Department's goal is to respond to all Emergent calls for service in less than 10 minutes, Priority calls in less than 20 minutes, and Routine calls in less than 60 minutes. Pico Rivera Sheriff's Station far exceeded the thresholds set by the Sheriff's Department. The response times were almost unchanged when compared to 2011. Routine call response times increased from 28 to 31 minutes. Priority call response times increased from 7.9 to 9 minutes and emergent response times increased from 4.6 to 4.7 minutes.



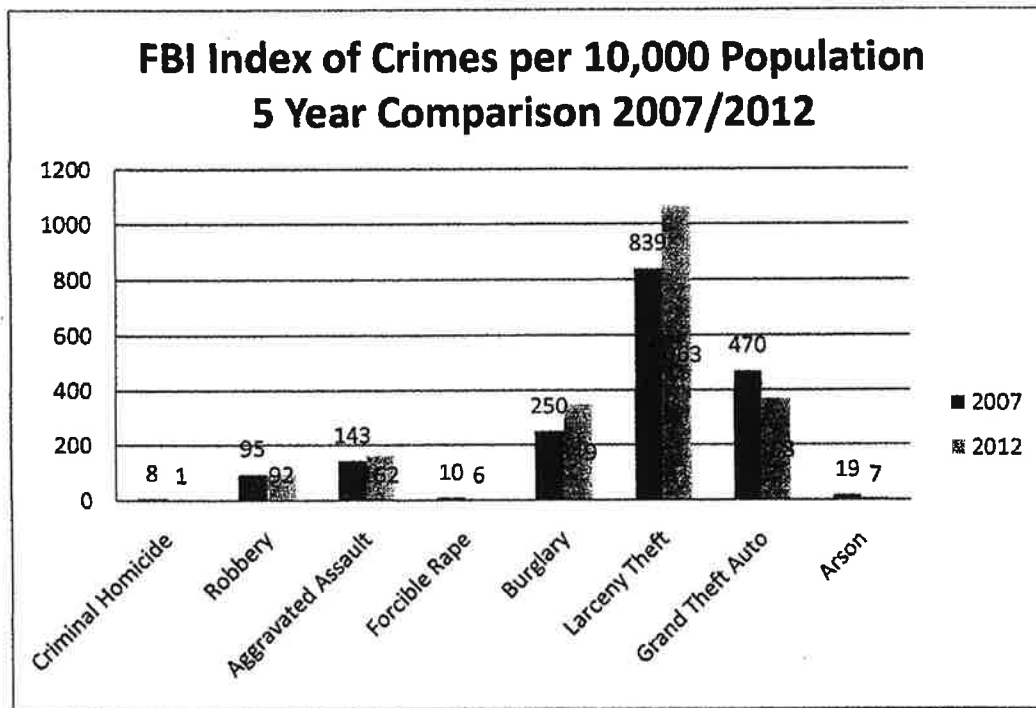
## LAW ENFORCEMENT DIVISION

### Performance/Workload Measures Continued:

#### Crime

The Sheriff's Department measures crime with the FBI index of Part I crimes. The FBI index of crimes includes: Homicide, Rape, Aggravated Assault, Robbery, Burglary, Larceny, Grand Theft Auto, and Arson. Since 2007, Collectively, Part-I crimes in Pico Rivera increased 13.6%. The increase can be attributed to the number of reported \*Larceny and Burglary crimes. All other categories of crime decreased in 2012 compared to 2007.

*\*Between 2007 and 2012 a significant number of reported Property crimes occurred in the retail shopping centers. An increase of asset protection by large retailers attributed to the rise in Larceny crimes.*





## **LAW ENFORCEMENT DIVISION**

### **FY 2012-2013 Key Achievements:**

- Graduated 40 participants from the highly successful P.R.I.D.E. (Personal Responsibility In Developing Ethics) program.
- Expanded the mandatory parent participation in the P.R.I.D.E. program from 5 weeks to 13 weeks.
- Station awarded seven scholarships \$500 - 1,000 to El Rancho and Rueben Salazar High School graduates.
- Station in partnership with the City hosted the 19<sup>th</sup> Annual Holiday Toy give-away, wherein station personnel collected and distributed over 8,000 toys to 1,100 families.
- Approximately \$90K in asset forfeiture funds were secured for the City as a result of excellent field investigations.
- Vandalism Enforcement Team experienced a 5 year enforcement milestone of over 297 arrests (213 adults & 84 juveniles) which included vandalism, possession of vandalism/burglary tools, outstanding warrants, probation violations, weapons and narcotic violations, etc.
- Station started a "Youth Activities League" program for kids ages 12-17 and there were about 25 participants.
- Pico Rivera Station graduated 16 Law Enforcement Explorers from the LA County Sheriff's Explorer Academy and added to its compliment of Station Explorers.
- Our Investigative Solve rate for all crimes remained consistent with an 80% solve rate success.
- The number of Preventable Traffic Collisions continued to decline for the 3<sup>rd</sup> straight year (from 15 in 2010 to 7 in 2012).

### **FY 2013-2014 Goals & Objectives:**

- Reduce Part I crime by 2%.
- Further reduce violent crime by an additional 3%.
- Reduce property crimes by 2%
- Graduate 60 youth from P.R.I.D.E with 100% participation from their parents.
- Establish a summer work experience program for P.R.I.D.E. participants.
- Appoint and graduate 14 new law enforcement explorers.
- Establish the first Community Based Wrestling Program in Pico Rivera in partnership with "Beat the Streets-Los Angeles," the Sheriff's Youth Activities League and El Rancho High School.
- Expand the technological capabilities of the Mobile Data Computers in the patrol vehicles while also enhancing desk operations.
- Improve "Quality of Life" for the community by addressing nuisance violations, such as scavengers, curb painters, vagrants, day laborers, etc.
- Refurbish the exterior and interior of the Sheriff's Station with new paint, carpet and some furniture.
- Successfully plan for and celebrate the 40<sup>th</sup> Anniversary of Pico Rivera Sheriff's Station.

## FINANCE DEPARTMENT

### Mission Statement:

The mission of the Finance Department is to provide financial management, customer service, and all of the business services of the City of Pico Rivera. We adhere to a management philosophy of "continuous improvement", designing and documenting business systems to automate the procedures of our business processes, while remaining flexible to adapt to the City's changing organizational needs.

### Program Statement:

The **Treasury Division** is responsible for safeguarding and investing all City Funds. This division is also responsible for monitoring and maintaining records of Fiscal Agent activities as well as compiling and preparing the Annual Continuing Disclosures for all Bonds.

The **Accounting Division** is responsible for maintaining the financial records of all City operations. This Division consists of Accounts Payable, Payroll, Grant Accounting, and Central Duplicating/Mail Room, and general accounting functions. This division prepares the Comprehensive Annual Financial report (CAFR) that has earned us recognition from the Government Finance Officer Associations of United States and Canada for fifteen consecutive years. This Division also compiles the Annual Budget.

The **Revenue Division** is responsible for collecting cash, issuing Business Licenses, running Rabies Clinics and issuing Animal Licenses. The Revenue Division is also responsible for the billing of water accounts to residential and commercial customers and to provide miscellaneous billings to various customers for services provided by various City departments.

The Information Systems division is responsible for management and support of all the technology systems in the City including core functions and resources. Following systems and servers are maintained by information systems division:

- File and storage system
- Email communication system
- Internet and firewall server
- Document Imaging server (Questys)
- Financial Information System (Harris/Wintegrate)
- City Network and Infrastructure
- Call log/work order system
- Parking Enforcement Ticketing system
- Senior Center Lab
- Teen Center Lab
- ActiveNet registration system
- Credit Card Processing Server
- Annual PC refresh project
- Print Server functions
- Backup Server and Disaster Recovery
- Website and Intranet management and hosting
- Digital Check/Forms server
- Remote Site connectivity and support to 10 sites city wide
- Comlock Door Security System
- Antivirus Security Server

## **FINANCE DEPARTMENT**

### **Performance Workload Measures:**

- Payroll processes over 8,684 checks and automatic deposits for the year.
- Accounts Payable issues over 11,397 checks in payment of claims processed for the year.
- Housing checks issues for the year are over 4,051
- Business License processed and issues over 2,500 licenses for the year
- Dog Licenses issues over 7,000 for the year.
- Water Billing issues over 59,064 invoices for 8,962 residential, 429 commercial customers, and 12 construction accounts.
- Miscellaneous Receivable processes over 500 billings.
- Support of 200 computers systems
- Support of 220 IP phones.
- Support of 60 network printers
- Support of 30 laptops
- Support of 20 servers
- Support of 2 remote labs (Teen Center and Senior Center labs)
- Support of 10 remote sites including parks, Senior Center, Art Center, City Yard.

### **Key Achievements for 2012-2013:**

- Provided Project Management and technical assistance Emphasys Software implementation.
- Completed computer refresh upgrading 5 year old computer systems.
- Deployed new water valve management system (XC2) for water department.
- Provided Project Management and design support for SCADA system.
- Upgraded Computer lab functionality including internet connection and login management system.
- Deployment water bill pay system (Paymentus) which allows residents to view and pay bills online.
- Network file shares transfer to new file server. Conversion from S: drive to T:drive shares.
- Network monitoring software and alerts setup to manage network and servers.
- Virtualization deployments of various servers to consolidate rack space including Emphasys, Capella, Security, and print servers.
- Public Wi-Fi at senior center upgraded to meet higher demands.
- Upgrade Backup Power in computer room utilizing industry standard equipment, second rack for new Emphasys server and future growth.
- Improved EOC communications by upgrading wireless router range and performance.
- Wireless links at remote sites, point to point connections from City Hall to Smith, Rivera, and Rio Hondo.
- Public Works - Engineering traffic management system support and guidance.
- Handled over 1,500 calls throughout the year. Helpdesk and email requests.
- Council internet connection upgrade, range and speed.
- Security access management system upgrade and management.
- Video security upgrades for front desk staff, finance and building counters.

## **FINANCE DEPARTMENT**

### **Key Goals and Objectives for 2013-2014**

- Update the Purchasing Ordinance.
- Prepare a Purchasing Procedures Manual and provide training for all City Departments.
- Upgrade financial system to improve functionality.
- Prepare and revise written Finance Department procedures and train departmental staff.
- Recruit, train, and mentor permanent staff for the Finance Department.
- Continue to apply for GFOA awards for excellence in financial reporting.
- Conduct training for all City Departments on various financial processes, such as, Accounts Payables and Budgeting.
- Running fiber to remote sites including Smith Park, Golf Course, and Rivera Park.
- Purchase and deploy additional blade servers to save energy and consolidate resources.
- Continue virtualization and server expansion.
- Additional training of Harris/Wintegrate to fully take advantage of capabilities.
- Upgrade software firewall ISA.
- Questys online access to allow residents online viewing of agendas and minutes.
- Print Management System to lower printing costs.
- Upgrade Security software to Microsoft Forefront for email and firewall servers.
- Bring the hosting of our website in house for improved security and up time.
- Upgrade Questys for improved document management system.

# COMMUNITY & ECONOMIC DEVELOPMENT

## Mission Statement:

The Community and Economic Development Department is dedicated to providing the highest level of quality service to the residents and businesses of Pico Rivera. Responsible for well-planned development, ensuring safe construction practices, community preservation and improvement, business assistance, redevelopment, as well as a wide variety of housing and social service programs, we have committed the following to our community:

- Valuing our customers, both internal and external by offering them exceptional service, honesty, integrity and sound ethical judgment.
- Excelling in our legal and moral responsibility to protect the health, safety and welfare of the community we serve.
- Respond promptly to residents, businesses and customer concerns and questions.
- Exploring innovative ideas on how to further improve the development process as well as the dissemination of information to the public.
- Strive and commit to efficiency and work to eliminate bureaucratic processes to encourage a business friendly environment.

## Program Statement:

The Community and Economic Development Department is comprised of Building, Housing, Neighborhood Services, Planning, and Economic Development which are responsible for the following:

### Building Division:

- This Division provides review and approval of building construction plans as well as inspections to ensure compliance with building, plumbing, electrical, and disabled requirements, as well as compliance with all State laws and City ordinances.
- The Division includes the Counter Services Representatives (CSR's) which help to streamline the permitting process by being a one stop shop for applicants.

### Neighborhood Improvement Division:

- This Division enforces Pico Rivera Municipal Code provisions to ensure safe, orderly, and aesthetically pleasing neighborhoods and commercial areas.
- The Division focuses on obtaining expeditious voluntary compliance in a fair and impartial manner through continuous case monitoring and providing information and options on how to comply.

### The Housing Division:

- The primary goal is to promote adequate and affordable housing, economic opportunity and a suitable environment free from discrimination.
- The Housing division enables persons of low-to-moderate income to obtain and maintain decent, safe, sanitary housing.

## **COMMUNITY & ECONOMIC DEVELOPMENT**

- Utilizing State and federal funds, the Housing Division provides services to seniors, youth, persons with disabilities, and others needing technical and financial assistance.

### **The Planning Division:**

- This Division is responsible for both current and long-range planning functions. Current planning involves the processing of ministerial and discretionary applications to ensure compliance with the General Plan, Zoning Ordinance, California Environmental Quality Act (CEQA) and State adopted initiatives.
- Long-range planning includes the preparation and maintenance of the General Plan, Zoning Ordinance and other documents/plans which plan or affect the City's future.

### **Economic Development:**

- This Division focuses on economic development for the City. Its main goals are to eliminate blighted conditions, provide appropriate and affordable housing, develop economic incentives for existing businesses, strive to be business friendly and attract new business development.

## **FY 2012-2013 Program Achievements:**

### **Building Division:**

- Conducted approximately 8,845 building, electrical, plumbing, mechanical and housing inspections.
- Issued 875 permits totaling a valuation of \$27,754,156.
- Performed 74% of plan checks in-house.
- Scanned existing commercial and residential plans as required by the state and to facilitate access.
- Maintained a list of current and expired permits to assist homeowners by issuing a courtesy notice just before an inactive permit expires.
- Successful consolidation of the Building and Neighborhood Improvement (code enforcement) Divisions under the management of the Building Official.

### **Neighborhood Improvement Division:**

- Conducted approximately 3,383 inspections and case updates while resolving approximately 568 cases.
- Received approximately \$3,850 in administrative citation payments, including payments received through the Franchise Tax Board from the tax returns of those persons who owe citation fines.
- Responded to all first complaints within 72-hours and all priority cases within 24-hours.
- Visibly decreased the number of illegal signs posted by businesses on utility and light poles along City streets.
- Placed twenty-four (24) liens on the titles of homes which involve active cases. These liens advise buyers of the violations and require that such violations be resolved before a bank can fund the mortgage loan.

## COMMUNITY & ECONOMIC DEVELOPMENT

- The use of these liens has resulted in the abatement of four (9) cases involving illegal construction/conversions.

### Housing Division:

- Assisted 34 homes with the Community Development Block Grant (CDBG) Paint-Up/Fix-Up grant program for a total of \$132,450 in expenditures.
- Encumbered \$780,000 in 2010 CalHome Housing Rehabilitation Program funds for the renovation of 13 homes in the City.
- Completed the Community Development Block Grant 2013-2014 Annual Action Plan and Consolidated Annual Performance & Evaluation Report (CAPER).
- Applied for \$1,000,000 in CalHome funds from the State Department of Housing and Community Development.
- The Housing Assistance Agency assisted approximately 500 families in the Housing Choice Voucher (Section 8) program during the fiscal year.
- Approximately 20 families have been contacted to determine their eligibility for the Section 8 program. Of those 20 families, 9 were found to be eligible and 6 have successfully found units to rent.
- Implemented a new software "Empahsys Elite" for the Section 8 Program.

### Planning Division:

- Processed approximately 235 counter-related applications, which include Temporary Use Permits, Zoning Consistency Reviews, promotional advertising, window signage and wall/fence permits.
- Processed 114 Certificate of Occupancy applications and 18 Home Occupation permits.
- Processed one Precise Plans of Designs, one Minor Variance, and three Conditional Use Permits.
- Processed Zoned Code Amendment No. 168 to modify commercial building identification signage regulations and include standards and regulations for Creative Signage.
- Initiated Zone Code Amendment No. 169 to include freight services to the permitted land uses within industrial zones with Conditional Use Permit approval.
- Initiated Zone Code Amendment No. 170 to include animal boarding as a permitted use within certain zone districts.
- Initiated Zone Reclassification No. 313 to rezone the former Big Lots! and service station property located on the southeast corner of Rosemead and Beverly Boulevards from a General Commercial (C-G) zone to Commercial Planned Development (CPD).
- Continuation of Zone Code Amendment No. 165 process to modify the City's regulations pertaining to residential driveway expansions and construction of porte-cocheres.
- Initiated Film Permit Ordinance to modify the City's film regulations and film permit application requirements.
- Released final Draft Housing Element for public review on April 5th, held two community workshops (March 18<sup>th</sup> and April 15<sup>th</sup>) and submitted to State Department of Housing and Community Development for 60-day review.

## **COMMUNITY & ECONOMIC DEVELOPMENT**

- Prepared and submitted a Caltrans Transportation Planning Grant application for the preparation of a Complete Corridors Plan to improve conditions for walking bicycling and transit along six street corridors: Passons, Rosemead and Washington Boulevards, Telegraph Road, and Mines and Durfee Avenues.
- Prepared and submitted the State Department of Conservation Strategic Growth Council Urban Greening Grant Concept Proposal application for Phase II of the Pico Rivera Campground Park renovation.
- Phil Pace - mention..
- Completed draft of Durfee Corridor Plan.
- Completed the draft Baseline Report for the General Plan.
- Completed the draft General Plan.

### **Economic Development:**

- Nominated as one of five finalist for the Los Angeles Economic Development Corporation (LAEDC) Business Friendly Awards.
- Staff met with 25+ business owners to help facilitate permit processing.
- In coordination with the Goodwill of Southern California and the Southeast Area Social Service Funding Authority hosted three job recruitment fairs for residents of Pico Rivera.
- Attracted the development of Panera Bread by utilizing business friendly practices.
- Implemented the Business Assistance Program to assist the preservation of existing and to attract new business development.
- Completed a draft Economic Development Element with goals and policies to supplement the Business Assistance Program.
- Partnered with California Manufacturing Technology Consulting (CMTC) to provide assistance to 5+ businesses for retention and expansion services.
- Furthered negotiations with the County of Los Angeles for the transfer of the Bug House Property to the City of Pico Rivera for affordable housing.
- Coordinated and held the "Help & Hope" Foreclosure and First-Time Homebuyer Resource Fair with Neighborhood Housing Services of Los Angeles County.
- Expedited major development entitlements for retention and expansion of Daniel's Meats.
- Held first-ever Economic Development Collaborator's Meeting with SASFFA, CMTC, LAEDC and regional city economic development representatives to further regional education, action and collaboration in local businesses assistance efforts.
- Began construction on first commercial façade rehabilitation project for "La Cocina" business along Durfee Avenue.

### **FY 2013-2014 Goals & Objectives:**

#### **Building Division:**

- Perform inspections within 48 hours of request with limited staff.
- Track and increase the number of "over-the counter" permits issued with the aid of handouts.
- Provide customer access to a plan checker to discuss submittal requirements at least two hours out of a typical day.



## COMMUNITY & ECONOMIC DEVELOPMENT

- Conduct a minimum of 5% quality control inspections to ensure inspections are being conducted properly and residents are receiving the best customer service.
- Review existing written policies and handouts and update as needed.
- Process a new Ordinance, adopted new State Mandated building codes before January 1, 2014.

### Neighborhood Services Division:

- Complete the comprehensive update to the Neighborhood Improvement Officer manual.
- Implement the use of explanatory hand-outs to guide residents on how to comply.
- Track and take an aggressive approach against illegal signage on utility and light poles along City streets.
- Track and take an aggressive approach against the operation of illegal businesses throughout the City.
- Track and take a proactive approach against violations within dilapidated areas of the City to combat blight.
- Continue to meet 24-hour priority inspections and 72-hour first call inspections.

### Housing Division:

- Maintain the HUD rating of "High Performer," by continuing to sustain the Housing Assistance Agency Housing Choice Voucher (Section 8) program lease up rate at 95% or better.
- Improve the day to day activity to assist Pico Rivera in the most efficient method possible and cross train staff.
- Improve the screening process for applicants and participants in an effort to reduce program fraud.
- Apply for the 2013 HOME Investment Partnerships Program grant responding to the Notice of Funding Availability (NOFA).
- Update the Community Development Block Grant and HOME program manuals for improved efficiency and per the federal updated guidelines.
- Expend \$720,000 in CalHome grant funds for the Housing Rehabilitation Program totaling twelve home rehabilitation projects.
- Expend all funds allocated for the Community Development Block Grant (CDBG) Housing Rehabilitation Program for the rehabilitation of Single-Family Homes.

### Planning Division:

- Complete the final draft of the General Plan Update and baseline report.
- Complete the Zoning Ordinance update.
- Prepare the environmental analysis for the General Plan and Zoning Ordinance and adoption by the City Council.
- Obtain approval and adopt the 2013-2021 Housing Element required by the State Housing and Community Development Department.
- Utilize the new City website to facilitate permit application processes.
- Apply for the state Strategic Growth Council Urban Greening Planning Grant for a master plan of open space projects.
- Apply for available local, state and federal grants, which offer funding for land use policy implementation.

## COMMUNITY & ECONOMIC DEVELOPMENT

### Economic Development:

- Evaluate and research conversion of existing businesses for point-of-sale to enhance the City's tax base.
- Prepare and submit the 2013 Los Angeles County Economic Development Corporation's Most Business Friendly Cities Awards application.
- Conduct outreach to the top 10 businesses to solicit comments/concerns and provide assistance.
- Coordinate with the Chamber of Commerce and form other partnerships with organization to help businesses locate or stay in the City of Pico Rivera.
- Coordinate with property owners of key vacant sites to create marketing material that can be posted on the City's upgraded website.
- Create a coalition of surrounding cities to initiate discussion on partnerships on economic development issues.
- Continue to work with Norms Restaurant to develop the project by the end of FY 13-14.
- Continue to coordinate with California Manufacturing Technology Consulting (CMTC) to provide assistance to manufacturing business expansion and retention.
- Execute an agreement with the County of Los Angeles for transfer of the Bug House Property to the City of Pico Rivera for affordable housing.

# PUBLIC WORKS DEPARTMENT

## Mission and Program Statement:

**COMMITMENT TO SERVICE.** The Public Works Department is comprised of five (5) major functions; Administration, Engineering, Utilities, Field Operations, and Public Safety.

**Public Works Administration Division** is responsible for overseeing the administrative aspects of the Department of Public Works. This Division has primary responsibilities with the departmental budget; Capital Improvement Program budget; State and Federal funds; public counter services; planning and infrastructure grants, including research, writing, and oversight; special project analysis and studies regarding issues impacting the Department; contract administration, including solid-waste (trash), street sweeping, janitorial, and tree services; and public outreach efforts regarding Capital Improvement Program (CIP) projects.

**Engineering Division** provides engineering services, such as Capital Improvement Program management, design, AutoCAD drafting, map and plan checking, maps and records, construction inspection and development review. The Division is also responsible for the functions of traffic engineering, issuance of permits for encroachments into the public right-of-way, and the inspection and approval of all public works improvements in compliance with City and State standards. The Division also manages the Storm Water Program (National Pollution Discharge Elimination System). The Division participates in region-wide projects through various technical boards such as the 91/605/405 Corridor Technical Advisory Committee, California High Speed Rail Technical Advisory Committee, and the Freight Corridor Program.

**Utilities Division** manages local and regional water programs with a goal of providing safe, high quality drinking at an affordable cost; the Sanitary Sewer System with a goal of providing a dependable trouble-free sewer collection system through efficient and safe procedures; the Storm Drainage System with a goal of providing a safe dependable drainage system through timely cleaning, repair, and maintenance of facilities; and the City's energy program with a goal of developing strategies to reduce energy consumption. The Utilities Division also has primary responsibilities in the Southeast Water Coalition and the Gateway Water Management Authority (two organizations involved in region-wide water policy).

**Field Operations Maintenance Division** performs all facets of public works infrastructure maintenance such as: roadways, alleys, curbs, gutters, sidewalks, graffiti removal, upkeep of all City buildings and facilities, including City Hall, Senior Center, and Parks buildings and grounds. Contracted maintenance services are provided for tree maintenance, HVAC maintenance, and street sweeping. This Division also maintains and operates the City's Water System using City forces and contracted services.

**Public Safety Division** has oversight of four City programs: Parking Enforcement, Inoperable Vehicle Abatement, Graffiti Restitution Collection and Emergency Preparedness. Parking Enforcement enforces the Pico Rivera Municipal Code and the California Vehicle Code. Parking Enforcement is necessary to: control the number of cars parked on crowded City streets; allow for efficient street sweeping; ensure emergency vehicle access; and eliminate improperly registered vehicles from City streets. The Inoperable Vehicle Abatement combats blight while maintaining neighborhood quality of life. Staff works together to eliminate the parking and storage of abandoned vehicles on private property. Public Safety staff continues to advance the goals of the Graffiti Abatement Program by overseeing the Collection of

## **PUBLIC WORKS DEPARTMENT**

**Restitution.** Since its successful introduction in September 2006, the Graffiti Tracker System has been instrumental in the increase of the amount of court-ordered restitution. Lastly, Public Safety oversees **Emergency Preparedness** which focuses on establishing and updating plans and procedures related to the City's Emergency Operation Center (EOC) and emergency preparedness in general.

### **FY 2012-13 Program Achievements:**

#### **Department highlights for FY 2012-2013**

##### **Administration Division**

- Secured a \$987,200 Federal grant under Highway Safety Improvement Program (HSIP) for the construction of Median Islands along Paramount Boulevard
- Secured \$401,400 in State Funds under the Safe Routes to School Program
- Secured \$552,000 in grant funds with Gateway Cities Council of Governments for the Intersection Improvements at Rosemead Boulevard and Telegraph Road with the City of Downey
- Secured \$130,557 in grant funds with The Department of Resources Recycling and Recovery (CalRecycle) for the next Road Resurfacing Project, Phase E.

##### **Engineering Division**

- Passons Boulevard Underpass Project (\$43.5 Million) - Completed construction including demolition, utility relocation, railroad shoofly and bridge, right-of-way acquisition, retaining walls, and peripheral work.
- Passons Boulevard Underpass Project, Phase III (\$604,000) - Completed construction.
- Rivera Park Renovation Project (\$7.7 Million) - Completed construction.
- Smith Park and Rio Vista Park Renovation Projects (\$14.4 Million) - Completed design and initiated construction.
- Telegraph Road Landscape Median Improvements Project (\$3.4 Million) - Completed design and initiated construction.
- Telegraph Road/Rosemead Boulevard Intersection Project (\$850,000) - Completed design.
- City Hall Parking Lot Light LED Retrofit Project (\$101,000) - Completed design and construction.
- Concrete Improvements in CDBG Areas (\$200,000) - Completed construction.
- Rosemead Boulevard Rehabilitation Project (\$1.7 Million) - Completed construction.
- Residential Resurfacing Project - Phase 'D' (\$1.2 Million) - Completed construction.
- Rosemead Boulevard/Mines Avenue Intersection Improvements Project (\$800,000) - Completed construction.
- Completed the Pavement Management Program for City-wide roadway maintenance.
- City Hall Backup Generator Project (\$312,000) - Completed design and initiated construction.
- Rosemead Boulevard Pedestrian Bridge Rehabilitation (\$516,000) - Initiated design.

# PUBLIC WORKS DEPARTMENT

## **Utilities Division**

- Completed Rehabilitation of Well No. 4. That was out of service for more than one year.
- Completed Rehabilitation of Well No. 2 after after failure of pump-motor unit.
- Repaired over 60 water leaks Citywide.
- Initiated the Fire Hydrant Flushing Program to improve water quality.
- Completed leak repair at Plant No. 3, Well No. 11.
- Completed design, award construction contract, and commence construction of Supervisory Control and Data Acquisition (SCADA) system.
- Completed design, award construction contract, and commence construction of Electrical Upgrades at Well Nos. 6, 7, and 8.
- Commenced design and award contract for replacement of Booster Pumps 1 and 3 at Plant No. 1.
- Completed design of PRWA/PWD Inter-tie.

## **Field Operations Maintenance Division**

- Painted complete exterior of City Hall and City Hall West
- Assisted in the prep work and installation of two new playground structures at Pico Park & Streamland Park
- Completed over 1,000 Work Orders in various areas of Facilities Maintenance
- Repaired 45 Irrigation valves and repaired over 350 sprinkler heads throughout Facilities, Grounds, and Parks
- Removed Graffiti at over 5,000 locations, including restrooms, playground and buildings using 545 gallons of paint
- Installed all traffic signal electrical conduit for the Parsons Grade Separation Project
- Removed all entrance monuments

## **Public Safety Division**

- Issued over 16,000 parking citations and 11,000 warnings
- Collected over \$1,000,000 in citation revenue
- Abated over 50 vehicles under the Inoperable Vehicle program
- Collected over \$15,000 in court-ordered restitution through the Graffiti Tracker System
- Process over 700 first-level administrative reviews of citation appeals

## **Emergency Preparedness**

- Coordinated citywide participation in the States The Great California shakeout cover and evacuation drill;
- Continue reorganization of the EOC transfer from Community Development to Public Works;
- Participated in Southern California Edison program to improve notification and communications during emergency events;

## **PUBLIC WORKS DEPARTMENT**

- Participated in Los Angeles County's Regional Recovery Guidance for Emergency Planners Program;

### **FY2013-2014 Goals & Objectives:**

#### **Capital Improvement Program**

- **Parks Master Plan Projects** - Complete construction of Smith Park and Rio Vista Park Renovation Projects.
- Maintain design of the Durfee Underpass Project on schedule.
- **Roadway Projects** - Complete construction of the (1) Telegraph Road Landscape Median Improvements Project, (2) Telegraph Road/Rosemead Boulevard Intersection Project, and (3) Residential Resurfacing Program - Phase 'E' Project; Initiate design of Passons Boulevard Street Improvements Project; Complete design of the Whittier Boulevard Rehabilitation Project; and begin design of the Paramount Boulevard Landscape Median Project.
- **Facilities** - Complete design of the Rosemead Boulevard Pedestrian Bridge Rehabilitation Project; and complete construction of the City Hall Backup Generator Project.
- **Traffic Control Projects** - Begin installation of Traffic Management Center; Initiate design on the (1) Citywide Traffic Safety Improvements Project and (2) Traffic Signals Modifications Project.
- **Water Infrastructure Projects** - Complete construction of: (1) Upgrade Water Meters, (2) Replace Electrical Panels and Other Improvements at Plants 1, 2, and 3, and (3) Recoat Reservoir No. 2; Commence Preliminary Engineering Report and designs for Rehabilitation of Well No. 9 or 10, Install Chlorine Analyzers at Wells No. 5, 6, 7, and 8, complete SCADA System Upgrade, complete replacement of Pumps No. 1 and 3 at Plant No. 1, complete construction of PRWA/PWD Inter-tie and associated mains if grant funds are available.
- **Other** - Initiate design on the Rosemead Boulevard Pedestrian Bridge Rehabilitation Project and complete construction of City Entrance Monuments Project.

#### **Field Operations Program**

- Graffiti Abatement Program with emphasis on education, apprehension, prosecution, and restitution and continue intensive case management of new and existing restitution cases.
- Maintenance of the newly renovated Smith, Rivera and Rio Vista Parks.
- Finalize the Public Works services Mutual Aide Agreement with the City of Whittier.
- Implement recommendations from the Public Works Efficiency Study.
- Implement a Maintenance Management System.
- Implement maintenance programs for the new City parks and Passons Boulevard Underpass.

## PUBLIC WORKS DEPARTMENT

### Other

- Successful management of the Southeast Water Coalition and satisfy duties as the Lead Agency;
- Work towards exiting the Consolidated Sewer Maintenance District, assuming City Council support;
- Coordinate the States 2014 The Great California Shakeout annual earthquake evacuation drill;
- Continue Reorganization of EOC to Public works;
- Purchase generator for backup EOC located at City Yard;
- Provide training for each of the Emergency Operations Center (EOC) sections, Operations, Planning, Finance, Logistics and Management;
- Audit the emergency supplies and purchase equipment and supplies accordingly.

## **PARKS & RECREATION DEPARTMENT**

### **Mission Statement:**

We strengthen community by creating experiences that promote healthy lifestyles, connect families and neighbors, encourage lifelong learning, and celebrate life.

### **Program Statement:**

The Parks and Recreation Department budgets 19 full time and over 120 FTE hourly staff that are responsible for planning and conducting recreational programs, events, manage facilities and provide services at Rivera, Smith, Rio Vista, Pico, Streamland and Rio Hondo Parks, the Senior Center, Centre for the Arts, Batting Cages, Community Gardens, and Youth Center. The Department oversees operation at the Pico Rivera Golf Course which is now operated under contract. The department also assists a variety of community organizations in the delivery of programs and services that benefit the community. Major programs include year-round Child Supervision, Special Events, Youth and Adult Sports, Contract Classes, Teens, Senior Services, Trips and Tours and Adaptive Recreation. In addition, seasonal programs and services are offered through Aquatics, Art Shows, REACH, Free Summer Lunch Program, Crossing Guards, and Summer Concerts in the Park.

The Parks and Recreation Commission serves in an advisory capacity and meets monthly to assist and advise the department in meeting the demands of the public and to provide input into programs and facilities.

The department provides facilities and supports the delivery of certain programs for eleven Community Sports Organizations, five Senior Citizen Clubs, the El Rancho Unified School District, Pico Rivera Christmas Baskets for the Needy, Southeast Area Social Service Funding Authority (SASSFA), the Chamber of Commerce, and several other community non-profit organizations.

Additional services provided to the general public include facility reservations, program registration, information and referrals, and volunteer registration and opportunities.

The department also oversees the Prop A transportation programs for seniors, Recreation and Senior Club Excursions, and the reloading of TAP cards that allow residents to use local Metropolitan Transportation Authority (MTA) and Montebello bus lines.



# **PARKS & RECREATION DEPARTMENT**

## **Achievements for FY2012-2013:**

### **ADMINISTRATION**

- Renewed the agreement with the Golf Course private contractor GolfLinks Consulting, for an additional 3 years.
- Successfully secured third grant through KaBOOM! For the construction of a Shade Shelter for Streamland Park's playground.
- Awarded the title of Playful City USA by the KaBOOM! Organization for a 2nd year.
- Worked closely with the Department of Public Works and community stakeholders to commence construction at Smith and Rio Vista Parks. Construction is scheduled for completion this summer.
- Working with the Department of Public Works, completed construction of Rivera Park.
- Completed Department audit and structural reorganization.
- Received CalRecycled grant for the installation of rubber mulch playground surfacing at Smith Park.

### **PROGRAMS & FACILITIES**

- Increased Toy-Loan program participation by 10%.
- Community Gardens program hosted several successful planting workshops and community gathering events.
- Increased physical activity and open gym play usage by 5%.

### **CHILD SUPERVISION**

- Introduced the Tiny Tot "Christmas Program" with participant performances for friends and family to attend.
- Introduced "Healthy Cooking Workshop" to Walking Crew participants and parents to provide assistance in creating healthy lifestyles for youth.
- Increased Tiny Tot registrations by 5% for Tuesday and Thursday classes.
- Redesigned Spring and Summer Camp Informational packets to be more reader friendly and cost effective.
- Redesigned Tiny Tot Registration Form to coincide with recent revisions to the Walking Crew Registration Form.
- Provided Tiny Tot parents with monthly hand-outs regarding tips on how to encourage their child's education and development.
- Partnered with the Los Angeles County Library in providing free parent and Child Floor Time workshops to local residents.

### **SPECIAL EVENTS**

- Offered a successful 4<sup>th</sup> of July celebration that drew over 10,000 attendees.
- Successfully secured the Free Summer Food Service Program Grant for the 4<sup>th</sup> consecutive year, in which over 31,000 meals were served. An increase of 1,000 meals from previous year.
- Increased volunteer database to over 1,500 and produced 9,820 volunteer hours.
- Increase volunteer participation by 1,070 hours.
- Successfully utilized volunteers to reduce staffing levels at events by 50%.

## **PARKS & RECREATION DEPARTMENT**

### **SPORTS**

- The Pico Rivera Youth Basketball League had an 11% increase in participation from the previous year.
- Offered adult softball to over 3,500 adults through City's Adult Softball League.

### **AQUATICS**

- Provided affordable, quality recreational swim and swim lessons to over 31,000 youth and adults.
- Increased overall program attendance by 30%.
- Introduced new aquatic fitness classes and pre-school and evening swim lessons.
- Increase aquatic revenues by 20%.

### **REACH**

- Included ERUSD Kindergarten students in the REACH program for the 1<sup>st</sup> year with over 70 participants.
- Increased registrations by 5% at each site.
- Successfully hosted the 9<sup>th</sup> annual REACH Recital with over 700 people in attendance.
- Successfully hosted the 3<sup>rd</sup> annual REACH Mini Olympics with over 320 REACH students competing.
- Provided over 150 iPads amongst the eight REACH sites to implement in enrichment curriculum.

### **MARKETING & PROMOTIONS**

- Developed a team consisting of existing staff and resources to promote department programming.
- Revamped department print publications including the Parks and Recreation Guide, City billboard, brochures, and flyers.
- Implemented bilingual content in several publications to serve the Spanish-speaking community.
- Promoted healthy living and awareness by including tips and advice in the Parks and Recreation Guide.
- Develop a media kit for advertising opportunities in the department Recreation Guide and other publications.
- Developed a customer experience survey and an online feedback forms to secure feedback on services, facilities, and programs.

### **CONTRACT INSTRUCTORS**

- Developed Contract Instructor Handbook that improved communication and clarified roles of the instructors and staff resulting in improved services to program participants.
- Introduced a variety of successful Healthy Cooking classes and adult fitness classes.
- Successfully introduced over 20 new contract classes.

## PARKS & RECREATION DEPARTMENT

### TEENS

- Offered art instruction to participants which resulted in the Youth Center's 2nd Annual Art Gallery Show.
- Provided teens with cooking classes educating them on healthier choices when preparing meals.
- Established a walking and running program to assist teens in losing weight and staying fit.
- Partnered with Best Buys Summer Academy to provided digital photography, computer programming and repair workshops.
- Provided drugs and alcohol abuse and anti smoking tobacco workshops.
- Partnered with Wells Fargo educational programs to teen teens the importance of saving and managing money.
- Provided guest speakers for youth centers career choices such as Fire Fighters, Occupational Therapist, Anaheim Deputy Chief, and local park deputies.

