Pedro Carrillo, Interim Chief Administrative Officer
City of Bell
6330 Pine Ave.
Bell, CA 90201-1221

Dear Mr. Carrillo:

CHANGES TO THE COMMUNITY DEVELOPMENT COMMISSION'S
COMMUNITY DEVELOPMENT BLOCK GRANT ADMINISTRATIVE
AUTHORITY FOR FISCAL YEAR 2012-2013

As we close out calendar year 2011, the Community Development Commission (CDC) has begun the process of planning for the Fiscal Year (FY) 2012-2013 Community Development Block Grant (CDBG) Program. According to a recent appropriation approved by Congress and the President, the U.S. Department of Housing and Urban Development (HUD) programs have again been impacted by deep funding cuts. Based on this action, the national CDBG Program will receive an allocation of $2.948 billion in FY 2012-2013 (down from $3.343 billion in 2011-2012).

In addition to receiving a funding decrease at the national level, HUD has notified grantees that FY 2012-2013 marks the first year that the CDBG allocation formula will rely on the Census Bureau's new annual data source - the American Community Survey (ACS) - and the 2010 Census population counts. Based on this population data, HUD informed participating jurisdictions that lower population counts could negatively impact program allocations. According to HUD, the Los Angeles Urban County's population has significantly dropped since 2007. Using these new statistics, and the national reduction to the CDBG Program, the Los Angeles County is targeted to receive a significant cut in CDBG funding. Although we do not have the final allocation figures, HUD has projected that the cut will likely result in a 21.98% reduction to the Los Angeles Urban County's CDBG Program.

Given the ongoing trend of funding reductions to the Program, coupled with this most recent decrease, the CDC has reluctantly determined that it can no longer continue to allocate administrative authority to the participating cities for their CDBG programs, effective in FY 2012-2013. This policy change will not alter the formula used to allocate funding, rather it requires funding previously used for your CDBG administration project to now be used in direct support of project costs.

Reaching this determination did not come easily, and was made after careful evaluation of our role and responsibilities in effectively administering the nation’s largest Urban County program in compliance with all federal requirements. As we have previously discussed, the CDC has had to adjust to a continuing cycle of funding reductions over the last 11 years, which has seen our annual allocation of approximately $38 million in 2001, reduced almost yearly, to the current projected allocation of $23 million in 2012, a $15 million dollar decrease. When we were informed of the significant cuts for this year, my letter to City Managers dated May 3, 2011, provided the following message:

*Strengthening Neighborhoods • Supporting Local Economies • Empowering Families • Promoting Individual Achievement*
Cuts in CDBG funding have necessitated the reduction of the cities' administrative authority from 10.0% to 7.5%, allowing the CDC to stay within the statutory 20% administrative cap;

- The funding reduction has also required the CDC to make significant internal administrative changes including freezing all management salaries and reducing CDBG Division staff by six (6) positions; and

- Cities were asked to brace for the likelihood of additional CDBG grant reductions expected in the Federal FY 2012 budget.

Over the years, through internal changes such as automation, streamlining, reorganization, management salary freezes, and staff reductions, we have been able to balance rising costs against declining revenues without sacrificing services or funding to our cities. Through these cuts and adjustments, the County was able to absorb any program funding losses, preventing any reduction of administrative authority to the cities. However, HUD's most recent reduction (21.98%) coupled with the current year's cut (16%) has presented the Los Angeles County with a devastating 37.25% funding cut over two (2) years, requiring unprecedented action to address the situation. The CDC's response to the recent cut has included the elimination of two (2) management positions (a Supervisor and a Manager), an intensified effort to further streamline our administrative procedures, and the planned review of current staffing levels to determine if additional actions are necessary.

We understand that this policy change will have a significant impact on the cities, since we have seen firsthand how fixed administrative costs are not easily reduced and, when cut, seriously challenge budget and program efficiency. With this in mind, we will dedicate our efforts to provide the necessary support and technical assistance needed to help cities realign some administrative costs to a "project-based" model. Within the next month, a CDBG Bulletin will be issued providing additional information on the policy change and identifying the timeframes for when our CDBG Division staff will be available to provide in-depth joint financial and programmatic technical assistance. Through this support, we will help identify and confirm eligible costs previously charged to your CDBG administration project that may, in the future, be directly charged to your other projects, while also recommending appropriate methods to track and report these expenditures.