### CONCERTS IN THE PARK

- Presented two successful summer concerts that drew over 3,500 guests.

### ADAPTIVE RECREATION

- Incorporate Golf, Bowling and Bocce as part of our Special Olympics program.
- Incorporate nutritional educational programs for special needs children and adults.
- Held a successful Tip A Cop event with proceeds benefiting Pico Rivera Special Olympic Programming.
- Implemented a Special Olympics Basketball League.
- Introduced Special Needs Zumba, Hip Hop Aerobics, Sports Camps, Dances, Fun Friday's, Yoga and Gymnastics and Gardening classes.
- Successful hosted 3 Adaptive Recreation dances with over 200 participants in attendance.
- Partnered with El Rancho School District adult transitional program to offer physical fitness programming.

### SENIORS

- Partnered with the LA County Department of Public Health to offer a free flu shot clinic.
- Collaborated with Senator Ron Calderon's office and the Contractors State License Board to offer a free Senior Scam Stopper Seminar.
- Increased the amount of educational lectures by 33%. Presentations focused on Health and Wellness, Transportation, Medicare, and Nutrition.
- Introduced three new classes: Ballroom Dance, Belly Dance and English pronunciation made easy.
- Supported the AARP Tax-Aide program which assisted more than 400 patrons.
- Recognized National Senior Health & Fitness Day by coordinating an event with fitness and health demonstrations.
- Sustained a working partnership with various organizations that provide social services at the center. Social services include health screenings, support groups, legal counseling and social security assistance.

# PARKS & RECREATION DEPARTMENT

## TRIPS AND TOURS

- Successfully introduced new cultural related family trips that netted in increase in participation by 4%.

## Goals & Objectives FY2013-2014:

- 1) Decrease Department dependence on the general fund by identifying new revenue and/or efficiency improvements.
  - Continue to implement the recommendations from the organizational assessment report. 6-30-14
  - Continue the transition of the department's new organizational plan, with emphasis on the six (6) work teams. 12-31-13
  - Develop a comprehensive fee and pricing policy for City Council approval, which addresses cost recovery levels, fund subsidies, etc. 9-30-13
  - Modify the facility rental resolution to allow for a broader use and rental of community centers and other facilities, including a mechanism to capture funds for any future maintenance needs. 7-31-13
  - Enhance existing and introduce new programs, events and classes that will generate revenue, like contract classes, trips and tours, etc. 6-30-14
  - Conduct a fees and charges study of adjacent cities to identify new revenue ideas and fees. 9-30-13
  - Aggressively pursue sponsorships and grants for department programs and park needs. 6-30-14
  - Develop new sports leagues for adults, like baseball, basketball, flag football, etc. 12-31-13
  - Evaluate staffing patterns, hours of operation, etc., for parks and community centers with the goal of reducing costs and enhancing service. 12-31-13
  - Evaluate feasibility of closing the Teen Center at Rio Hondo Park and develop teen programs and services at the other park sites. 12-31-13
  - Evaluate a contract with Major League Sports to maintain sports fields for the city. 7-1-13
  - Develop a membership program at the Senior Center for seniors. 9-1-13
  - Develop a plan for rental of equipment by organizations and club groups. 12-31-13
- 2) Establish new partnerships, and improve relationships with existing partners, to supplement and share resources for delivery of programs.
  - Develop a sports facility use and rental policy to be approved by the City Council, for the city youth sports organizations that address priority of use, maintenance responsibilities, procedures relating to sports fields, and any fees or charges. 12-31-13
  - Work with Special Olympics to expand a program for the city. 7-1-13

## PARKS & RECREATION DEPARTMENT

- Develop co-sponsor agreements with the senior clubs, sports groups, service organizations, and others that identifies how to work together to enhance resources for the city programs and parks. 12-31-13
  - Continue to work with the school district staff to insure opportunities for use of school facilities by the community, and develop a joint use agreement. 6-30-14
  - Develop a programming plan with the new library. 7-1-13
- 3) Develop a comprehensive marketing plan that includes methods to promote the department and the city.
- Develop a comprehensive marketing plan for the department. 9-1-13
  - Develop an advertizing policy for the department brochure, and other department publications. 7-1-13
  - Continue the development of the department website to be a relevant and crucial source of information to the public. 9-1-13
  - Continue the improvements to the Profile and Recreation brochures. 7-1-14
  - Develop a department social media plan that includes tools, such as Facebook, Twitter, etc. 9-1-13
  - Continue to maximize Activenet and other online marketing tools and train all staff on how to utilize this resource. 9-1-13
  - Develop a variety of department brochures, like for walking trails, the aquatic center and other specific park brochures, etc. 7-1-14
- 4) Continue to work with Public Works to complete all the parks renovation projects and establish new operational procedures for each park.
- Develop a ball field closure schedule with the youth leagues. 12-31-13
  - Develop job duties for Public Works staff assigned to each park. 7-1-13
  - Develop a new department work order policy to identify and track work orders submitted to Public Works. 7-1-13
  - Assist Public Works in development of general ground maintenance specifications and frequencies for parks. 12-31-13
  - Work with Public Works to develop a list of capital needs for parks that may require additional funding. 7-1-13
  - Identify other park facilities that may need to be considered, like a dog park, walking trails, etc. 12-31-13
  - Continue to aggressively seek funding for improvements for Pico Park, Rio Hondo Park and Streamland Park. 7-1-14
- 5) Develop a formal inspection plan and program to monitor the new golf course contractor. 7-1-13
- Assist operator in evaluating and increased fees, as appropriate.
  - Assist operator in developing a 5 year capital improvement list for the golf course.
- 6) Explore methods to increase the revenue potential and opportunities for the aquatic center at Smith Park. 1-2-14
- Evaluate internally, or with an outside consultant, the opportunities to increase programs and revenue at the aquatic center. 1-2-14

## PARKS & RECREATION DEPARTMENT

- Develop a list of capital needs to maintain the integrity of the pool on the short and long term. 1-2-14
  - Explore feasibility of long term improvements to the pool, like a spray pool feature, rental cabanas, portable inflatable covers, and research funding opportunities, like the LA84 foundation. 1-2-14
- 7) Enhance staff development programs and opportunities to improve programs and customer service.
- Utilize the department training work team to survey all department staff on their training needs and develop a monthly program to address. 7-1-13
  - Develop specific training programs in personnel supervision and evaluations, purchasing responsibilities, program evaluations, cash handling, customer service, etc. 9-1-13
  - Develop a specific training program for all staff on the use of Activenet. 7-1-13
  - Continue all six (6) works teams and use to address department issues, priorities, and challenges. 7-1-14
  - Continue bi-weekly department staff meetings as a tool to identify efficiency improvements, evaluating, consolidating, eliminating, re-prioritizing programs and events, and improve communication within the department. 7-1-14
  - Explore opportunities and methods to improve the moral of the department staff. 1-2-14
- 8) Establish the department as the leader within the community to promote health and wellness to reduce obesity levels as reported by Los Angeles County.
- Develop employee and community health challenge programs. 12-31-13
  - Identify walking trails and other exercise "spots" or facilities within the community. 9-30-13
  - Develop a community healthy living brochure and include information on the city/department website and in the profile and Recreation brochure. 9-30-13
  - Promote workshops and classes on health and fitness offered by partners and other collaborators. 1-2-14
  - Promote and incorporate healthy elements into city programs. 7-1-14
  - Develop a plan to ensure that healthy lifestyles are taken into consideration when hiring new staff. 7-1-14
- 9) Participate as a member of the Planning team to address the update of the general plan/open space element. 7-1-14
- 10) Participate as a member of the team to develop a plan for bike path enhancement and expansion within the city. 7-1-14

# THE CITY OF POMONA

Finance Department

PAULA CHAMBERLAIN  
Finance Director



September 30, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

RE: Response to the 2012-13 Civil Grand Jury Final Report

Please find attached, the City of Pomona's response to the 2012-13 Civil Grand Jury Final Report regarding Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation. If you have any questions regarding the information, please contact me at (909) 620-2353 Monday through Thursday.

Sincerely,

A handwritten signature in cursive script that reads "Paula Chamberlain".

Paula Chamberlain  
Finance Director

# Response to the 2012-13 Los Angeles County Civil Grand Jury Final Report City of Pomona

## FISCAL HEALTH

1. Cities should adopt financial planning, revenue and expenditure policies to guide cities' officials to develop sustainable, balanced budgets.

*Response:* Agree with Recommendation. The City Council adopted a Fiscal Sustainability policy by resolution number 2011-49 which addresses financial planning, revenue and expenditure policies as well as many other issues. The policy is attached but was also included in the information sent in response to the initial Grand Jury inquiry.

2. Cities should develop a balanced budget and commit to operate within budget constraints.

*Response:* Agree – partially with Recommendation. While this is always an ideal practice, it is not always achievable given today's economic climate and often, unexpected consequences of State actions late in the budget cycle. The purpose of reserves is to be able to react to a fiscally changing environment quickly without having to make drastic reductions in a short period of time. However, it is the goal of the City of Pomona to adopt a balanced budget as identified in Section I 5 of the Budget Section within the Fiscal Sustainability policy which states that the 'operating budget will be based on the principle that current operating expenditures, including debt service, will be funded with current revenues creating a balanced budget'. Additionally, the City Council adopted a balanced budget for 2012-13 on June 25, 2012 and for 2013-14 on June 3, 2013.

3. All cities should not use one-time revenues to fund recurring or on-going expenditures.

*Response:* Agree – partially with recommendation. Again this would be an ideal practice, but not always practical. As a temporary measure, it is better to use one-time revenue to maintain services while adjusting to a new revenue base or short-term shortfall. Rather than drastically cutting services, the use of one-time revenue allows for a planned, strategic change to service levels if necessary in the long-term. Long time use of one-time revenues may suggest a structural imbalance which should be addressed. Given this, the Pomona City Council is committed to the most prudent use of one-time revenue as part of the Fiscal Sustainability policy which states that one-time revenues are to be used to rebuild reserves until the policy level has been reached and once achieved the one-time revenue may be used for one-time or capital expenditures. Furthermore, if the one-time expense results in ongoing operating costs, funding for the ongoing costs must be determined before the one-time funds are allocated. The 2013-14 General Fund budget was adopted without the use of one-time revenues.

4. All cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.

*Response:* Agree with recommendation. As part of the City's Fiscal Sustainability and Fund Balance policies, the City is required to build its "rainy day" fund.



*However, as this recommendation states, the “rainy day” fund” is to be used to supplement revenue in years of short fall which is what Pomona did which, in turn lead to its reduced fund balance (rainy day fund). Rebuilding the fund balance in these economic times is difficult but Pomona has made significant strides in restructuring its expenditures along with increasing some revenues.*

### **GOVERNANCE PRACTICES**

1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the City.

*Response: No response necessary for Pomona*

2. Cities should develop and report on performance measures or indicators to evaluate outcomes or progress on priorities. These performance measures should be quantified, focused on outcomes or results, and information should be provided for several years to allow evaluation of progress over time.

*Response: No response necessary for Pomona*

3. City Councils should develop specific annual goals for the city’s executive.

*Response: No response necessary for Pomona*

4. City Councils should conduct meaningful evaluations of the city’s executive at least annually.

*Response: No response necessary for Pomona*

5. Cities should publish their financial reports or CAFR on their city’s website.

*Response: No response necessary for Pomona*

### **FINANCIAL MANAGEMENT**

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

*Response: Disagree with this recommendation. An audit committee will potentially add to the cost of the audit. An audit committee would also increase staff workload at a time when many cities, including Pomona, have reduced staffing levels. The City Council approves the audit contract and officially receives the completed audit report annually. Adding another layer of oversight would result in delays, confusion, and*

*increased costs. Furthermore, the annual audit is posted on the City's webpage as soon as it is received by the City Council.*

2. Cities that do not currently select the auditor through a competitive process should do so.

Response: *No response necessary for Pomona*

3. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.

Response: *No response necessary for Pomona*

4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.

Response: *No response necessary for Pomona*

5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

Response: *No response necessary for Pomona*

6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hotline, to permit the confidential, anonymous reporting of concerns.

Response: *No response necessary for Pomona*

7. Cities should periodically review and update internal control procedures over financial management.

Response: *No response necessary for Pomona*

8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

Response: *Section 1016 of the Pomona City Charter requires an annual audit and states that the Council may designate an accountant or firm annually for a period not exceeding three (3) years, therefore a full-scale competitive process is conducted every three (3) years.*



September 19, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Dear Sir or Madame,

On behalf of the City of Rancho Palos Verdes, enclosed you will find the City's response to the finding of the 2012-13 Civil Grand Jury's Final Report.

The City Council approved these responses at its meeting on September 17, 2013. Per the instructions provided by the Report, the City responded to the eight recommendations listed by the Civil Grand Jury.

Please feel free to contact Dennis McLean, Director of Finance & Information Technology at [dennism@rpv.com](mailto:dennism@rpv.com) or (310) 544-5213 with any additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carolyn Lehr', is written over the printed name.

Carolyn Lehr  
City Manager  
City of Rancho Palos Verdes

September 17, 2013

**RESPONSES TO THE LOS ANGELES COUNTY CIVIL GRAND JURY FOR THE  
CITY OF RANCHO PALOS VERDES**

Fiscal Health

- 1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.**

*The City of Rancho Palos Verdes agrees with the Grand Jury Report. The City Council has adopted a formal policy that requires analysis, update and review of a Five-Year Financial Model and a Five-Year Capital Improvement Program as part of the annual budget process. The Grand Jury's recommendation has not yet been memorialized, but City Staff will develop a proposed City Council Policy to adopt annual budgets where recurring expenditures do not exceed recurring revenues, which has been the City's practice. The proposed policy would be presented to the City Council by December 31, 2013.*

- 2. Cities should develop a balanced budget and commit to operate within the budget constraints.**

*The City of Rancho Palos Verdes agrees with the Grand Jury Report. The proposed policy described in the first recommendation above would also address this recommendation. Although a formal policy has not previously been adopted, the City has a long history of adopting annual operating budgets that balance expenditures against revenues.*

- 3. Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.**

*The City of Rancho Palos Verdes agrees with the Grand Jury Report. The proposed policy described in the first recommendation above would include a provision that on-going program expenditures shall not be funded with one-time revenue sources.*

- 4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenues in years of short fall.**

*The City of Rancho Palos Verdes agrees with the Grand Jury Report. The City Council has previously adopted a Reserve Policy that provides for a "rainy day" reserve of the General Fund balance, as well as establishing prudent reserves in other funds, including, but not limited to, the capital improvement projects, street maintenance and equipment replacement funds. Staff reports the status of each Reserve balance at least twice each fiscal year to the City Council and the public.*

## Financial Management Recommendations

- 1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.**

*The City of Rancho Palos Verdes agrees with the Grand Jury Report regarding the importance of an audit committee. Beginning in 2008, the Mayor of the City has appointed two members (of the 5-member City Council) to serve on the ad-hoc Council subcommittee known as the "Audit Committee" every year. The independent auditor reports directly to the Audit Committee, including a planning meeting prior to the beginning the audit field work, discussions during the engagement at the request of either the audit committee or the auditor, and a discussion upon completion of the audit field work, usually prior to publication of the audit report. Mayor Susan Brooks and Mayor Pro-Tem Duhovic were appointed by the Mayor to serve on the Audit Committee during 2013. Staff will prepare a thorough analysis regarding how to best formalize the City's practice of annually appointing the Council Audit Sub-Committee prior to December 31, 2013.*

- 2. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.**

*The City of Rancho Palos Verdes agrees with the Grand Jury Report and has implemented the recommendation. The City's Director and Deputy Director of Finance and Information Technology are both Certified Public Accountants and review all non-audit services provided by the City's auditor prior to completion of the services. The review and approval process is documented in the form of engagement letters and/or agreements.*

- 3. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hotline, to permit the confidential, anonymous reporting of concerns.**

*The City of Rancho Palos Verdes agrees with the Grand Jury Report. City staff will develop a proposed City Council Policy to establish an independent fraud and abuse hotline administrated by a qualified independent third-party that provides such services. The hotline provider would administer the reporting and investigation of reports of fraud, accounting irregularities, employee and public mistreatment, workplace violence and employee theft and provide the reports to the City Council. City Staff expects that a service can be implemented by June 30, 2014, and will bring a proposal forward to City Council by December 31, 2013.*

- 4. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.**

*The City of Rancho Palos Verdes agrees with the Grand Jury Report. The City*

*has implemented the recommendation by its ongoing practice of awarding three-year contracts for audit services, with a contract clause to extend the contract for two additional one-year terms with mutual written consent. At the end of the contract term, the City issues a Request for Proposal to qualified independent certified public accounting firms. Proposals are evaluated and a recommendation is presented to the City Council during a public meeting.*



---

Steve Aspel  
Mayor

415 Diamond Street, P.O. Box 270  
Redondo Beach, California 90277-0270  
www.redondo.org

tel 310 937-6619  
fax 310 379-9268

August 6, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor Room 11 506  
Los Angeles CA 900012

Dear Judge,

The City of Redondo Beach thanks the Civil Grand Jury for the work that went into creating *Los Angeles County Grand Jury Report on Cities Fiscal Health, Governance, Management and Compensation*. This serves as the City of Redondo Beach's formal response to the Report.

#### CITY OF REDONDO BEACH RESPONSE TO GRAND JURY FINDINGS

1. Grand Jury: Cities should adopt financial planning and revenue policies to guide city officials to develop sustainable balanced budgets.

City: The City of Redondo Beach has adopted financial planning and revenue policies that are used to balance the City budget.

2. Grand Jury: Cities should develop a balanced budget and commit to operate within the budget constraints.

City: The City of Redondo Beach has developed a balanced budget and has committed to operate within the budget constraints.

3. Grand Jury: Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

City: The City of Redondo Beach has committed to not using one-time revenues to fund recurring or on-going expenditures

4. Grand Jury: Cities should adopt a method and practice of saving into a reserve or "raining day" fund to supplement operating revenue in years of short fall.

City: The City of Redondo Beach has a one month General Fund reserve as a supplement and uses expenditure reductions as the primary method for adjusting to revenue shortfalls.

5. Grand Jury: Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

City: The City of Redondo Beach has undertaken a full-scale competitive process every 3-5 years for the selection of an independent external auditor.

6. Grand Jury: GFOA recommends, at a minimum, that general purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures

City: The City of Redondo Beach maintains one month unrestricted fund balance in the general fund. The Grand Jury's reliance on the measure of two months of unrestricted fund balance as a key indicator of fiscal health is somewhat misleading. While the City of Redondo Beach maintains an unrestricted fund balance slightly lower than the GFOA recommendation, the City has adopted reserve policies that allocate funding for the six critical areas of employee PERS payments, workers compensation, post retirement employee health benefits, vehicle equipment replacement, liability insurance and capital improvement projects. The City will pursue future means to increase the general fund's unrestricted fund balance to the recommended two months reserve.

7. Grand Jury: Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.

City: The City of Redondo Beach does not allow the independent auditor to provide non-audit services.

Thank you for receiving the City of Redondo Beach's response to the Los Angeles County Grand Jury Report *Los Angeles County Grand Jury Report on Cities Fiscal Health, Governance, Management and Compensation*.

Sincerely,



Steve Aspel





# City of Rolling Hills

INCORPORATED JANUARY 24, 1957

NO. 2 PORTUGUESE BEND ROAD  
ROLLING HILLS, CALIF. 90274  
(310) 377-1521  
FAX: (310) 377-7288

September 12, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Subject: City of Rolling Hills responses for the 2012-2013 Civil Grand Jury Final Report's Recommendations

The following are the City of Rolling Hills responses to the Civil Grand Jury Recommendations. These responses are being made pursuant to California Penal Code Section 933(c) and 933.5.

## FISCAL HEALTH RECOMMENDATIONS

1. Cities should adopt financial planning, revenue and expenditures policies to guide city officials to develop sustainable, balanced budgets.

**RESPONSE:** The City has historically had sustainable, balanced budgets and lived well within its financial means. The City has maintained a healthy reserve in light of its small size and limited revenue sources. The City Council has amended its Financial, Budget and Debt Policies originally adopted on September 24, 2007 to make clear the process of developing sustainable balanced budgets. A copy of the amended policy adopted September 9, 2013 is attached.

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

**RESPONSE:** The City has historically had sustainable, balanced budgets and lived well within its financial means. The City has maintained a healthy reserve in light of its small size and limited revenue sources. The City Council has amended its Financial, Budget and Debt Policies originally adopted on September 24, 2007 to make clear the policy of developing balanced budgets and commitment to operating within the budget constraints.

3. Cities should commit to not using one-time revenues to fund recurring on-going expenditures.

**RESPONSE:** The City's Financial, Budget and Debt Policies originally adopted on September 24, 2007 make it clear that it is the City's policy not to use one time revenue for on-going operations.

4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of shortfall.

**RESPONSE:** The City has historically maintained a healthy reserve fund considering its small size and limited revenue sources. The City Council has amended its Financial, Budget and Debt Policies originally adopted on September 24, 2007 to make it clear that the City maintains a reserve or "rainy day" fund including how unexpended funds are deposited into the reserve fund.

## GOVERNANCE PRACTICES

1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values, and priorities for the city.

**RESPONSE:** The City is distinguishable from other cities in the County due to its small size and exclusively residential character. Its values, mission and priorities are set out in the General Plan. It is doubtful that further strategic planning is required in view of the limited role that city government plays in the community. Nonetheless, once a new City manager is hired in the fall of 2013, the City Council will consider whether there is any value to commencing a Strategic Planning process.

2. Cities should develop and report on performance measures or indicators to evaluate outcomes and information should be provided for several years to allow evaluation of progress over time.

**RESPONSE:** See response to Recommendation No. 1 above.

3. City Councils should conduct meaningful evaluations of the City's executive at least annually.

**RESPONSE:** The city manager employment agreement has historically provided for an annual evaluation of the manager. Evaluations are conducted generally in conjunction with consideration of compensation adjustments. The employment agreement with the new City Manager expected to be hired in fall, 2013 will similarly contain a provision for an annual performance evaluation.

## FINANCIAL MANAGEMENT

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

**RESPONSE:** The City Council's standing Finance/Budget Committee has historically served as its audit committee. The City Council has amended its Financial, Budget and Debt Policies originally adopted on September 24, 2007 to clarify that the standing committee performs this function.

Presiding Judge

September 12, 2013

Re: Responses to the 2012-2013 Civil Grand Jury Final Report's Recommendations

Page 3 of 3

2. Cities that allow auditor to provide non-audit services should ensure appropriate review and approval of those services.

**RESPONSE:** The City's outside auditor has not in recent history been engaged to provide non-audit services. The City Council has amended its Financial, Budget and Debt Policies originally adopted on September 24, 2007, to ensure that in the event the auditor is asked to perform additional work it is done by a separate contract approved by the City Council.

3. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism such as a fraud hot line to permit the confidential anonymous reporting of concerns.

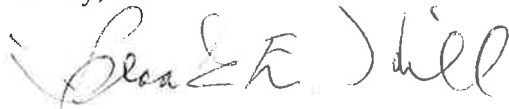
**RESPONSE:** The City Council has amended its Financial, Budget and Debt Policies originally adopted on September 24, 2007 by creating a separate Fraud in the Workplace Policy adopted September 9, 2013. A copy of the policy adopted September 9, 2013 is attached.

4. Cities should undertake a full-scale competitive process every 5 years for selection of an independent external auditor.

**RESPONSE:** The City Council has amended its Financial, Budget and Debt Policies originally adopted on September 24, 2007 to state that a full-scale competitive process will be conducted for selection of the independent external auditor every five years. The City Council will next conduct the selection process for the audit of the 2015-16 fiscal year.

Please let us know if you have any questions or if any further information or clarification is necessary.

Sincerely,



Frank E. Hill  
Mayor

Enclosures (2)

FEH:SB:hl

*GrandJury-response-ltr.docx*

<b>CITY OF ROLLING HILLS</b>	<b>ADMINISTRATIVE POLICY/PROCEDURES</b>
<b>FINANCIAL, BUDGET AND DEBT POLICIES</b>	
<i>Original Version Effective: 09/24/2007</i>	<i>See end of document for complete policy history.</i>
<i>Current Version Effective: 09/09/2013</i>	

**Policy Framework:**

The purpose of the Financial, Budget and Debt Policies is to guide the City Council and other City officials in developing sustainable, balanced budgets and managing the City's finances in a prudent manner consistent with best practices. The City's commitment to adopting and operating within a balanced budget is a core financial value and policy of the City.

The City of Rolling Hills Financial Policies represents the City's framework for planning and management of the City's fiscal resources. Adherence to the Financial Policies promote sound financial management which can lead to unqualified annual audits, provide assurance to the taxpayers that tax dollars are being collected and spent per City Council direction and provide a minimum of unexpected impacts upon taxpayers and users of public services.

The City Council Finance / Budget Committee shall serve as the City's audit committee for the purpose of recommending the selection of an auditor to the City Council, meeting with the City Auditor, reviewing the annual audit and necessary financial statements, responding to conflicts between management and the auditor and responding to fraudulent activities. The City Council will conduct a competitive process for the selection of the independent external auditor every 5 years in conformance with GOFA standards commencing in 2015. Any non-audit work performed by the independent external auditor, if allowed, will be done under a separate contract approved by the City Council.

The City Manager shall be responsible for developing and, as appropriate, implementing and managing these policies as well as subsidiary policies that execute the City's Financial Policies.

The City's Financial Policies shall be in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).

**1. Financial Reporting Entity:**

The City of Rolling Hills was incorporated in 1957 under the general laws of the State of California. The City operates under the Council-Manager form of government. The City Council consists of five members elected at large for overlapping four-year terms. The Mayor and Mayor Pro-Tem are selected from the City Council members and serve a one-year term. The City Council appoints a City Manager, City Attorney and City Treasurer. In addition, the City Council appoints the members of advisory Commissions and Committees.

The City, directly or by contract, provides municipal services as authorized by statute. Services provided include:

- Public safety through the Los Angeles County Sheriff and Fire Department
- Refuse collection by contract with a private hauler
- Water through California Water Service Company

- Sewer through Los Angeles County Sanitation Districts
- Recreation
- Public improvements
- Planning and zoning
- General administrative and support services

## **2. Financial Reporting Policies:**

The City's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA). Further, the City will make every attempt to implement all changes to governmental accounting practices at the earliest practical time.

- The financial report should be in conformity with GAAP, demonstrate compliance with finance related legal and contractual provisions, disclose thoroughly with detail sufficient to minimize ambiguity and potential for misleading interferences.
- An annual audit will be performed by an independent public accounting firm with an audit opinion to be included with the City's published Comprehensive Annual Financial Report.
- The City's budget should satisfy criteria as a financial and programmatic policy document, as a comprehensive financial plan, as an operations guide for all organizational units and as a communications device for all significant budgetary issues, trends, and resource choices.
- In alternating years, the City's Comprehensive Annual Financial Report will be submitted to the GFOA for a Certificate of Achievement for Excellence in Financial Reporting. City staff will strive in the intervening years to submit the City's Adopted Budget to the GFOA for a Distinguished Budget Presentation Award.
- The City shall evaluate the fiscal impact of proposed changes in employee benefits to be provided. Prior to assuming liability for expanded benefits, a viable funding plan with estimates of long term impacts shall be incorporated into the analysis.
- The City shall endeavor to avoid committing to new spending for operating or capital improvement purposes until an analysis of all current and future cost implications is completed.
- The City shall endeavor to maintain cash reserves sufficient to fully fund the next present value of accruing liabilities, obligations to employees for vested payroll and benefits and similar obligations as they are incurred.
- The City shall prepare and present to the City Council monthly interim revenue and expenditure reports and a Mid-Year Review to allow evaluation of potential discrepancies from budget assumptions.

## **3. Internal Control Accounting Policies:**

To provide a reasonable basis for making management's required representations concerning the finances of the City.

- Accounting Records – Maintain accounting records in accordance with Generally Accepted Accounting Principles (GAAP).

- Monthly Posting – Post a monthly record, which maintains each month's activities separate and distinct from another month's work. This provides visibility in locating errors and fixing corrections. Accounting ledgers will be reviewed and reconciled on a monthly basis to supporting documentation – Cash Receipts, Accounts Payable, Payroll and Monthly Journal Entries.
- Sequential Number – Sequentially numbered instruments will be used for checks and cash receipts. Pre-numbered receipts are controlled and accounted for by an individual with no accounting handling responsibilities. The City's pre-numbered checks and pre-numbered cash receipts should be safeguarded in the Vault. All copies of voided receipt forms are retained, accounted for, and documented.
- Audit Trail – The City's accounting records and systems shall provide an audit trail (e.g. paper document) that allows for the tracing of each transaction from its original document to completion.

#### **4. Operating Management Policies:**

The budget process is intended to weigh all competing requests for City resources within expected fiscal constraints. Requests for new, on-going programs made outside the budget process will be discouraged.

- Budget development will consider multi-year implications of current decisions and allocations and use conservative revenue forecasts.
- Revenues will not be dedicated for specific purposes, unless required by law or Generally Accepted Accounting Practices (GAAP). All non-restricted revenues will be deposited in the General Fund (or other designated fund as approved by the City Manager) and appropriated by the City Council.
- Current revenues will fund current expenditures. City revenues will be managed to protect programs from short-term fluctuations that impact expenditures.
- The City will endeavor to identify entrepreneurial solutions to cover or recover costs of operating program.
- The City shall strive to avoid returning to the City Council for new or expanded appropriations during the fiscal year. Exceptions may include emergencies, unforeseen impacts, mid-year adjustments or new opportunities.
- Additional personnel will be requested after service needs have been thoroughly examined and is substantiated for new program initiatives or policy directives.
- All non-Enterprise user fees and charges will be evaluated at least every three years to determine the direct and indirect cost recovery rate. The analysis will be presented to the City Council.
- The City shall endeavor to maintain adequate cash reserves to fund 100% replacement of capital equipment. Replacement costs will be based upon equipment lifecycle financial analysis developed by the Finance Director and approved by the City Manager.
- Balanced revenue and expenditure forecasts will be prepared to examine the City's ability to absorb operating costs due to changes in the economy, service demands, and

capital improvements. The forecast will be updated annually and include a four-year outlook.

- Cash and investment programs will be maintained in accordance with the Government Code and the adopted investment policy will ensure that proper controls and safeguards are maintained. City funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order. Pursuant to State law, the City, at least annually, revises and the City Council affirms a detailed investment policy.

#### **5. Capital Management Policies:**

- Capital improvement projects are defined as infrastructure or equipment purchases or construction which results in a capitalized asset and having a useful (depreciable) life of at least one year with a cost of \$5,000 or more per the City's resolution Number 953.
- The Finance Department shall utilize the straight-line method of calculating depreciation over the estimated useful life for all classes of assets.
- The capital improvement plan will attempt to include, in addition to current operating maintenance expenditures, adequate funding to support, repair and replace deteriorating infrastructure and avoid a significant unfunded liability.
- Capital improvement lifecycle costs will be coordinated with the development of the City's operating budget. Future operating, maintenance, and replacement costs associated with new capital improvements will be forecast, matched to available revenue sources and be included in the operating budget. Capital project contract awards or purchases will include a fiscal impact statement disclosing the expected operating impact of the project or acquisition and when such cost is expected to occur.

#### **6. Reserve Policies:**

It is the goal of the City to obtain and maintain a General Fund operating reserve (Rainy day fund) in the form of cash, of at least 40% of prior year audited annual General Fund revenues to cover normal seasonal cash flow variations, as well as unforeseen emergency or catastrophic impacts upon the City.

- One-time revenue windfalls should be designated as a reserve or used for one-time expenditures. The funds should not be used for on-going operations. For purposes of this policy, one-time revenue windfalls shall include:
  - CalPERS rebates
  - Tax revenue growth in excess of 10% in a single year
  - Unexpected revenues (e.g., litigation settlement)
  - Any other revenues the City Council may elect to designate as extraordinary
- All unexpended General Funds from the prior fiscal year will be deposited in the General Fund Reverse Fund (Rainy Day Fund.)
- The City will strive to maintain the Municipal Self-Insurance Fund with a July 1 balance of \$500,000.
- The City will strive to transfer \$250,000 annually into the Utilities Fund for the purpose of building up the necessary balance for underground projects.

- Enterprise Fund (e.g., for refuse collection) user fees and charges will be examined annually to ensure that they recover all direct and indirect costs of the service, provide for capital improvements and maintenance and maintain adequate reserves. Moreover, maintenance of cash reserves will provide a de facto rate stabilization plan. Rate increases shall be approved by the City Council following formal noticing and public hearing. Rate adjustments for enterprise operations will be based on five-year financial plans unless a conscious decision is made to the contrary. The current cash reserves shall be \$175,000.

## **7. Budget Policies:**

The function of the City of Rolling Hills is primarily administrative.

### **A. Categories of Funds**

- The City's annual budget contains thirteen different funds managed in conformance with the City's Fund Balance Policy:

General Fund  
 Community Facility Fund  
 Self-Insurance Fund  
 Refuse Fund  
 Traffic Fund  
 Transit Fund - Proposition A  
 Transit Fund - Proposition C  
 Transit Fund – Measure R  
 Capital Projects Fund  
 Citizens Options for Public Safety Fund (COPS) Fund  
 California Law Enforcement Equipment Program (CLEEP) Fund.  
 Utility Fund  
 OPEB (Post-Employment Benefits Other Than Pensions) Fund

- Each fund is considered to be a separate accounting entity for budgeting and financial reporting purposes.
- The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues and expenditures, as appropriate.
- The City resources are allocated to and for individual funds based upon the purpose of the spending activities.
- All funds and reserves will be evaluated annually for long-term adequacy and use requirements in conjunction with development of the City's long-term budget assumptions.

### **B. Operating Budget Guidelines**

- The Budget is detailed - Expenditures are authorized line by line, item by item. Line items are used to limit precisely the amount and narrowly define what can be spent.
- The Budget is annual - The annual budget period is from July 1 to June 30. The time span of the authority to spend is restricted to one year. Each year the regular cycle



of budgeting is repeated.

- The budget is comprehensive – The budget is prepared for all funds expended by the City.
- The City adopts a budget by June 30 of each year.
- Comparative Data - Comparative data from the prior year is presented in the annual budget in order to provide an understanding of changes in the City's financial position and operation.
- Public Hearing - The City Council reviews a tentative budget and adopts the final budget. A public hearing is conducted to receive comments prior to adoption.

#### C. Financial Review

Throughout the fiscal year, monthly financial reports comparing actual amounts with budgeted amounts are prepared by the Finance Director and submitted to the City Manager and members of the City Council. As these reports are reviewed, attention is drawn to variances between budgeted amounts and actual amounts.

#### D. Budgeted Revenues & Expenditures

The City reviews fees and charges to keep pace with the cost of providing the service.

### **8. Debt Management Policies:**

The City will seek to avoid incurring debt. While the City is disposed to funding capital improvements and expenditures on a cash basis, the City will consider, and when necessary, enter into debt financing for citywide public improvement projects such as sewers and utility undergrounding.

- Lease Equipment - Office Equipment has been leased on a monthly basis with the expense incurred at the time of payment.

---

#### ***Policy Administrative History:***

*Adopted September 24, 2007  
Revised and Adopted March 24, 2008  
Revised and Adopted February 23, 2009  
Revised and Adopted March 8, 2010  
Reviewed and Adopted February 28, 2011  
Revised and Adopted May 23, 2011  
Reviewed and Adopted May 14, 2012  
Reviewed and Adopted April 22, 2013  
Revised and Adopted September 9, 2013*

<b>CITY OF ROLLING HILLS</b>	<b>ADMINISTRATIVE POLICY/PROCEDURES</b>
<b>FRAUD IN THE WORKPLACE</b>	
<i>Original Version Effective: 09/09/2009</i>	<i>See end of document for complete policy history.</i>
<i>Current Version Effective: 09/09/2013</i>	

**I. PURPOSE AND SCOPE**

To establish policy and procedures for clarifying acts that are considered to be fraudulent, describing the steps to be taken when fraud or other related dishonest activities are suspected, and providing procedures to follow in accounting for missing funds, restitution and recoveries.

**II. GENERAL**

A. The City of Rolling Hills is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the City of Rolling Hills to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the City and, when appropriate, to pursue legal remedies available under the law.

**B. DEFINITIONS**

1. Fraud - Fraud and other similar irregularities include, but are not limited to:
  - a. Claim for reimbursement of expenses that are not job-related or authorized by the City Council or in compliance with the current policy.
  - b. Forgery or unauthorized alteration of documents (checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.).
  - c. Misappropriation of City assets (funds, securities, supplies, furniture, equipment, etc.).
  - d. Improprieties in the handling or reporting of money transactions.
  - e. Authorizing or receiving payment for goods not received or services not performed.
  - f. Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of City-owned software.
  - g. Misrepresentation of information on documents.
  - h. Any apparent violation of Federal, State, or Local laws related to dishonest activities or fraud.

- i. Seeking or accepting anything of material value from those doing business with the City including vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the City's Conflict of Interest Code which incorporates the Fair Political Practices Commission's regulations.
  - 2. Employee - In this context, employee refers to any individual or group of individuals who receive compensation, either full-time or part-time, from the City of Rolling Hills. The term also includes any volunteer who provides services to the City through an official arrangement with the City or a City organization.
  - 3. Management - In this context, management refers to any administrator, manager, director, supervisor, or other individual who manages or supervises funds or other resources, including human resources.
  - 4. Auditor - In this context, Auditor refers to any person or persons assigned by the City Manager to investigate any fraud or similar activity.
  - 5. External Auditor - In this context, External Auditor refers to independent audit professionals who perform annual audits of the City's financial statements.
- C. It is the City's intent to fully investigate any suspected acts of fraud, misappropriation, or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, length of service or relationship with the City of any party who might be or become involved in or becomes the subject of such investigation.
- D. Each department of the City is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriations, and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.
- E. The City Manager, in conjunction with the City Attorney, has the primary responsibility for the investigation of all activity as defined in this policy.
- F. Employees will be granted whistle-blower protection when acting in accordance with this policy. When informed of a suspected impropriety, neither the City nor any person acting on behalf of the City shall:
- 1. Dismiss or threaten to dismiss the employee,
  - 2. Discipline, suspend, or threaten to discipline or suspend the employee,
  - 3. Impose any penalty upon the employee, or
  - 4. Intimidate or coerce the employee.

Violations of the whistle-blower protection will result in discipline up to and including dismissal.

- H. Upon conclusion of the investigation, the results will be reported to the City Council.
- I. The City Manager, following review of investigation results, will take appropriate action regarding employee misconduct. Disciplinary action can include termination, and referral of the case to the District Attorney's Office for possible prosecution.
- J. The City will pursue every reasonable effort, including court ordered restitution, to obtain recovery of City losses from the offender, or other appropriate sources.

### **III. PROCEDURES**

#### **A. Mayor, City Council and Commissioner Responsibilities**

- 1. If the Mayor, a City Council member, or a Commissioner has reason to suspect that a fraud has occurred, he or she shall immediately contact the City Manager.
- 2. The Mayor, City Council member, or Commissioner shall not attempt to investigate the suspected fraud or discuss the matter with anyone other than the City Manager.
- 3. The alleged fraud or audit investigation shall not be discussed with the media by any person other than through the City Manager in consultation with the City Attorney.

#### **B. Employee Responsibilities**

- 1. Each employee is responsible for being alert to, and reporting fraudulent or related dishonest activities in their areas of responsibility.
- 2. Each employee should be familiar with the types of improprieties that might occur in his or her area and be alert for any indication that improper activity, misappropriation, or dishonest activity is or was in existence in his or her area.
- 3. When an improper activity is detected or suspected, it should be determined whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.
- 4. If an employee determines a suspected activity may involve fraud or related dishonest activity, they should contact their immediate supervisor.
- 5. Department Directors should inform the City Manager.
- 6. Employees should not attempt to conduct individual investigations, interviews, or interrogations. However, management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.
- 7. Employees should support the City's responsibilities and cooperate fully with the Auditor, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders.

8. Employees must give full and unrestricted access to all necessary records and personnel. All City furniture and contents, including desks and computers, are open to inspection at any time. There is no assumption of privacy.
9. In dealing with suspected dishonest or fraudulent activities, great care must be taken. Therefore, management should avoid the following:
  - a. Incorrect accusations.
  - b. Alerting suspected individuals that an investigation is underway.
  - c. Treating employees unfairly.
  - d. Making statements that could lead to claims of false accusations or other offenses.
10. In handling dishonest or fraudulent activities, management has the responsibility to:
  - a. Make no contact (unless requested) with the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to "what you did", "the crime", "the fraud", "the misappropriation", etc.
  - b. Avoid discussing the case, facts, suspicions, or allegations with anyone outside the City, unless specifically directed to do so by the City Attorney.
  - c. Avoid discussing the case with anyone inside the City other than employees who have a need to know such as the City Manager, Auditor, or City Attorney or law enforcement personnel.
  - d. Direct all inquiries from the suspected individual, or his or her representative, to the City Manager or City Attorney. All inquiries by an attorney of the suspected individual should be directed to the City Attorney. All inquiries from the media should be directed to the City Manager.
  - e. Take appropriate corrective and disciplinary action, up to and including dismissal, after consulting with the City Attorney, in conformance with the City's Personnel Policies and Procedures.

C. Employee Responsibilities

1. A suspected fraudulent incident or practice observed by, or made known to, an employee must be reported to the employee's supervisor for reporting to the proper management official.
2. When the employee believes the supervisor may be involved in the inappropriate activity, the employee shall make the report directly to the next higher level of management and/or the City Manager.

7. At the conclusion of the investigation, the Auditor will document the results in a confidential memorandum report to the City Manager and the City Attorney. If the report concludes that the allegations are founded, the report will be forwarded to the Los Angeles County Sheriff's Department.
8. Unless exceptional circumstances exist, a person under investigation for fraud is to be given notice in writing of essential particulars of the allegations following the conclusion of the audit. Where notice is given, the person against whom allegations are being made may submit a written explanation to the Internal Auditor no later than seven calendar days after notice is received.
9. The Auditor will be required to make recommendations to the appropriate department for assistance in the prevention of future similar occurrences.
10. Upon completion of the investigation, including all legal and personnel actions, all records, documents, and other evidentiary material, obtained from the department under investigation will be returned by the Auditor to that department.

#### IV. EXCEPTIONS

There will be no exceptions to this policy unless provided and approved by the City Manager and the City Attorney.

#### V. AUTHORITY

By authority of the City Manager and the City Attorney.

  
\_\_\_\_\_  
Steve Burrell  
Interim City Manager

  
\_\_\_\_\_  
Michael Jenkins  
City Attorney

---

#### ***Policy Administrative History:***

*Originally included in Financial, Budget and Debt Policies/Personnel Policy Manual  
Separate policy created and adopted by City Council September 9, 2013*

FRANK V. ZERUNYAN  
*Mayor*

JUDY MITCHELL  
*Mayor Pro Tem*

JOHN C. ADDLEMAN  
*Council Member*

SUSAN SEAMANS  
*Council Member*

STEVEN ZUCKERMAN  
*Council Member*

DOUGLAS R. PRICHARD  
*City Manager*



CITY OF  
**ROLLING HILLS ESTATES**

4045 PALOS VERDES DRIVE NORTH • ROLLING HILLS ESTATES, CA 90274  
TELEPHONE 310.377.1577 FAX 310.377.4468  
[www.ci.Rolling-Hills-Estates.ca.us](http://www.ci.Rolling-Hills-Estates.ca.us)

September 5, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Dear Presiding Judge:

This is in response to the recommendations in the 2012-13 Criminal Grand Jury's Cities of Los Angeles County Fiscal Health, Governance, Financial Management and Compensation Final Report.

Fiscal Health

1. Recommendation: Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets

Response: Agree. The recommendation has been implemented. The City's Fund Balance Policy is updated as needed and approved on an annual basis.

2. Recommendation: Cities should develop a balanced budget and commit to operate within the budget constraints.

Response: Agree. The recommendation has been implemented. The City's reserve funds are only used to balance the budget during an economic downturn/fiscal crisis; otherwise, the City's annual budget has a positive operating result.

3. Recommendation: Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.

Response: Agree. The recommendation has been implemented. The City Council's policy and direction has been not to use one-time revenues for operating expenditures.

4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.

Response: Agree. The recommendation has been implemented. The City's Fund Balance Policy requires that a "rainy day fund" of no greater than \$876,500 and an unreserved, undesignated fund balance of general funds no less than \$1,200,000.

#### Governance Practices

1. Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.

Response: Agree. The recommendation requires further analysis and will be discussed with the City Council at the City's Manager's quarterly review before the end of calendar year 2014.

#### Financial Management

3. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.

Response: Agree. The recommendation has been implemented. Staff and the City's Audit & Budget Committees, each comprised of two City Council Members, review and approve such services. Upon request, the City's Auditor submits a proposal and scope of work, which is reviewed and approved by the Department Head and City Manager, and, if the scope of work exceeds \$10,000, then the City Attorney's and City Council's review and approval are also required.

5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

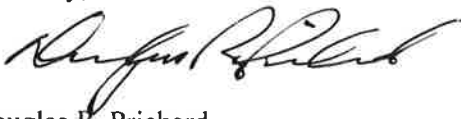
Response: Agree. The recommendation has been implemented. The City's Accounting Policies and Procedure Manual is being reviewed and updated by an outside consulting firm, and is updated every three years as needed. The City's Investment Policy, Fund Balance Policy and Credit Card Policy are reviewed and adopted every year.

8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

Response: Agree. This recommendation is under consideration and requires further analysis, which will be undertaken by City staff and the City's Audit Committee before the end of calendar year 2014.

If you have any questions or need additional information, please feel free to contact Assistant City Manager Greg Grammer at [GregG@ci.Rolling-Hills-Estates.ca.us](mailto:GregG@ci.Rolling-Hills-Estates.ca.us) or at 310-377-1577, ext. 107.

Sincerely,



Douglas K. Prichard  
City Manager





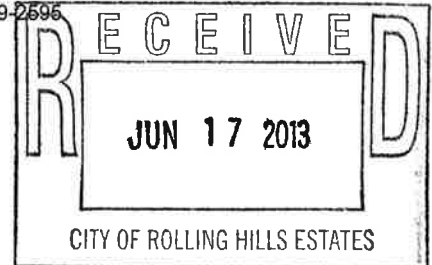
# County of Los Angeles CIVIL GRAND JURY

# COPY

CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER  
210 WEST TEMPLE STREET • ELEVENTH FLOOR • ROOM 11-506 • LOS ANGELES, CALIFORNIA 90012  
TELEPHONE (213) 893-1047 • FAX (213) 229-2595  
<http://www.grandjury.co.la.ca.us/>

June 17, 2013

Douglas R. Prichard, City Manager  
City of Rolling Hills Estate  
4045 Palos Verdes Drive North  
Rolling Hills Estates, CA 90274



**RE: CITIES OF LOS ANGELES COUNTY Fiscal Health, Governance, Management and Compensation**

Re: PRE-RELEASE DELIVERY OF A PORTION OF THE 2012-2013 LOS ANGELES COUNTY CIVIL GRAND JURY REPORT, **NOTE: DO NOT DISCLOSE ANY REPORT CONTENTS PRIOR TO JUNE 28, 2013**

Dear Mr. Prichard:

Pursuant to California Penal Code Section 933.05(f): *A grand jury shall provide to the affected agency a copy of the portion of the grand jury report relating to that person or entity at least two working days prior to its public release and after approval of the presiding judge. No officer, agency department or governing body of a public agency shall disclose any contents of the report prior to the public release of the final report.* The Interim Report by the 2012-2013 Los Angeles County Civil Grand Jury will be released to the public on June 28, 2013. The Interim Report will be included in the Final Report of the Grand Jury released at the end of June 2013.

A response to all Recommendations in a Civil Grand Jury Report is required by California Penal Code Section 933(c) and 933.05 within ninety (90) days following the release of the report to the public. Responses should be to the Presiding Judge of the Los Angeles County Superior Court.

Sincerely,

Frederick M. Piltz, Foreperson  
2012-2013 Los Angeles County Civil Grand Jury

RECEIVED BY

6/17/13  
Date

CITY MANAGER  
Title

*Douglas R. Prichard*  
Signature

DOUGLAS R. PRICHARD  
Printed Name

MAYOR:  
POLLY LOW

MAYOR PRO TEM:  
WILLIAM ALARCON

COUNCIL MEMBERS:  
SANDRA ARMENTA  
MARGARET CLARK  
STEVEN LY



# City of Rosemead

8838 E. VALLEY BOULEVARD P.O BOX 399  
ROSEMEAD, CALIFORNIA 91770  
TELEPHONE (626) 569-2100  
FAX (626) 307-9218

September 18, 2013

Presiding Judge  
Los Angeles Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

## **Response to the 2012-2013 CGJ Final Report Recommendations**

Honorable Judge:

The City of Rosemead has received the 2012-2013 CGJ Final Report recommendations and is hereby submitting the required response to the report. We have thoroughly reviewed the entire report and take the comments and recommendations very seriously. The City is proud to have a solid financial record with strong reserves and sound checks and balances. Additionally, the City has made great strides over the past decade to embrace technology to make our public records as transparent and as accessible as possible for the public.

The report makes bold statements regarding the fiscal health of the cities in LA County since 2008 and recognizes the severe impact of the downturn in the economy; however, the report does not refer to the negative effects of the elimination of Redevelopment in 2011. The report evaluates the 2010-2011 and 2011-2012 fiscal years, which was the critical time in which cities were struggling with the economic downturn and the elimination of redevelopment. Many cities in LA County were relying on redevelopment to spur economic development through the improvement of infrastructure and community aesthetics along with proactive business retention programs and virtually all of this work and the staff supporting this work were either reduced or terminated during this evaluation period. For the City of Rosemead, this equated to a loss of \$2 million annually in programs and projects designed to help rebuild the local economy. The fact that this report completely ignores this important fact in local government is very concerning.

Exhibit 4 of the document rates cities in terms of Total Revenues, Expenditures and Net Revenues. When evaluating this data, it is just as important to review the details behind the report as it is to evaluate the figures in the report. Unfortunately, Exhibit 4 only rates cities based upon an arbitrary percentage of net revenue without any consideration for the how or why the City chose to be in this position. The City of Rosemead has a concern with the portrayal of our financial position for both the 2010-2011 and 2011-2012 Fiscal Years in regards to the analysis of total revenues and expenditures. In 2010-2011, the City's former redevelopment agency issued tax increment bonds of approximately \$11.0 million. In addition to these bond

City of Rosemead  
Response to the 2012-2013 CGJ Final Report Recommendations

proceeds, the former redevelopment agency also had saved several million dollars in order to fund the completion of a number of critical infrastructure projects. Under the guidance of generally accepted accounting principles (GAAP), proceeds from debt are not recorded as revenue in the financial statements, but are included in the *transfers* section immediately below expenditures. The funds that had been saved from previous fiscal years are reported in fund balance, which also do not appear in the revenues section for the current year. Therefore, while the figure of \$8,705,239 reported in Exhibit 4 states that our expenditures exceeded our revenues by 26.4% and ranks us as the 71<sup>st</sup> city out of the 77 that responded, this information is misleading to the general reader of the report as it does not account for the bond issuance or the funds previously saved for capital improvement projects.

Additionally, the City utilizes separate funds to account for internal service programs such as technology and vehicle replacement as well as capital improvement projects. These internal service and capital project funds receive revenue as a *transfer* from all the regular operating funds; therefore, there is no revenue reported to these funds based on the analysis in Exhibit 4. If the transfers between funds and the debt issuance noted above were considered, the inflow of funds exceeded the expenditure of funds by approximately \$2.3 million for the 2010-2011 Fiscal Year. The 2011-2012 Fiscal Year is similar in terms of capital projects being funded with saved reserves and bond proceeds; however, the consideration of the dissolution of redevelopment should also be considered. The elimination of redevelopment created several accounting anomalies for the final year-end figures, which resulted in expenditures in both the redevelopment funds and the General Fund to write-off items as expenditures to close out previous long-term liabilities. We believe that it is vitally important to include the consideration of transfers, debt proceeds and the dissolution of redevelopment to obtain a full picture of the financial health of the City.

The financial analysis in Exhibits 4, 7 and 8 of the report also do not take into consideration expenditures for the prefunding of obligations to private trust funds. As the grand jury is aware, unfunded pension and other post-employment benefit (OPEB) liabilities are of critical concern to both state and local government. The City of Rosemead has taken the proactive approach to address this problem head-on through the full funding of its OPEB obligations. In 2009, the City Council approved a five-year funding plan that includes an annual payment of approximately \$644,000 into a third-party managed trust fund. While these deposited funds remain an asset to the City and provide for additional financial stability for the future, they do not appear as reserves in the General Fund financial statements. We believe that when evaluating a city's financial health, it is critical to consider these OPEB liabilities and the method in which the city is addressing them. The Grand Jury notes the importance of pension costs and the liabilities on page 96 of the report, but then essentially ignores this in the evaluation of the financial statements or best practices.

The Financial Management Practices discussion on pages 88-90 includes the recommendation that all cities should establish a formal internal audit function. The City of Rosemead has four full-time finance staff and an Assistant City Manager that shares his time as the Director of Finance. With the limited resources and staffing available, a formal internal audit position is not functional nor practical. While the City's finance staff does perform periodic audits of other departments to ensure that cash, receipts, invoices and payments are handled properly, the City

of Rosemead and most small cities do not have the financial capacity nor the staffing to substantiate the need for a formal internal audit function. The City of Rosemead is a member of the California Joint Powers Insurance Authority (CJPIA) for risk management and general liability insurance. As a member of the CJPIA, the City is reviewed every two years through a Risk Management Evaluation. Through this evaluation, the CJPIA reviews our policies, procedures and practices, and presents their findings to the City. The City is then required to implement the recommendations and report back quarterly on the progress of the implementation. This entire function has served the City very well over the years and provides an excellent external review of our internal processes and policies.

As required, the City of Rosemead is responding the recommendations of Exhibit 12 in the Final Report:

### Fiscal Health

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable balanced budgets.
  - a. Response – The recommendation has been implemented. The City has an adopted Strategic Plan with one of the goals being to “Ensure the City’s Continued Financial Viability.” Included with this goal are five core management principles: 1) Always live within your means; 2) Employ cost recovery when setting fees for “individualized services; 3) Use “reserves” only for one-time expenditures or temporary stop-gap measures; 4) When in doubt, contract out and periodically go out to bid; and 5) Provide for transparency. In addition to these principles, the City Council has adopted three implementation strategies to achieve their goal: Strategy 1 – Eliminate the Existing “Underlying Structure Budget Imbalance” in the General Fund; Strategy 2 – Aggressively Pursue Economic Development Initiatives; and Strategy 3 – Develop a Comprehensive 10-year Finance Plan through 2022. Additionally, as part of the annual budget process the City Council reviews and approves the Fiscal Policies of the City, which covers the requested areas such as revenues, expenditures, investments, reserves, etc. The City will continue to review all of these documents in search of ways to improve its policies on an ongoing basis.
  
2. Cities should develop a balanced budget and commit to operate within the budget constraints.
  - a. Response – The recommendation has been implemented. The City of Rosemead has developed a balanced budget for the years reported in this document and has continued to do so for the years following. Some policy decisions made by the City Council, such as the decision to use Unreserved General Fund dollars to pre-fund the Other Post Employment Benefit (OPEB) liability related to retiree health care over a period of five years, has resulted in expenditures exceeding revenues in the Consolidated Annual Financial Report. It should be noted that the use of Reserves and the appearance of spending more than was received in revenues was made after careful consideration and the desire to be more fiscally prudent by

transferring these funds into a trust fund rather than remaining in the General Fund. In both the City's Strategic Plan and Fiscal Policies, the City Council has included the importance and necessity to approve a balanced budget on an annual basis. In addition, for the fiscal year ending 2012-13, the City's financial statements will reflect those efforts with an increase in revenues over expenditures, resulting in a surplus.

3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.
  - a. The City agrees with this requirement and is making every effort to establish a budget in which ongoing revenues meet or exceed ongoing expenditures. Due to the reduction in ongoing revenues and increases in demand for services during the past several years, the City has unfortunately had to rely on "one-time" revenue sources to balance the budget. The City Council has made the conscious decision to use "one-time" revenues in order to maintain service levels and avoid any lay-offs of full-time staff, while at the same time providing staff with the direction to continue to reduce expenses and increase ongoing revenue whenever possible. The City has also negotiated with its employees and contractors to reduce costs or forgo contractual increases to assist the City remain financially stable. Fortunately, for the past four years the City has been able to decrease its reliance on "one-time" revenue sources each year and is working towards the objective of eliminating the use of "one-time" revenues to balance the budget. The recently adopted budget for the 2013-14 Fiscal Year uses approximately \$50,000 in "one-time" revenues, which is a significant decrease from the approximate \$1.0 million used just two years previously. The development of the City's long-term financial plan and the recent review of that by the City Council in May 2013 demonstrated both the progress made to reducing the use of "one-time" revenues and the need to continue to pursue additional ongoing revenue sources for the future in order to avoid deficits.
  
4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of a short fall.
  - a. The recommendation has been implemented. The City agrees with this recommendation and is anticipating the transfer of at least \$1.0 million into General Fund Reserves at the conclusion of the 2012-13 Fiscal Year. The City Council recognized the need to use reserves in the previous fiscal years to maintain necessary service levels during the depressed economy, but has also recognized the importance to replace and build the reserves as the economy has improved. Additionally, the City has a formalized Reserve Policy in which all types of revenue are examined and an appropriate percentage of General Fund operating revenues are designated as the Committed Fund Balance in the Comprehensive Annual Financial Report (CAFR). Currently the policy requires at least 31% of General Fund operating revenues to be set aside as a reserve and any

additional unreserved or undesignated fund balance in the CAFR is the amount above this reserve.

The 31% reserve policy equates to approximately 3.75 months' worth of operating expenses, which is well in excess of the Grand Jury's recommendation of at least 2 months. It should also be noted that the total General Fund available reserves were approximately 87% at the end of Fiscal Year 2011-12 and are expected to be an even larger percentage at the close of the 2012-13 Fiscal Year.

#### Governance Practices


No responses required

#### Financial Management

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.
  - a. Response – The recommendation has not yet been implemented, but will be implemented in the future. The City will initiate a financial audit committee comprised of two (2) members of the City Council and supporting staff. Upon the review of several cities that have been reported as compliant for this requirement, Rosemead will create a similar policy document to provide guidance and scope for the committee.
  
5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.
  - a. Response – The City agrees with this recommendation and has been doing this in practice, but had never formalized this into a policy. The City will take the necessary steps in the next six months to formalize its practice in a formal policy document.
  
6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hotline, to permit confidential, anonymous reporting of concerns.
  - a. Response – The City agrees with this recommendation and will begin working to create and put into a practice a policy and practical mechanism for reporting fraud, abuse and questionable practices. The City estimates that this will be completed within six months.
  
8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent auditor.
  - a. Response – The recommendation has been implemented. The City agrees with this recommendation and has been practicing this for many years. The City's municipal code mandates that contracts cannot be for a term longer than 5 years, and as such, staff seeks open and competitive bids for audit services at least every 5 years to maintain compliance with our municipal code and purchasing policies.

City of Rosemead  
Response to the 2012-2013 CGJ Final Report Recommendations

Respectfully,



Polly Low  
Mayor

Cc: City Council  
Jeff Allred, City Manager  
Matthew Hawkesworth, Assistant City Manager/Director of Finance

City Council  
CURTIS W. MORRIS, Mayor  
DENIS BERTONE, Mayor Pro Tem  
EMMETT BADAR  
JOHN EBINER  
JEFF TEMPLEMAN

City Manager  
BLAINE M. MICHAELIS

Assistant City Manager  
Treasurer/City Clerk  
KENNETH J. DURAN



Assistant City Manager of  
Community Development  
LAWRENCE STEVENS

Director of Public Works  
KRISHNA PATEL

Director of Parks  
and Recreation  
THERESA BRUNS

City Attorney  
J. KENNETH BROWN

September 26, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor Room 11-506  
Los Angeles, CA 90012

RE: City of San Dimas response to the Grand Jury Report regarding Cities of Los Angeles County Fiscal Health, Governance, Financial Management and Compensation

Presiding Judge:

We have reviewed the Grand Jury Report and Findings regarding the fiscal health of Los Angeles County Cities. We have prepared our response to required items as follows:

#### **Fiscal Health**

1. *Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.*

Respondent agrees with the finding with a comment. May we suggest that the finding should be adjusted to recommend that cities adopt policies and/or practices to guide city officials to develop sustainable, balanced budgets? The key to effective financial management is not solely in having policies on the shelf; it comes from the financial discipline the city practices to be vigilant in doing the things that produce sustainable, balanced budgets – budgets that effectively meet the service needs of their community. May we respectfully suggest that the practice of producing sustainable and balanced budgets is the goal and the check point, not solely the existence of written policy. The question may more appropriately be **has your city adopted sustainable and balanced budgets?**; not just to ask if it is your city's policy to do so.

2. *Cities should develop a balanced budget and commit to operate within the budget constraints.*

Respondent agrees with the finding and practices the recommendation.



3. *Cities should commit to not using one-time revenues to fund reoccurring or on-going expenditures.*

Respondent agrees with the finding and practices the recommendation.

4. *Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.*

Respondent agrees with the finding and practices the recommendation.

### **Governance Practices**

1. *Cities should develop and adopt a strategic plan that articulates the mission, vision, core values, and priorities for the city.*

Respondent agrees with the concept of the finding and offers a comment. May we respectfully suggest that the question should rather be – **'How do you as a city best look forward to meet and adjust to the current and future needs of providing services to your community?'**. The answer to that question may be the adoption of a formal strategic plan, mission statement, visioning process, statement of core values etc., but it would certainly not be the only answer a responsive and well governed city could provide.

2. *Cities should develop and report on performance or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.*

Respondent agrees with the concept behind the finding and offers a comment. There is a pretty healthy debate on whether or not 'textbook' performance measurement is the right tool or the exclusive means to manage work tasks in every situation. Also, Performance Measurement means different things to different organizations, functions, and people. Some have abandoned text book performance measurement practices for a variety of reasons – the resources it takes to create, implement, adjust, collect, evaluate, reassess, report, adjust, monitor and manage the performance measurement data process is significant. Some have found that the measurement process simply consumes too much of the organization's limited and valuable resources. The organization spends an uncomfortable number of employee hours to just manage and operate a system to measure employee and organizational performance. Some have concluded that it just represents too much of an overhead cost on their operations and consumes resources that could otherwise be used to get work done. In addition, many organizations want their employees to be customer service oriented and to use their good judgment in the work tasks they have to accomplish. Employees are more self-sufficient and effective for the organization when they are trained, involved in decisions, given the opportunity to develop and use good independent judgment, and challenged to work on the issues and work problems collectively as they come up. Performance measurement does not always produce a work environment where employees have the flexibility, authority and initiative to provide customized customer service and problem solving in the work setting. Therefore should performance measurement be used

as the sole criteria to determine the effectiveness of local government services?  
Perhaps the better question and focus is, **'What does your city do to encourage and support effective, efficient and cost effective work performance?'**

### **Financial Management**

2. *Cities that do not currently select the auditor through a competitive process should do so.*

Respondent agrees with the finding and will comply with the recommended process when selecting the most effective auditor to meet the established auditing requirements, the needs of the city and its officials, residents and our organization.

8. *Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.*

The respondent understands the concept behind the finding but has an observation. May we respectfully suggest that the most important thing is to have accurate, compliant and competent auditing services – rather than a rotation policy for auditors? We see and work with a variety of auditors in our various functions and responsibilities. It should not be surprising to note that not all auditors are equal – a few are very good – and many are less effective. We want our auditor to not just be new, we want them to be very very good at what they do; to perform work that can be trusted and relied upon, meets auditing requirements and to be very capable advisors to us. When we find an effective firm like that – our approach has been to continue working with them.

Please contact me if the Civil Grand Jury has any questions or needs additional information. I can be reached at 909-394-6213 or at [bmichaelis@ci.san-dimas.ca.us](mailto:bmichaelis@ci.san-dimas.ca.us).

Sincerely,



Blaine Michaelis  
City Manager

## Addendum

General observations regarding the Grand Jury Report:

First off, it is very difficult to create, administer, and evaluate a single process to measure the fiscal health of the cities in Los Angeles County. The cities are very diverse, their challenges are different, their financial needs vary, their financial spending reflects a variety of issues and priorities, their governance and constituent personality is unique, and the breadth, significance, and challenges of financial issues over the past 5 years has been unprecedented. Thus a standard set of criteria to compare, evaluate, and make findings on the variety of issues that constitute local government finance is problematic. It may be desirable to look at the financial health of local governments in LA County, but it may also not be possible to have useable information when the uniqueness of cities and the dynamics of financial challenges will just not fit a single standard or set of criteria.

Also, a simple one-dimensional interpretation of responses can be misleading. For example many cities save money to complete major projects in a more cost effective manner; to gain the benefit of lower unit costs of a larger street maintenance project, save financing costs, and it is more cost effective to manage a single large project than a piecemeal approach by dividing capital improvement projects into smaller projects to fit annual revenues. When a city does a large project from saved money the financial books of the city will look like it is spending more money than it is taking in – spending reserves to run the city. The Grand Jury report may see those raw numbers and take issue with that city when in fact the opposite situation is happening – the city is being financially responsible in the use of its resources by saving its money to then do larger more cost effective maintenance projects.

The other challenge of the Report methodology is the short time frame of the Grand Jury analysis – comparing one (1) year to the next and making judgments as to an organization's fiscal health. Our suggestion is that a multi-year comparison would be more meaningful.

A city could have a long range strategic plan, a balanced budget, not be using one time money for operations, have a rainy day reserve, a performance measurement plan in place, city manager performance reviews, a brand new auditor, has every policy in place that could be thought of, has a favorable asset to liability ratio; and the Grand Jury will conclude that that city has good financial health and is financially well managed – when in fact the streets in that city have not had maintenance for decades, city equipment is unsafe and needs maintenance or replacement, street trees have not been trimmed for 15 years, public landscaping irrigation is inoperable, there is minimal code enforcement, plan checks are taking 6 weeks, there is minimal public engagement in city decisions and operations, senior citizen programs are minimal, they do not have a sidewalk maintenance program, traffic safety signs are missing, the High School Homecoming Parade is cancelled, employee morale is struggling, and the

heating and air conditioning systems of city facilities are 35 years old, and so on. In other words, to really effectively evaluate how well a city is doing, the focus goes beyond the numbers, policies, and the listing of financial checkpoints. Those criteria and measurement standards take a very narrow look and make some broad conclusions about how well a city is meeting its organizational purpose and responsibilities.

#### Change in fund balance

The report analyzes the change in fund balance from one year to the next. It does not analyze the amount or size of the fund balance – its reserve. A city could have a small reserve but no negative change in fund balance from one year to the next and it would be ranked higher than a city that has a very substantial balance in reserves but a year in which they had a slight negative change in fund balance.

A change in fund balance could be the result of the city completing a major capital improvement project that it had been saving money to complete. It could come from a reimbursement through a grant or developer contribution. The point is that the reasons for changes in fund balance could be good or they could be bad – but the report does not have the consistent, meaningful specific data to make directly comparative conclusions. It just reports the difference – negative is bad, positive is good.

In addition, the report evaluates unassigned balances and makes positive conclusions for higher unassigned balances and negative conclusions about lower balances. What if a city had a lower unassigned balance because it had a practice to assign its reserves toward a variety of important responsible financial objectives such as a 'rainy day fund', emergency response reserve, reserve for economic uncertainty, saving for certain public improvements, etc. That city could receive a negative Grand Jury review because the unassigned reserve amount is low because a greater portion of the assigned reserve balance has been established.

Also, there appears to be no distinction as to what constitutes fund balance. Our city uses a strict cash on hand measurement for our General Fund balance. Other cities include account receivables, the principal amount remaining on loans due to the city, certain property values, or anticipated revenues yet to be received. May we suggest that there is a big difference between cash in the bank and money yet to be received when designating a General Fund reserve amount? Yet the Grand Jury report makes no distinction on what constitutes fund balance for reporting purposes so that an apple to apple comparison could be made.



September 27, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

RE: Response to Cities of Los Angeles County Fiscal Health, Governance,  
Management and Compensation

Dear Presiding Judge:

Please accept the City of San Gabriel's following responses to the recommendations and required responses contained in the Cities of Los Angeles County Fiscal Health, Governance, Financial Management and Compensation as required by California Penal Code Section 933(c) and 933.05:

***Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets:***

***Response:*** Agree; this recommendation has not been implemented but will be implemented in the next budget.

The City of San Gabriel is currently evaluating how to improve the City's annual budget process and document. As the City develops the 2014-15 Annual Budget, that budget shall include a list of Financial Policies adopted by the City of San Gabriel City Council.

***Milestone Completion Date:*** June 17, 2014

***Cities should develop a balanced budget and commit to operate within the budget constraints:***

***Response:*** Agree; this recommendation has not been implemented but will be implemented in the future.

The City of San Gabriel exceeded its 2011-12 General Fund Budget due to a "one-time" extraordinary expenditure arising from the dissolution of redevelopment. Without this extraordinary item, the City's General Fund would have been "balanced". Additionally, the City adopted its 2013-14 Annual Budget using "one-time" expenditure savings. This policy decision allowed the City to better maintain both Police and Fire operations through the 2013-14 fiscal year. The City of San Gabriel is currently evaluating how to improve the City's annual budget process and document. In the development of the 2014-15 Annual Budget, the City will include a policy statement that General Fund operating expenditures shall not exceed revenues and recurring transfers-in.

***Milestone Completion Date:*** June 17, 2014

***Cities should commit to not using one-time revenues to fund recurring or on-going expenditures:***

***Response:*** Agree; this recommendation has not been implemented but will be implemented in the future.

While the City of San Gabriel has not used one-time revenues in the most recently completed or current fiscal year, the City of San Gabriel exceeded its 2011-12 General Fund Budget due to a "one-time" extraordinary expenditure arising from the dissolution of redevelopment. Without this extraordinary item, the City's General Fund would have been "balanced". Additionally, the City adopted its 2013-14 Annual Budget using "one-time" expenditure savings. This policy decision allowed the City to better maintain both Police and Fire operations through the 2013-14 fiscal year. In the development of the 2014-15 Annual Budget, the City will include a policy statement that General Fund operating expenditures shall not exceed revenues and recurring transfers-in.

***Milestone Completion Date:*** June 17, 2014

***Cities should adopt a method and practice of saving into a reserve or "raining day" fund to supplement operating revenue in years of shortfall:***

***Response:*** Agree; this recommendation has not been implemented but will be implemented in the future.

In the development of the 2014-15 Annual Budget we will include a list of the City of San Gabriel's Financial Policies prior to adoption.

We expect to include a policy statement such as; "We will establish a reserve level of 10% of the General Fund operating Budget to supplement operating revenue in

years of shortfall." A statement roughly to this effect is currently appears in the Goals section of the 2013-14 Annual Budget.

***Milestone Completion Date:*** June 17, 2014

***Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor:***

***Response:*** Agree; this recommendation has not been implemented but will be implemented in the future.

The City of San Gabriel understands that many governmental entities have audit committees. In local governmental entities, an audit committee is generally composed of members from the City Council, key management personnel and members of the community. The City of San Gabriel will need evaluate how best to establish an audit committee and delineate its work program.

***Milestone Completion Date:*** December 31, 2014

***Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services:***

***Response:*** Agree; this recommendation has been implemented.

The City of San Gabriel understands the need to preserve the integrity of the public finance function and maintain the public's confidence. The City has never used the services of the same audit firm for non-audit services in a year which that same firm fulfills the function of independent auditor. At all times, the independent auditor's services are reviewed and approved by the the City Council and in the case where the services are rendered for the City of San Gabriel operating as the Successor Agency to the former San Gabriel Redevelopment Agency, those services are approved by the Oversight Board, County Auditor Controller, and State Department of Finance.

***Milestone Completion Date:*** Completed

***Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hotline, to permit the confidential, anonymous reporting of concerns.***

***Response:*** Agree; this recommendation has not been implemented but will be implemented in the future.

The City of San Gabriel understands it has a duty of stewardship for the resources entrusted to its care. Indeed, many would argue that public sector organizations have an even higher degree of responsibility for stewardship than do their private-sector counterparts because the resources they administer are obtained involuntarily (i.e. through taxation) rather than voluntarily (i.e. through individual customer transactions). Citizens clearly expect the public sector organizations to take every reasonable precaution to prevent the misuse or diversion of public funds. The City of San Gabriel will need review and evaluate how best to improve its policy and procedures for reporting fraud and abuse, but at a minimum it will establish a fraud hotline to permit the confidential anonymous reporting of concerns.

***Milestone Completion Date:*** December 31, 2014

***Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.***

***Response:*** Agree; this recommendation has been implemented.

The City of San Gabriel understands the need to preserve the integrity of the public finance function and maintain the public's confidence. The City of San Gabriel recently undertook a full-scale competitive process for the selection of an independent external auditor, White, Nelson, Diehl, Evans who replaced the City of San Gabriel's former independent external auditor Marcum LLP.

***Milestone Completion Date:*** Completed

The City of San Gabriel believes that the above responses adequately address the recommendations and required responses contained in the Cities of Los Angeles County Fiscal Health, Governance, Financial Management and Compensation as required by California Penal Code Section 933(c) and 933.05. If you have any questions, please do not hesitate to contact Thomas C. Marston, Finance Director at (626) 308-2812 Ext. 4610.

Sincerely,



Steven A. Preston  
City Manager



Thomas C. Marston  
Finance Director





# MEMORANDUM

---

September 16, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Flotz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

To Whom It May Concern:

Attached, please find the City of San Fernando's responses to the Grand Jury's 2012-2013 Final Report's recommendations.

If you have any questions regarding these responses please contact the Office of the City Manager.

Sincerely,

Donald Penman  
Interim City Manager

## **CITY OF SAN FERNANDO**

### **Responses to Recommendations in Grand Jury Report**

Page 1 of 2

#### **FISCAL HEALTH**

1. The recommendation will require further analysis. The City is currently without a permanent Finance Director or permanent City Manager and both of these positions should be filled by the end of the calendar year 2013. At that time these individuals can develop tools to guide staff and council members in preparing sustainable, balanced budgets.
2. The City adopted a balanced budget for fiscal year 2013-2014 which is based on realistic, achievable revenue and expenditure estimates. This has been achieved for the most part by voter approval of Transactions and Use tax in June 2013 and this revenue will provide badly needed revenues to help balance the budget.
3. The recommendation while sound will likely not be implemented in the immediate future because the city is looking at selling assets to help balance the budget. However the plan is to use this one-time revenue to help retire General Fund debt to lower annual expenditures and not use these one-time revenues to pay on-going operating expenses.
4. The recommendation will require further analysis. The City Council has established a goal of building a 15% General Fund reserve; however this will likely take several years because the General Fund deficit must first be addressed.

#### **GOVERNANCE PRACTICES**

1. The recommendation will require further analysis because at this time the City is without a number of top level executives including a permanent City Manager. Therefore, once these key positions are filled the staff can work on a plan with a timeframe for implementation. The City agrees that there is a need to develop a strategic plan and the City Council has done annual goal setting and prioritization which is a step in the process of a longer term strategic plan.
2. The recommendation will require further analysis because with significant staff reductions and cuts over the past several years it will take time before staff will be able to develop performance measures.
3. The City agrees with this recommendation but has not yet implemented it. The recruitment for a permanent City Manager is underway and that will be one of the recommendations for the City Council to implement.

## **CITY OF SAN FERNANDO**

### **Responses to Recommendations in Grand Jury Report**

Page 2 of 2

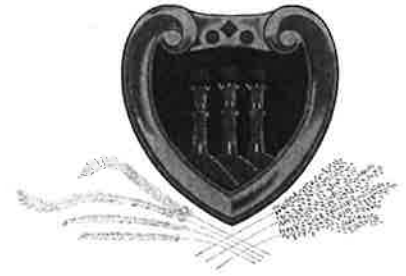
4. With the recruitment of a permanent City Manager the Council can include a performance evaluation process in this individual's employment agreement.