In conclusion, we would like to emphasize that we value the partnership we have with you, and know that together we make the Los Angeles Urban County CDBG Program one of the best in the nation. If you have any questions regarding these changes, please contact Terry Gonzales, CDBG Director, at (323) 890-7150.

Sincerely,

SEAN ROGAN
Executive Director

/c: Lourdes Garcia, Director of Administrative Services
Exhibit C

ELIGIBLE ACTIVITIES

Community Development Block Grant (CDBG) funds may only be used for projects and activities that meet one of the following national objectives of the program:

- Benefit low- and moderate-income persons; or
- Addressing slums or blights; or
- Meeting a particularly urgent community development need.

Under current guidelines, the City of Bell may use CDBG funds for a variety of activities including:

1. **Acquisition of Real Property**
   Example: Acquisition of land, air rights, easements, water rights, rights-of-ways, building and other real property improvements.

2. **Disposition of Real Property**
   Example: Disposition of real property acquired with CDBG funds through sale, lease or donation including fees and costs associated with the transfer of ownership of real property.

3. **Public Facilities and Improvements**
   Example: Parking, streets, curbs, gutters and sidewalks, parks and playgrounds, shelters for the homeless, water and sewer facilities, flood and drainage improvements, community, senior and health centers.

4. **Acquisition, Reconstruction, Rehabilitation or Installation of Privately-Owned Utilities**
   Example: Pay the costs of placing underground new or existing power lines owned by private utilities.

5. **Clearance, Demolition, Removal or Building and Improvements, or Movement of Structure to Other Sites**
   Example: Demolition of vacant structure and removal of the debris to make a neighborhood park and playground available to residents in a low/moderate income neighborhood.

6. **Public Services**
   Example: Child care, health care, job training, recreation programs, education programs, public safety services, fair housing activities, services for senior citizens, services for homeless persons, drug abuse counseling and treatment, and energy conservation counseling and testing.

7. **Interim Assistance**
   Example: Improvements to a deteriorating area as a prelude to permanent improvements or alleviation of harmful conditions where immediate public action is necessary.

8. **Relocation Payments and Assistance**
   Example: Relocation and payments to displaced individuals, families, businesses, or nonprofit organizations that result from the acquisition of property for CDBG-assisted purposes.
9. **Loss of Rental Income**  
Example: Loss of rental income incurred in holding housing units used for the relocation of individuals and families displaced by CDBG-assisted activities.

10. **Removal of Architectural Barriers**  
Example: Installation of ramps, curb cuts, wider doors, elevators, and physical modification to buildings, facilities and improvements to make them accessible.

11. **Housing Rehabilitation**  
Example: Financial assistance such as grants and deferred loans for the rehabilitation of any publicly or privately-owned residential property.

12. **New Housing Construction**  
Example: Funding for housing construction project that has received funding through a Housing Development Grant (HODAG), or housing to be constructed by a local development corporation, small business investment company, or neighborhood-based nonprofit organization.

13. **Code Enforcement**  
Example: Inspections in a low/moderate income neighborhood targeted for rehabilitation assistance, a neighborhood facility and street reconstruction.

14. **Historic Preservation**  
Example: Rehabilitation, preservation and restoration of historic properties.

15. **Commercial or Industrial Rehabilitation**  
Example: Improvements to the exterior of the building and the correction of code violations.

16. **Special Economic Development**  
Example: Loans to pay for the expansion of a commercial business which will create jobs for low/moderate income persons, or technical assistance to a business facing bankruptcy.

17. **Special Activities by Neighborhood-Based Nonprofit Organizations, Small Business Investment Companies, or Local Development Corporations**  
Example: Provide grants or loans to carry out a neighborhood revitalization, community economic development or energy conservation program.