### **FINANCIAL MANAGEMENT**

1. The City does not have a formal audit committee however it does have a formal Budget Committee and the audit can be added as a responsibility to the Budget Committee.
5. The City concurs that financial policies and procedures should be periodically reviewed and has already initiated that process with the recent (September 2013) update on procurement policies for professional service contracts.
6. City concurs that procedures can and should be updated and will investigate practical mechanisms to facilitate this reporting.
7. This recommendation has already been implemented and City conducts a competitive selection process for new auditors every 3 to 5 years

# City of San Marino

Office of the City Manager



**JOHN T. SCHAEFER**  
City Manager

July 15, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

Dear Judge and Civil Grand Jury:

Pursuant to state law I am responding to the Grand Jury's Fiscal Health, Governance, Financial Management and Compensation report.

Here are just some snapshots of San Marino's finances:

- Five years ago we built and completely paid cash for a new \$19 million public library.
- Three years ago we initiated a \$7 million purchase of a surplus school site for a recreation center. That purchase has now been paid with cash in full.
- Our General Fund Reserves at the end of Fiscal Year 2011/12 were at \$14,152,605 or 72.6% of our annual budget (Exhibit 9).
- Our City's unrestricted fund budget for FY 2013/2014 has been approved with a \$658,000 surplus.
- Our 2013/2014 budget includes \$3,600,000 for capital purchases and projects.
- Our ratio of Assets to Liabilities in 2010-11 were 5<sup>th</sup> in the County and 9<sup>th</sup> in 2011-12
- Of the 60 cities and 772 employees listed earning more than \$200,000 not one was from San Marino.(Exhibit 2)
- San Marino has successfully negotiated unprecedented PERS pension reform for all new civilian (2% @ 60) and safety (2% at 55) personnel. This includes all employees moving to payment of the entire employee contribution and a three year average for retirement calculations.
- San Marino has on hand funds to pay all its retiree medical benefits.

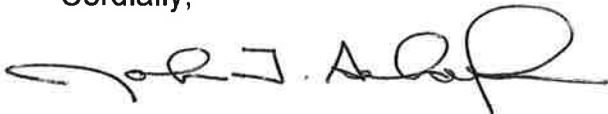
Despite all this, the Grand Jury still ranked San Marino as 33<sup>rd</sup> and 38<sup>th</sup> for Financial Health and 49<sup>th</sup> of 88 Los Angeles Cities for best practices. Should the Grand Jury again undertake such a project, it might be beneficial to make some modifications of their assessment process.

Exhibit 12 of your letter requested responses from San Marino to the following recommendations:

Exhibit 12: Recap of Recommendations and Required Responses	
Recommendation	Response Required From
<b>Fiscal Health</b>	
1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets	Recommendation has already been implemented in practice. Staff has calendared for our September Council Meeting adoption of a written fiscal health policy.
2. Cities should develop balanced budget and commit to operate within the budget constraint	This is the current practice of San Marino.
3. Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.	This is the current practice of San Marino.
4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.	Recommendation has already been implemented.
<b>Governance Practices</b>	
5. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.	This was a previous practice in San Marino but it was determined to be ineffective and was abandoned.
6. City Councils should develop specific annual goals for the city's executive.	Recommendation has already been implemented.
<b>Financial Management</b>	
7. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.	Two designated Council liaisons perform this function.
8. Cities that do not currently select the auditor through a competitive process should do so.	Will be recommended to Council at expiration of current auditors contract (2014/2015).
<b>Recap of Recommendations and Required Responses</b>	
9. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.	Based on our size a fraud hotline is not practical. Employees have been instructed on mechanisms to report fraud or abuse.

10. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.	Will be recommended to Council at expiration of current auditors contract (2014/2015).
--	--

Cordially,



John Schaefer  
City Manager



City of  
**SANTA CLARITA**

23920 Valencia Boulevard • Suite 300 • Santa Clarita, California 91355-2196

Phone: (661) 259-2489 • FAX: (661) 259-8125

[www.santa-clarita.com](http://www.santa-clarita.com)

July 18, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Court  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Dear Honorable Presiding Judge:

Subject: City of Santa Clarita's Response to Report

The purpose of this letter is to provide the required response to the report entitled "Cities of Los Angeles County, Fiscal Health, Governance, Financial Management, and Compensation."

Examination of this topic of municipal fiscal health by the Civil Grand Jury is a worthwhile endeavor that will provide great value to the citizens of Los Angeles County. In our 25 years as a municipal corporation, we at the City of Santa Clarita have worked hard to establish and maintain a culture of fiscal responsibility and sustainability through appropriate systems, practices, and policies. As a result, we note the following fiscal achievements:

- AAA credit rating by Standard and Poor's Ratings Services.
- Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for every fiscal year since incorporation.
- A tradition of adopting on-time and balanced budgets every year since incorporation, including during the recent Great Recession.
- The establishment and maintenance of healthy financial reserves.
- Steadfast adherence to the philosophy that one-time revenue sources (including reserves) must be used only for one-time expenditures (in particular for capital projects).

With the above accomplishments noted, the report issued by the Civil Grand Jury gives the incorrect impression that for the years studied the City of Santa Clarita engaged in deficit spending; however, in fact, for the years studied the City of Santa Clarita was balanced on an operational basis, with one-time funds being used for one-time expenses.

In order to clarify what transpired during the years reviewed, it's important to point out during Fiscal Years 2010-11 and 2011-12, the City of Santa Clarita completed several large capital projects using funds that were received in prior years. These projects included construction of a



Honorable Presiding Judge

July 18, 2013

Page 2

new 30,000-square-foot public library, the installation or rehabilitation of several miles of raised landscape medians along our major traffic corridors, and a contribution toward the construction of two additional fire stations. In addition, during this time the City of Santa Clarita also placed \$20 million into a trust fund to fully fund the outstanding liability for other post-employment benefits (OPEB), which represents an issue of great fiscal concern to cities across the United States but which we chose in Santa Clarita to fund and resolve. Capital projects and OPEB were financed in a fiscally prudent manner, with the funding being accumulated over prior fiscal years and, subsequently, expended during the two fiscal years.

Here are our responses to the recommendations noted in the report:

- Recommendation: Cities should adopt financial planning, revenue, and expenditure policies to guide city officials to develop sustainable, balanced budgets.

Response: We agree. For the past 16 years, since the Fiscal Year commencing July 1, 1997, the City Council of the City of Santa Clarita has annually reviewed and adopted "Budget Policies and Procedures" and "Financial Policies." (A copy of said policies and procedures adopted for Fiscal Year 2013-14 is enclosed.)

- Recommendation: Cities should develop a balanced budget and commit to operate within the budget constraints.

Response: We agree. The City of Santa Clarita annually adopts a balanced budget and operates within the budget constraints. The City of Santa Clarita actively manages and monitors the adopted budget to ensure actual revenues received are no less than, and actual expenditures incurred are no greater than, the balanced budget adopted by the City Council. In those fiscal years where revenues dropped due to economic circumstances, the City of Santa Clarita has reduced expenditures in order to maintain a budget balance. For example, for every year of the Great Recession, the City of Santa Clarita maintained a balanced budget overall and, in particular, in the General Fund. For the past 16 years, since the Fiscal Year commencing July 1, 1997, the City Council of the City of Santa Clarita has annually reviewed and adopted "Budget Policies and Procedures" and "Financial Policies." (A copy of said policies and procedures adopted for Fiscal Year 2013-14 is enclosed.) As a result, the credit rating of the City of Santa Clarita was upgraded to AAA by Standard & Poor's in August 2012.

- Recommendation: Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.

Response: We agree, and this is reflected in the adopted "Budget Policies and Procedures" adopted by the City Council. In particular, these policies and procedures state:

- It is the stated policy of the Council and City Manager that ongoing revenues match or exceed ongoing appropriations.



- Ongoing operating costs should be supported by ongoing, stable revenue sources. This protects the City from fluctuating service levels and avoids crises when one-time revenues are reduced or removed. Listed below are some corollaries to this policy:
  - Fund balances or contingency accounts should be used only for one-time expenditures, such as capital equipment and capital improvements.
  - Ongoing maintenance costs, such as street resurfacing and trail maintenance, should be financed through recurring operating revenues rather than through bond issuance.
  - At least \$1 million of transportation-related funding shall annually fund the annual overlay and slurry program.
  - Fluctuating federal grants should not be used to fund ongoing programs.

- Recommendation: Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of shortfall.

Response: We agree, and this is reflected in the financial performance of the City of Santa Clarita since incorporation in 1987 and, in particular, over the past several years during the “Great Recession.” For example, as of the Fiscal Year ended June 30, 2007, the fund balance of our General Fund was \$63.2 million, and we project the fund balance of our General Fund as of June 30, 2013, will be approximately \$70 million. In addition, within this General Fund balance, an amount equal to 17% of General Fund operating expenditures is designated by the City Council as an “Operating Reserve” for emergency purposes. For Fiscal Year 2013-14, this Operating Reserve is \$13.1 million. Furthermore, the City Council’s goal is to increase this Operating Reserve by 1% of General Fund operating expenditures each year through Fiscal Year 2016-17, when it will be set at 20% of General Fund operating expenditures.

- Recommendation: Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes, and information should be provided for several years to allow evaluation of progress over time.

Response: Performance measurement systems are just one method of evaluating service outcomes. The City of Santa Clarita employs a state-of-the-art customer feedback system called eService, which permits residents to easily inform City staff of service requests or deficiencies either from a home computer or mobile device. The City is then able to evaluate performance of our delivery of service methods. In addition, the City of Santa Clarita regularly utilizes Citywide surveys as a means to measure the success of service delivery. We believe these tested methods provide adequate feedback on the City of Santa Clarita performance. Therefore, we respectfully disagree with the recommendation.

Honorable Presiding Judge

July 18, 2013

Page 4

- Recommendation: Cities should formally establish an audit committee, making it directly responsible for the work of the independent auditor.

Response: Although this is a “best management practice” published by the Government Finance Officers Association, we believe our current practice of having our Mayor and Mayor Pro-Tem interact with the staff of the independent auditor during the annual audit process, with the independent auditor ultimately responsible to the full City Council, is the best approach for the City of Santa Clarita. Therefore, we respectfully disagree with the recommendation.

- Recommendation: Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

Response: We do, by practice, review financial policies and procedures annually and update them as necessary. We do not see the benefit or necessity to establishing a “formal policy” as suggested and, therefore, we respectfully disagree with the recommendation.

- Recommendation: Cities should undertake a full-scale competitive process every five years for the selection of an independent external auditor.

Response: We agree, this has been the practice for the City of Santa Clarita for many years. Upon expiration of the contract for audit services, a full-scale competitive process is conducted. The most recent cycle of awarding a new contract for an independent external auditor took place on May 28, 2013.

Again, thank you for providing us with the opportunity to respond to the report. If you have any questions or require additional information, please contact me at (661) 255-4905.

Sincerely,



Kenneth W. Striplin  
City Manager

KWS:DH:hds  
Darren\Civil Grand Jury1.doc

Enclosures

cc: Mayor and Councilmembers  
Frank Oviedo, Assistant City Manager  
Darren Hernández, Deputy City Manager  
Joe Montes, City Attorney  
Tom Cole, Director of Community Development  
Rick Gould, Director of Parks, Recreation and Community Services  
Robert Newman, Director of Public Works



11710 Telegraph Road · CA · 90670-3679 · (562) 868-0511 · Fax (562) 868-7112 · www.santafesprings.org

*"A great place to live, work, and play"*

September 30, 2013

Presiding Judge David S. Wesley  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

**RE: City of Santa Fe Springs Response to Recommendations of 2012-2013 Los Angeles County Civil Grand Jury Report on Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation**

Dear Judge Wesley:

In accordance with California Penal Code Section 933(c) and 933.05, the City of Santa Fe Springs (City) is responding to the above Civil Grand Jury report. Specifically, the City agrees with the findings presented and provides more detailed responses as follows:

### **Fiscal Health**

**1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.**

**Response:** This recommendation has already been implemented through a series of policy directives, development of budget surveys and priorities, advisory committee sessions, "town hall" meetings, and multiple Council budget reviews throughout the year.

The City Council is keenly aware of its responsibility to the City's constituents. While very difficult at times, the City has continually adopted balanced budgets. Despite the unprecedented economic crisis of recent years and the elimination of redevelopment having taken a disproportionate toll on the City's finances, the City organization has taken prudent actions that provide for a sound and sustainable budget course for the future. As recent proof, the City's Fiscal Year (FY) 2011-12 Comprehensive Annual Financial Report (CAFR) reflected a net change in the General Fund's fund balance of \$6.4 million. The City's General Fund unassigned fund balance grew to over \$23.9 million.

Richard J. Moore, Mayor • Juanita Trujillo, Mayor Pro Tem

City Council

Louie González • Laurie M. Rios • William K. Rounds

City Manager

Thaddeus McCormack

**2. Cities should develop a balanced budget and commit to operate within the budget constraints.**

**Response:** This recommendation has already been implemented. Historically, the City has committed to operate and operated within its fiscal parameters. It is only the unprecedented events of recent years that eroded the City's anticipated revenue base and required extraordinary actions by the City organization. The actions have been fully implemented and it is the City's objective to continue developing and operating balanced budgets.

It is important to note that the Grand Jury's evaluation of "All Funds - Net Revenue Percent" does not appear to take into account long-term planned expenditures from reserve, grant, or restricted funds that are accumulated over a number of years and expended all in one budget year toward a particular program or project.

**3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.**

**Response:** This recommendation has already been implemented. The City has not and does not use one-time revenues to fund recurring or on-going expenditures.

**4. Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.**

**Response:** The recommendation has already been implemented. As part of the annual budget, City officials review all fund balances. The City values the benefits of a General Fund reserve and continually seeks to further build upon it. As previously mentioned, the City's General Fund unassigned fund balance is over \$23.9 million through June 30, 2013. This amount represents over 40% of the City's General Fund Budget. It is anticipated that the FY 2012-13 CAFR will reflect a General Fund surplus that will add to this amount.

Furthermore, as part of the FY 2013-14 Budget development process the Council established separate funds for CIP, Insurance Stabilization, and Equipment Replacement needs. It is the intent that amounts will be deposited into respective reserve accounts within the funds for larger projects, purchases, or outlays, thereby minimizing any operational budget impact from year to year.

### Governance Practices

- 2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.**

**Response:** This recommendation has already been implemented. The City is actively working with the International City/County Management Association (ICMA) and their Center for Performance Measurement in using data to establish goals and outcomes in budget decisions, setting performance targets, comparing to and learning from other jurisdictions, and communicating service and financial improvements to citizens.

### Financial Management

- 1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.**

**Response:** This recommendation has already been implemented. The City Council established an Audit Committee, consisting of two Councilmembers, approximately four years ago. The City's independent auditor meets with them and City staff to review the audit procedures and results, as well as elicit any input, requests, concerns, etc. that might be relevant to the audit.

- 2. Cities that do not currently select the auditor through a competitive process should do so.**

**Response:** This recommendation has not yet been implemented, but is scheduled to be addressed in the near future.

- 3. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.**

**Response:** This recommendation has already been implemented. The City's auditor performs very minimal non-audit services, mostly of a clerical nature in compiling and transcribing the City's financial information into the CAFR format. Appropriate review and approval of any non-audit services is provided by City staff.

City of Santa Fe Springs

Re: Response to 2012-2013 L.A. County Civil Grand Jury Report on Cities

September 30, 2013

Page 4 of 4

**5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.**

**Response:** This recommendation has already been implemented. Policies and procedures were last updated in July 2011 with subsequent annual reviews.

**6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.**

**Response:** This recommendation has not yet been implemented, but is scheduled to be addressed in the near future.

**8. Cities should undertake a full-scale competitive process every 5-years for the selection of an independent external auditor.**

**Response:** This recommendation has not yet been implemented, but is scheduled to be addressed in the near future.

If you have any questions, please direct them to Assistant City Manager/ Director of Finance & Administrative Services Jose Gomez at the above address or (562) 868-0511, or [josegomez@santafesprings.org](mailto:josegomez@santafesprings.org).

Sincerely,



Thaddeus McCormack  
City Manager

Cc: Jose Gomez, Assistant City Manager / Director of Finance & Admin. Services



Office of the City Manager  
PO Box 2200  
Santa Monica, CA 90407-2200

August 7, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

**Re: Response to the Grand Jury Report**

The City of Santa Monica values the Grand Jury's report on "Cities of Los Angeles County Fiscal Health, Governance, Financial Management and Compensation." Like the Grand Jury, the City of Santa Monica seeks to provide transparency and works hard to ensure that the public's resources are managed in a fiscally prudent and responsible manner.

We were surprised and dismayed, however, that the June 2013 report did not reflect the City's previous clarifications and corrections made in response to the June 30, 2012 "Charter Cities Fiscal Health, Governance and Management Practices" Grand Jury report, and provided to you on August 30, 2012 and re-sent on November 26, 2012. We take great pride in our sound financial management, further supported by our status as one of only eight AAA rated cities in California, and we seek to correct any misperceptions presented in the report. Of the ten findings made in the June 2013 report, six are erroneous and had been noted as such in our previous correspondence. Another new finding is also incorrect. The findings that we are contesting are summarized below:

- In response to findings #1, 3 and 4 under Fiscal Health, the City has firmly established financial planning, revenue and expenditure, and contingency reserve policies, and has a long-standing practice of complying with and strengthening those policies. In fact, the City of Santa Monica increased its rainy day reserve to 15% in FY 2011-12. Along with another \$9.7 million in economic uncertainty reserve, the City has a total of over 18% in contingency funds. These policies were attached to our August 2012 response, and are attached once more in our current response.
- In response to finding #2 under Fiscal Health, the City adopts a balanced budget each year. The Civic Grand Jury's presentation of revenues and expenditures does not consider that Santa Monica budgets multi-year capital projects on a full-cost basis, requiring that year-end remaining capital budgets for active projects are held in reserve and rolled over to the next fiscal year until completion of the project. When not considering the offset by prior year funds, actual expenditures seem to exceed revenues and an incorrect assumption is made that the budget is not balanced. To correct this misunderstanding, we have included a table showing CAFR data on expenditures, revenues and use of capital rollover reserves.

- In response to findings #5 and 6 under Financial Management, the Grand Jury has failed to recognize information that we provided with our response to its Charter Cities report. Specifically, Santa Monica reviews and Council approves financial polices with the adoption of each budget. Additionally, in our August 2012 response, we reported on our various policies addressing ethics, fraud and abuse reporting.
- Finding #8 under Financial Management is also erroneous as Santa Monica clearly, as reflected in the Grand Jury Report, completes a competitive process to select our auditor.

The City recognizes the recommendations made regarding an audit committee, updated accounting policies and procedures, and additional review of non-audit work performed by the external auditor, and has taken steps to ensure that our processes are as transparent and clear as possible.

We regret that this latest Grand Jury report was released without appropriately recognizing the many areas where Santa Monica meets or exceeds best management practices and already meets the Grand Jury's recommendations.

If you have any questions about our response, please do not hesitate to contact Elaine Polachek, Assistant City Manager at 310-458-8301 or [Elaine.Polachek@smgov.net](mailto:Elaine.Polachek@smgov.net).

Sincerely,



Rod Gould  
City Manager

Encl.



GENERAL FUND SUMMARY (\$000'S)	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Audited
					FY 2011-12
<b>Revenues</b>					
Property Taxes	\$ 36,068	\$ 36,763	\$ 37,420	\$ 36,048	\$ 40,226
Sales Taxes	32,357	28,297	26,637	31,690	45,832
Other Taxes	104,250	100,992	99,549	103,105	108,433
Licenses and Permits	20,109	20,315	20,595	27,468	30,519
Intergovernmental	447	652	759	639	404
Charges for Services	25,778	28,122	33,176	32,362	36,753
Fines and Forfeitures	14,567	14,114	17,493	15,953	15,652
Use of Money & Property	11,496	10,800	11,162	13,979	11,906
Other Taxes	5,117	7,510	5,295	5,081	145,076
<b>Total Revenues</b>	<b>\$ 250,189</b>	<b>\$ 247,565</b>	<b>\$ 252,086</b>	<b>\$ 266,325</b>	<b>\$ 434,801</b>
<b>Expenditures</b>					
General Government	\$ 34,366	\$ 37,949	\$ 44,014	\$ 52,474	\$ 55,799
Public Safety	88,019	93,222	95,812	97,776	103,475
General Services	34,346	34,351	34,348	24,384	25,777
Cultural and Recreation Services	29,719	31,342	30,475	43,698	47,582
Library	10,175	10,024	10,058	10,549	10,664
Housing and Community Dev.	31,003	29,311	24,462	24,660	23,754
Other	-	-	219	-	417
<b>Total Expenditures (before capital expenses)</b>	<b>\$ 227,629</b>	<b>\$ 236,200</b>	<b>\$ 239,388</b>	<b>\$ 253,541</b>	<b>\$ 267,468</b>
<b>Total Revs or Expenditures (before capital expenses)</b>	<b>\$ 22,561</b>	<b>\$ 11,365</b>	<b>\$ 12,698</b>	<b>\$ 12,784</b>	<b>\$ 167,333</b>
Total Capital Expenses	12,420	20,154	21,688	17,376	66,620
<b>Total Expenditures</b>	<b>\$ 240,048</b>	<b>\$ 256,354</b>	<b>\$ 261,076</b>	<b>\$ 270,917</b>	<b>\$ 334,088</b>
<b>Total Revenues over (under) Expenditures</b>	<b>\$ 10,141</b>	<b>\$ (8,789)</b>	<b>\$ (8,991)</b>	<b>\$ (4,592)</b>	<b>\$ 100,713</b>
<b>Other Financing Sources/(Uses)</b>	<b>(17,009)</b>	<b>56,941</b>	<b>27,507</b>	<b>84,397</b>	<b>20,269</b>
<b>Net Change in Fund Balance</b>	<b>\$ (6,868)</b>	<b>\$ 48,152</b>	<b>\$ 18,516</b>	<b>\$ 79,805</b>	<b>\$ 120,982</b>
<b>Ending Fund Balance</b>					
Reserved	\$ 81,057	\$ 41,432	\$ 36,258	\$ -	\$ -
<b>Unreserved - Designated*</b>	<b>62,573</b>	<b>147,861</b>	<b>171,347</b>	-	-
Unreserved - Undesignated	5,173	7,661	7,866	-	-
Nonspendable	-	-	-	26,249	22,181
Restricted	-	-	-	504	43,056
Committed	-	-	-	710	640
<b>Assigned*</b>	-	-	-	159,431	233,154
Unassigned	-	-	-	108,382	117,226
<b>Total Ending Fund Balance</b>	<b>\$ 148,802</b>	<b>\$ 196,954</b>	<b>\$ 215,471</b>	<b>\$ 295,276</b>	<b>\$ 416,257</b>
<b>Total FB as a % of Exp.</b>	<b>62.0%</b>	<b>76.8%</b>	<b>82.5%</b>	<b>109.0%</b>	<b>124.6%</b>
<b>Unreserved/Assigned/Unassigned FB as a % of Exp.</b>	<b>28.2%</b>	<b>60.7%</b>	<b>68.6%</b>	<b>98.9%</b>	<b>104.9%</b>

**Unreserved - Designated and Assigned Fund Balance includes previously budgeted capital improvement project funds that are set aside to be spent in future years based on project timing.**



# City of Sierra Madre



September 26, 2013

Office of the  
City Manager

Presiding Judge  
Los Angeles County Superior court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street, 11<sup>th</sup> floor, Room 11-506  
Los Angeles, CA 90012

Elaine Aguilar  
*City Manager*

Dear Presiding Judge:

Attached is the City of Sierra Madre's response to the Grand Jury's Los Angeles County Fiscal Health, Governance, Financial Management and Compensation report. It is appreciated that Los Angeles County convened the Grand Jury to determine the financial health of the 88 incorporated cities, and to determine if cities were following "best practices" for governance and financial management.

Our detailed responses are attached, but I would like to note that the City is of the opinion that the survey results should be corrected, from a score of 78% to a score of 90%. Incorrect responses were inadvertently submitted for questions 29, 31 and 32. While question 19 is technically a "no," the city does not agree with the assumption that auditors "must" be replaced at the end of a contract period.

However, what the survey shows is that all cities are different, and is it difficult to create a survey instrument that uses a "one size fits all" approach. Thank you for providing this opportunity to respond to the recommendations included in the report.

Please let me know if I can provide any further assistance.

Sincerely,



Elaine Aguilar

Enclosures

**232 West Sierra Madre Blvd., Sierra Madre, CA 91024**  
**Telephone (626) 355-7135 Fax (626) 355-2251**

**GRAND JURY RECOMMENDATIONS**  
**City of Sierra Madre Response**

**– FISCAL HEALTH**

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

*City of Sierra Madre response: The City of Sierra Madre disagrees wholly with any finding that indicates that the City does not have adopted financial planning, revenue and expenditure policies. The City of Sierra Madre City Council has formally adopted financial planning, revenue and expenditure policies. The City Council adopts formal policies via adopted City Council resolutions. The City Council also adopts a balanced biennial budget, receives quarterly financial updates, and makes mid-year adjustments, as needed.*

*As, the City of Sierra Madre does not violate this recommendation, we are unsure why we were included in the list of cities.*

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

*City of Sierra Madre response: The City of Sierra Madre disagrees wholly with any finding that indicates that the City does not develop and adopt a balanced budget, or does not operate within budget constraints. The deficit noted in "All-Funds Net Revenue" is a result of pre-planned and authorized City improvements in Streets and water infrastructure. It is very common for Cities to "save up reserves" in order to complete large capital improvement projects. When the projects are constructed, the funds that have been "saved in reserve accounts" are expended, resulting in a single year's total expenditures, exceeding that year's current revenues.*

*The City has adopted a deferred maintenance policy that includes setting aside reserves for use in future years. This will result in some years that the Net Revenue grows and in other years the Net Revenue will have a deficit. For example, in FY 2011-2012, the City spent more \$1 million on water main replacements, the funds to pay for the capital project came primarily from reserves in the Redevelopment Fund.*

*Lastly, the City of Sierra Madre has had several years of growth in Net Revenues and increases to the General Fund Balance. However, in FY 2011-2012 the City had more than \$600,000 in emergency response costs from the 2011 Windstorm disaster; a disaster that seriously impacted Sierra Madre. One of the main reasons that cities build and maintain reserves is to respond to one-time emergency situations, such as a natural disaster. Financial details regarding the impact of the 2011 Windstorm event, and more are explained in the City's MDA section of the annual comprehensive financial report (the audit) and in the City's budget documents. All of these documents are available on the City's website for review.*

*As, the City of Sierra Madre does not violate this recommendation, we are unsure why we were included in the list of cities.*

3. Cities should commit to not using onetime revenues to fund recurring or ongoing expenditures.

*City of Sierra Madre response: The City of Sierra Madre disagrees wholly with any finding that indicates that the City uses onetime revenues to fund recurring or ongoing expenditures. As, the*

*City of Sierra Madre does not violate this recommendation, we are unsure why we were included in the list of cities.*

4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.

*City of Sierra Madre response: The City of Sierra Madre disagrees wholly with any finding that indicates that the City does not have an adopted method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of shortfall. The City of Sierra Madre has adopted a fund balance policy that requires the establishment and specifies the use of reserves.*

*City of Sierra Madre does not violate this recommendation, we are unsure why we were included in the list of cities.*

## **RECOMMENDATIONS – GOVERNANCE PRACTICES**

*The City of Sierra Madre was not included in the list of cities indicating that a response was requested. This is because the City of Sierra Madre follows or has implemented the governance practices included in the survey.*

## **RECOMMENDATIONS – FINANCIAL MANAGEMENT**

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

*City of Sierra Madre response: It would be redundant for the City of Sierra Madre to establish an audit committee, because the City Council serves in this role. Financial transactions in a small city are processed differently than transactions in a large city. For example, at every City Council meeting, the Sierra Madre City Council formally approves all payments, through their approval of the Warrant Register. The City Council formally receives and reviews revenues on a quarterly basis, through their review of the Quarterly Financial Report. The City Council formally receives, reviews and accepts the City's Comprehensive Annual Financial Report. All of the City's financial documents are also available on the City's website (warrant registers, quarterly financial reports, budgets and audits.)*

*It is important to note that the City of Sierra Madre is a small municipal organization, governing a small city. The City population is approximately 11,000 and the citizens are civically engaged in the community and local government. The City's financial reports and budgets are discussed at public meetings and are available for review at the City Hall and Library public counter and on the City's website. In addition, there is a Utility User Tax Oversight Committee made up of the City Treasurer and five citizens that take a specific look at the collection of UUT and the Public Safety budget in the General Fund.*

*For the reasons specified above, the City Council will continue to serve in this role.*

4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.

*City of Sierra Madre response: The City of Sierra Madre agrees with this recommendation and the Finance Department is in the process of completing a formal accounting policy manual.*

6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.

*City of Sierra Madre response: The City of Sierra Madre disagrees wholly with this finding. The City of Sierra Madre abides by all applicable State and Federal laws as it pertains to fraud reporting. The procedures for reporting fraud are posted and up to date. The City does not have a "dedicated fraud hotline" and as indicated in the Grand Jury's recommendation, this is not a "requirement." However, the City will evaluate this option.*

8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

*City of Sierra Madre response: The City of Sierra Madre disagrees wholly with this finding – because the City abides by this recommendation. The questionnaire asked if the auditor had been replaced "in the current year". While the auditor was not replaced "in the current year," the auditor was replaced in FY 2011-2012. The City is currently in the second year of a three year contract that has the option of being extended up to five years total. A full-scale competitive process will occur approximately every 3-5 years.*

In conclusion, we would like to respond directly to a few of the "NO" responses indicated in Exhibit 10, Overview of Governance and Financial Management Best Practices Questionnaire Responses. We are respectfully requesting that the responses to questions 29, 31 and 32 be revised to "YES" because an incorrect responses was inadvertently submitted for these questions. For question #32, the City does not have an "internal auditor," but concerns are reviewed by the City Manager, and if appropriate and necessary, the City Council.

While question 19 is technically a "no," the city does not agree with the assumption that auditors "must" be replaced at the end of a contract period. It is acceptable, if after a full-scale competitive process, the current auditor is selected, that a city be assigned a new partner, supervisor and audit team.



## CITY OF SIGNAL HILL

---

2175 Cherry Avenue ♦ Signal Hill, CA 90755-3799

September 26, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

**Re: City of Signal Hill Response to the 2012-2013 Los Angeles County Civil Grand Jury Report**

Dear Presiding Judge,

The City of Signal Hill values the efforts the Los Angeles County Civil Grand Jury spent in studying the financial health and practices from all 88 incorporated cities in Los Angeles County as reported in the 2012-2013 Los Angeles County Civil Grand Jury Report. This letter is sent as the City's response under California Penal Code Section 933.05 to the Report. This letter provides a detailed response to the six specific recommendations for the City of Signal Hill.

We also note that according to the determination of the Civil Grand Jury, the City of Signal Hill is in the top 10 cities in excellent Financial Health out of the 88 cities in Los Angeles County. Also, the City of Signal Hill ranks high among cities, with a 94% positive response, to following best financial practices.

Responses to the Civil Grand Jury recommendations:

(Pg. 156) Adopt financial planning, revenue and expenditure policies so as to develop sustainable, balanced budgets.

The recommendation was implemented many years ago. As stated by the Civil Grand Jury, the City of Signal Hill observes financial planning and has revenue and expenditure policies. The City of Signal Hill continuously reviews and changes them when necessary to bring them into alignment with the latest GASB and GFOA recommended practices.

(Pg. 157) Develop a balanced budget and stay within the budget constraints.

The recommendation was implemented many years ago. In most recent history, the City of Signal Hill established a balanced budget for 2012-13, as well as 2013-14, and will stay within budget constraints.

(Pg. 157) Commit to not using one-time revenue to fund recurring or ongoing expenditures.

The recommendation was implemented many years ago. The City of Signal Hill makes it a normal procedural practice to not use one-time monies for on-going expenditures.

(Pg. 157) Adopt a practice of saving into a reserve or "rainy day" fund to supplement revenue in shortfall years.

The recommendation was implemented many years ago in 1997-98. The City's reserve ratio target goal is 50% of General Fund expenditures for a fiscal year. The projected sum of the General Fund unassigned fund balance of \$7,699,169 and the Economic Uncertainties Fund of \$3,577,159 at the end of fiscal year 2012-13, equals \$11,276,328, or 63% reserve ratio compared to General Fund expenditure amended 2012-13 budget of \$17,818,429.

(Pg. 158) Cities should formally establish an audit committee to direct the work of the independent auditor.

The recommendation requires further analysis, and will be studied in depth during the planning of the new City strategic plan. The new strategic plan will be formulated, with the City and community input, during the 2013-14 fiscal year.

City staff prepared a staff report, concerning forming an audit committee, and presented it to the City Council on April 16, 2013 seeking direction on the matter. The motion, that was moved and carried by the City Council, was to "look at forming an independent audit committee during the strategic planning process."

(Pg. 160) Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

The recommendation has not been implemented, but will be implemented in the future. A full-scale competitive Request for Proposal (RFP), for independent external auditing services, will be issued in the early spring of 2014 regardless of whether there is an established audit committee at that time. The term of the audit contract will cover a timeframe of three years, with a possible 2 year extension.

The City of Signal Hill appreciates the efforts of the Civil Grand Jury. Please contact me if the Civil Grand Jury has any questions or needs additional information. I can be reached at 562-989-7302 or at [kfarsing@cityofsignalhill.org](mailto:kfarsing@cityofsignalhill.org).

Sincerely,



Kenneth C. Farsing  
City Manager

Reviewed by: Terri Marsh  
Administrative Services Officer/Finance Director

Cc: Mayor and Members of the City Council  
City Attorney





## CITY OF SOUTH EL MONTE

1415 N. SANTA ANITA AVENUE  
SOUTH EL MONTE, CALIFORNIA 91733  
(626) 579-6540 • FAX (626) 579-2107



September 26, 2013

David Wesley  
Presiding Judge of the Los Angeles County Clara  
Superior Court Area Shortridge Foltz Carnival Justice Center  
210 West Temple Street, Eleventh Floor Room 11-506  
Los Angeles, CA 90012

Re: Response to all Recommendations in a Civil Grand Jury Report

Honorable David Wesley:

Pursuant to the California Penal Code Section 933 (c) and 933.05, enclosed are the City of South El Monte responses to all Recommendations in a Civil Grand Jury Report pertain to Fiscal Health, Governance, Management and Compensation.

If you have questions regarding to South El Monte response, please contact me at (626) 579-6540 or [tybarra@soelmonte.org](mailto:tybarra@soelmonte.org).

Sincerely,

Anthony R. Ybarra  
City Manager

C: Mayor and Councilmembers  
City Attorney

## **Fiscal Health**

1. *Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.*

The City of South El Monte is committed to adopting a balance budget on an annual basis. With the hiring of a full-time Finance Director, the City will review its current financial policies and update them as appropriate.

2. *Cities should develop a balance budget and commit to operate within the budget constraints.*

The City of South El Monte maintains a balanced budget and operates within its budget constraints. City executive staff members engage in quarterly meetings to review the current status of the budget; City Council holds a mid-year budget review so to make any mid-year corrections to the budget, as needed.

3. *Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.*

The City of South El Monte does not practice the use of one-time revenues to fund recurring or on-going expenditures.

4. *Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of shortfall.*

The City of South El Monte currently maintains an Economic Stabilization Reserve, with the goal of maintaining the reserve levels at 20% of the approved General Fund Budget.

## **Governance Practices**

1. *Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.*

The City of South El Monte's mission is to protect and improve the quality of life for its community by addressing concerns, increasing opportunities, enhance services, safety and a strong infrastructure, while maintaining a viable economic base. Through its Capital Improvement Program, the use of housing and non-housing bond proceeds, and the adoption of a budget, the City of South El Monte is able to develop, adopt and maintain a strategic plan that culminates in the aforementioned mission statement as set forth by the City Council. In addition to these identified areas, City department heads meet on a weekly basis for the

purpose of monitoring the City's goals and objectives. At mid-year, City Council meets to review the current status of the City's budget and identifies changes that are to be made.

2. *Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.*

As indicated in the response to **Governance Practices - #1**, City of South El Monte department heads meet on a regular weekly basis to discuss the current status of goals and objectives. City Council acts at mid-year to review the status of the budget, as well as making any necessary adjustments.

3. *City councils should develop specific annual goals for the city's executive.*

At its mid-year budget review, the City Council of the City of South El Monte sets out its goals for the City Manager for the upcoming fiscal year.

## **Financial Management**

1. *Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.*

The City Council of the City of South El Monte currently has a Finance Subcommittee in place that meets approximately every two months, that consists of two Council members, the City Manager, Assistant City Manager and Finance Director. The City will establish an audit committee that will be part of the Finance Subcommittee, and will be comprised of the same members of the Subcommittee.

7. *Cities should periodically review and update internal control procedures over financial management.*

With the hiring of a full-time Finance Director, the City will update its efforts to periodically reviewing and updating its internal control procedures over financial management on an annual basis.

8. *Cities should undertake a full-scale competitive process every 5 years for the selection of an independent auditor.*

The City of South El Monte has, in the past, retained its independent auditor for a three year period. The City is currently in the process of releasing an RFP for auditing services for a three year period, for which the selected auditor will be approved by City Council in either January or February 2014.



MICHAEL S. FLAD  
CITY MANAGER

# City of South Gate

8650 CALIFORNIA AVENUE • SOUTH GATE, CA 90280-3075 • (323) 563-9503  
FAX (323) 569-2678 • mflad@sogate.org

September 10, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California

***Re: Response to Civil Grand Jury Report***

Honorable Presiding Judge:

This letter is the official response from the City of South Gate to the 2012-13 Los Angeles County Civil Grand Jury's report – Cities of Los Angeles County, Fiscal Health, Governance, Financial Management and Compensation.

The City is responding in the format and manner requested by the Civil Grand Jury on Exhibit 12 of the report.

The report cited the following recommendations which required a response from the City of South Gate.

## **FISCAL HEALTH**

Recommendation #1 – “Cities should adopt financial planning, revenue and expenditures policies to guide City Officials to develop sustainable, balanced budgets.”

City's Response – (Implementation in Progress) - South Gate will be developing a 5-Year financial plan to be presented to the public and approved by the City Council by January 2014. In addition, the City, at this same time, will be providing for City Council consideration and adoption a revised Financial Policies document to address such issues as: minimum fund balance levels, use of one-time funds, etc.

Recommendation #2 - “Cities should develop a balanced budget and commit to operate within the budget constraints.”

City's Response – (Implementation in Progress) - South Gate is committed as a responsible fiduciary entity to have expenditures not exceeding revenues, although, during the latest economic downturn, this was not always possible. The adoption of the 5-year financial plan, and revised financial policies, will affirm a commitment to a balanced budget.

Recommendation #3 – “Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.”

City's Response – (Implementation in Progress) - The recent economic downturn has required that the City use fund balances in order to maintain and provide a prudent level of services to the Community. The 5-year financial plan and revised financial policies will also address this issue.

Recommendation #4 – “Cities should adopt a method and practice of saving into a reserve or ‘rainy day’ fund to supplement operating revenue in years of short fall.”

City's Response - (Implementation in Progress) - This will be officially addressed with the method of appropriating for reserves and a target “undesignated reserves” level in the 5-year financial plan and revised financial policies.

## **GOVERNANCE PRACTICES**

No response requested

## **FINANCIAL MANAGEMENT**

Recommendation #1 – “Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.”

City's Response – (Implementation in Progress) - The City Council will consider establishing a formal audit committee during the 5-year financial plan and revise financial policies. Currently, the auditors do technically report to the City Council and reports are submitted to this governing body as required by law.

Recommendation #3 – “Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.”

City's Response - (Implementation in Progress) - While not a formal policy, the City Council would approve work by the auditors outside the scope of “audit” work. City will consider adoption of a formal policy when considering the revised financial policies.

Recommendation #4 – “Cities should review and update accounting policies and procedures to ensure they appropriately detailed and define the specific authority and responsibility of employees.”

City's Response - (Implementation in Progress) - City will be developing a new accounting manual in the next 6 months.

Recommendation #5 – “Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.”

City’s Response - (Implementation in Progress) - City will officially consider the timelines for review when adopting the revised financial policies.

Recommendation #8 – “Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.”

City’s Response - (Leadership considering) – The selection of auditors have been through a competitive process, the City will consider if a 5-year timeline for initiating a RFP process is suitable for the City.

We believe that these responses address the points made in the Grand Jury Report. If any questions require more explanation or any other issues were not answered, please contact the City immediately, and we will continue to respond, accurately, promptly and completely.

Sincerely,



Michael Flad  
City Manager



Bryan Cook  
Assistant City Manager/Finance Director

c: Mayor and City Council  
City Attorney



**CITY OF SOUTH PASADENA**

FINANCE DEPARTMENT

1414 MISSION STREET, SOUTH PASADENA, CA 91030

TEL: 626.403.7250 ■ FAX: 626.403.7251

WWW.CI.SOUTH-PASADENA.CA.US

September 30, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Honorable Presiding Judge:

Please find enclosed the City of South Pasadena's Responses to the Recommendations in the 2012-2013 County Grand Jury Final Report on Fiscal Health, Governance, Financial Management and Compensation.

If you have any questions, please do not hesitate to call.

Sincerely,

David Batt  
Finance Director  
City of South Pasadena  
626-403-7253



## City of South Pasadena Recommendations and Required Responses

### Fiscal Health

1. **Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.**

The City of South Pasadena disagrees with the finding because this recommendation has been implemented and in place for many years. It has always been the policy of the City of South Pasadena to adopt a balanced budget and a statement to this effect is included in the annual budget. City officials are made aware of this throughout the annual budget process.

2. **Cities should develop a balanced budget and commit to operate within the budget constraints.**

The City of South Pasadena disagrees with the finding because this recommendation has been implemented and in place for many years. A statement to this effect is included in the annual budget.

3. **Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.**

The City of South Pasadena disagrees with the finding because this recommendation has been implemented and in place for many years. The City of South Pasadena has never permitted the establishment of an on-going operational expenditure without sufficient on-going revenues to fund it.

4. **Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.**

The City of South Pasadena disagrees with the finding because this recommendation has been implemented and in place for many years. In Fiscal Year 2009, the City Council of the City of South Pasadena formally adopted a reserve policy requiring a General Fund undesignated balance equal to at least 30% of annual expenditures. Since then, General Fund undesignated reserves have risen to nearly 50%, and in Fiscal Year 2013, the City Council of the City of South Pasadena formally adopted a policy requiring a General Fund undesignated balance of at least 42.5%.

## **Governance Practices**

- 2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.**

The City of South Pasadena disagrees with the finding because this recommendation has been implemented and in place for many years. The City engages in annual strategic planning whereby goals and objectives are clearly identified and reported to the City Council on a quarterly basis to ensure they are being met. Goals are set for a three-year period and updated on an annual basis.

- 3. City Councils should develop specific annual goals for the city's executive.**

The City of South Pasadena disagrees with the finding because this recommendation has been implemented and in place for many years. The City Manager is tasked with tracking and ensuring completion of the annual goals and objectives as set by the City Council, with several goals and objectives related to operational matters of the local municipality on which the City Manager is evaluated on an annual basis.

## **Financial Management**

- 1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.**

The City of South Pasadena disagrees with the finding and will not be implementing the recommendation. Besides the impracticality of such a function due to staffing constraints and workloads, the City believes the recommendation is unwarranted since the City has had an established Finance Committee for many years which works with the City Treasurer and Finance Director to advise on various financial issues including the annual audit to ensure effective, efficient and transparent operations. The City is in very good financial health, and the City's Comprehensive Annual Financial Report has received the Government

Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the last 27 consecutive years.

- 5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.**

The City of South Pasadena agrees with the finding; however, this recommendation has already been implemented in part. Financial policies are reviewed annually and included as part of the adopted budget. Financial procedures were completely reviewed, revised and updated as of Fiscal Year 2012. The City will implement the recommendation to update these financial procedures at least every three years.

- 8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent auditor.**

The City of South Pasadena agrees with the finding and this recommendation will be implemented in the future. The City of South Pasadena is currently in the third year of a five-year contract with its auditors; however, the contract has an opt-out provision for the fourth and fifth years. The City of South Pasadena intends to issue a Request for Proposals for auditing services for Fiscal Years 2014 through 2016 following the completion of the Fiscal Year 2013 audit.

Please note that on Page 147 of the Report, Exhibit 11, the Years with Current Auditor for South Pasadena is shown as 17; the correct number of years is 7.



9701 LAS TUNAS DRIVE • TEMPLE CITY • CALIFORNIA 91780-2249 • (626) 285-2171

November 13, 2013

Ms. Nancy Coleman  
Clara Shortridge-Foltz Criminal Justice Center  
Presiding Judge of the Los Angeles Superior Court  
Los Angeles County Civil Grand Jury  
210 West Temple Street, Room 11-506  
Los Angeles, CA 90012

RE: Response to "CITIES OF LOS ANGELES COUNTY, Fiscal Health, Governance, Management and Compensation"

Dear Ms. Coleman:

This correspondence is in response to the "CITIES OF LOS ANGELES COUNTY, Fiscal Health, Governance, Management and Compensation".

### **RECOMMENDATIONS – FISCAL HEALTH**

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

**The City agrees with this recommendation and will adopt financial planning, revenue and expenditure policies to guide the City of Temple City officials to develop sustainable, balanced budgets.**

2. Cities should develop a balanced budget and commit to operative within the budget constraints.

**The City agrees with this recommendation and has developed a balanced budget for the Fiscal Year (FY) 2013-14, and plans to continue this practice in the future. The City is also committed to operating within the budget constraints.**

3. Cities should not use one-time revenues to fund recurring or on-going expenditures.

**The City agrees with this recommendation and does not use one-time revenues to fund recurring or on-going expenditures.**

4. Cities should adopt a method and practice of savings into a reserve or "rainy day" fund to supplement operating revenue in years of short fall.

**The City agrees with this recommendation and on June 5, 2012, adopted an ordinance requiring budget reserve fund balance requirements. The adopted ordinance is attached.**

### **RECOMMENDATIONS – FINANCIAL MANAGEMENT**

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

**The City agrees with this recommendation however will further analyze implementation. The City currently has a City Council appointed Budget Ad Hoc Committee (i.e., Mayor and Council member) that provides guidance on financial management practices. Staff will discuss this recommendation further with the City Council Budget Ad Hoc Committee for a final recommendation to the City Council.**

2. Cities that do not currently select the auditor through a competitive process should do so.

**The City agrees with this recommendation and selects the auditor through a competitive process.**

6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.

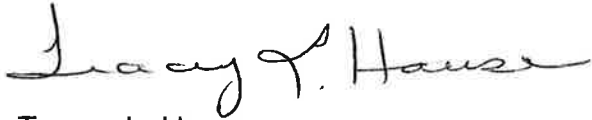
**The City agrees with this recommendation and will adopt policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hotline, to permit the confidential, anonymous reporting of concerns.**

8. Cities should undertake a full-scale competitive process every 5 years for the selection on an independent external auditor.

**The City agrees with this recommendation and will undertake a full-scale competitive process at least every 5 years for the selection of an independent external auditor. The current audit firm has been auditing the City of Temple City since the FY 2010-11.**

If you have any other questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Tracey L. Hause". The signature is written in a cursive, flowing style.

Tracey L. Hause  
Administrative Services Director

Attachment: Ordinance No. 12-953

C: Jose E. Pulido, City Manager

**ORDINANCE NO. 12-953**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TEMPLE CITY, CALIFORNIA, ADDING A NEW CHAPTER 10 "BUDGET RESERVE FUND BALANCE REQUIREMENTS" TO TITLE 2 "ADMINISTRATION" OF THE TEMPLE CITY MUNICIPAL CODE.

**WHEREAS**, to ensure adequate fiscal resources and stable delivery of City services during emergencies, fiscal emergencies, annual revenue fluctuation, liquidity shortages, or severe economic downturns, the City desires to establish a General Fund reserve requirements, and;

**WHEREAS**, to ensure fiscal prudence and responsibility the City desires to also establish criteria for use of General Fund reserves; and

**WHEREAS**, the City desires to adopt these requirements and criteria by Ordinance and codify its provisions in the City of Temple City Municipal Code.

**NOW, THEREFORE**, THE CITY COUNCIL OF THE CITY OF TEMPLE CITY HEREBY ORDAINS AS FOLLOWS:

**SECTION 1. Addition of Chapter 10 to Title 2 of the Temple City Municipal Code.** The City Council hereby adds a new Chapter 10 " Budget Reserve Fund Balance Requirements ) to Title 2 "Administration" of the Temple City Municipal Code, which shall read as follows:

**Chapter 10**

**BUDGET RESERVE FUND BALANCE REQUIREMENTS**

**2550: PURPOSE**

**2560: DEFINITIONS**

**2570: BUDGET RESERVE FUND BALANCE TARGETS**

**2550: PURPOSE**

The primary purpose of this Chapter is to ensure adequate fiscal resources and stable delivery of City services during emergencies, fiscal emergencies, annual revenue fluctuations, liquidity shortages, or severe economic downturns so that in the event of these occurrences the City is able to continue providing essential city services and satisfying expenditure obligation. The secondary purpose of this Chapter is to enable realistic long-term planning, assist in development of annual budgets, require the prudent use of resources, and to implement of sound fiscal management practices. To achieve these purposes, this Chapter requires the City to:

1. Establish adequate reserves.
2. Establish sound fiscal reserve requirements.
3. Ensure the City satisfies its short-term and long-term financial obligations.
4. Establish a periodic review of the City's fund balances and reserves.
5. Enhance the City's credit rating.

To achieve the purposes of this Chapter it is contemplated that the City will establish various Budget Reserve Fund Balance accounts facilitating funding of emergencies, contingencies, liabilities and planned major capital projects. .

## 2560: DEFINITIONS

For the purposes of this Chapter 10, the following terms shall have the following meanings:

(a) **"Emergency"** shall mean, in accordance with Section 2701, the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within the city caused by such conditions as air pollution, fire, flood, storm, epidemic, riot or earthquake, or other conditions, including conditions resulting from a labor controversy, which conditions are or are likely to be beyond the control of the services, personnel, equipment and facilities of the city, requiring the combined forces of other political subdivisions to combat.

(b) **"Fiscal Emergency"** shall mean the occurrence of any one or more of the following:

(1) the existence of a default on a debt obligation for more than thirty days, or the reasonable probability that the City will default on a debt obligation, or that the City will not be able to cure a default on a debt obligation within thirty days;

(2) the existence of a failure for lack of funds to make payment of all payroll to officials, officers, or employees of the municipal corporation for more than one payment cycled ;

(3) the existence of a condition in which accounts due and payable at the end of the preceding fiscal year, less the year-end balance, exceeded one-twelfth of the available revenues during the preceding fiscal year;

(4) the existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of the preceding fiscal year, less the year-end balance, exceeded one-twelfth of the total of the general fund budget for that year and the receipts to those deficit funds other than from transfers from the general fund;

(5) the existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, minus outstanding checks and warrants, were less than the aggregate of the positive balances of the general fund and those special funds whose purposes the unsegregated treasury meets, and such deficiency exceeded one-twelfth of the total amount received into the unsegregated treasury during the preceding fiscal year.

(c) **"Economic Stabilization Reserve"** shall mean, as provided in GASB 54 (Governmental Accounting Standards Board), an identified fund for which the specified purpose is stabilizing the delivery of city services during periods of operational deficits resulting from deferral of federal, state, or county remittance and which may also be used as a short-term bridge from unexpected and drastic downturns in the economy. Pursuant to GASB 54 stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely.

## 2570: MINIMUM BUDGET RESERVE FUND BALANCE

The City will maintain combined General Fund reserves as follows:



**(a) Emergency/Disaster Reserve - \$1,000,000.**

(1) Use of these funds is allowable only when the following conditions have been met: (i) The City Council has declared the existence of either an "Emergency" or "Fiscal Emergency"; and (ii) The use of the reserve has been approved by 4/5<sup>th</sup> vote of the membership of the City Council.

(2) Within 6 months after the Council's determination in paragraph (1) above the City Manager shall present a plan to the City Council to replenish this fund .

(3) If all or a portion of the Reserve is utilized, the Reserve will be restored to the original level as adopted within the next five years or whenever reasonably possible.

**(b) Liquidity Reserve - \$2,000,000.**

(1) Funds are to be set-aside to provide cash flow for timing of revenues and expenditures. For example, while payroll costs are bi-weekly and fairly predictable, state and county tax payments can vary. The City may also from time to time have major projects that are grant funded on a reimbursement basis that require large cash outlays. A "Liquidity Reserve" is established to provide the cash-on-hand needed in between large revenue payments and grant reimbursements and will alleviate the need for short-term borrowing.

(2) If all or a portion of the Reserve is utilized, the Reserve will be restored to the original level as adopted within the next five years or whenever reasonably possible.

**(c) Local Economic Uncertainty Reserve - \$500,000**

(1) Funds are to be set aside for the purpose of stabilizing the delivery of City services during periods of operational budget deficits resulting from the conditions as described in the definition above "Economic Stabilization Reserve.

(2) Use of the funds are allowable only when the City Council, upon the 4/5<sup>th</sup> vote of its membership, has approved the use of the fund.

(3) If all or a portion of the Reserve is utilized, the Reserve will be restored to the original level as adopted within the next five years or whenever reasonably possible

**(d) Other Reserve Designations. The City Council may at any time designate specific fund balance levels for future development of projects which it has determined to be in the best long-term interests of the City.**

**(e) The City Manager must include a recommendation for the amounts to be appointed to these reserves during the annual budget process.**

**SECTION 2. Severability.** The City Council hereby declares that, should any provision, section, subsection, paragraph, sentence, clause, phrase, or word of this Ordinance or any part thereof, be rendered or declared invalid or unconstitutional by any final court action in a court of competent jurisdiction or by



---

# CITY OF TORRANCE

---

## FINANCE DEPARTMENT

Eric E. Tsao  
Finance Director

310/618-5855  
etsao@torranceca.gov

August 2, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Dear Presiding Judge:

Please find below the City of Torrance's responses to Exhibit 12: Recap of Recommendations and Required Responses.

Recommendations and Required Responses from Exhibit 12:

**Item 1: Cities should adopt financial planning, revenue, and expenditure policies to guide city officials to develop sustainable, balanced budgets.**

- Concur; existing policies, guidelines, procedures, ordinances, charter provisions, etc., are in place that addresses this item.

**Item 2: Cities should develop a balanced budget and commit to operate within the budget constraints**

- Concur; a balanced budget is approved and adopted annually by the City Council.

**Item 3: Cities should commit to not using one-time revenues to fund recurring or on-going expenditures**

- Concur; Torrance segregates one-time expenditures from on-going expenditures in both the operating and capital budgets.

**Item 4: Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenue in years of short fall**

- Concur; Torrance has "reserve" funding goals and methods to enhance reserve levels.

**Item 8: Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.**

- Concur; Torrance will undertake a "full scale" competitive process when current contract expires in two years.

If the court needs any additional information, please contact me at 310-618-5880.

Sincerely,



Eric E. Tsao  
Finance Director

cc: LeRoy J. Jackson, City Manager  
Frederick M. Piltz, Foreperson,  
2012-13 Los Angeles County Civil Grand Jury



4305 Santa Fe Avenue, Vernon, California 90058  
Telephone (323) 583-8811

November 20, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

Re: Response to recommendations regarding the report: "Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation"

Dear Sir or Madam:

Below is the City of Vernon's response to portions of the report entitled "Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation"

**FISCAL HEALTH SECTION:**

Recommendation 1: Cities should adopt financial planning, revenue and expenditures policies to guide city officials to develop sustainable, balanced budgets.

Response: Respondent agrees with the finding. The recommendation has been implemented. At the August 6<sup>th</sup>, 2013 City Council meeting the Councilmembers approved a 3 year service agreement with the Financial Advisor, Public Financial Management, Inc. (PFM). PFM will be working with the city's Finance Director to develop a five year financial plan within the next 12 months. Currently, city officials are given quarterly budget update presentations by city staff.

Recommendation 2: Cities should develop a balanced budget and commit to operate within the budget constraints.

Response: Respondent agrees with the finding. The recommendation has been implemented. At the June 18<sup>th</sup>, 2013 City Council meeting the Councilmembers approved the balanced budget for fiscal year 2013-2014. (See Resolution 2013-55)

*Exclusively Industrial*

Recommendation 3: Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures

Response: Respondent agrees with the finding. The recommendation has been implemented. On April 9<sup>th</sup>, 2013 City of Vernon voters approved Tax Measures K, L, & M which will generate approximately \$8.1 million in General Fund Revenues. (See Resolution 2013-43)

Recommendation 4: Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.

Response: Respondent agrees with the finding. The recommendation has not yet been implemented, but will be implemented in the future. As mentioned earlier, the city hired PFM to assist in preparing a five year financial plan. The plan will include a reserve fund for years of short fall.

**FINANCIAL MANAGEMENT SECTION:**

Recommendation 8: Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor:

Response: Respondent agrees with the finding. The recommendation has been implemented. At the August 6<sup>th</sup>, 2013 City Council meeting the Councilmembers approved a 3 year service agreement with the public accounting firm, Vasquez & Company LLP. The award was based upon a competitive selection process specified by city’s competitive bidding and purchasing ordinance, which requires competitive selection process every 3 years.

Sincerely,



Mark C. Whitworth  
City Administrator

**RECEIVED**

AUG 01 2013

CITY CLERK'S OFFICE



**RECEIVED**

AUG 01 2013

CITY ADMINISTRATION

**STAFF REPORT**  
Finance Department

---

**DATE:** August 6, 2013  
**TO:** Honorable Mayor and City Council  
**FROM:** Finance Director, William Fox *W Fox*  
**RE:** AUTHORIZATION TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT WITH PUBLIC FINANCIAL MANAGEMENT, INC. (PFM) FOR FINANCIAL ADVISORY SERVICES FOR FISCAL YEARS 2014 - 2016.

---

**RECOMMENDATION**

It is recommended that the City Council:

1. Find that entering into a professional services agreement with a Securities Exchange Commission registered advisor, whose sole business is to provide clients with financial and investment advisory services, is exempt under the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3). The general rule is that CEQA only applies to activities that may have an effect on the environment. Financial advisory service activities are not subject to CEQA.
2. Authorize the City Administrator to execute a three year professional services agreement with the financial advisory group, The PFM Group (PFM), to serve as Financial Advisor to the City. The proposed cost for each of the three years is \$200,000 for a grand total, not to exceed amount of \$600,000. For fiscal year 2014, the \$200,000 contracted amount has been budgeted. Competitive bidding is not required pursuant to Vernon Municipal Code Section 2.17.12 (A)(10)(Professional Services). The recommended award is based upon a competitive selection process specified by Vernon's Competitive Bidding and Purchasing Ordinance, and conducted as set forth in the background section of this report.

**BACKGROUND**

In accordance with the City's Good Governance Reform implementation efforts, the City adopted a policy to undertake a competitive selection process for its professional service agreements every three years that are deemed not to be sole source providers. Financial advisory services fall within such services where an RFP is required. BLX Group LLC has been the City's Financial Advisor since fiscal year 2002.

On May 21, 2013, RFP packets were made available on the City's website. In addition, notices were sent to five firms providing financial advisory services to other cities in Southern California. The proposal due date was June 13, 2013. Two firms submitted proposals. The two respondents were the current financial advisor, BLX Group LLC, and PFM.

Both responding firms were evaluated based on the criteria set forth in the RFP, which was not limited to price alone. Technical merit, firm expertise and capacity were also given consideration in the selection process. Interviews were conducted of both responding firms with the City Administrator, Director of Light & Power Department, Finance Director and Assistant Director of Finance.

### **EVALUATION PROCESS**

The competitive selection evaluation criteria were as follows:

- **Qualifications:** Background and prior experience of the firm in the service areas being proposed, experience of key staff assigned to oversee services provided to Vernon, evaluation of size and scope of similar work performed and success on that work.
- **Cost:** Cost and fees to the City for handling matters. Although cost was not the sole determining factor, proposers were asked to offer services at a rate comparable to the rate the proposer offers to other governmental entities for similar work.
- **Responsiveness:** Responsiveness to the RFP, quality, and responsiveness of the proposal.
- **References:** References including past performance of proposer.

Based on the initial screening of the two proposals, both firms were interviewed separately on July 1, 2013 by the City's panel.

### **EVALUATION RESULTS**

The two firms ranked as follows:

1. The PFM Group
2. BLX Group LLC

The recommendation for selecting PFM is based on evaluation of the selection criteria and includes:

#### **Qualifications:**

- Experience with large and small cities nationally and throughout California
- Experience with most of the 50 largest public power entities nationally
- Experience with virtually every California electric utility, including other SCPPA member agencies
- Expertise in gas generation power resources and California transmission
- Extensive familiarity and experience with gas prepayment transactions and gas supply transactions
- Extensive bond rating agency experience with former senior rating analyst experience on staff
- Expertise in long range financial planning and scenario analysis

**Costs:**

- Overall summary of costs of providing services reflect that PFM is generally lower.

Advisory Firm	Bond Transaction Fee / Post Issuance Services	Financial Advisory and Special Projects	Structured Finance Transaction – Gas Prepayments and Energy Prepayments	Structured Product Advisory Services / Derivative Transactions
PFM	\$75,000 flat transaction fee	Managing Director \$375/Hour; Senior Managing Consultant \$325/Hour; Analyst \$300/Hour	Managing Director \$375/Hour; Senior Managing Consultant \$325/Hour; Analyst \$300/Hour (Typically ranging from \$50,000 to \$125,000)	2/3 of one basis point per annum times the notional amount or invested balance outstanding over time, plus \$10,000 per transaction
BLX Group LLC	\$0.50/\$1,000 Bond with a cap of \$200,000 and a floor of \$25,000. Arbitrage Rebate Compliance Services – Annual Report Fee of \$2,000 and Final Report Fee of \$2,500. Continuing Disclosure Services - \$5,000 per credit. Derivative Monitoring Services - \$2,500 per outstanding derivative.	President \$375/Hour; Managing Director \$325/Hour; Consultant \$225/Hour	President \$375/Hour; Managing Director \$325/Hour; Consultant \$225/Hour	0.02 of the notional amount for each year the derivative is outstanding with a cap of \$150,000 and a floor of \$25,000

**Responsiveness:**

- Both PFM Group and BLX Group were highly responsive in their proposals and interviews. The key difference is that PFM performs long-range financial planning where BLX Group LLC does not perform this service. This is a key function the City needs to perform as part of the Good Governance Reforms.

**References:**

- Four contacted references rated PFM as a superior service provider.
- The City's experience with BLX Group has been outstanding.



### **COUNCIL POLICY CONSIDERATION**

This recommended action supports the City Council's strategic goal to maintain fiscal responsibility, stability and Good Governance Reform.

### **FISCAL IMPACT**

The maximum total cost for fiscal years 2014 through 2016 will not exceed \$600,000 (\$200,000 per year) under the terms of the proposed professional services agreement, but may vary from year to year since it is based on a project by project basis depending on emerging City needs. Such fees and cost arrangements will be fully transparent to all interested parties. Funds for the fiscal year 2014 financial advisory services have been budgeted at \$200,000. This will be sufficient to handle all known and planned requirements at this time.

MH:WF

**RESOLUTION NO. 2013-55**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
VERNON APPROVING A BUDGET FOR THE FISCAL YEAR  
2013-2014

WHEREAS, on June 19, 2012, the City Council of the City of  
Vernon adopted Resolution No. 2012-99 approving a budget for the fiscal  
year 2012-2013; and

WHEREAS, the City Council of the City of Vernon wishes to  
establish a new budget to anticipate the requirements for fiscal year  
2013-2014 for the different departments of the City of Vernon; and

WHEREAS, the expenditures proposed in the budget are well  
under the limitations imposed pursuant to the Gann Initiative for  
Fiscal Year 2012-2013 and the likely even higher Gann limit for Fiscal  
Year 2013-2014; and

WHEREAS, the budget maintains the proper balance between  
revenues and expenditures, and establishes well thought out priorities;  
and

WHEREAS, approval of the budget is in the public interest.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE  
CITY OF VERNON AS FOLLOWS:

SECTION 1: The City Council of the City of Vernon hereby  
finds and determines that the above recitals are true and correct.

SECTION 2: The City Council of the City of Vernon finds  
that this action is exempt under the California Environmental Quality  
Act (CEQA), in accordance with Section 15061(b)(3), the general rule  
that CEQA only applies to projects that may have an effect on the  
environment.

SECTION 3: The City Council of the City of Vernon hereby approves the budget as set forth in Exhibit A, attached hereto and incorporated by reference, to anticipate the requirements for fiscal year 2013-2014 for the different departments of the City of Vernon.

SECTION 4: The anticipated revenues for the fiscal year 2013-2014 are set forth in Exhibit B, attached hereto and incorporated by reference.

SECTION 5: The City Council of the City of Vernon hereby finds and determines that certain items provided for in individual department budgets are in the nature of community promotion and education, and the City Council of the City of Vernon further finds and determines that the same are in the best interests of the City of Vernon, and necessary for the further development of the City and constitute a reasonable expenditure of public funds.

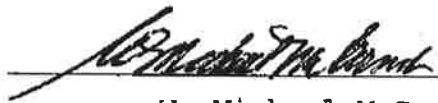
SECTION 6: The Interim City Clerk of the City of Vernon is hereby directed to file this Resolution (along with each exhibit) with the County Auditor of Los Angeles County, located at the following address, within sixty (60) days after July 1, 2013:

County of Los Angeles  
Office of Auditor/Controller  
Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

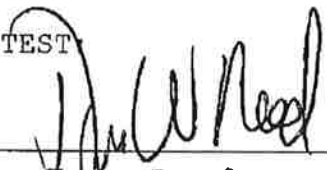
/ / /  
/ / /  
/ / /  
/ / /  
/ / /  
/ / /

SECTION 7: The Interim City Clerk, or Deputy City Clerk, of the City of Vernon shall certify to the passage, approval and adoption of this resolution, and the Interim City Clerk, or Deputy City Clerk, of the City of Vernon shall cause this resolution and the Interim City Clerk's, or Deputy City Clerk's, certification to be entered in the File of Resolutions of the Council of this City.


APPROVED AND ADOPTED this 18<sup>th</sup> day of June, 2013.

  
Name: W. Michael McCormick  
Title: Mayor / ~~Mayor Pro-Tem~~

ATTEST

  
Dana Reed  
Interim City Clerk / ~~Deputy City Clerk~~

APPROVED AS TO FORM:

  
Nicholas George Rodriguez, City Attorney  
By: Scott E. Porter, Deputy City Attorney

STATE OF CALIFORNIA        )  
  ) ss  
COUNTY OF LOS ANGELES    )

I, Dana Reed, Interim City Clerk ~~/ Deputy City Clerk~~ of the City of Vernon, do hereby certify that the foregoing Resolution, being Resolution No. 2013-55, was duly passed, approved and adopted by the City Council of the City of Vernon at a regular meeting of the City Council duly held on Tuesday, June 18, 2013, and thereafter was duly signed by the Mayor or Mayor Pro-Tem of the City of Vernon.

Executed this 24 day of June, 2013, at Vernon, California.



**Dana Reed**

Interim City Clerk ~~/ Deputy City Clerk~~

(SEAL)

# **EXHIBIT A**

**CITY OF VERNON  
EXPENDITURE BUDGET  
2013-2014**

DEPARTMENT	SALARIES	BENEFITS	SUPPLIES/ SERVICES	CAPITAL OUTLAY	TOTAL
CITY COUNCIL	\$ 188,588	\$ 99,520	\$ 74,315	\$ -	\$ 360,423
CITY ADMINISTRATION	568,008	144,221	1,052,195		1,752,422
CITY CLERK	156,201	50,363	236,620		443,184
FINANCE	423,120	110,002	438,897		971,819
TREASURER	313,689	118,048	4,850		436,385
PURCHASING	114,104	48,094	1,100		161,298
PERSONNEL	-	-	-		-
HUMAN RESOURCE	397,902	368,738	243,847		1,010,487
INFORMATION TECHNOLOGY	484,829	143,237	1,226,400	752,257	2,606,723
RISK MANAGEMENT	82,256	4,800	856,120		923,176
<b>SUB-TOTAL ADMIN</b>	<b>2,894,695</b>	<b>1,085,021</b>	<b>4,133,944</b>	<b>752,257</b>	<b>8,665,917</b>
HEALTH/ENVIRONMENTAL CTRL	638,654	198,950	88,804		923,408
HEALTH - SOLID WASTE	84,093	26,246	318,000		438,339
<b>SUB-TOTAL HEALTH</b>	<b>730,747</b>	<b>223,196</b>	<b>407,804</b>		<b>1,361,747</b>
POLICE	6,086,230	2,247,666	452,600		8,786,496
CITY ATTORNEY	509,583	142,070	527,550		1,179,203
FIRE	9,318,890	3,618,103	681,028	38,000	13,658,021
CIVIL DEFENSE	58,000	4,075	245,000		307,075
<b>SUB-TOTAL SAFETY</b>	<b>16,972,703</b>	<b>6,011,914</b>	<b>1,906,178</b>	<b>38,000</b>	<b>23,928,795</b>
ADMIN-ENGR-PLANNING	252,511	68,212	5,600		328,323
BUILDING DEPARTMENT	438,373	150,047	238,250		824,670
STREET LIGHTING			334,600		334,600
PUBLIC WORKS	1,145,816	383,890	1,005,800	4,796,429	7,331,935
INDUSTRIAL DEVELOPMENT			7,572,654		7,572,654
COMMUNITY PROMOTION			2,000,000		2,000,000
CITY GARAGE	271,771	101,627	220,000		593,398
CITY WAREHOUSE	228,529	80,108	15,300		323,937
CITY HOUSING	50,372	16,942	110,350		177,664
CITY BUILDINGS	261,277	76,275	648,450	315,000	1,301,002
<b>SUB-TOTAL COMM SER</b>	<b>2,646,649</b>	<b>877,101</b>	<b>12,161,004</b>	<b>5,111,429</b>	<b>20,786,183</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 22,044,794</b>	<b>\$ 8,197,232</b>	<b>\$ 18,698,930</b>	<b>\$ 5,901,686</b>	<b>\$ 54,742,642</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 22,044,794</b>	<b>\$ 8,197,232</b>	<b>\$ 18,698,930</b>	<b>\$ 5,901,686</b>	<b>\$ 54,742,642</b>

**CITY OF VERNON  
EXPENDITURE BUDGET  
2013-2014**

DEPARTMENT	SALARIES	BENEFITS	SUPPLIES/ SERVICES	CAPITAL OUTLAY	TOTAL
<b>RDA OBLIGATION RETIREMENT FUND</b>			6,001,103		<b>6,001,103</b>
<b>HAZARDOUS WASTE FUND</b>	194,593	58,208	111,000		<b>363,799</b>
<b>PARCEL TAX FUND</b>			11,899,042		<b>11,899,042</b>
<b>UTILITIES</b>					
<b><u>WATER FUND</u></b>					
WATER OPERATIONS	992,669	362,762	5,564,700	1,385,000	8,305,131
RECYCLED WATER			155,500		155,500
<b>SUB-TOTAL WATER</b>	<b>992,669</b>	<b>362,762</b>	<b>5,720,200</b>	<b>1,385,000</b>	<b>8,460,631</b>
<b><u>LIGHT &amp; POWER</u></b>					
FIELD OPERATIONS	496,458	140,687	164,350	275,000	1,076,495
SYSTEM DISPATCH	988,324	231,557	468,670		1,688,551
STATION A	116,470	30,967	93,000	70,000	310,437
TRANS/DISTRIBUTION			4,293,000		4,293,000
BUILDING MAINTENANCE			72,200	110,000	182,200
CUSTOMER SERVICE	191,957	70,758	204,700		467,415
ADMINISTRATION	654,996	181,269	68,222,140	735,351	69,793,756
ELECTRICAL ENG	608,572	153,336	163,050	11,157,000	12,081,958
RESOURCE MANAGEMENT	567,525	135,006	110,389,609		111,092,140
ENERGY MANAGEMENT	43,305	12,140	752,500		807,945
<b>SUB-TOTAL L &amp; P</b>	<b>3,667,607</b>	<b>955,720</b>	<b>184,823,219</b>	<b>12,347,351</b>	<b>201,793,897</b>
<b>GAS</b>	<b>420,469</b>	<b>108,516</b>	<b>51,016,938</b>	<b>1,149,000</b>	<b>52,694,923</b>
<b>FIBER-OPTICS</b>	<b>59,722</b>	<b>14,897</b>	<b>425,800</b>	<b>370,000</b>	<b>870,419</b>
<b>TOTAL UTILITIES</b>	<b>5,140,467</b>	<b>1,441,895</b>	<b>241,986,157</b>	<b>15,251,351</b>	<b>263,819,870</b>
<b>GRAND TOTAL</b>	<b>\$ 27,379,854</b>	<b>\$ 9,697,333</b>	<b>\$ 278,396,232</b>	<b>\$ 21,153,037</b>	<b>\$ 336,626,456</b>



# **EXHIBIT B**

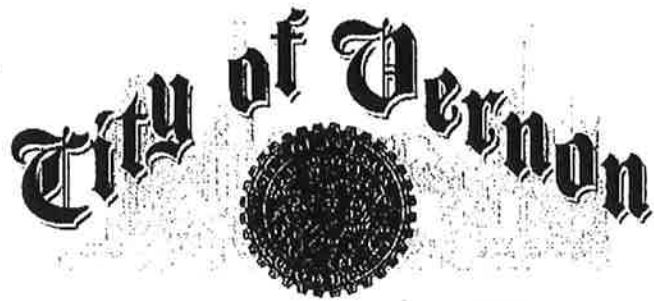
---

CITY OF VERNON  
ESTIMATED REVENUES  
2013-2014

GOVERNMENTAL FUND TYPE		FY2014
GENERAL		
400110	SECURED PROPERTY TAX-CURRENT	\$ 2,982,300
400210	PRIOR YEAR SECURED	1,000
400310	REAL PROPERTY TRANSFER TAX	48,000
400311	BNSF	680,000
400500	PROPERTY TAX-INTEREST & PENALTIES	15,000
400610	PROP "A" FUNDS	1,500
400630	PROP "C" FUNDS	1,100
400700	HOMEOWNERS' PROPERTY TAX EXEMPTION	10,500
400820	PUBLIC SAFETY AUGMENTATION FUND	1,500
401000	UTILITY USERS TAX	1,600,000
401200	SALES AND USE TAX	4,200,000
401600	ADMINISTRATIVE FEES - SB2557	(36,000)
401650	STATE FEE - SB1186	1,200
410100	BUSINESS LICENSES	6,740,000
410210	BUILDING PERMITS	420,000
410211	FIRE PERMIT FEES	27,000
410212	ALARM PERMITS	21,000
410240	PUBLIC HEALTH PERMITS	619,200
410250	HEALTH PERMIT LATE FEES	11,350
410270	FILMING PERMITS	11,350
410280	CONDITIONAL USE PERMITS	6,000
410290	ISSUANCE FEE	25,000
410300	FRANCHISES AND AGREEMENTS	140,000
410310	SOLID WASTE FRANCHISE FEES	1,000,000
410320	SOLID WASTE FRANCHISE LATE FEES	5,000
410330	FRANCHISE FEES, PRIOR YEARS	20,000
420100	VEHICLE CODE FINES	100,000
420110	OTHER FINES	60,000
420120	DUI EMERGENCY RESPONSE	2,000
420130	VEHICLE INSPECTION FEE	1,200
420510	PARKING CITATIONS	15,000
420515	FRANCHISE TOWING FEES	80,000
420520	COMMUNITY SERVICES INCOME	20,048
420525	IMPOUNDED VEHICLE RELEASE FEES	90,000
420530	DUI VEHICLE RELEASE FEES	8,000
420535	REPOSSESSED VEHICLE RELEASE FEE	300
430110	INVESTMENT INCOME	10,000
431000	RENTS	260,000
440100	GRANT REVENUE	2,273,198
441014	OVERTIME REIMBURSEMENT REVENUE	10,000
442001	MOTOR VEHICLE IN-LIEU TAX	7,700
450110	FIRE SERVICE	24,000
450120	ENGINEERING INSPECTION FEES	15,000
450121	CONSTRUCTION REVENUE	10,000
461100	MISCELLANEOUS AND PENALTIES	5,400
466000	P.O.S.T. REIMBURSEMENT	15,000
468200	PLAN CHECK FEES	243,000
468210	RECONSTRUCTION FEE	200
468220	GREEN BUILDING STANDARDS FEE	2,000
468600	COPIES AND PUBLICATIONS	2,300
468900	MISCELLANEOUS	108,200
467000	STRIKE TEAM REIMBURSEMENT	274,300
468400	VARIANCES	3,000
499700	CREDIT FOR GARAGE WORK ORDERS	400,000
630055	LIGHT AND POWER IN-LIEU TAX	3,999,225
670010	SALE OF CAPITAL ASSETS	8,044,024
890100	TRANSFER IN - FROM OTHER FUNDS	20,257,513
<b>SUB-TOTAL REVENUE ITEMS</b>		<b>\$ 53,899,808</b>

**CITY OF VERNON  
ESTIMATED REVENUES  
2013-2014**

GOVERNMENTAL FUND TYPE GENERAL	FY2014
<b>SUB-TOTAL REVENUE ITEMS</b>	<b>\$ 53,999,809</b>
 <b>SPECIAL REVENUE:</b>	
407500    GAS TAX 2103	1,358
407800    GAS TAX 2106	5,179
407700    GAS TAX 2107	701
407800    GAS TAX 2107.5	1,000
<b>SUB-TOTAL GAS TAX</b>	<b>8,238</b>
 <b>TOTAL GENERAL FUND</b>	 <b>53,908,044</b>
 <b>SPECIAL FUNDS</b>	
060    HAZARDOUS WASTE FUND	560,000
095    PARCEL TAX REVENUES	11,699,042
<b>SUB-TOTAL SPECIAL FUNDS</b>	<b>12,259,042</b>
 <b>FIDUCIARY FUND</b>	
022    RDA TAX INCREMENT	5,913,095
022    RDA RENTS	88,008
<b>SUB-TOTAL FIDUCIARY FUND</b>	<b>6,001,103</b>
 <b>TOTAL GOVERNMENTAL TYPE FUNDS</b>	 <b>72,168,189</b>
 <b>PROPRIETARY FUND TYPES</b>	
 <b>WATER DEPARTMENT</b>	
020    WATER - REVENUES	8,489,100
 <b>LIGHT AND POWER</b>	
055    LIGHT AND POWER - REVENUES	168,797,528
055    LIGHT AND POWER - RESERVES APPLIED	11,231,298
 <b>VERNON NATURAL GAS FINANCING AUTHORITY (VNGFA)</b>	
058    VNGFA - REVENUES	24,740,000
 <b>FIBER-OPTICS</b>	
057    FIBER-OPTICS - REVENUES	505,420
 <b>GAS UTILITY</b>	
056    GAS - REVENUES	62,694,923
<b>SUB-TOTAL ENTERPRISE FUNDS</b>	<b>264,458,287</b>
 <b>GRAND TOTAL ALL FUNDS</b>	 <b>\$ 336,626,456</b>



**OFFICE OF THE CITY CLERK**  
4305 Santa Fe Avenue, Vernon, California 90058  
Telephone (323) 583-8811

June 24, 2013

County of Los Angeles  
Office of Auditor/Controller  
Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Re: Resolution No. 2013-55 - A Resolution of the City Council of the City of Vernon  
Approving a Budget for the Fiscal Year 2013-2014

To Whom It May Concern:

Transmitted herewith is a copy of Resolution No. 2013-55 that was approved by City Council on June 18, 2013.