18. **Planning and Capacity Building**  
Example: Comprehensive plans, individual project plans, community development plans, studies, analysis and data gathering.
Exhibit D

INELIGIBLE ACTIVITIES

Activities and projects that are ineligible for CDBG funding include:

1. Buildings or portions thereof, used for the general conduct of government.

2. General government expenses.

3. Political activities.

4. Purchase of equipment, unless otherwise required for program.

5. Operating and maintenance expenses.

6. New housing construction, except housing of last resort of last resort for persons displaced due to a CDBG project, housing to be funded through a Housing Development Grant (HODAG), or housing to be constructed by a local development corporation, small business investment company, or neighborhood-based nonprofit organization.

7. Income payments to an individual or family for items such as food, clothing, housing or utilities.
AFFIDAVIT OF POSTING

I, the undersigned, Rebecca Valdez, City Clerk of the City of Bell, declare under penalty of perjury of the laws of the State of California that the following was posted on December 9, 2011 at the posting locations listed below:

PUBLIC HEARING NOTICE
January 11, 2012
2012-2013 Community Development Block Grant Program

Posting Locations are:

**Bell City Hall**  
6330 Pine Avenue  
Bell, California 90201

**Bell Community Center**  
6250 Pine Avenue  
Bell, California 90201

**Bell Library**  
4411 Gage Avenue  
Bell, California 90201

Dated: December 9, 2011

[Signature]

Rebecca Valdez, CMC  
City Clerk
CITY OF BELL

PUBLIC HEARING NOTICE
January 11, 2012
2012-2013 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

NOTICE IS HEREBY GIVEN that the City Council of the City of Bell will conduct a Public Hearing to receive citizen input on projects to be submitted to the U.S. Department of Housing and Urban Development (HUD) for funding through the Community Development Block Grant (CDBG) Program.

The City of Bell receives Federal Community Development Block Grant (CDBG) funds, from the U.S. Department of Housing and Urban Development, as a participant in the Los Angeles Urban County Program on an annual basis. Projects discussed at the meeting, which are determined to be eligible under Federal Guidelines, and will principally benefit persons of low and moderate incomes, will be considered for inclusion in the County of Los Angeles Community Development Commission’s 2012-2013 Consolidated Plan.

The recommended CDBG projects to be funded during the 2012-2013 program year may include but not be limited to residential rehabilitation, graffiti removal, code enforcement, handyworker program, lead paint testing/abatement, and CDBG program management. The proposed budget for each of these recommended projects will be considered at the public hearing. The approved CDBG projects and accompanying budgets will be submitted to the County of Los Angeles Community Development Commission for inclusion in its application to HUD.

All interested citizens are encouraged to attend. Persons attending the hearing will be furnished with the following information: 1) the amount of CDBG funds expected to be available to the City for the upcoming year; 2) range of housing and community development activities that are currently funded under the CDBG Program.

Written comments may be submitted to the City Clerk up until the closing of the public hearing on January 11, 2012. All interested parties are encouraged to appear and be heard on this item. If you challenge the nature of the proposed action in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this Notice, or in the written correspondence delivered to the public entity conducting the hearing at, or prior to, the Public Hearing. For further details contact the CDBG Office at (323) 773-1596.

The Public Hearing by the City Council will be held on Wednesday, January 11, 2012 at 7:00 p.m., in the Bell Community Center located at 6250 Pine Avenue, Bell, CA, 90201.

6250 Pine Avenue Bell, CA 90201 • Ph: (323) 773-1596 • Fax: (323) 560-1179
DATE: January 11, 2012

TO: Honorable Mayor and Members of the City Council

FROM: Nancy Fong, AICP Interim Community Development Director
       Carlos M. Chacon, Assistant City Planner

APPROVED
BY: Arne Croce, Interim Chief Administrative Officer

SUBJECT: AN EXTENSION OF URGENCY ORDINANCE NO. 1183 OF THE CITY OF BELL ESTABLISHING A MORATORIUM ON THE ACCEPTANCE, PROCESSING OR THE ISSUANCE OF CONDITIONAL OR SPECIAL USE PERMITS, OR ENTITLEMENTS FOR ALL RECYCLING FACILITIES IN THE CITY OF BELL.