If you have any questions regarding this matter, please call William Fox at (323) 583-8811 ext. 849.

Very truly yours,

Deborah R. Juarez  
Records Management Assistant

Enclosure

c: William Fox  
Mark Whitworth  
Resolution No. 2013-55

*Exclusively Industrial*

8. CC Approved  
6/18/13

## NOTICE OF PUBLIC HEARING

The City Council of the City of Vernon will conduct a Public Hearing which you may attend.

- PLACE:** Vernon City Hall  
City Council Chambers  
4305 Santa Fe Avenue  
Vernon, CA 90058
- DATE AND TIME:** Tuesday, June 18, 2013 at 9:00 a.m., or as soon thereafter as the matter may be heard.
- PURPOSE:** To consider the adoption of the proposed budget for the City of Vernon for fiscal year 2013-2014.

Any interested person may attend and may make an oral presentation to the City Council at the time of the hearing, or may present written comments at or prior to the hearing.

If you challenge the approval of the 2013-2014 budget or any provision thereof in court, you may be limited to raising only those issues you or someone else raised at the hearing described in this notice or in written correspondence delivered to the City of Vernon at, or prior to, the meeting.

Information may be obtained by contacting the office of the City Administrator at the above address, or by reviewing materials on line.

The hearing may be continued or adjourned or cancelled and rescheduled to a stated time and place without further notice.

If you want to request a public accommodation, please contact Ana Barcia, Deputy City Clerk at (323) 583-8811 Ext. 286.

  
MARK WHITWORTH  
CITY ADMINISTRATOR

DATED: JUNE 4, 2013

**RECEIVED**


JUN 13 2013

CITY CLERK'S OFFICE



**STAFF REPORT**  
**CITY ADMINISTRATION**

---

**DATE:** June 18, 2013  
**TO:** Honorable Mayor and City Council  
**FROM:** Mark C. Whitworth, City Administrator   
**RE:** Adoption of the Citywide Budget for Fiscal Year 2013-2014

---

**Recommendation**

It is recommended that the City Council:

1. Find that adoption of the resolution proposed in this staff report is exempt from the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3), the general rule that CEQA only applies to projects that may have an effect on the environment.
2. Adopt the resolution approving the citywide balanced budget for fiscal year 2013-2014, with estimated budgeted revenues of \$336,626,456 and expenditures of \$336,626,456.

**Background**

In an ongoing effort to manage the City's expenses the City pursued an early retirement program that is estimated to save \$2 million for the fiscal year 2013/14 and a total of \$8 million dollars over five years. In addition, the City has taken steps to reduce legal costs by hiring an in-house City Attorney which would further reduce expenses by \$1 million dollars.

On May 7<sup>th</sup>, May 21<sup>st</sup>, and June 4<sup>th</sup>, 2013 staff presented each department's preliminary budget for fiscal year 2013-2014. Since then, staff made adjustments to the budget as seen in the attachment. Budgeted Citywide expenditures have decreased by \$13,781,536 in comparison to the prior fiscal year budget. Efforts continue to further identify operational efficiencies and to reduce costs.

Department Name	Budget Category	Financial Grouping	Account String	Object Name	(a)		(b)		(b-a)
					FY2013		FY2014		
					Final Budget (Res. No. 2012-160)	Proposed Budget (Presented to Council)	Proposed Budget (Most Current)	Difference	
FINANCE	REVENUES	Other Revenues	11.1004.431000	Reins	\$ 215,000	\$ 260,000	\$ -	\$ (260,000)	
FINANCE	SUPPLIES/SERVICES	General Government	11.1004.595200	Professional Services - Technical	\$ (250,000)	\$ (257,154)	\$ (282,154)	\$ (25,000)	
INDUSTRIAL DEVELOPMENT	SUPPLIES/SERVICES	Public Works	11.1023.595200	Professional Services - Legal	\$ (50,000)	\$ -	\$ (50,000)	\$ (50,000)	
POLICE	SALARIES	Public Safety - Police	11.1031.501012	Salaries - Premium	\$ (1,371,593)	\$ (591,011)	\$ (956,606)	\$ (5,595)	
POLICE	BENEFITS	Public Safety - Police	11.1031.502020	Retirement	\$ (1,800,800)	\$ (1,461,942)	\$ (1,462,616)	\$ (1,574)	
POLICE	BENEFITS	Public Safety - Police	11.1031.502060	Medicare	\$ (91,000)	\$ (88,189)	\$ (88,250)	\$ (81)	
POLICE	SUPPLIES/SERVICES	Public Safety - Police	11.1031.500000	Uniforms	\$ (3,000)	\$ (3,000)	\$ (4,500)	\$ (1,500)	
POLICE	SUPPLIES/SERVICES	Public Safety - Police	11.1031.598200	Professional Services - Other	\$ (8,700)	\$ (23,700)	\$ (13,700)	\$ 10,000	
FIRE	SALARIES	Public Safety - Fire	11.1033.501010	Salaries - Regular	\$ (6,849,252)	\$ (6,197,136)	\$ (6,209,268)	\$ (12,132)	
FIRE	SALARIES	Public Safety - Fire	11.1033.501012	Salaries - Premium	\$ (1,562,538)	\$ (1,607,112)	\$ (1,608,623)	\$ (2,510)	
FIRE	BENEFITS	Public Safety - Fire	11.1033.502020	Retirement	\$ (2,476,992)	\$ (2,066,244)	\$ (2,070,363)	\$ (4,119)	
FIRE	BENEFITS	Public Safety - Fire	11.1033.502060	Medicare	\$ (196,794)	\$ (134,912)	\$ (135,124)	\$ (212)	
HAZARDOUS WASTE	SALARIES	Public Safety - Fire	60.6033.501012	Salaries - Premium	\$ (109,500)	\$ (97,500)	\$ (100,500)	\$ (3,000)	
HAZARDOUS WASTE	BENEFITS	Public Safety - Fire	60.6033.502020	Retirement	\$ (33,234)	\$ (29,592)	\$ (30,503)	\$ (911)	
HAZARDOUS WASTE	BENEFITS	Public Safety - Fire	60.6033.502060	Medicare	\$ (1,588)	\$ (1,414)	\$ (1,457)	\$ (43)	
STREET OPERATIONS	REVENUES	Intergovernmental Revenues	11.2043.440100	Grant Revenues	\$ 1,429,387	\$ 1,280,533	\$ 1,231,919	\$ (48,614)	
STREET OPERATIONS	REVENUES	Intergovernmental Revenues	11.2043.440100	Grant Revenues	\$ 522,000	\$ 487,300	\$ 481,943	\$ (5,357)	
STREET OPERATIONS	CAPITAL	Public Works	11.1043.900000	Capital Outlays	\$ (905,000)	\$ (3,002,000)	\$ (2,792,000)	\$ 210,000	
INFORMATION TECHNOLOGY	SUPPLIES/SERVICES	General Government	11.9019.560010	Utilities - IT	\$ (38,450)	\$ (333,900)	\$ (335,900)	\$ (2,000)	
INFORMATION TECHNOLOGY	SUPPLIES/SERVICES	General Government	11.9019.590110	Repair & Maintenance - IT	\$ (222,650)	\$ (493,500)	\$ (508,500)	\$ (15,000)	
RECYCLED WATER	SUPPLIES/SERVICES	Cost of Sales	20.1085.590130	Purchased Water	\$ (130,000)	\$ (160,000)	\$ (145,000)	\$ 15,000	
L&P ADMINISTRATION	FUND BALANCE	Fund Balance	55.9000.469300	Reserve Applied	\$ -	\$ 11,000,000	\$ 11,722,648	\$ 722,648	
ENGINEERING	CAPITAL	Capital Outlays	55.9100.900000	Capital Outlays	\$ (5,662,000)	\$ (10,637,000)	\$ (11,157,000)	\$ (520,000)	
					\$ (19,536,614)	\$ (16,536,553)	\$ (14,536,553)	\$ -	

**RESOLUTION NO. 2013-43**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VERNON, CALIFORNIA, RECITING THE FACT OF THE GENERAL MUNICIPAL ELECTION HELD ON APRIL 9, 2013, DECLARING THE RESULTS AND SUCH OTHER MATTERS AS PROVIDED BY LAW

WHEREAS, a General Municipal Election was held and conducted in the City of Vernon, California, on Tuesday, April 9, 2013, as required by law; and

WHEREAS, pursuant to Ordinance No. 1201, the election was conducted entirely by vote-by-mail ballot pursuant to Section 4000, et seq., of the Elections Code of the State of California; and

WHEREAS, notice of the election was given in time, form and manner as provided by law; and

WHEREAS, an election officer was appointed, vote-by-mail ballots were properly sent to all registered voters, and in all respects the election was held and conducted, the votes were cast, received and canvassed, and the returns were made and declared in the time, form and manner required by the City Charter and the Elections Code of the State of California; and

WHEREAS, the Interim City Clerk canvassed the returns of the election and has certified the results to the City Council, which certification and results are received, attached and made part hereof as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VERNON AS FOLLOWS:

SECTION 1: The City Council of the City of Vernon hereby finds and determines that the above recitals are true and correct.

/ / /



SECTION 2: One (1) voting precinct was established for the purpose of holding said Election, consisting of the regular election precinct in the City as established for the holding of State and County elections.

SECTION 3: The whole number of vote-by-mail voter ballots legally cast in the City for the General Municipal Election held on April 9, 2013, was 41, with no provisional ballots cast.

SECTION 4: The following be declared to be the results of said General Municipal Election for the office of member of the City Council:

William J. Davis	34 votes
Write-in	1 vote

Section 5: The City Council of the City of Vernon hereby declares that William J. Davis, being the only official candidate, was elected as member of the City Council for the full term of five (5) years.

SECTION 6: The Interim City Clerk shall immediately make and deliver to the person so elected a Certificate of Election signed by the Interim City Clerk and authenticated.

SECTION 7: The Interim City Clerk shall also administer to the person elected the Oath of Office prescribed in the Constitution of the State of California and shall have them subscribe to it and file it in the office of the Interim City Clerk. The person so elected shall then be inducted into the respective office to which she has been elected.

SECTION 8: The measures voted upon at the April 9, 2013, General Municipal Election were as follows:

/ / /

<b>MEASURE K:</b>		
Shall an ordinance be adopted to increase the rates of the City's existing business license taxes and to modify the method for calculating such taxes?	<b>YES</b>	
	<b>NO</b>	

<b>MEASURE L:</b>		
Shall an ordinance be adopted to authorize, for a period of ten years, the levy of an annual special parcel tax on non-residential parcels at the rate of \$0.03 per square foot (adjusted annually for inflation) to fund (i) City fire protection services and projects, (ii) City health services and projects, and (iii) City police services and projects?	<b>YES</b>	
	<b>NO</b>	

/ / /  
 / / /  
 / / /  
 / / /  
 / / /  
 / / /  
 / / /  
 / / /  
 / / /  
 / / /  
 / / /

**MEASURE M:**

Shall an ordinance be adopted to authorize, for a period of ten years, the levy of a 1% utility users' tax on electricity, gas, telecommunications, video and water utility services, with exemptions for residential services provided to persons with disabilities and low income households?	<b>YES</b>	
	<b>NO</b>	

SECTION 9: The number of votes given in the one voting precinct in the City for and against the measures are as listed in Exhibit A attached hereto.

SECTION 10: The City Council does declare and determine that as a result of the General Municipal Election, a simple majority of the voters voting on Measure K and Measure M, and two thirds of the voters voting on Measure L did vote in favor of all measures, and the measures were carried, and shall be deemed approved and adopted.

SECTION 11: The Interim City Clerk, or Deputy City Clerk, shall enter on the records of the City Council of the City, a statement of the result of the election, showing:

- (1) The whole number of votes cast in the City;
- (2) The measures voted upon;
- (3) The total number of votes given in the City for

and against the measures.

///


///

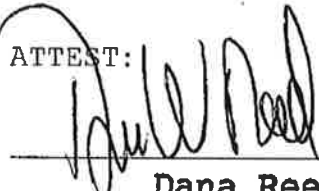
///

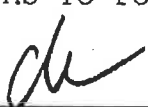
///

SECTION 12: The Interim City Clerk, or Deputy City Clerk of the City of Vernon shall certify to the passage, approval and adoption of this resolution, and the Interim City Clerk, or Deputy City Clerk, of the City of Vernon shall cause this resolution and the Interim City Clerk's, or Deputy City Clerk's, certification to be entered in the File of Resolutions of the Council of this City.

APPROVED AND ADOPTED this 16<sup>th</sup> day of April, 2013.

  
Name: W. Michael McCormick  
Title: Mayor / Mayor Pro-Tem

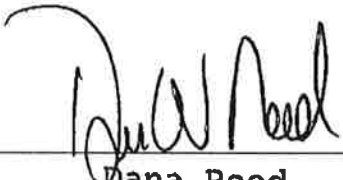
ATTEST:   
Dana Reed  
Interim City Clerk / ~~Deputy City Clerk~~

APPROVED AS TO FORM:  
 4/16/13  
Nicholas George Rodriguez,  
City Attorney

STATE OF CALIFORNIA        )  
  ) ss  
COUNTY OF LOS ANGELES    )

I, Dana Reed, Interim City Clerk / ~~Deputy City Clerk~~ of the City of Vernon, do hereby certify that the foregoing Resolution, being Resolution No. 2013-43, was duly passed, approved and adopted by the City Council of the City of Vernon at a regular meeting of the City Council duly held on Tuesday, April 16, 2013, and thereafter was duly signed by the Mayor or Mayor Pro-Tem of the City of Vernon.

Executed this 16 day of April, 2013, at Vernon, California.

  
\_\_\_\_\_  
**Dana Reed**  
Interim City Clerk / ~~Deputy City Clerk~~

(SEAL)

# **EXHIBIT A**

**CITY OF VERNON – GENERAL MUNICIPAL ELECTION HELD APRIL 9, 2013  
CITY CLERK'S CERTIFICATION OF CANVASS**

I, Dana Reed, Interim City Clerk of the City of Vernon, County of Los Angeles, State of California, do hereby certify that I have canvassed the returns of the General Municipal Election held on April 9, 2013, and find that the number of votes cast were as follows:

	Councilmember		Measure K		Measure L		Measure M	
	William J. Davis	Write-in	Yes	No	Yes	No	Yes	No
<b>April 9, 2013 Canvassing Date</b>	34	1	37	5	36	6	34	7
<b>Total Votes Casted</b>	35		42		42		41	

\_\_\_\_\_  
Dana Reed, Interim City Clerk

Dated: April \_\_, 2013


**CITY CLERK'S OFFICE**

**INTEROFFICE MEMORANDUM**

---

DATE: April 22, 2013

TO: Kristen Enomoto, Council Department Manager  
Mark Whitworth, City Administrator

FROM: Deborah Juarez, Records Management Assistant 

RE: Resolution No. 2013-43 – A Resolution of the City Council of the City of Vernon, California, Reciting the Fact of the General Municipal Election Held on April 9, 2013, Declaring the Results and Such Other Matters as Provided by Law

Transmitted herewith is a copy of Resolution No. 2013-43 referenced above, which was approved by City Council on April 16, 2013.

Thank you.

Attachment

c: Ana Barcia  
Dana Reed  
Resolution No. 2013-43



**RECEIVED**

APR 11 2013

CITY CLERK'S OFFICE



**STAFF REPORT**

City Clerk Department

**RECEIVED**

APR 10 2013

CITY ADMINISTRATION

**DATE:** April 16, 2013

**TO:** Honorable Mayor and City Council

**FROM:** Dana Reed, Interim City Clerk *DR/RS*

**RE:** A Resolution of the City Council of the City of Vernon, California, Reciting the Fact of the General Municipal Election held on April 9, 2013, Declaring the Result and Such Other Matters as Provided by Law

**Recommendation**

It is recommended that the City Council:

1. Accept the Certificate of Canvass.
2. Adopt a Resolution declaring the results of the General Municipal Election held April 9, 2013, declaring that William J. Davis is elected to the office of member of the City Council and that Measures K, L, and M are approved; and
3. Authorize the Interim City Clerk to deliver the Certificate of Election and administer the oath of office to William J. Davis, and
4. Elect a Mayor and a Mayor Pro-Tem.

**Background**

On April 9, 2013, a General Municipal Election was held for the purpose of electing one member to the City Council for the full term of five (5) years, and to submit to the voters of the City of Vernon the following Measures:

Measure K:  Shall an ordinance be adopted to increase the rates of the City's existing business license taxes and to modify the method for calculating such taxes?	<b>YES</b>	
	<b>NO</b>	

<b>Measure L:</b>  Shall an ordinance be adopted to authorize, for a period of ten years, the levy of an annual special parcel tax on non-residential parcels at the rate of \$0.03 per square foot (adjusted annually for inflation) to fund (i) City fire protection services and projects, (ii) City health services and projects, and (iii) City police services and projects?	<b>YES</b>	
	<b>NO</b>	

<b>Measure M:</b>  Shall an ordinance be adopted to authorize, for a period of ten years, the levy of a 1% utility users' tax on electricity, gas, telecommunications, video and water utility services, with exemptions for residential services provided to persons with disabilities and low income households?	<b>YES</b>	
	<b>NO</b>	

As of the closing of the nomination period on January 14, 2013, at 5:30 p.m., William J. Davis was the only official candidate. As of March 26, 2013, there were no requests for a write-in candidate.

On March 18, 2013, seventy-three (73) vote-by-mail ballots were mailed. Subsequently, two provisional ballots were issued, one for a new registered voter, and one as a duplicate to replace a lost ballot.

Forty-two (42) ballots were received, verified for signature verification, and canvassed on April 9, 2013. The results of said canvassing are summarized in the City Clerk's Certification of Canvass, and are to be incorporated as part of the proposed Resolution.

**Fiscal Impact**

There is no negative fiscal impact. An increase to the City's General Fund revenue will result from the approval of the tax measures.

DR/ab

cc Matters 4/16/13

OATH OR AFFIRMATION  
OF ALLEGIANCE  
FOR PUBLIC OFFICERS AND  
EMPLOYEES

State of California )  
County of Los Angeles ) SS.  
City of Vernon )

The Execution of this Oath is Required by Article XX, Section 3, of the Constitution of the State of California.

I, WILLIAM J. DAVIS, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

Subscribed and sworn to before me this 16<sup>th</sup> day of April, 2013



*[Handwritten Signature]*  
\_\_\_\_\_  
Signature of Officer Administering Oath

Interim City Clerk  
\_\_\_\_\_  
Title of Officer Administering Oath

*[Handwritten Signature]*  
\_\_\_\_\_  
Signature of Person Taking Oath

*United States of America*

# *Certificate of Election*

*State of California            )*  
*County of Los Angeles    ) SS.*

*I, Dana Reed, Interim City Clerk, of the City of Vernon, State of California, certify, that a General Municipal Election was held in the City on the 9<sup>th</sup> day of April, 2013, and at a regular meeting of the City Council held on the 16<sup>th</sup> day of April, 2013,*


**WILLIAM J. DAVIS**

*was officially declared elected to the office of*

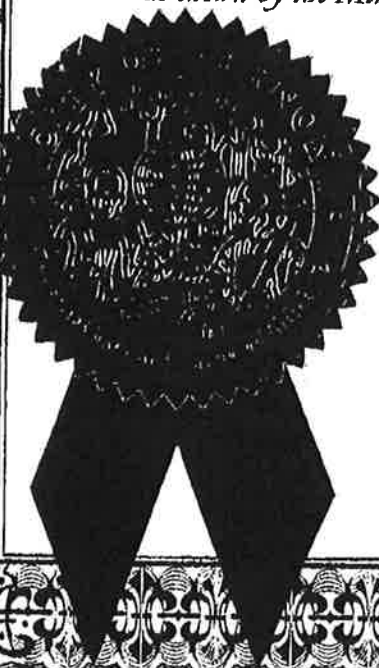
**MEMBER OF THE CITY COUNCIL**

*as shown by the Minutes of the City Council now of record in my office.*

*I affix my hand and official seal this 16<sup>th</sup> day  
of April, 2013.*



*Dana Reed, Interim City Clerk*



**RECEIVED**

JUL 29 2013

CITY CLERK'S OFFICE



**RECEIVED**

JUL 25 2013

CITY ADMINISTRATION

# **STAFF REPORT**

**Finance Department**

---

**DATE:** August 6, 2013

**TO:** Honorable Mayor and City Council

**FROM:** Finance Director, William Fox *W.F.*

**RE:** **AUTHORIZATION TO ENTER INTO A CONTRACT WITH VASQUEZ & COMPANY LLP FOR AUDIT SERVICES FOR FISCAL YEARS 2013 - 2015.**

---

## **RECOMMENDATION**

It is recommended that the City Council:

1. Find that entering into a contract with a California certified public accounting firm to provide independent audit service are exempt under the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3). The general rule is that CEQA only applies to activities that may have an effect on the environment. Professional auditing service activities are not subject to CEQA.
2. Authorize the City Administrator to execute a three year professional services agreement with the public accounting firm of Vasquez & Company LLP to perform the annual audits of the financial statements of the City of Vernon and its Light and Power Enterprise for the three fiscal years ending June 30, 2013, 2014 & 2015 at a total amount of \$294,559. Competitive bidding is not required pursuant to Vernon Municipal Code Section 2.17.12 (A)(10)(Professional Services). The recommended award is based upon a competitive selection process specified by Vernon's Competitive Bidding and Purchasing Ordinance, and conducted as set forth in the background section of this report.

## **BACKGROUND**

Article VIII Section 8.11 of the City Charter requires the City Council to appoint a California certified public accountant or firm of certified public accountants to provide an independent, annual audit of all City accounts, including the accounts of all departments, officers, and employees who receive, handle, or disburse public funds.

Macias Gini & O'Connell LLP has been the City's auditor and performed the annual audits since fiscal year 1999. However, in accordance with the City's Good Governance Reform implementation efforts, the City adopted a policy to rebid its professional services contracts every three years that are not sole source providers.

On May 21, 2013, RFP packets were made available on the City's website and notice was also sent to ten auditing firms known to provide professional auditing services to California cities. The ten firms specifically solicited had experience in auditing California cities that had electric and water utility operations. On June 19, 2013 an Addendum to the RFP was placed on the City's website and also sent to all ten firms initially solicited. The addendum covered three items:

- Scope of audit services is to include a separate audit opinion on the City's Light and Power Enterprise.
- The contract period for services to be provided is fiscal years 2013, 2014, and 2015.
- New response due date of July 3, 2013.

### **EVALUATION PROCESS**

Both responding firms were evaluated based on the competitive selection process. The competitive selection evaluation criteria used was as follows:

- **Qualifications:** Background and prior experience of the firm in the service areas being proposed, experience of key staff assigned to oversee services provided to Vernon, evaluation of size and scope of similar work performed and success on the outcomes.
- **Cost:** Cost and fees to the City for performing requested services. Although cost was not the sole determining factor, proposers were asked to offer services at a rate comparable to the rate proposer offers to other governmental entities for similar work.
- **Responsiveness:** Responsiveness to the RFP, including quality and timeliness of the proposal.
- **References:** References including past performance of the proposers on other city engagements.

### **EVALUATION RESULTS**

The two firms ranked as follows:

1. Vasquez & Company LLP
2. Macias Gini & O'Connell LLP

The recommendation for selection of Vasquez & Company LLP is based on the evaluation of the selection criteria and includes:

#### **Qualifications:**

- One of the largest accounting firm in Los Angeles County
- Is currently auditing more than 15 cities in Los Angeles County
- Local firm able to offer timely and personalized attention
- Specialty and expertise in the government sector
- Experience in auditing municipal utility operations

**Cost:**

- Vasquez & Company LLP                      Approximately \$100,000 per fiscal year
- Macias Gini & O'Connell LLP              Approximately \$200,000 per fiscal year

**Responsiveness:**

- Timely and complete RFP response fulfilling RFP requirements

**References:**

- Four City Finance Directors interviewed – All provided positive feedback

**COUNCIL POLICY CONSIDERATION**

This selection of Vasquez & Company LLC action supports the City Council's strategic goal to maintain fiscal responsibility and follow the Good Governance Reform.

**FISCAL IMPACT**

The proposed costs for the three fiscal years 2013 through 2015 is \$294,559. Funds for the fiscal year 2013 audit are already included in the fiscal 2014 adopted budget.

<b>Fiscal 2013</b>	<b>Fiscal 2014</b>	<b>Fiscal 2015</b>	<b>Total</b>
\$95,300	\$98,159	\$101,100	\$294,559

MH:WF

P.O. Box 682, Walnut, CA 91788-0682  
21201 La Puente Road  
Walnut, CA 91789-2018  
Telephone (909) 595-7543  
FAX (909) 595-6095  
www.ci.walnut.ca.us



# CITY OF WALNUT

September 12, 2013

Presiding Judge  
Los Angeles County Superior Court  
Clara Shorridge Foltz Criminal Justice Center  
210 West Temple Street,  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

RE: City of Walnut's Response to 2012-2013 Civil Grand Jury Recommendations

Dear Presiding Judge:

The following are the responses of the City of Walnut to the recommendations found in the 2012-2013 Report of the Civil Grand Jury.

## Fiscal Health

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

Agree – The City of Walnut has a long standing practice of presenting a proposed budget to the City Council in May of each year resulting in a balanced budget based on the Fiscal Policy. This Fiscal Policy is periodically reviewed and updated.

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

Agree – The City of Walnut has continually adopted a balanced budget and operated within its constraints and it is expected to continue to do the same.



3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

Agree – The City of Walnut’s Fiscal Policy provides ways to achieve a balanced budget and is followed by the City Council. A balanced budget is achieved when current year revenues fund current year expenditures. The City does maintain a “Rainy Day Fund” to ensure that maintenance and operations are not seriously impacted during bad economic times.

4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.

Agree – The City of Walnut’s Fiscal Policy provides for a “Rainy Day “ Fund.

#### Financial Management

2. Cities that do not currently select the auditor through a competitive process should do so.

Agree – The City of Walnut is currently in a five year auditing agreement and will review the process at the end of the agreement.

5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

Agree - The City of Walnut reviews financial policies and procedures at the time of the audit each year and updates them as needed.

8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

Agree – The City of Walnut is currently in a five year auditing agreement and will review the process at the end of the agreement.

Sincerely,



Robert M. Wishner  
City Manager

**City of West Covina**  
**Response to 2012-2013 Civil Grand Jury Final Report**  
**Fiscal Health, Governance, Financial Management and Compensation**

The following pages contain the City of West Covina's responses to the Los Angeles County Civil Grand Jury's 2012-2013 Fiscal Health, Governance, Financial Management and Compensation Report. The City is confident that the responses to and implementation of the recommendations will lead to greater transparency in local government.

**Fiscal Health**

1. Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

***Response:***

The City of West Covina agrees with this recommendation. Although the City currently details the mission, vision, values, goals and objectives as part of the annual budget process, the City will formalize the financial planning process with updated revenue and expenditure policies leading to sustainable, balanced budgets. This will be implemented as part of the budget preparation process for fiscal year 2014-15. This will be fully implemented when the fiscal year 2014-15 budget is adopted in June 2014.

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

***Response:***

The City of West Covina agrees with this recommendation. Since the appointment of a new City Manager and Director of Finance & Administrative Services, a balanced budget for fiscal year 2013-14 was presented to and unanimously approved by the City Council on June 18, 2013. This balanced budget utilizes current revenues to pay for current expenditures. Additionally, the City utilizes financial software to report and monitor revenues and expenditures on a monthly basis to adhere to budgetary constraints adopted by the City Council.

The City wants to point out that the recession and actions by the State of California have made it difficult for the City of West Covina, as well as other California cities, to develop balanced budgets in the past. The City has experienced reduced sales tax revenues and slow economic growth and recovery as a result of the recession. This has been compounded with actions by the State in eliminating redevelopment and related tax increment revenues. By raiding local funds and improperly disqualifying City-Redevelopment Agency loans, the State of California has attempted to balance its own budget on the back of local municipalities without regard to the negative fiscal impact on such local municipalities. In past years, many local municipalities, including West Covina, were forced to reduce staffing levels and balance its budget with fund balance and one-time revenues.

3. Cities should commit to not using one-time revenues to fund recurring or ongoing expenditures.

***Response:***

The City of West Covina agrees with this recommendation. As stated in number 2 above, the City adopted a balanced budget for fiscal year 2013-14 whereby current revenues support current expenditures, utilizing no one-time revenues for ongoing operating expenditures. Additionally, the City believes that, in past years, the State forced local municipalities to reduce staffing levels and expenditures further requiring cities to use fund balance and one-time revenues. The Grand Jury should recognize the difficulty local municipalities have faced in light of the recession and elimination of redevelopment.

4. Cities should adopt a method and practice of saving into a reserve or “rainy day” fund to supplement operating revenue in years of short fall.

***Response:***

The City of West Covina agrees with this recommendation. During the public hearing to adopt the fiscal year 2013-14 budget, the City Council approved in concept the funding of a financial sustainability/emergency reserve policy. A “rainy day” policy will be formalized and presented to the City Council for consideration during the fiscal year 2013-14 mid-year budget process. City staff will propose annual funding of this financial sustainability fund for the next several years until fully funded at 20% of annual operating expenditures. Additionally, the Grand Jury should recognize the difficulty local municipalities have faced in light of the recession and elimination of redevelopment.

**Governance Practices**

2. Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.

***Response:***

The City of West Covina agrees with this recommendation. The City currently has departmental performance measures based on priorities set by the City Council. These performance measures are presented in the operating budget document with a five-year comparison chart in order to see areas where the City has improved in the services provided. However, most of the City’s performance measures are based on output and efficiency rather than outcomes. The City plans to implement more performance measures that are outcome based in the budget preparation process for fiscal year 2014-15.

## **Financial Management**

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

### ***Response:***

The City of West Covina disagrees with this recommendation. The creation of an audit committee has the potential of adding additional costs to the audit. Additionally, an audit committee would increase staff workload in a budgetary time when the City has cut numerous positions in the Finance and Administrative Services Department. The City of West Covina issues a request for proposal every five years and conducts an objective competitive process in recommending an audit firm to the City Council. The City Council approves the audit contract and officially receives the annual completed audit report. Any audit findings are sent directly to the City Council in the form of the Management Letter. The City's independent financial auditors are required to comply with Government Auditing Standards. Finally, there are other controls in place that are effective in managing the work of the independent auditor, i.e. the confidential interviews conducted by audit staff directly with City Council members.

2. Cities that do not currently select the auditor through a competitive process should do so.

### ***Response:***

The City of West Covina agrees with this recommendation, but disputes the finding, because the City does select their independent financial auditor through a competitive process as substantiated by the documentation attached to this letter of response.

4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.

### ***Response:***

The City of West Covina agrees with this recommendation. The newly appointed Director of Finance and Administrative Services is in the processing of writing detailed financial policies and procedures, clearly defining responsibilities of each member of the Finance Division staff and other members of City staff. These policies and procedures will include, but not be limited to, cash handling, investments, procurement, payroll processing, capital assets, and vendor payments. These revised financial policies and procedures will be completed by June 30, 2014.

5. Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

### ***Response:***

The City of West Covina agrees with this recommendation. A portion of the financial policies and procedures created in number 4 above will include detailing how often the policies will be reviewed and updated.

6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.

***Response:***

The City of West Covina agrees with this recommendation. The City's fraud prevention policy will be included in the financial policies of the City, including a practical mechanism for reporting concerns. This policy will be completed by June 30, 2014.

8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

***Response:***

The City of West Covina agrees with this recommendation, but disputes the finding, as stated in item 2 above. The City currently undertakes a full-scale competitive process every five years to select the City's independent financial auditor.

*Action taken prior to consent calendar action.*

**Community Services Department – Miscellaneous**

3)  
Orangewood Renovation

Authorization to Apply for Proposition 84 Statewide Park Development and Community Revitalization Program Grant  
Recommendation is that the City Council adopt the following resolution authorizing an application to the Statewide Park Development and Community Revitalization Program (Prop 84) for the Orangewood Renovation Project.

Resolution No. 2011-22

RESOLUTION NO. 2011-22 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, APPROVING THE APPLICATION FOR STATEWIDE PARK PROGRAM GRANT FUNDS

**Finance Department – Miscellaneous**

4)  
Auditing Services

Award of Bid – Independent Auditing Services  
Recommendation is that the City Council award a contract to Diehl, Evans & Company, LLP to provide auditing services for fiscal years 2010/11 through 2014/15 and authorize the Assistant City Manager/Finance Director to execute a contract with Diehl, Evans & Company, LLP.

**Police Department – Miscellaneous**

5)  
Police Patrol Vehicles

Asset Forfeiture Funds for Police Patrol Vehicles  
Recommendation is that the City Council:  
1. Find that the Los Angeles County RFB #IS-11200079 for Ford Police Interceptors satisfies West Covina's bid process and authorize the purchase of a total of eight (8) vehicles per specifications, directly from Wondries Fleet Group of Alhambra for \$194,458 including taxes and fees.  
2. Appropriate \$167,344.40 in federal asset forfeiture funds from the fund balance of Fund 117 into 117.31.3120.7170 for the purchase and equipping of six (6) patrol vehicles will be purchased using State grant funds discussed in a separate agenda item.

2010-2011 Supplemental Law Enforcement Services Fund (SLESF) Grant

6)  
SLESF Grant

Recommendation is that the City Council accept the Supplemental Law Enforcement Services Fund (SLESF) grant, and appropriate the \$135,755 grant from the fund balance of Fund 155 as follows:

- \$15,000 for supplemental overtime in 155.31.3110.5113
- \$29,630 into 155.31.3110.6120 for Graffiti Tracker service
- \$42,511 into 155.31.3110.6220 for other police supplies including surveillance items, Special Enforcement Team vehicle lights, vehicle conversion and warranty costs, computer items including a laptop for emergency command operations, traffic enforcement items, and tactical enforcement items
- \$48,614 into 155.31.31107170 for two patrol vehicles

**Public Works Department – Miscellaneous**

7)  
1515 E. Amar Road Dedication

Accept Irrevocable Offer to Dedicate 1515 East Amar Road  
Recommendation is that the City Council adopt the following resolution:

Resolution No. 2011-23

RESOLUTION NO. 2011-23 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, ACCEPTING AN IRREVOCABLE OFFER TO DEDICATE EXECUTED BY VIRGILLIO S. FELICIANO, JOVITA



FELICIANO, AND JULIETA S. FELICIANO AND DIRECTING  
THE RECORDATION THEREOF

8)  
AB 1234 Report

**AB 1234 – Legislative Advocacy Conference and Meeting  
Report**

Recommendation is that the City Council receive and file this report.

**CONSENT CALENDAR ACTION** Motion by Armbrust and seconded by Touhey to approve all items on the Consent Calendar as presented except Item #3 and Item #2, on which action was taken prior to the Consent Calendar.

Motion carried 4 – 0.

**CITY COUNCIL/COMMUNITY DEVELOPMENT COMMISSION COMMENTS**

Mayor Herfert addressed the Community Unity event held over the weekend.

Councilmember Armbrust thanked staff and supported the Community Unity event.

**ADJOURNMENT**

Motion by Touhey and seconded by Herfert to adjourn the meeting 8:15 p.m. in memory of the following individuals who have passed away.

Motion carried by 4 – 0.

- Josephine Solis, La Puente Councilmember John Solis' Grandmother
- Joe Alderete, former Mayor of La Puente
- Kevin Feeney, Youth Sports participant
- Joanne Moses, West Covina Senior Volunteer
- Steven Cabrera, West Covina resident

Submitted by:

---

Assistant City Clerk Susan Rush

---

Mayor Steve Herfert





## MINUTES

### REGULAR JOINT MEETING OF THE WEST COVINA CITY COUNCIL WEST COVINA COMMUNITY DEVELOPMENT COMMISSION April 19, 2011

Mayor/Chairman Herfert called to order the regular joint meeting of the West Covina City Council and Community Development Commission at 7:07 p.m. in the City Hall Council Chambers, 1444 W. Garvey Avenue, West Covina.