RECOMMENDATION: The City Council approves Ordinance No. 1184 as stated below:

AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELL, CALIFORNIA, EXTENDING A MORATORIUM ADOPTED BY ORDINANCE NO. 1183 BY 10 MONTHS AND 15 DAYS, ON THE ACCEPTANCE, PROCESSING, ISSUANCE, OR APPROVAL OF ANY CONDITIONAL OR SPECIAL USE PERMITS OR ENTITLEMENTS FOR THE ESTABLISHMENT OF ANY TYPE OF RECYCLING FACILITY WITHIN THE CITY LIMITS PENDING THE COMPLETION OF STUDIES AND THE PREPARATION OF NEW AND UPDATED ORDINANCES REGULATING RECYCLING FACILITIES.

BACKGROUND:

On December 14, 2011, the City Council determined that there were sufficient facts of findings to support the declaration of an Urgency Ordinance establishing a moratorium on recycling facilities; and, directed staff to prepare a study to examine the adequacy of current development standards and the need to establish new regulations for recycling facilities in the City.
ADEQUACY OF CURRENT CODES:

Chapter 17.80 of the Bell Municipal Code (BMC) was established to regulate small and large recycling facilities within the City. These requirements were approved to establish uniform control and regulation by the City in order to protect the peace, health, safety, and welfare of the residents of the City of Bell. The regulations under this chapter are consistent with the State Policy under the California Beverage Container Recycling and Litter reduction Act (Recycling Act).

The standards that are currently in place require that the recycling facility be certified by the Department of Conservation under the provisions of the Recycling Act. Pursuant to BMC section 17.80.06, the established regulations are applicable to all recycling facilities and address potential issues that pertain only to the site on which the recycling facility will be located, not on issues that affect the surrounding uses.

The current standards allow recycling facility to be located in any commercial zone regardless of the nature of the existing use of the site and the surrounding land uses. They also do not have provisions to regulate the distance separation of recycling facilities from sensitive land uses, such as residential uses and day care centers nor provisions to address the operational performance of this type of use. Additionally the standards do not take into consideration the compatibility of the land use on which the recycling centers are located on, potentially inhibiting future development opportunities in commercial zones.

ENVIRONMENTAL REVIEW

The City Council finds that the proposed extension and amendment of Interim Ordinance No. 1178 is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

DETERMINATION

Pursuant to Government Code Section 65858(d), staff hereby reports to the City Council that it has commenced the research and study of recycling centers in the south east areas via phone surveys of the approximately 10 surrounding cities. The intent of the phone surveys is to compile the ordinances for recycling facilities of the same surveyed cities. The next step is to analyze and compare the recycling facilities regulations of the surveyed cities, and to determine if they are applicable to the City.

After the completion of the research and analysis, staff will draft a proposed regulatory ordinance to address the impact of this type of use on residential zones, establish adequate guidelines by which any recycling facility may be regulated, and to ensure that the new guidelines will protect the health, safety and welfare of the residents of Bell.
Because of the need for research and analysis for this type of use and the proposed ordinance to regulate this type of use require public hearing process, the initial forty-five days moratorium does not provide enough time to accomplish the tasks.

CONCLUSION

In order to maintain the status quo while staff prepares the proposed ordinance to establish appropriate regulations and guidelines for recycling facilities, staff recommends that the City Council extend the existing moratorium by ten months and fifteen days.

Attachment: Urgency Ordinance No. 1184
INTERIM URGENCY ORDINANCE NO. 1184

AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELL, CALIFORNIA, EXTENDING A MORATORIUM ADOPTED BY ORDINANCE NO. 1183 BY 10 MONTHS AND 15 DAYS, ON THE ACCEPTANCE, PROCESSING, ISSUANCE, OR APPROVAL OF ANY CONDITIONAL OR SPECIAL USE PERMITS OR ENTITLEMENTS FOR THE ESTABLISHMENT OF ANY TYPE OF RECYCLING FACILITY WITHIN THE CITY LIMITS PENDING THE COMPLETION OF STUDIES AND THE PREPARATION OF NEW AND UPDATED ORDINANCES REGULATING RECYCLING FACILITIES.