**INVOCATION** Andrew Pasmant  
City Manager

**PLEDGE OF ALLEGIANCE** Councilmember Armbrust

**ROLL CALL** Mayor/Chairman Herfert, Mayor Pro Tem/Vice Chair Touhey  
Councilmembers/Commissioners Armbrust, Lane

Absent: Councilmember/Commissioner Sanderson Sanderson

**CHANGES TO THE AGENDA** None.

**PRESENTATIONS** Mayor Herfert presented Helen Garabedian and Hovanes Gasparian, of the San Gabriel Valley Chapter of the Armenian National Committee, with a Proclamation designating April 23, 2011 as Armenian Remembrance Day recognizing the 96th Anniversary of the Armenian Genocide.

#### REPORTING OUT FROM CLOSED SESSION

Deputy City Attorney Matt Gorman reported the following:

Prior to convening into closed session, all items on the City Council agenda were announced for inclusion in the closed session discussion. All members were present with the exception of Councilmember Sanderson who was not present for any discussed items.

Items on the agenda:

*Conference with Labor Negotiators – Employee Organizations: W.C. Police Officers' Association, W.C. Police Management Association, W.C. Firefighters Association, I.A.F.F., Local 3226, W.C. Firefighters Management Association, Confidential Employees, Maintenance & Craft Employees, Non-Sworn Safety Support Employees, General Employees, Mid-Management Employees; Miscellaneous Unrepresented Management Employees: Assistant City Clerk, Assistant City Manager, Community Development Dir., Community Services Dir., Deputy City Manager, Finance Director, Fire Chief, Dir. Human Resources, Planning Director, Police Chief, Public Works Dir./City Engineer, Dir. Risk Management –A report was provided to the City Council by staff with no action taken and nothing further to report.*

*Conference with Real Property Negotiators – Property: 1515 East Amar Road – Presentation was provided to the City Council and staff and legal counsel with no further action and nothing further to report.*

*Conference with Legal Counsel – Anticipated Litigation – One Case – Councilmember Lane did not participate in the*



discussion due to a conflict; a report was provided to Council by staff and legal counsel with no action taken and nothing further to report.

*Conference with Legal Counsel – Anticipated Litigation – One Case* – There was no need to discuss this item and it was not considered.

#### **ANNOUNCEMENTS**

Mayor Herfert announced a Fundraiser to provide Earthquake relief to West Covina's Sister City Ohtawara at BJ's Brewery at the Eastland Shopping Center on April 20, 2011.

#### **ORAL COMMUNICATIONS**

Debra Ashby

Debra Ashby representing AQMD, introduced herself to the City Council and announced upcoming AQMD events. All events are also available to view on their website.

Art Ballin

Art Ballin, West Covina Youth Soccer president supports the City's application to apply for grant funds which would benefit the Orangewood Soccer program.

Irene Fleck

Irene Fleck, West Covina resident, thanked the City for their participation at the Friends of the Library Mixer; invited attendance to the upcoming Arbor Day event.

Fred Sykes

Fred Sykes, West Covina resident, commented on oral communications process; announced his website and issues he addresses on his site which include conflict of interest; addressed the co-location of a wireless facility at Fire Station #5.

Mayor Herfert responded to comments by Mr. Sykes regarding the oral communication process.

Jess Ramirez

Jess Ramirez, West Covina resident, spoke in support of the application for grant funds which would support the Orangewood Renovation project.

George Ogden

George Ogden, West Covina resident, thanked the City for their support of the Community Unity event and invited them to attend the Veterans of Foreign Wars Post 8620 event on April 25.

Linda Paul/Alexander Liu

Representing T-Mobile, Ms. Paul and Mr. Liu offered to answer any questions regarding the project at Fire Station #5. Mr. Liu and Ms. Paul addressed the concerns of exposure to radio frequency emissions stating that these are minimal.

Herb Redholtz

Herb Redholtz, West Covina resident, requested the Council remove the lease agreement with T-Mobile from the Consent Calendar to enable a staff report. Mr. Redholtz addressed resident Fred Sykes' misleading the community regarding cell towers.

John Solis

John Solis, West Covina resident, addressed cell towers and expressed his concerns with cell towers and health issues.

Julian Soto

Julian Soto, West Covina resident, spoke in support of applying for grant funds which would support the West Covina Soccer league.

Mayor Herfert requested Items #2 and #3 be pulled from Consent Calendar for separate consideration:

**Item #3**

***Authorization to Apply for Proposition 84 Statewide Park Development and Community Revitalization Program Grant***



Community Services Director Michele McNeill reported on the City's desire to obtain a Proposition 84 Grant for the maximum acquisition of \$5,000,000 to use for the renovation of Orangewood Park that would include soccer fields and various other structures and improvements. McNeill stated that Orangewood Park meets the State's criteria for consideration to be awarded a grant and added that the grant does not require a match by the City. Further, she stated that West Covina Youth Soccer league is the only Sports Council group that does not have access to playing fields on City property and that West Covina Unified School District's plans for the future usage of Edgewood's campus, currently used by West Covina Youth Soccer, would displace the league.

Council discussion

Mayor Pro Tem Touhey made several comments in support of the grant in addition to getting approval for funding through Supervisor Antonovich.

Councilmember Lane and Councilmember Armbrust also expressed their support for the project to benefit the community's youth.

Motion

Motion by Touhey and seconded by Armbrust to adopt the following resolution. Motion carried by 4 – 0.

Resolution No. 2011-22

RESOLUTION NO. 2011-22 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, APPROVING THE APPLICATION FOR STATEWIDE PARK PROGRAM GRANT FUNDS

**Item #2**

***Lease Agreement with T-Mobile to Co-Locate a Wireless Facility at Fire Station #5***

Mayor Pro Tem Touhey announced he would abstain from voting on this item due to a conflict of interest due to his ownership of property on which a cell tower is located and therefore left the room.

Deputy City Manager Freeland presented the report detailing the pending agreement with T-Mobile which would co-locate a wireless facility in the existing public safety tower at Fire Station #5. Mr. Freeland's report included a summary of residents' concerns and information which addressed those concerns.

Motion

Motion by Armbrust and seconded by Lane to approve the lease agreement with T-Mobile to Co-Locate a Wireless Facility at Fire Station #5.

Motion carried by 3- 0. (Touhey did not participate).

Mayor Pro Tem Touhey returned to the dais.

**CONSENT CALENDAR**

1) Minutes

**Approval of Meeting Minutes (receive & file)**  
Special City Council Minutes of April 5, 2011  
Regular Joint City Council/CDC Minutes of April 5, 2011

2)  
T-Mobile/Fire Station 5

*Action taken prior to consent calendar action.*  
**City Manager's Office – Miscellaneous**  
Lease Agreement with T-Mobile to Co-Locate a Wireless Facility at Fire Station #5  
Recommendation is that the City Council approve the proposed Lease Agreement authorizing T-Mobile to co-locate a wireless facility on the existing public safety tower at Fire Station #5.



# FILE COPY City of West Covina Memorandum

## AGENDA

ITEM NO.: 4  
DATE: April 19, 2011

**TO:** Andrew G. Pasmant, City Manager  
and City Council

**FROM:** Tom Bachman, Assistant City Manager

**SUBJECT:** AWARD OF BID – INDEPENDENT AUDITING SERVICES

### RECOMMENDATION:

It is recommended that the City Council award a contract to Diehl, Evans & Company, LLP to provide auditing services for fiscal years 2010/11 through 2014/15 and authorize the Assistant City Manager/Finance Director to execute a contract with Diehl, Evans & Company, LLP.

### DISCUSSION:

In 2003, the City of West Covina entered into a five-year contract with the independent auditing firm of Conrad and Associates (which later became Mayer Hoffman McCann) to provide auditing services to the City for fiscal years 2002/03 through 2006/07. The City extended that contract in March 2008 to include fiscal years 2007/08 through 2009/10.

In February 2011, the City sent a Request for Proposal for Auditing Services to twelve firms, with four firms responding. The proposals consisted of two parts: a technical proposal and a sealed cost bid. The technical proposals and the cost bids were rated independently of each other and the two scores were then added together. The technical proposal included information about the firm's qualifications, experience and audit approach. While the cost was an important factor, it was not intended to be the overriding factor in the selection. The ratings of the firms, in order of total score, were as follows:

	Technical <u>Qualifications</u>	<u>Price</u>	Total <u>Score</u>	2010/11 <u>Price</u>
Diehl, Evans & Company, LLP	67.50	30.00	97.50	\$36,506
Vavrinek, Trine, Day & Co., LLP	69.00	25.00	94.00	\$41,680
Rogers, Anderson, Malody & Scott, LLP	55.50	20.00	75.50	\$43,825
Sotomayor CPAs	45.00	22.00	67.00	\$42,673

Based on technical qualifications, and taking price into consideration, staff interviewed the top three firms. It was felt that their qualifications, experience and proposals were superior to those of the other firm. The interviews gave staff an opportunity to meet the firm staff that would be working the audit and further evaluate the qualifications of the firm. Based on the evaluations of the proposals and firm interviews, staff is recommending the selection of Diehl, Evans & Company, LLP to provide auditing services for the next five years.

### FISCAL IMPACT:

The cost of the audit for the 2010/11 fiscal year is \$36,506, which is less than the \$43,900 spent on the FY 2009/10 audit. Sufficient funds for auditing services have been included in the FY 2010/11 budget. The audit costs for years 2012, 2013, 2014 and 2015 are \$36,506, \$37,237, \$37,982 and \$38,741, respectively. The five-year cost of the contract is \$186,972.

Prepared by: Denise Bates  
Denise Bates  
Accounting Manager

Reviewed & Approved by: [Signature]  
Finance





**CITY OF WEST COVINA**  
**REQUEST FOR PROPOSALS FOR AUDITING SERVICES**

**I. Introduction**

**A. General Information**

The City of West Covina is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the five fiscal years ending June 30, 2011, 2012, 2013, 2014 and 2015. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. General Accounting Office's (GAO) Government Auditing Standards (1988), and the provisions of the federal Single Audit Act and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

There is no expressed or implied obligation for the City of West Covina to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Any inquiries concerning the request for proposal should be addressed to Denise Bates, Accounting Manager.

**To be considered, five (5) copies of a proposal must be received by Denise Bates, Accounting Manager, City of West Covina, 1444 W. Garvey, West Covina, CA 91793 on or before 5:00 p.m. on Tuesday, March 17, 2011.** The City of West Covina reserves the right to reject any or all proposals submitted.

During the evaluation process, the City of West Covina reserves the right, where it may serve the City of West Covina's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City of West Covina, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of West Covina reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected is not. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of West Covina and the firm selected.

It is anticipated the selection of a firm will be completed with City Council approval on Tuesday, April 19, 2011. Following the notification of the selected firm, it is expected a contract will be executed between both parties by April 26, 2011. The firm selected will be expected to attend the council meeting on April 19, 2011.

B. Term of Engagement

A five-year contract is contemplated, subject to annual review, the satisfactory negotiation of terms (including a price acceptable to both the City of West Covina and the selected firm), and the concurrence of the City Council.

**II. Nature of Services Required**

A. General

The City of West Covina is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2011, 2012, 2013, 2014 and 2015. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

The City of West Covina desires the auditor to express an opinion on the fair presentation of the City's basic financial statements in conformity with generally accepted accounting principles.

The auditor is not required to audit the combining and individual fund supplementary schedules. However, the auditor is to provide an "in relation to" report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit the statistical section of the report or the management's discussion and analysis section of the report.

The auditor is not required to audit the schedule of federal financial assistance. However, the auditors must provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

C. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Accounting Standards*, the provisions of the Single Audit Act and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditors shall issue the following reports:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A separate Single Audit Report on grant activities, internal controls and compliance performed in accordance with the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
3. A separate report on fair representation of the financial statements and a report on compliance with laws and regulations of the Community Development Commission of the City of West Covina.
4. A separate report on fair representation of the financial statements and a report on compliance with laws and regulations of the Air Quality Improvement Fund of the City of West Covina.
5. A separate report on the City's calculation of the Gann Limit.
6. A separate management letter that includes disclosures of material and non-material weaknesses in internal controls, disclosures of violations of finance-related legal and contractual provisions, and auditors recommendations for financial and program management improvements as well as communications required by SAS 114.

E. Special Considerations

1. The City of West Covina will implement GASB Statement No. 54 for the fiscal year ending June 30, 2011. The selected audit firm will provide technical expertise regarding compliance with GASB 54 in assisting the City in its preparation of the CAFR.
2. The City of West Covina will send its CAFR to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. The auditor will assist the City so that the CAFR will meet the requirements of that program. The auditor will include in its proposal an additional amount to have a photo-ready copy of the CAFR prepared by the selected audit firm.
3. The schedule of federal financial assistance and related auditor's report, as well as the reports on the internal controls and compliance are not to be included in the comprehensive annual financial report, but are to be issued separately.
4. The City of West Covina may prepare one or more official statements in connection with the sale of debt securities, which will contain the basic financial statements and the auditor's report thereon. The auditor shall be required, if requested by the fiscal advisor and/or underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters" at no additional cost to the City.

5. From time to time, the auditor may be requested to perform certain agreed upon procedures to review compliance with contractual agreements or certain provisions of the municipal code (e.g., transient occupancy tax audits, gross receipts audits, etc.). Prior to the commencement of these agreed upon procedures, the estimated cost will be provided and shall not exceed the quoted hourly rates included in Appendix A.
6. The auditor may be requested to provide guidance on tax matters from time to time. Up to fifteen hours of tax work per fiscal year shall be provided at no additional cost to the City.

F. Working Papers Retention and Access to Working Papers

All working papers and reports must be retained, at the auditors' expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of West Covina of the need to extend the retention period. The auditors will be required to make working papers available, upon request, to the following parties or their designees:

The City of West Covina  
State Controller's Office  
U.S. General Accounting Office  
Parties designated by the federal and state governments or by the City of West Covina as part of an audit quality review process

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

**III. Description of the Government**

A. Name and Telephone Number of Contact Person/Organizational Chart

The auditors' principal contacts with the City of West Covina will be Tom Bachman, Director of Finance, and Denise Bates, Accounting Manager, who will coordinate the assistance to be provided by the City of West Covina to the auditor. A finance department organization chart is included as Appendix C.

B. Background Information

The City of West Covina, incorporated in 1923, is a general law city that serves an area of 17 square miles with a population of approximately 113,000. The City's fiscal year begins on July 1 and ends on June 30. The 2010/2011 operating budget is \$76.2 million plus a capital improvement budget of \$2.5 million. In addition, the Community Development Commission's budget, including debt service, is \$22.0 million.

The City of West Covina provides a full range of municipal services to its citizens. These include police, fire, emergency medical, street construction and maintenance, traffic signalization, recreational, cultural and social, planning and land use, building safety and general administrative services. The City offers fifteen parks, four community centers, and one county operated library. The City has a Community Development Commission, a joint powers public financing authority, a 501(c)(3) not-for-profit organization and an inactive joint powers parking authority included as part of the City's reporting entity.

The City of West Covina's estimated total payroll for 2010/11 is \$53 million, covering 385 budgeted full time and approximately 71 part-time employees. The City is organized into eleven departments. The accounting and financial reporting functions of the City are centralized in the finance department.

C. Fund Structure

The City of West Covina uses the following fund types and account groups in its financial reporting:

<u>Fund Type/Account Group</u>	<u>Number of Individual Funds</u>	<u>Number of Funds on CAFR</u>
General Fund	1	1
Special Revenue Funds	59	26
Debt Service Funds	4	2
Capital Projects Funds	14	4
Enterprise Funds	1	1
Internal Service Funds	5	4
Agency Funds	1	1

The City accounts for its capital assets and long-term debt in Account Groups on the general ledger.

D. Budgetary Basis of Accounting

The City of West Covina prepares its budgets on a basis consistent with generally accepted accounting principles.

E. Federal and State Financial Assistance

During the fiscal years to be audited, the City of West Covina may receive financial assistance from the following: Department of Urban and Housing Development, FEMA, Federal Highway Administration, USDA and the US Bureau of Justice. The City pursues additional grant funding as it becomes available.

#### F. Pension Plans

The City of West Covina participates in the California Public Employees Retirement System (CalPERS). The City has also established two supplemental retirement plans with the Public Agency Retirement System (PARS).

#### G. Component Units

The City of West Covina is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. Using these criteria, component units are included in the City of West Covina's financial statements.

The management of the City of West Covina has identified the City of West Covina Community Development Commission, the West Covina Public Financing Authority, the Parking Authority of the City of West Covina and the West Covina Community Services Foundation, Inc. as component units for inclusion in the City of West Covina's financial statements. A separate audit report is required for the Community Development Commission.

#### H. Finance Department Operations

The Finance Department is headed by the Director of Finance and consists of 19 full time employees. The department is responsible for budgeting, financial reporting, financial audits, payroll, accounts payable, accounts receivable and treasury functions. The department is also responsible for purchasing, business license, reprographic and information systems functions.

#### I. Computer System

Information Systems Division (ISD) consists of one systems administrator and two technicians. ISD provides supports to 245 users and also services and maintains 200 computers, 50 printers, and 15 network servers. Microsoft Office 2000 is the standard office suite. Windows 2000 Professional and XP are the standard operating systems with new computers moving to Windows 7. Windows 2000 Server is the network platform. Computers are connected to the TCP/IP network backbone using the 10/100Mb category 5 and 5e cables. Most of the database applications are client/server.

#### J. Availability of Prior Year Reports

The June 30, 2010 CAFR is included with this Request for Proposal. CAFRs for preceding years can be found on the City's website at <http://www.westcovina.org/cityhall/finance/budget/cafr/default.asp>.

#### IV. Time Requirements

##### A. Proposal Calendar:

Request for Proposals Issued	February 23, 2011
Due Date for Proposals	March 17, 2011
Interview of Finalists	April 4 - 6, 2011

##### B. Notification of Contract Dates:

Recommend auditor to Council	April 11, 2011
Approval of auditor by Council	April 19, 2011
Contract Date	April 26, 2011

The audit report on the City's comprehensive annual financial report and the related financial statements and all other reports, along with a draft of the management letter should be submitted in final form by no later than November 30, 2011.

##### C. Date Audit May Commence

The City of West Covina will have all records ready for audit and all management personnel available to meet with the firm's audit personnel the first week of October of each year of the audit.

##### D. Schedule for the 2011 Fiscal Year Audit

Each of the following shall be completed by the auditor no later than the dates indicated.

###### 1. Interim Work

The auditor shall complete all interim work by August 1, 2011.

###### 2. Detailed Audit Plan

The auditor shall provide the City of West Covina by May 30, 2011 both a detailed audit plan and a list of all schedules to be prepared by the City of West Covina.

###### 3. Fieldwork

The auditor shall complete all fieldwork by October 31, 2011.

For future years, a schedule mutually acceptable to both parties will be developed with interim work and the detailed audit plan being completed by June 30 and the fieldwork being completed by October 31st of each year.

##### E. Entrance Conferences, Progress Reporting and Exit Conferences

At a minimum, the following conferences should be planned and included in the overall audit plan:



Entrance conference with the Director of Finance and Accounting Manager

Entrance conference with all key finance department personnel and department heads of key departments, where applicable.

- The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for workspace and other needs of the auditor.

Progress conference with the Director of Finance

- The purpose of this meeting will be to summarize the results of the preliminary review and to identify the key internal controls or other matters to be tested.

Progress conference with the Director of Finance and all key finance department personnel

- The purpose of this meeting will be to discuss the year-end work to be performed.

Entrance conference with the Director of Finance to commence year-end work

Exit conference with the Director of Finance

- The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.

#### F. Date Final Report is Due

The auditor will prepare draft financial statements, notes and all required supplementary schedules for the CAFR and the Community Development Commission component unit report by November 17, 2011. The City will prepare the introductory section of the CAFR, the management's discussion and analysis and the statistical section of the CAFR. The auditors will provide 5 signed copies of the audit report for the comprehensive annual financial report, 5 signed copies of the audit reports for the Community Development Commission and 25 bound copies of the single audit report and 15 bound copies of the audit report for the Air Quality Improvement Fund and related statements by November 30, 2011. In addition, the auditor will provide all reports to the City in electronic format.

### V. Assistance to be Provided to the Auditors and Report Preparation

#### A. Finance Department and Clerical Assistance

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanation. The City of West Covina will prepare the confirmation letters and the auditors will be responsible for mailing.

B. Schedules and Working Papers

The City's finance department staff will prepare most of the schedules or working papers (PBCs), as has been done in prior audits. The list of PBC's required by the auditors shall be provided to the City during the interim work.

C. Work Area, Telephones, Photocopying and FAX Machines

The City of West Covina will provide the auditor with reasonable workspace, desk and chairs. The auditor will also be provided with reasonable access to a telephone line, Internet, photocopying facilities and a FAX machine.

**VI. Proposal Requirements**

A. General Requirements

1. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

Denise Bates  
Accounting Manager  
City of West Covina  
1444 W. Garvey Ave.  
West Covina, CA 91793  
(626) 939-8463

**CONTACT WITH PERSONNEL OF THE CITY OF WEST COVINA OTHER THAN DENISE BATES, ACCOUNTING MANAGER, OR TOM BACHMAN, DIRECTOR OF FINANCE, REGARDING THIS REQUEST FOR PROPOSAL MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.**

2. Submission of Proposals

**The following material is required to be received by 5:00 p.m. on Thursday, March 17, 2011 for a proposing firm to be considered:**

- a. A master copy (so marked) of a Technical Proposal and four (4) copies to include the following:
  - I. Title Page: Title page showing the request for proposals subject; the firm's name; the name, address, e-mail address and telephone number of a contact person; and the date of the proposal
  - II. Table of Contents

III. Transmittal Letter: A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for ninety (90) days.

IV. Detailed Proposal: The detailed proposal should follow the order set forth in Section VI. B. of this request for proposals.

- b. The proposer shall submit an original and four (4) copies of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID  
PROPOSAL FOR CITY OF WEST COVINA  
FOR PROFESSIONAL AUDITING SERVICES  
MARCH 17, 2011

- c. Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

Denise Bates  
Accounting Manager  
City of West Covina  
1444 W. Garvey Ave.  
West Covina, CA 91793

## B. Technical Qualifications

### 1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of West Covina in conformity with the requirements of this request for proposals. As such, the substance of the proposals will carry more weight than the form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to the engagement. It should also specify an audit approach that will meet the request for proposals requirements.

**THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.**

The technical proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost bid). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the

requirements of the request for proposals. While additional data may be presented, the following subjects items 2 through 10 must be included. They represent the criteria against which the proposal will be evaluated.

## 2. Independence

The firm should provide an affirmative statement that it is independent of the City of West Covina as defined by the U.S. General Accounting Office's *Governmental Auditing Standards* (1988). The firm should provide an affirmative statement that it is independent of all of the component units of the City of West Covina as defined by those same standards.

The firm should also list and describe the firm's professional relationships involving the City of West Covina or any of its component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City of West Covina written notice of any professional relationships entered into during the period of this agreement which might affect the firm's independence.

## 3. License to Practice in California

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in California.

## 4. Firm's Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

The firm is also required to submit a copy of the report on its most recent external peer review, with a statement whether that peer review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

## 5. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in California. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff assigned to the engagement. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City of West Covina. However, in either case, the City of West Covina retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

## 6. Prior Engagements with the City of West Covina

The firm should list separately engagements within the last five years, ranked on the basis of total staff hours, for the City of West Covina by type of engagement (i.e. audit, management advisory services, other). For each engagement, the firm should indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

## 7. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list at least five (5) significant municipal engagements performed in the last five (5) years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement, partners, total hours, and the name and telephone number of the principal client contact. If any of these engagements were joint ventures, please indicate whether your role was that of the primary or secondary auditor and also what firm was the other party to the joint venture.

Criteria to determine similarity should include:

- a. Municipalities participating in the GFOA's Certificate of Achievement for Excellence in Financial Reporting program.
- b. Municipalities complying with OMB Circular A-133.
- c. Community Redevelopment Agencies

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposals. In developing the work plan, reference should be made to such sources of information as the City of West Covina's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement.
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- c. Sample sizes and the extent to which statistical sampling is to be used in the engagement.
- d. Extent of use of EDP software in the engagement.
- e. Type and extent of analytical procedures to be used in the engagement.
- f. Approach to be taken to gain and document an understanding of the City of West Covina's internal controls structure.
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.

9. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City of West Covina.

## 10. Report Format

The proposal should include sample formats for required reports.

### C. Sealed Dollar Cost Bid

#### 1. Total All-inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. **The bid should separately identify the total cost for each of the following: City of West Covina annual financial audit; single audit; West Covina Community Development Commission component unit report; Air Quality Improvement Fund report and review of the Gann Limit Calculation and additional costs for report preparation of the CAFR and Community Development Commission component unit report.**

The City of West Covina will not be responsible for expenses incurred in preparing and submitting the proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the City of West Covina.
- c. A Total all-inclusive maximum price for the 2011 engagement.
- d. An explanation of how fee increases, if any, in subsequent years will be computed.

#### 2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses for the 2011 through 2015 fiscal years, presented in the format provided in the attachment (Appendix A), that supports the total all-inclusive maximum price.

A schedule outlining the total not to exceed amount for each annual audit component (Appendix B) should be included in the sealed dollar cost bid.

### 3. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement. Interim billings shall cover a period of not less than a calendar month. No more than 90% of the total fee may be billed prior to delivery of the firm's final audit reports and financial statements.

## **VII. Evaluation Procedures**

### A. Review of Proposals

The City will use a point formula during the review process to score proposals. Each technical proposal will be scored by each of the criteria described in VII. B. below. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

### B. Evaluation Criteria

Proposals will be evaluated using three (3) sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

#### 1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in California
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two (2) years.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the City of West Covina.
- d. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
- e. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.



2. Technical Qualifications: (Maximum Points – 70)

a. Expertise and Experience (Maximum Points – 35)

- i. The firm's past experience and performance on comparable government engagements.
- ii. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.

b. Audit Approach (Maximum Points – 35)

- i. Adequacy of proposed staffing plan for various segments of the engagement.
- ii. Adequacy of sampling techniques.
- iii. Adequacy of analytical procedures.

3. Price: (Maximum Points – 30)

**COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM.**

C. Oral Presentations

During the evaluation process, the City of West Covina may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the City of West Covina may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

It is anticipated that a selected firm will be approved the City Council on April 19, 2011. Following notification of the firm selected, it is expected a contract will be executed between both parties by April 26, 2011. The firm selected will be expected to attend the council meeting on April 19, 2011.

E. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of West Covina and the firm selected. The City of West Covina reserves the right without prejudice to reject any or all proposals.

**APPENDIX A**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE  
(YEAR) FINANCIAL STATEMENTS**

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory Staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Subtotal				\$ _____
Out-of-pocket expenses:				
Meals and lodging				\$ _____
Transportation				_____
Other (specify): _____				_____
Total all-inclusive maximum price (YEAR) audit				\$ _____

*Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.*

**APPENDIX B**

**AUDIT PROPOSALS  
SUMMARY FOR 2011 - 2015**

	Proposed Audit Fees Not to Exceed Amounts				
	2011	2012	2013	2014	2015
Comprehensive Annual Financial Report					
Single Audit Report					
Community Development Commission Including necessary State-mandated Compliance reports					
Air Quality Improvement Fund report					
Review of Gann Limit Calculation					
CAFR report preparation					
CDC report preparation					
Total Not to Exceed Amount					

**Request for Proposals  
Independent Auditing Services  
Schedule of Selection Process**

Wednesday, February 23, 2011	Request for Proposal issued.
Thursday, March 17, 2011	Proposals must be received by 5:00 p.m.
Thursday, March 24, 2011	Top firms will be notified of interviews.
April 4 - 6, 2011	Top firms will be interviewed.
Monday, April 11, 2011	Evaluation Committee recommends Firm.
Tuesday, April 19, 2011	Selection approved by City Council.
Tuesday, April 26, 2011	Contract date



**CITY OF WEST COVINA**  
**REQUEST FOR PROPOSALS FOR AUDITING SERVICES**  
**ADDITIONAL INFORMATION**

Thank you for your interest in the Request for Proposals for Auditing Services. A number of interested parties have made inquiries. The following additional information is furnished to assist in the preparation of your proposal.

1. Our current auditors have been auditing the City for the past eight fiscal years. They have been excluded from submitting a proposal. As needed, our auditors have performed additional services in the form of agreed upon procedures (i.e., gross receipts audits, transient occupancy tax audits, compliance with agreements, etc.).
2. The goal is to have all reports issued by the first part of December each year. The City does not anticipate preparing the statements in-house in the foreseeable future. CAFR and CDC report preparation includes providing a camera-ready typed copy of the financial statements. As part of the report preparation, it is expected that the auditor will prepare all of the financial statements and conversion schedules. The City will provide information necessary to draft and update the footnotes. The audit firm will do all typing of the reports. Duplicating and binding of the CAFR and CDC Annual Report will be done in-house by City staff.
3. Audit services requested in the RFP are comparable to those provided by our auditors last year. The FY 2010 audit fees were:

City audit & AQMD audit	23,400
Single Audit	4,000
CDC audit	8,000
Gann Limit	700
CAFR preparation	5,200
CDC report preparation	<u>2,600</u>
Total	\$43,900
4. A CAFR is prepared each year and is submitted to the GFOA Certificate of Achievement award program. There are no plans to discontinue this practice as a cost saving measure.
5. The City does not have a formal audit committee.
6. The City can provide general ledgers and other audit schedules in an electronic format (MS-Excel or PDF).
7. Of the City's blended component units, only the West Covina Community Development Commission (CDC) requires a separate component unit financial statement to be issued. A copy of the CDC Annual Report can be found on the City's website at <http://www.westcovina.org/cityhall/finance/budget/default.asp>. City staff prepares the Fiscal Statement (State Controller's Report), Housing and Displacement Activities (HCD schedules), the Progress Report and Evaluation, Commission-Owned Property and Goals & Objectives sections of the CDC Annual report. The West Covina Public Financing Authority, the Parking Authority of the City of West Covina and the West Covina

Community Services Foundation, Inc. do not require the issuance of separate financial statements. The WC Parking Authority is inactive.

8. Of the fifteen journal entries posted after the start of final fieldwork, City staff proposed nearly all of them. After discussion with our auditors last year, the City decided to establish an allowance for doubtful accounts. We also made an adjustment to our infrastructure (see note 27 of the 6/30/10 CAFR).
9. Fieldwork for the engagement typically takes 3-5 weeks, depending on the availability of audit staff (1-2 weeks at interim with 1-2 staff and 2-3 weeks at final with 2-3 staff).
10. No significant deficiencies, material weaknesses or reportable conditions were found during the previous audit.
11. Current year (FY 2010/2011) activity:
  - a. No new component units were created.
  - b. The City or CDC have not entered into any new joint powers agreements.
  - c. No debt has been defeased so far this fiscal year. TRANS were issued on July 1, 2010 (see note 26 of 6/30/10 CAFR). The CDC is exploring the issuance of debt to restructure the pass through payment deferral obligation with LA County (see note 19 of 6/30/10 CAFR).
  - d. The City/CDC has no plans to enter into interest rate swaps with respect to its variable rate debt.
  - e. The City and CDC have not entered into any significant DDAs or OPAs during the fiscal year.
12. Single Audit:
  - a. The 6/30/10 Single Audit is being finalized. A copy of the 6/30/09 Single Audit is attached for your review.
  - b. The City continues to apply for available grant funding. The City has been the recipient of federal stimulus funds and homeland security awards.
13. The City has been using Eden Systems for its financial accounting software and has no plans to implement new financial software during the period of the proposed engagement.
14. A copy of the most recent Air Quality Improvement Fund report is attached. It is submitted to SCAQMD each year to meet the City's filing requirements as a large recipient (receiving more than \$100,000 per year).



# CITY OF WEST HOLLYWOOD

CITY HALL  
8300 SANTA MONICA BLVD.  
WEST HOLLYWOOD, CA  
90069-6216  
TEL: (323) 848-6451  
FAX: (323) 848-6566

**DEPARTMENT  
OF FINANCE  
& TECHNOLOGY  
SERVICES**

December 3, 2013

Clara Shortridge-Foltz Criminal Justice Center  
Presiding Judge of the Los Angeles Superior Court  
Los Angeles County Civil Grand Jury  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, CA 90012

**RE: City of West Hollywood Responses to Recommendations from the  
2012-13 Los Angeles County Civil Grand Jury Report Titled "Cities  
of Los Angeles County: Fiscal Health, Governance, Financial  
Management, and Compensation"**

To whom it may concern,

On November 4, 2013, the City of West Hollywood received the attached letter (Attachment 1) requesting the City's response to the recommendations in the 2012-13 Los Angeles County Civil Grand Jury Report titled "Cities of Los Angeles County: Fiscal Health, Governance, Financial Management, and Compensation".

The letter requested that the City provide their responses within 30 days of the date of the letter; making the submittal deadline December 4, 2013.

The City's responses to the 2012-13 Los Angeles County Civil Grand Jury's recommendations are enclosed as Attachment 2 to this letter.

Feel free to contact me with any questions.

Sincerely,

David Wilson  
Director of Finance and Technology Services

Attachments:

- 1) County of Los Angeles Civil Grand Jury Letter Dated 11/4/2013
- 2) West Hollywood Responses to Recommendations from the Civil Grand Jury Report

Cc: Paul Arevalo, City Manager  
Sam C. Baxter, Assistant City Manager  
John Leonard, Senior Management Analyst







**FISCAL HEALTH**

Recommendation 1: Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets.

West Hollywood Response:

- a. The City of West Hollywood agrees with the finding.
- b. The City has adopted detailed fiscal policies that guide city officials to develop sustainable and balanced budgets. These fiscal policies are included within the City's 2-year operating budget.

---

Recommendation 2: Cities should develop a balanced budget and commit to operate within the budget constraints.

West Hollywood Response:

- a. The City of West Hollywood agrees with the finding.
- b. The City adopts a balanced operating budget every 2-years, including a mid-term update in the second year of the budget. The City's budget is developed pursuant to the City's detailed fiscal policies, which require a balanced budget, as well as other budget constraints and guidelines. These fiscal policies are included within the City's 2-year operating budget.

---

Recommendation 3: Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

West Hollywood Response:

- a. The City of West Hollywood agrees with the finding.
- b. The City's detailed fiscal policies require that the City reserve one-time revenues, and/or use them for one-time capital or one-time program expenditures, instead of committing them to fund recurring or on-going expenditures. The City's detailed fiscal policies are included within the City's 2-year operating budget.

---

Recommendation 4: Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating reserves in years of short fall.

West Hollywood Response:

- a. The City of West Hollywood agrees with the finding.
- b. The City maintains an appropriated General Fund Working Reserve equivalent to 20% of the General Fund Budget and an appropriated Emergency Reserve Equivalent to 5% of the General Fund Budget. Both reserves are required pursuant to the City's detailed fiscal policies, which are included within the City's 2-year operating budget.

**GOVERNANCE PRACTICES**

Recommendation 1: Cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities for the city.

West Hollywood Response: Pursuant to page 158 of the Civil Grand Jury Report a response to this question is not required from the City of West Hollywood.

---

Recommendation 2: Cities should develop and report on performance measures or indicators to evaluate outcomes. These performance measures should be quantified, focused on outcomes and information should be provided for several years to allow evaluation of progress over time.

West Hollywood Response: Pursuant to page 158 of the Civil Grand Jury Report a response to this question is not required from the City of West Hollywood.

---

Recommendation 3: City councils should develop specific annual goals for the city's executive.

West Hollywood Response: Pursuant to page 158 of the Civil Grand Jury Report a response to this question is not required from the City of West Hollywood.

---

Recommendation 4: City councils should conduct meaningful evaluations of the city's executive at least annually.

West Hollywood Response: Pursuant to page 158 of the Civil Grand Jury Report a response to this question is not required from the City of West Hollywood.

---

Recommendation 5: Cities should publish their financial reports or CAFR on their city's website.

West Hollywood Response: Pursuant to page 158 of the Civil Grand Jury Report a response to this question is not required from the City of West Hollywood.

**FINANCIAL MANAGEMENT**

Recommendation 1: Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

West Hollywood Response:

- a. The City of West Hollywood partially agrees with the finding. The City agrees that the City Council should have some oversight of the independent auditor; however, the City disagrees that an Audit Committee composed of City Council Members should be responsible for the work of the independent auditor.
- b. The City does not currently have a plan to implement their recommendation for the following reasons. First, the work that would be performed by the Audit Committee is already partially performed by the City Council Budget Sub-Committee; implementing an Audit Committee would duplicate some of the work. Second, because City Council Members are elected officials who do not work for the City full-time, the City does not believe that it is prudent to have the City Council Members be "directly responsible for the appointment, compensation, retention, and oversight of the work of the independent accountants engaged for the purpose of preparing or issuing an independent audit report or performing other independent audit, review, or attest services", as is outlined in the recommendation. Currently, all City Council members are informed of any findings or concerns brought forward by the auditor.

---

Recommendation 2: Cities that do not currently select the auditor through a competitive process should do so.

West Hollywood Response: Pursuant to page 159 of the Civil Grand Jury Report a response to this question is not required from the City of West Hollywood.

---

Recommendation 3: Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.

West Hollywood Response: Pursuant to page 159 of the Civil Grand Jury Report a response to this question is not required from the City of West Hollywood.

---

Recommendation 4: Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees.

West Hollywood Response: Pursuant to page 159 of the Civil Grand Jury Report a response to this question is not required from the City of West Hollywood.

Recommendation 5: Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

West Hollywood Response: Pursuant to page 159 of the Civil Grand Jury Report a response to this question is not required from the City of West Hollywood.

---

Recommendation 6: Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.

West Hollywood Response: Pursuant to page 160 of the Civil Grand Jury Report a response to this question is not required from the City of West Hollywood.

---

Recommendation 7: Cities should periodically review and update internal control procedures over financial management.