WHEREAS, the City Council of the City of Bell adopted Interim Ordinance No. 1183 was adopted by the City Council on December 14, 2011, establishing a 45-day moratorium temporarily prohibiting the acceptance, processing, issuance, or approval of any conditional or special use permits or entitlements for the establishment of any type of recycling facility within the city limits pending the completion of studies and the preparation of new and updated Ordinances regulating recycling facilities, as more particularly set forth in Interim Ordinance No. 1183; and

WHEREAS, all of the findings cited in Interim Ordinance No. 1183, concerning the existence of an immediate and current threat to the public safety, health and welfare continue to exist and are valid; and

WHEREAS, the City Council, acting through its planning staff and Pursuant to Government Code Section 65858(d), hereby reports that it has commenced the research and study of recycling centers in the south east areas via phone surveys of the approximately 10 surrounding cities; with the intent to compile the ordinances for recycling facilities of the same surveyed cities. The next step is to analyze and compare the recycling facilities regulations of the surveyed cities, and to determine if they are applicable to the City. After the completion of the research and analysis, staff will draft a proposed regulatory ordinance to address the impact of this type of use on residential zones, establish adequate guidelines by which any recycling facility may be regulated, and to ensure that the new guidelines will protect the health, safety and welfare of the residents of Bell. Because of the need for research and analysis for this type of use and the proposed ordinance to regulate this type of use require public hearing process, the initial forty-five days moratorium does not provide enough time to accomplish the tasks.

WHEREAS, the City Council finds and determines that there is a need to extend Interim Ordinance No. 1183 for 10 months and 15 days (until December 12, 2012), as authorized by Government Code Section 65858(a); and

WHEREAS, Government Code Sections 65858, 36934 and 36937 expressly authorize the City Council to adopt an interim ordinance prohibiting any uses which may
be in conflict with any contemplated general plan, specific plan or zoning which the City Council or the Planning Department is considering studying or intends to study within a reasonable period of time; and

WHEREAS, subsequent to providing published notice pursuant to Government Code Section 65090, the City Council has conducted a public hearing on the extension proposed herein.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BELL DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Above-Recitals. The above recitals are true and correct.


(a) No application may be accepted or processed to establish any recycling facility with the City, nor may any conditional or special use permits or entitlements for the establishment of any type of recycling facility be issued or approved during the term of this ordinance, as it may be extended from time to time.

(b) Notwithstanding the foregoing, a recycling facility is defined to be any of the types of recycling facilities described and/or defined in BMC Chapter 17.80 or in BMC Section 17.08.010, including, without limitation, "Recycling Collection Facility, Small or Large," "Recycling Processing Facility, Light or Heavy," "Recycling Unit, Mobile," "Reverse Vending Machine," and "Reverse Vending Machine, Bulk."

(c) Thus, the City Council directs staff to undertake a comprehensive study and analysis of current development standards for establishing recycling facilities within the City. The comprehensive study shall include, but not be limited to, the following components: (a) density, (b) distribution, (c) proximity to sensitive receptors, and (d) traffic to and from and around such facilities. The study shall be completed within a reasonable time.

Section 3. Urgency Declaration. The City Council finds and determines that the current development standards defined in BMC Chapter 17.80 established to control and regulate recycling facilities do not adequately protect the peace, health, safety, and general welfare of the residents of the City because they do not adequately regulate the density and the distribution of recycling facilities within the City, which leads to an over-concentration of this type of land use and creates incompatible land uses and visual blight; and because they do not regulate the distance separation of recycling facilities from sensitive land uses, such as residential uses and day care centers, which leads to a potential for land use conflicts and public nuisance problems, such as noise and odors.
Section 4. Urgency Findings. In adopting this Interim Urgency Ordinance, the City Council finds and determines that the adoption of this Interim Urgency Ordinance is necessary to protect the public safety, health, and welfare, as those terms are defined in Government Code Section 65858(a), for the reasons set forth below in this Section 4.

(a) The City has four small recycling facilities in operation, recently approved a new large recycling facility and is contemplating the approval of a second large recycling facility, all within a 2.8 square miles jurisdiction. Further, two of the four small recycling facilities are within 500 feet of each other while the two large recycling facilities are within 1,000 feet of each other. The number of recycling facilities and the closeness of the recycling facilities to each other demonstrate that the current development standards do not adequately regulate the density and the distribution of recycling facilities within the City, which leads to an over-concentration of this type of land use and creates incompatible land uses and visual blight.

(b) The four small recycling facilities and the large recycling facilities are located in close proximity to residential uses ranging from a distance of 10 feet to 50 feet. Further, the City does not have development standards to regulate the distance separation of recycling facilities from sensitive land uses, such as residential uses and day care centers nor regulations to address the operational performance of this type of business establishment. In the absence of appropriate regulations, inadequately regulated establishments could attract public nuisances such as littering, foul odors, increased noise from trucks picking up recycled materials, abandonment of shopping carts around the businesses and other unwanted activities.

Thus, the approval of conditional and special use permits for all recycling facilities, whether or not said facilities are currently addressed by BMC Chapter 17.80, would result in that threat to public health, safety, and welfare, as identified above in this Section 4. Due to the foregoing circumstances, it is necessary for the preservation of the public health, safety, and welfare that this ordinance take effect immediately.

Section 5. CEQA Finding. The City Council finds that this Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in section 15378) of the CEQA guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or in directly.

Section 6. Vote Required for Adoption of Ordinance. This Interim Urgency Ordinance is enacted pursuant to the authority conferred upon the City Council of the City of Bell by Government Code Section 65858, 36934 and 36937, and shall be in full force and effect immediately upon its adoption by a four-fifths (4/5) vote of the City Council.
Section 7. Length of Moratorium. This Interim Urgency Ordinance is hereby declared an emergency measure and shall take effect on January 27, 2012, immediately upon its adoption by the City Council, and remain in effect for ten months and fifteen days from that date, until December 12, 2012, unless extended pursuant to Government Code Section 65858 or terminated earlier by the City Council, but it may be extended thereafter in accordance with law.

Section 8. Severability. If any provision, clause, sentence or paragraph of this Ordinance, or the application thereof to any persons or circumstances, shall be held invalid, such invalidity shall not affect the other provisions of this Ordinance which can be given effect without the invalid provision or application and, to this end, the provisions of this Ordinance are hereby declared to be severable.

Section 9. The City Clerk shall certify the adoption of this interim ordinance and shall cause the same to be processed in the manner required by law.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Bell, California, at a regular meeting held on this 11th of January, 2012.

________________________________________
Ali Saleh, Mayor

ATTEST:

________________________________________
Rebecca Valdez, CMC, City Clerk

APPROVED AS TO FORM:

________________________________________
Dave Aleshire, City Attorney

I, Rebecca Valdez, City Clerk, Bell, California, hereby certify that the foregoing ordinance was adopted by the City Council of the City of Bell at a regular meeting held on the 11th day of January, 2012 and passed by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

________________________________________
Rebecca Valdez, CMC, City Clerk
DATE: January 11, 2012

TO: Mayor and Members of the City Council

FROM: Debra Kurita, Interim Community Services Director

APPROVED

BY: Arne Croce, Interim Chief Administrative Officer

SUBJECT: Graffiti Removal Services Contract Award

RECOMMENDATION:

Approve an Agreement with Graffiti Control Systems for Graffiti Removal Services for FY 2011-12 in an amount not to exceed $39,100 with two one-year options in an annual amount not to exceed $93,839.

BACKGROUND AND DISCUSSION:

In 1974, the U.S. Congress introduced the Community Development Block Grant (CDBG) Program as part of the Housing and Community Development Act. The CDBG program is funded by the U.S. Department of Housing and Urban Development (HUD). Although the Act has been amended in recent years, the primary objective continues to be developing viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for low- and moderate-income persons.

The CDBG Program has three primary objectives:

- Benefit those with low- and moderate-incomes;
- Aid in preventing neighborhood deterioration; and
- Meet other urgent community development needs due to natural disasters or other emergencies.

The CDBG funding for smaller cities, those with a population under 50,000, is administered through counties; the City of Bell’s funding is programmed through the Los Angeles County Community Development Commission (LACDC). The funding allocation for cities is calculated by a population-based formula; the City of Bell’s annual amount of new CDBG funds is approximately $600,000. In FY 2011-12, due to the reallocation of funds that were not spent in previous years, the City was able to budget $892,854 for CDBG eligible programs.