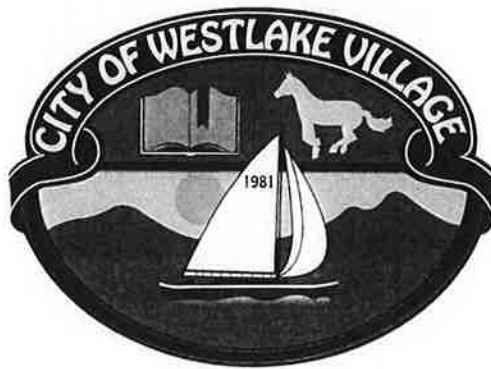
West Hollywood Response: Pursuant to page 160 of the Civil Grand Jury Report a response to this question is not required from the City of West Hollywood.

---

Recommendation 8: Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

West Hollywood Response:

- a. The City of West Hollywood agrees with the finding.
- b. The City plans to implement this recommendation at the end of the contract term with its current auditor.



PHILIPPA KLESSIG  
Mayor

ROBERT SLAVIN  
Mayor Pro Tem

MARK RUTHERFORD  
Councilmember

NED E DAVIS  
Councilmember

SUSAN McSWEENEY  
Councilmember

September 26, 2013

**VIA CERTIFIED MAIL**

Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

Subject: City of Westlake Village's Responses to the 2012-13 Los Angeles County  
Civil Grand Jury Report

Dear Presiding Judge:

Please be informed that this letter along with the attachment to this correspondence serve as the City of Westlake Village's responses to the 2012-13 Los Angeles County Civil Grand Jury Report (Report). Specifically, the Grand Jury has requested a written response to the Findings and Recommendations contained in the Report, pursuant to Penal Code Section 933.05. The attachment to this letter containing the City's responses to the Report was reviewed and approved by the City Council on September 25, 2013.

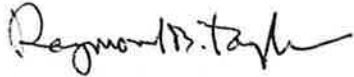
The City of Westlake Village places the highest emphasis and importance in adhering to the "best practices" for governance and financial management, as established by the Government Finance Officers Association (GFOA). The City has been awarded the "*Certificate of Achievement for Excellence in Financial Reporting*" by the GFOA for the last twenty-six (26) consecutive years. Furthermore, the City has demonstrated excellent leadership and management over its fiscal health through City Council adopted policies. Chief among these policies are the following: the establishment of both uncommitted General Fund and Capital Improvement Program reserves and the mandated growth in these two reserve levels each year; the preparation of a ten-year budget forecast and a fiscal health report each fiscal year; the preparation and adoption of two-year City budgets; and the annual review of all City contracts associated with outside vendors and firms providing services to the City to ensure that contract costs are competitive in the

Los Angeles County Superior Court  
September 26, 2013  
Page Two

marketplace. Additionally, the City Council conducts an annual goals session each January followed by quarterly goals status meetings to ensure that City programs, projects and activities remain consistent and aligned with the City's fiscal priorities.

Thank you for providing the City an opportunity to respond to the Grand Jury Report. Should you have any questions concerning the City's responses contained in the attachment to this letter, please contact me at your convenience.

Sincerely,



Raymond B. Taylor  
City Manager

cc: City Council

Attachment: City of Westlake Village Responses to Grand Jury Findings and Recommendations

**TO:** Mayor and City Council

**FROM:** Raymond B. Taylor, City Manager

**SUBJECT: REVIEW AND APPROVAL OF CITY OF WESTLAKE VILLAGE  
RESPONSE TO LOS ANGELES COUNTY GRAND JURY REPORT ON  
CITIES' FISCAL HEALTH, GOVERNANCE, FINANCIAL MANAGEMENT  
AND COMPENSATION**

### **OVERVIEW**

This agenda item addresses the City of Westlake Village's required response to the Los County Grand Jury report concerning cities' fiscal health, governance, financial management and compensation.

### **BACKGROUND**

Earlier this year the Los Angeles County Civil Grand Jury requested information from all 88 incorporated cities in Los Angeles County to determine the fiscal health of those cities. Specifically, the Grand Jury sought to determine if the cities were following the "best practices" for governance and financial management, as established by the Government Finance Officers Association (GFOA). The City of Westlake Village submitted the requested information which also included several documents detailing standards the City has in place related to audit, financial, budgetary, reporting, performance measurement, and investment policies. In June, the Grand Jury issued its overall report. By law, all cities must respond to the findings and recommendations of the report within ninety days. A report presenting the City's responses to the findings and recommendations is attached (Attachment 1).

### **FINDINGS AND ALTERNATIVES**

The Grand Jury report made several general findings that applied broadly across many or all cities studied and made several recommendations that required specific responses from all applicable cities, six of which were applicable to the City of Westlake Village. It is noted that because of the very general nature of the Grand Jury's findings (i.e., often applicable to many or most cities in the County), the City's response is based on the practices employed by Westlake Village, and indicates there is no basis for commenting on the findings as applied to other cities. However, where appropriate the



City's policies or actions related to the findings are described and all recommendations have been responded to in full.

**FISCAL IMPACT**

There is no fiscal impact associated with this agenda item.

**RECOMMENDATION**

Based on the foregoing, it is recommended that the City Council review and approve the City's reply to the Grand Jury's findings and recommendations regarding fiscal health, governance, and financial management, and direct staff to submit the response to the Grand Jury. Should the City Council concur, the following motion is in order:

**MOTION:** "I move that the City Council review and approve the City's response to the Grand Jury's findings and recommendations regarding fiscal health, governance, and financial management, and direct staff to submit the response to the presiding judge of the superior court."

**ROLL CALL:** Yes.

- Attachments:
- (1) City of Westlake Village Responses to Grand Jury Findings and Recommendations
  - (2) Cities of Los Angeles County Fiscal Health, Governance, Financial Management and Compensation Report

**City of Westlake Village  
Responses to Grand Jury Findings and Recommendations**

**Introduction**

The Los Angeles County Civil Grand Jury requested information to determine the fiscal health of all 88 incorporated cities within the County. The Grand Jury made seventeen general findings, four fiscal health recommendations directed to several cities, including Westlake Village, and eight financial management recommendations directed to several cities (only two of which are applicable to Westlake Village). In accordance with Penal Code Section 933, listed below are the City of Westlake Village's responses to the general findings as well as the six applicable recommendations. Also, the City has provided supplemental information regarding several categories dealing with Governance and Financial Management Best Practices (Table 10).

**Grand Jury Findings**

**Fiscal Health**

1. **Finding:** Most cities expended more than they received in revenues during FY 2011-12.

**Response:** The City of Westlake Village has generated a surplus of revenues over expenditures for many years as described in more detail in the City's response to Fiscal Health Recommendation #2 below. The City of Westlake Village has not analyzed whether or not most cities in Los Angeles County expended more than they received in FY 2011-12 and, therefore, has no basis for commenting further on this finding.

2. **Finding:** Most cities' total net assets and general fund balances declined during FY 2011-12, and several cities' ratios of total net assets to total liabilities are lower than desirable.

**Response:** The City of Westlake Village's net assets (ratio of assets to liabilities) were above the ideal ratio of 2.0 noted in the Grand Jury report (page 108) in both 2010-11 (3.13) and 2011-12 (3.16). With regard to the City's General Fund balance in FY 2010-11 and 2011-12, the City undertook one-time, extraordinary expenditures for several capital projects during that period which drew down reserves that had been planned for that purpose years in advance; however, the City's General Fund balance increased in each of the years from FY 2002-03 to FY 2008-09. The City of Westlake Village has not analyzed the net assets and fund balances of

other cities in Los Angeles County and, therefore, has no basis for commenting further on this finding.

### **Governance Practices**

1. **Finding:** Most cities have developed strategic plans to provide appropriate strategic focus and direction for the city.

**Response:** The City of Westlake Village has developed such plans. The City of Westlake Village has not analyzed whether or not most cities in Los Angeles County have developed strategic plans and, therefore, has no basis for commenting further on this finding.

2. **Finding:** Most cities have developed performance measures to demonstrate the results of their organizational activities and goals.

**Response:** The City of Westlake Village has developed performance measures to demonstrate the results of City activities and goals. The City of Westlake Village has not analyzed whether or not most cities in Los Angeles County have developed performance measures and, therefore, has no basis for commenting further on this finding.

3. **Finding:** All cities stated they have a formal policy agreement, or other documents that define the roles of city council and city executive.

**Response:** The City of Westlake Village Municipal Code defines the roles of the City Council and the City Manager. Additionally, the City Council's adopted City Council Manual further defines the duties, roles and responsibilities of both the City Council and the City Manager. The City of Westlake Village has not assessed whether or not all cities in Los Angeles County have a formal policy defining the roles of city council and city executives and, therefore, has no basis for commenting further on this finding.

4. **Finding:** Most city councils have established specific goals for executives at least annually.

**Response:** The City of Westlake Village establishes such goals on an annual basis. Furthermore, these goals are reviewed quarterly at duly noticed City Council meetings in order to assess the progress made in implementing them. The City of Westlake Village has not studied whether or not most cities in Los Angeles County have established specific annual goals for executives and, therefore, has no basis for commenting further on this finding.

5. **Finding:** Most cities have adopted a “Conflict of Interest” code.

**Response:** The City of Westlake Village has adopted a “Conflict of Interest” code. Also, the City Council has adopted a City Council Manual that further addresses ethical principles and practices as an additional reference guide for the City Council. The City of Westlake Village has not studied whether or not most cities in Los Angeles County have adopted a “Conflict of Interest” code and, therefore, has no basis for commenting further on this finding.

6. **Finding:** Most cities have adopted an “Investment” Policy.

**Response:** The City of Westlake Village has adopted an Investment Policy which is reevaluated and readopted at the City Council's reorganization meeting each year. The City of Westlake Village has not studied whether or not most cities in Los Angeles County have adopted an Investment Policy and, therefore, has no basis for commenting further on this finding.

7. **Finding:** Most cities published their financial reports or CAFR to their website.

**Response:** The City of Westlake Village has published its CAFR to its website. The City of Westlake Village has not studied whether or not most cities in Los Angeles County publish their financial reports or CAFR to their website and, therefore, has no basis for commenting further on this finding.

### **Financial Management Practices**

1. **Finding:** Few cities formally establish an audit committee responsible for monitoring and overseeing financial reporting.

**Response:** The City of Westlake Village does have a formally established committee which has oversight responsibility of the City's budget and accounting practices and procedures. The City of Westlake Village has not studied whether or not other cities in Los Angeles County have formally established an audit committee and, therefore, has no basis for commenting further on this finding.

2. **Finding:** All cities required their auditors to comply with independence standards and most select their auditors through a competitive process. Most also precluded that auditor from providing non-audit services.

**Response:** The City of Westlake Village requires its auditors to comply with independence standards, selects its auditors through a competitive process, and precludes that auditor from providing non-audit services. The City of Westlake Village has not studied whether or not other cities in Los Angeles County require their auditors to comply with independence standards, select their auditors through a competitive process, or preclude the auditor from providing non-audit services and, therefore, has no basis for commenting further on this finding.

3. **Finding:** Many cities could improve their documentation and maintenance of accounting policies and procedures.

**Response:** The City of Westlake Village maintains accounting policies and procedures. The City of Westlake Village has not studied whether or not cities in Los Angeles County could improve their documentation and maintenance of accounting policies and procedures and, therefore, has no basis for commenting further on this finding.

4. **Finding:** Many cities could improve their policies and procedures for reporting fraud, abuse, and questionable practices.

**Response:** The City of Westlake Village has not studied whether or not cities in Los Angeles County could improve their policies and procedures for reporting fraud, abuse, and questionable practices and, therefore, has no basis for commenting further on this finding.

5. **Finding:** Many cities could improve their internal control procedures over financial management.

**Response:** The City of Westlake Village has not studied whether or not cities in Los Angeles County could improve their internal control procedures over financial management and, therefore, has no basis for commenting further on this finding.

6. **Finding:** Most cities did not have a formal internal audit function.

**Response:** The City of Westlake Village does not currently have a formal internal audit function. The City of Westlake Village has not studied whether or not other cities in Los Angeles County have a formal internal audit function and, therefore, has no basis for commenting further on this finding.

7. **Finding:** Many cities' policies and procedures governing general fund unrestricted fund balance could be improved.

**Response:** The City of Westlake Village has adopted a General Fund Reserve Policy which governs both the use and annual growth in the uncommitted General Fund reserve to meet the City's needs. The City of Westlake Village has not studied whether or not cities in Los Angeles County have policies and procedures governing general fund unrestricted fund balance that could be improved and, therefore, has no basis for commenting further on this finding.

8. **Finding:** All cities maintained an adequate accounting system. Most issued timely financial statements and a CAFR in compliance with standards, and most made the CAFR readily accessible to the general public on their website.

**Response:** The City of Westlake Village maintains an adequate accounting system, issues timely financial statements and a CAFR in compliance with standards, and makes its CAFR readily accessible to the general public on its website. The City of Westlake Village has not studied whether or not other cities in Los Angeles County maintain an adequate accounting system, issue timely financial statements and a CAFR in compliance with standards, and make the CAFR readily accessible to the general public on their website and, therefore, has no basis for commenting further on this finding.

## **Grand Jury Recommendations and Required Responses**

### **Fiscal Health**

1. **Recommendation:** Cities should adopt financial planning, revenue and expenditure policies to guide city officials to develop sustainable, balanced budgets. (pg. 156)

**Response:** The City of Westlake Village disagrees with this recommendation because the City has already implemented such policies. The Westlake Village City Council has adopted financial policies and documents that have guided the operation, management, budgeting and auditing of the City's finances. Included in these policies and documents are the following:

- Excerpt on page 1 from each of the City's annual budgets adopted for the last twenty-one years: *"the City's operating budget is developed using conservative forecasting of revenues and expenditures; the City's operating budget is developed so as to maintain operating programs and projects as closely as possible to existing levels of service; and the City's operating budget is predicated on undertaking steps to protect and enhance the City's uncommitted General Fund reserve whenever possible."*

- The City's adopted Strategic Plan identifies a number of values of the highest importance to the community. Value #4 titled "Westlake Village: A Responsive Local Government" addresses six critical elements needed to ensure the implementation of this value. The common thread running through these six elements (*small in-house, cross-trained staffing contingent; customer service orientation; prudent fiscal/budgetary practices; diversification of City revenues; City Council annual goals; and community outreach efforts*) is the City's long-standing emphasis on fiscal prudence and accountability.
- As directed through City Council policy, the City prepares a Ten-Year Budget Forecast each year at the time the annual City budget is adopted. Attachment E to the FY 2013-14 City budget document reflects a sustainable, balanced budget projected for the next ten years (see attached).
- As directed through City Council policy, the City prepares a Fiscal Health Report each year at the time the annual City budget is adopted that provides a comprehensive analysis of the City's financial condition.

2. **Recommendation:** Cities should develop a balanced budget and commit to operate within the budget constraints. (pg. 157)

**Response:** The City of Westlake Village disagrees with this recommendation because the City already adopts balanced budgets each fiscal year. As the table below shows, the City has operated within those constraints and has ended each year with a surplus of operating revenues over expenditures for the period from FY 2002-03 through FY 2011-12.

CITY OF WESTLAKE VILLAGE  
TEN-YEAR FINANCIAL GENERAL FUND SUMMARY  
(FY 2002-03 THRU FY 2011-12)

	FY 2011-12	FY 2010-11	FY 2009-10	FY 2008-09	FY 2007-08	FY 2006-07	FY 2005-06	FY 2004-05	FY 2003-04	FY 2002-03
General Fund Revenue	\$9,920,561	\$9,645,545	\$8,830,029	\$9,686,530	\$10,678,535	\$9,488,406	\$8,927,797	\$8,456,155	\$7,362,246	\$7,845,595
Bond Proceeds				\$8,000,000						
General Fund Expenditures	-\$6,281,958	-\$6,834,960	-\$5,969,812	-\$5,695,566	-\$5,313,763	-\$5,462,213	-\$4,772,979	-\$4,595,667	-\$4,716,737	-\$3,900,372
Debt Service	-\$1,073,450	-\$1,069,650	-\$1,178,588	-\$746,816	-\$548,515	-\$542,018	-\$546,495	-\$557,792	-\$562,123	-\$555,261
Net	\$2,565,153	\$1,740,935	\$1,681,629	\$11,244,148	\$4,816,257	\$3,484,175	\$3,608,323	\$3,302,696	\$2,083,386	\$3,389,962
Capital Improvement	-\$2,706,781	-\$2,617,170	-\$9,689,709	-\$4,423,837	-\$3,133,577	-\$3,403,406	-\$2,431,180	-\$1,371,084	-\$888,609	-\$1,121,257
Net Change to Fund Balance	-\$141,628	-\$876,235	-\$8,008,080	\$6,820,311	\$1,682,680	\$80,769	\$1,177,143	\$1,931,612	\$1,194,777	\$2,268,705
Beginning Fund Balance	\$15,432,166	\$16,308,401	\$24,316,481	\$17,496,170	\$15,479,481	\$15,398,712	\$14,221,568	\$12,289,956	\$11,095,179	\$8,826,474
Ending Fund Balance	\$15,290,538	\$15,432,166	\$16,308,401	\$24,316,481	\$17,162,161	\$15,479,481	\$15,398,711	\$14,221,568	\$12,289,956	\$11,095,179

3. **Recommendation:** Cities should commit to not using one-time revenues to fund recurring or on-going expenditures. (pg. 157)

**Response:** The City of Westlake Village disagrees with this recommendation because the City has already addressed this recommendation in its Financial Reserve Policy which requires that General Fund revenues exceeding expenditures each year be transferred to the City's uncommitted reserve in order to *"meet essential service and funding requirements during periods of economic downturn, unforeseen natural disasters, reductions in revenue through actions by the State and/or Federal governments, other unexpected circumstances such as litigation arising from lawsuits, and cash flow constraints and working capital needs."* Furthermore, as demonstrated by the City's Ten-Year Financial General Fund Summary and its Ten-Year Budget Forecast, the City does not use one-time revenues to fund recurring or on-going expenditures.

4. **Recommendation:** Cities should adopt a method and practice of saving into a reserve or "rainy day" fund to supplement operating revenues in years of shortfall. (pg. 157)

**Response:** The City of Westlake Village disagrees with this recommendation because the City has already adopted both a Financial Reserve Policy and a Capital Improvement Program Reserve Policy which requires annual savings be placed in a General Fund reserve and a Capital Improvement Program reserve.

### **Financial Management**

1. **Recommendation:** Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

**Response:** The City of Westlake Village disagrees with this recommendation because the City already has created an Administrative Committee (composed of two Councilmembers) which is charged with the responsibility of interfacing with the City's independent auditor.

8. **Recommendation:** Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

**Response:** The City of Westlake Village disagrees with this recommendation because the City already has an administrative policy and practice to undertake a full-scale competitive request for proposals (RFP) process for independent external auditing services every 5 years.

### **Additional Responses to Governance and Financial Management Best Practices (Table10)**



10. **Question:** Does your city have an audit committee that is formally established by enabling resolution or other appropriate legal means?

**Response:** Yes. The City of Westlake Village has a formally established standing committee which has oversight responsibility of the City's annual audit. The committee is composed of two Councilmembers appointed by the City Council.

19. **Question:** Does your city have a formal policy requiring that the independent auditor be replaced at the end of the audit contract?

**Response:** Yes.

22. **Request:** Please provide a copy of the formal policies related to audit procurement.

**Response:** Attached is a copy of the City of Westlake Village's last request for proposals (RFP) document. This service will be competitively bid in the spring, 2014.

23. **Request:** Please provide any comments or explanations regarding your responses to audit procurement.

**Response:** The City of Westlake Village has adopted a Contract Services Policy which requires an annual review of all service contracts, including the contract for annual audit services, by a City Council standing committee to ensure that all services are competitively bid on a regular basis.

31. **Question:** Does your city have a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns about fraud, abuse, or questionable practices?

**Response:** Yes. The City of Westlake Village operates as a contract city with only ten-full time staff and several departments. The financial operations are limited to just one full-time staff member who is supervised directly by the City Manager and indirectly by the Assistant City Manager, and two contract staff (i.e., the Finance Director and Assistant Finance Director). Due to the small nature of the organization, there are multiple mechanisms and points of contact by which concerns regarding potential fraud, abuse or questionable practices could be expressed to key staff members, the City's independent auditor, the City Council's standing committee with oversight authority for the fiscal matters, and the City's contract City Attorney.

32. **Question:** Are concerns received regarding fraud, abuse, or questionable practices reviewed by internal auditors, with documentation reviewed by the Audit Committee?

**Response:** Yes.

**CITY OF WESTLAKE VILLAGE  
STATEMENT OF PROJECTED GENERAL FUND REVENUES  
AVAILABLE FOR THE CAPITAL IMPROVEMENT PROGRAM  
FOR TEN-YEAR PERIOD ENDING  
JUNE 30, 2023**

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
<b>SCENARIO 1</b>										
Revenues	\$ 11,190,970	\$ 11,743,140	\$ 10,289,173	\$ 10,439,491	\$ 10,594,052	\$ 10,748,889	\$ 10,908,037	\$ 11,067,529	\$ 11,231,402	\$ 11,395,691
Expenditures	7,834,310	7,770,565	7,907,542	8,081,036	8,193,700	8,372,935	8,489,470	8,675,859	8,794,096	8,992,368
Excess (deficiency)	3,356,660	3,972,575	2,381,630	2,358,455	2,400,353	2,375,954	2,418,567	2,391,670	2,437,306	2,403,323
Growth in General Fund, restricted CIP, and Bldg. & Maint. Fund Reserves	151,275	179,940	192,965	196,605	200,495	204,445	208,480	212,610	216,835	221,150
<b>TOTAL (available for CIP)</b>	<b>\$ 3,205,385</b>	<b>\$ 3,792,635</b>	<b>\$ 2,188,665</b>	<b>\$ 2,161,850</b>	<b>\$ 2,199,858</b>	<b>\$ 2,171,509</b>	<b>\$ 2,210,087</b>	<b>\$ 2,179,060</b>	<b>\$ 2,220,471</b>	<b>\$ 2,182,173</b>
<b>SCENARIO 2</b>										
Revenues	11,190,970	11,743,140	10,402,554	10,572,532	10,747,342	10,923,031	11,103,648	11,285,241	11,471,861	11,659,559
Expenditures	7,834,310	7,770,565	7,907,542	8,081,036	8,193,700	8,372,935	8,489,470	8,675,859	8,794,096	8,992,368
Excess (deficiency)	3,356,660	3,972,575	2,495,012	2,491,496	2,553,642	2,550,096	2,614,178	2,609,382	2,677,765	2,667,190
Growth in General Fund, restricted CIP, and Bldg. Bldg & Maint. Fund Reserves	151,275	179,940	192,965	196,605	200,495	204,445	208,480	212,610	216,835	221,150
<b>TOTAL (available for CIP)</b>	<b>\$ 3,205,385</b>	<b>\$ 3,792,635</b>	<b>\$ 2,302,047</b>	<b>\$ 2,294,891</b>	<b>\$ 2,353,147</b>	<b>\$ 2,345,651</b>	<b>\$ 2,405,698</b>	<b>\$ 2,396,772</b>	<b>\$ 2,460,930</b>	<b>\$ 2,446,040</b>
<b>SCENARIO 3</b>										
Revenues	11,190,970	11,743,140	10,494,630	10,700,608	10,912,697	11,126,977	11,347,533	11,570,451	11,799,818	12,031,724
Expenditures	7,834,310	7,770,565	7,907,542	8,081,036	8,193,700	8,372,935	8,489,470	8,675,859	8,794,096	8,992,368
Excess (deficiency)	3,356,660	3,972,575	2,587,088	2,619,573	2,718,997	2,754,041	2,858,063	2,894,592	3,005,722	3,039,356
Growth in General Fund, restricted CIP, and Bldg. Bldg & Maint. Fund Reserves	151,275	179,940	192,965	196,605	200,495	204,445	208,480	212,610	216,835	221,150
<b>TOTAL (available for CIP)</b>	<b>\$ 3,205,385</b>	<b>\$ 3,792,635</b>	<b>\$ 2,394,123</b>	<b>\$ 2,422,968</b>	<b>\$ 2,518,502</b>	<b>\$ 2,549,596</b>	<b>\$ 2,649,583</b>	<b>\$ 2,681,982</b>	<b>\$ 2,788,887</b>	<b>\$ 2,818,206</b>

**TO:** Mayor and City Council  
**FROM:** Raymond B. Taylor, City Manager  
**SUBJECT: SELECTION OF NEW AUDITING FIRM**

### **OVERVIEW**

The purpose of this agenda item is to review and consider the audit proposals submitted from qualified firms interested in providing annual auditing services for the City.

### **BACKGROUND**

As mandated by State law, the City is required to conduct an annual independent audit of all financial transactions made during the fiscal year. An annual audit is a standard financial activity for cities and is usually performed by a firm which specializes in governmental auditing services.

For the last several years, the City's audit has been performed by Macias Gini & O'Connell, LLP (formerly Moreland and Associates). Staff has been very pleased with the services provided by the firm over the past few years. The firm provided auditing services beginning with fiscal year 2004-05 for two years and subsequently the City Council approved continuation of the engagement for an additional two years.

The Government Finance Officers Association (GFOA) recommended practice regarding audit procurement includes multi-year agreements and replacement of the independent auditor at the end of the audit contract. Accordingly, staff prepared an RFP document and recently solicited competitive proposals for this service. The RFP outlined all of the City's auditing requirements and requested proposals addressing an initial three-year engagement period followed by an optional two-year extension at the City's discretion. Following circulation of the RFP, five proposals were received by the May 29<sup>th</sup> deadline (see attached summary).

### **FINDINGS AND ALTERNATIVES**

Staff has reviewed the proposals received for auditing services and is recommending the firm of Moss, Levy & Hartzheim, LLP as the City's new auditing firm. Although Moss, Levy & Hartzheim's proposal offered the City the best price, the principal factor in

recommending the selection of this firm is their experience and professional staffing and their overall ability to perform a quality audit for the City. The firm has offices in Beverly Hills and Santa Maria and has clients throughout the State. References from entities with similar engagements spoke very highly of the firm.

### **FISCAL IMPACT**

Should the firm of Moss, Levy & Hartzheim, LLP, be selected to perform the City's audit in 2009, 2010 and 2011, the annual costs would total \$14,940, \$15,390 and \$15,840, respectively. This includes the cost of a Single Audit in the amounts of \$3,150, \$3,244 and \$3,339 respectively which may not be necessary and would reduce the cost accordingly. The Single Audit Act requires that nonfederal entities that expend \$500,000 or more a year in federal awards have a single or program-specific audit in accordance with the provisions of the Act's audit requirements. The City incurred audit costs of \$19,500 this fiscal year.

In summary, as the FY 2009-10 City budget includes appropriations to cover the costs of undertaking this year's City audit, no budget adjustment is required.

### **RECOMMENDATION**

Based on the foregoing, it is recommended the City Council award a three-year contract for annual audit services to the firm of Moss, Levy & Hartzheim, LLP. Should the City Council concur, the appropriate motion is as follows:

**MOTION:** "I move that a three-year contract for annual auditing services be awarded to the firm of Moss, Levy & Hartzheim, and that the City Attorney be authorized to prepare the necessary contract documents for execution by the Mayor and City Clerk."

**ROLL CALL:** Yes

Attachments: (1) Listing of audit proposals

H:\Ray\WORK\STAFFRPT\audit services 2009.wpd

**CITY OF WESTLAKE VILLAGE  
REQUEST FOR PROPOSALS  
AUDIT SERVICES**

**I. NOTICE OF REQUEST FOR PROPOSALS**

NOTICE IS HEREBY GIVEN that the City of Westlake Village (hereinafter referred to as "CITY") requests proposals for the above stated purpose and will receive such proposals in the City Manager's Office, 31200 Oaks Crest Drive, Westlake Village, California, 91361 up to the hour of 5:00 p.m. on (insert date).

The services to be performed are fully described in this request for proposals. Copies of the request for proposals are available from the CITY at the above referenced address. The general scope of work to be performed includes conducting an independent audit of the CITY's financial statements for an initial three-year period, with an option, at CITY's sole discretion, to extend for an additional two years. Auditing services will begin with the fiscal year ending (insert date).

The CITY reserves the right to reject any and all proposals, and to waive any irregularity of this request for proposals.

---

Raymond B. Taylor, City Manager

Date: (insert date)

## **II. INSTRUCTIONS FOR SUBMITTING PROPOSALS**

It is the proposer's responsibility alone to ensure that the proposal is received by the City Manager prior to the hour and date specified in Section I. of this request for proposals. Any proposal received by the City Manager after that hour and date shall be returned unopened and is therefore ineligible for consideration.

Each proposer shall submit seven copies of a completed proposal which responds to, and complies with, all the requirements and provisions of this request for proposals.

The City of Westlake Village will not be liable for any costs incurred in preparing proposals or associated travel costs. The proposer shall furnish the CITY with such additional information as the CITY may reasonably require.

## **III. BRIEFING CONFERENCE**

All parties, firms and individuals submitting proposals are invited to attend a briefing conference between staff and proposers to discuss details of the CITY'S finances and request for proposals requirements. The briefing conference will be held on (insert date) at 10:30 a.m., located at the City of Westlake Village, 31200 Oak Crest Drive, Westlake Village.

## **IV. GENERAL AND FINANCIAL INFORMATION ABOUT THE CITY OF WESTLAKE VILLAGE**

The City of Westlake Village operates under a Council-Manager form of government. There are five members of the City Council elected at large, one of whom is selected by the City Council to serve as Mayor. The CITY contracts for most services, including law enforcement, legal, public works, building and safety, and street maintenance services. The CITY's staffing contingent presently consists of ten full-time employees and several part-time employees. At the close of FY (insert), the CITY projects general fund revenues of (insert), general fund expenditures of (insert), restricted fund revenues of (insert), and restricted fund expenditures of (insert).

The CITY's financial operations are managed by the City's part-time Finance Officer/City Treasurer. Limited staffing assistance (i.e. assembling of financial records and files, responding to questions, issues, etc.) for the audit will be performed by this position as well as other in-house staff.

## **V. SCOPE OF AUDIT SERVICES**

The services to be performed include the following:

1. Conduct a full-scope independent audit of all CITY funds and account

groups in accordance with generally accepted governmental auditing standards. The audit must cover the entire operations of the CITY and must determine whether: (1) the financial statements present fairly its financial operations in accordance with generally accepted accounting principles for local governments; and (2) the organization has internal accounting and other control systems to provide reasonable assurance that it is managing programs in compliance with applicable laws and regulations.

2. Preparation of a Comprehensive Annual Financial Report (except for the statistical section which will be prepared by CITY staff) in accordance with generally accepted accounting principles for local governments.
3. Preparation of a management letter to the City Manager and Finance Officer/City Treasurer reporting any weaknesses in the CITY's financial management systems and procedures, and recommending corrective actions.
4. Attend one City Council meeting for the purpose of reviewing and discussing the annual audit.
5. Provide limited consultation and advice regarding generally accepted accounting practices as needed throughout the year to facilitate the annual auditing process.

## **VI. CONTENT OF PROPOSAL**

All proposals must contain a complete written response to all of the following:

1. A full and complete description of the services to be performed.
2. An explanation of the provider's experience in performing municipal government audits.
3. Names and qualifications of specific individuals who will be assigned to perform all services identified in this request for proposals.
4. An exact description of fees for performing all services, including the following:
  - a. an hourly rate for each staff classification involved in the audit;
  - b. a not-to-exceed annual fee covering the full scope of services to be performed; and
  - c. a schedule indicating the amount of time (including total hours of service and number of work days) estimated to complete all



services. All work associated with the FY 2004-05 audit is to be completed by no later than November 15, 2005.

5. A listing of three (3) references where similar services were provided, including client name, length of time your firm provided services, contact personnel, address, and telephone number.

## **VII. INTERPRETATIONS OF THE REQUEST FOR PROPOSALS**

If the proposer is in doubt as to the true meaning of any part of this request for proposals, or finds discrepancies in or omissions from the request for proposals, the proposer shall have the responsibility to submit to the CITY'S Finance Officer/City Treasurer a written request for an interpretation or correction thereof prior to the deadline for receipt of proposals. The proposer shall be responsible for the prompt and assured delivery of their proposal to CITY.

The CITY shall not be responsible for any explanation or interpretations of the request for proposals other than by written addendum delivered to each proposer. No oral interpretations of any provision in this request for proposals shall be binding upon the CITY.

## **VIII. REVIEW OF PROPOSALS AND SELECTION PROCESS**

After the proposals are received and opened by CITY, the City Manager and Finance Officer/City Treasurer shall review and evaluate all proposals for the responsiveness to this request for proposals and the bid amount indicated for the services to be provided. At the completion of the proposal review, the City Manager and Finance Officer/City Treasurer will interview the top firm(s); a subsequent interview may be conducted involving the City Council's Finance/Budget Committee.

Proposals will be evaluated to ascertain which proposer best meets the needs of the CITY. Factors to be considered include, but are not limited to, the following:

1. the proposer's responsiveness in clearly stating the understanding of the services to be performed;
2. the acceptability of the proposed audit approach;
3. the firm's overall experience in providing similar services based on references of former and/or current clients;
4. the experience and professional qualifications of those individuals assigned to complete the audit; and
5. the proposed audit fee.

Staff anticipates providing a recommendation regarding the selection of a firm

and the award of a contract at the City Council's regular meeting on July 27, 2005.

**IX. AWARD OF SERVICE AGREEMENT**

The CITY reserves the right to reject any or all proposals, and to waive any irregularity of the request for proposals. The award of a service contract, if made by CITY, will be based upon a total review and analysis of each proposal and projected costs.

The firm awarded to provide audit services to CITY shall be required to enter into a written contract in a form approved by the CITY's legal counsel. CITY reserves the right to negotiate the terms and conditions of the contract with the selected firm.





# City of Whittier

13230 Penn Street, Whittier, California 90602-1772  
(562) 567-9999 www.cityofwhittier.org

Bob Henderson  
Mayor

Cathy Warner  
Mayor Pro Tem

Fernando Dutra  
Council Member

Joe Vinatieri  
Council Member

Owen Newcomer  
Council Member

Jeffrey W. Collier  
City Manager

September 18, 2013

The Honorable David S. Wesley  
Presiding Judge  
Los Angeles County Superior Court  
Clara Shortridge Foltz Criminal Justice Center  
210 West Temple Street  
Eleventh Floor, Room 11-506  
Los Angeles, California 90012

Dear Judge Wesley:

**Re: City of Whittier Response to Recommendations of 2012-2013 Los Angeles County Civil Grand Jury Report on Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation**

In accordance with California Penal Code Sections 933(c) and 933.05, the following are the City of Whittier's responses to the subject Civil Grand Jury report.

## Fiscal Health

1. Cities should adopt financial planning, revenue and expenditure policies to guide officials to develop sustainable balanced budgets.

The City agrees with this finding.

The City believes this recommendation has been implemented through a combination of City Council policy direction, utilization of a 5-year forecasting model, an adopted fund balance reserve policy and an organizational commitment to adopting balanced budgets. The recent recession, combined with the ongoing needs of the community and unanticipated revenue losses makes this recommendation challenging, but it has been and will continue to be the City's goal to adopt balanced budgets.

2. Cities should develop a balanced budget and commit to operate within the budget constraints.

The City agrees with this finding.

The City believes this recommendation has been implemented through the City Council's commitment to adopting balanced budgets. The recent recession, combined with the ongoing needs of the community and unanticipated revenue losses makes this recommendation challenging, but it has been and will continue to be the City's goal to adopt balanced budgets.

3. Cities should commit to not using one-time revenues to fund recurring or on-going expenditures.

The City agrees with this finding.

The City believes this recommendation has been implemented through the City Council's commitment to adopting balanced operating budgets. The recent recession, combined with the ongoing needs of the community and unanticipated revenue losses makes this recommendation challenging, but it has been and will continue to be the City's goal to adopt balanced budgets.

4. Cities should adopt a method and practice of saving into a reserve fund to supplement operating revenue in years of short fall.

The City agrees with this finding.

The City believes this recommendation has been implemented through the City Council's adoption of a fund balance reserve policy and the establishment of two contingency reserves. The recent recession, combined with the ongoing needs of the community and unanticipated revenue losses makes this recommendation challenging, but it has been and will continue to be the City's goal to adopt balanced budgets.

### Financial Management

1. Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

The City agrees with this finding.

The City believes this recommendation has been implemented through the City Council functioning as the audit committee. While the City understands

this recommendation is based on the Government Finance Officers Association's *Blue Book on Governmental Accounting, Auditing, and Financial Reporting* (2012), page 762 (footnote 3) acknowledges "that sometimes the governing body itself functions as the audit committee". The City Council has taken the position of responsibility for the financial statement audit and this is further enhanced by the Statement on Auditing Standards (SAS) no. 114, which provides a mechanism for communication between the independent auditors and those in governance. In addition, the City's Charter defines the entire City Council as being responsible for the annual audit.

2. Cities that do not currently select the auditor through a competitive process should do so.

The City agrees with this finding.

The City believes this recommendation has been implemented and this is the City's current practice. The City's current audit contract was awarded through a competitive process and this has been the City's practice for the past several years.

4. Cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility.

The City agrees with this finding.

The City believes this recommendation has been implemented and this is the City's current practice. While the City acknowledges that a standardized formatting of these desk procedures and procurement guidelines may be beneficial, the organization's financial management and audit staff have reviewed these documents to ensure the necessary and appropriate information is provided.

8. Cities should undertake a full-scale competitive process every 5 years for the selection of an independent external auditor.

The City agrees with this finding.

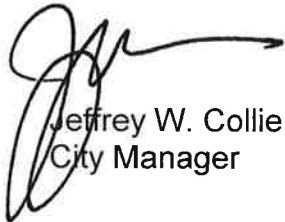
The City believes this recommendation has been implemented and this is the City's current practice. The City is currently in the third year of a five-year external audit contract. It should be noted for consistency that the Government Finance Officers Association's *Blue Book on Governmental Accounting, Auditing, and Financial Reporting* (2012), page 772, actually recommends "the use of a multiyear audit contract of at least five years." In

The Honorable Judge Wesley  
Page 4 of 4  
September 18, 2013

addition, one of the advantages suggested for auditor rotation (such as obtaining a "fresh prospective") can often be achieved by rotating staff within the same firm.

If you should have any questions, please feel free to contact Rod C. Hill, our City Controller, at (562) 567-9810, or myself at (562) 567-9301.

Sincerely

A handwritten signature in black ink, appearing to read 'Jeffrey W. Collier', with a long horizontal flourish extending to the right.

Jeffrey W. Collier  
City Manager

cc: City Council  
Rod Hill, City Controller/Director of Human Resources