There are a number of restrictions and requirements related to programs eligible for CDBG funding. One of these requirements is that not more than 15 percent of the City’s annual new funds allocation may be appropriated for activities that are classified by HUD as public services.
These programs include recreation and education programs, public safety services, drug abuse counseling and graffiti removal services. In the FY 2011-12 budget for CDBG funded programs, the City allocated the full 15 percent of $88,580 to the Graffiti Removal Program. In FY 2010-11, when the CDBG allocation was higher, the City expended $100,217 for the program.

The City’s Graffiti Removal Program is designed to eradicate graffiti, within 24 hours of being reported, from public right-of-ways and from private property where the graffiti is visible from the public right-of-way. Additionally, the contractor patrols and cleans all commercial streets, alleys and walkways, bike path walls, areas surrounding school properties, and main neighborhood streets. Currently, the graffiti removal services are being provided by Graffiti Protective Coatings, Inc (GPC) on a month-to-month basis, as the previous contract, which went through a bidding process in 2008, expired in June, 2011. As CDBG guidelines require that contracted services undergo a bidding process at least every three years, the General Fund has been supporting the graffiti removal program since this contract expired.

On November 9, 2011, the Mayor and Council approved the release of a Request for Proposals (RFP) to solicit responses from graffiti removal firms to provide these services for the remaining of this fiscal year. The RFP and its two addendums are available for review in the City Clerk’s Office. The RFP was directly mailed to nine firms and was advertised in the Los Angeles Times and on the City’s website.

The City received responses from five firms, one of which, Western Glass Restoration and Tinting, did not provide a complete proposal and; therefore, was not invited to participate in the second phase of the process. The submittals from the remaining firms were reviewed and representatives from each firm were interviewed by representatives from the Community Services Department, the Police Department and the City Engineer. The panel rated the proposals on the factors of proposal components, experience of the firm, administrative capacity, use of technology, and proposed cost. The following provides a matrix of the ratings as well as the estimated annual amount assuming the existing volume of 1,200 jobs per month. For comparison purposes, the current contract provides the services at the rate of $11,500 per month which constitutes $138,000 per year.

<table>
<thead>
<tr>
<th>Firm</th>
<th>Location</th>
<th>Estimated Annual Cost</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graffiti Control Systems</td>
<td>North Hollywood, CA</td>
<td>$ 93,839</td>
<td>91</td>
</tr>
<tr>
<td>Nationwide Environmental Services</td>
<td>Norwalk, CA</td>
<td>$123,000</td>
<td>85</td>
</tr>
<tr>
<td>Graffiti Protective Coatings</td>
<td>Los Angeles, CA</td>
<td>$150,000</td>
<td>84</td>
</tr>
<tr>
<td>Urban Graffiti Enterprises</td>
<td>Azusa, CA</td>
<td>$120,000</td>
<td>76</td>
</tr>
</tbody>
</table>

The highest rated firm, Graffiti Control Systems, is currently under contract with the cities of Los Angeles, Diamond Bar, Tustin, Temple City, Arcadia, San Gabriel, Santa Monica, West Hollywood and South Pasadena, as well as Los Angeles County. The firm also provides graffiti
abatement for all of the light and heavy rail stations for the Metropolitan Transportation Authority (MTA). When staff contacted the cities of Diamond Bar, Arcadia, Santa Monica and San Gabriel, the representatives from those cities all stated that they were extremely pleased with the services of Graffiti Control Systems and complimented the firm’s responsiveness and technical abilities.

As a result of this analysis, it is recommended that Graffiti Control System be awarded a contract to provide Graffiti Removal Services in an amount not to exceed $39,100 for the balance of FY 2011-12 with the option to extend the agreement annually for an additional two years in an annual amount not to exceed $93,829. Any extension of this agreement will depend upon the evaluation of the contractor’s performance and the availability of funds. The agreement will commence February 5, 2012.

FINANCIAL IMPACT

The $39,100 for this contract is allocated in the FY 2011-12 CDBG Graffiti Removal Program (account no. 30-525-0065-0235). By completing the bidding process and awarding the contract, the support for the Graffiti Removal Program will be appropriately applied to the CDBG fund.
CITY OF BELL

CONTRACT SERVICES AGREEMENT FOR

GRAFFITI REMOVAL SERVICES

THIS CONTRACT SERVICES AGREEMENT (herein “Agreement”) is made and entered into this __________ day of _________________, 2012, by and between the CITY OF BELL, a California municipal corporation herein (“City”) and Graffiti Control Systems (herein “Contractor”).

NOW, THEREFORE, the parties hereto agree as follows:

1. SERVICES OF CONTRACTOR

1.1 Scope of Services. In compliance with all of the terms and conditions of this Agreement, the Contractor shall perform the work or services set forth in the “Scope of Services” attached hereto as Exhibit “A” and incorporated herein by reference. Contractor warrants that it has the experience and ability to perform all work and services required hereunder and that it shall diligently perform such work and services in a professional and satisfactory manner.

1.2 Compliance With Law. All work and services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental agency of competent jurisdiction.

1.3 Licenses, Permits, Fees and Assessments. Contractor shall obtain at its sole cost and expense such licenses, permits, and approvals as may be required by law for the performance of the services required by the Agreement.

1.4 Warranty. The Contractor shall adopt reasonable methods during the life of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the work by City, except such losses or damages as may be caused by City’s own negligence. Contractor warrants all work under the Agreement to be of good quality and free from any defective or faulty material and workmanship. Contractor agrees that for a period of one year (or the period of time specified elsewhere in the Agreement or in any guarantee or warranty provided by any manufacturer or supplier of equipment or materials incorporated into the work, whichever is later) after the date of final acceptance, Contractor shall within ten (10) days after being notified in writing by the City of any defect in the work or nonconformance of the work to the Agreement, commence and prosecute with due diligence all work necessary to fulfill the terms of the warranty at his sole cost and expense. The 1-year warranty may be waived in Exhibit “A” if the services hereunder do not include construction of any improvements or the supplying of equipment or materials.
2. COMPENSATION

2.1 Contract Sum. For the services rendered pursuant to this Agreement, Contractor shall be compensated in accordance with the "Schedule of Compensation" attached hereto as Exhibit "B" and incorporated herein by this reference, but not exceeding the maximum contract amount of Thirty-Nine Thousand One Hundred Dollars ($39,100) for Fiscal Year 2011-12 in Community Development Block Grant Funds. The City may extend the term of this Agreement pursuant to Section 3.5. The Contract Sum for each such extension may not exceed Ninety-Three Thousand Eight-Hundred Thirty-Nine Dollars ($93,839). If all funds are spent, the total amount shall not exceed Two-Hundred Twenty-Six Thousand Seven-Hundred Seventy-Eight Dollars ($226,778).

2.2 Invoices. Each month Contractor shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City's Director of Finance. The invoice shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-Contractor contracts. Sub-Contractor charges shall also be detailed by such categories. City shall independently review each invoice submitted by the Contractor to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Contractor which are disputed by City. City will use its best efforts to cause Contractor to be paid within forty-five (45) days of receipt of Contractor's correct and undisputed invoice. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Contractor for correction and resubmission.

2.3 Additional Services. City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Contractor, incorporating therein any adjustment in (i) the Contract Sum, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Contractor. Any increase in compensation of up to ten percent (10%) of the Contract Sum but not exceeding a total contract amount of $3,910 for FY 2011-12 or $9,384 in FY 2012-13 or FY 2013-14 or in the time to perform of up to one hundred eighty (180) days may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively must be approved by the City.

2.4 Prevailing Wages. Contractor is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 1600, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "Public Works" and "Maintenance" projects. If the Services are being performed as part of an applicable "Public Works" or "Maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is $1,000 or more, Contractor agrees to fully comply with such Prevailing Wage Laws. Contractor shall determine the applicable prevailing rates and make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to
execute the Services available to interested parties upon request, and shall post copies at the Contractor’s principal place of business and at the project site. Contractor shall defend, indemnify and hold the City, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. The provisions of this Section may be waived in Exhibit “A” if inapplicable to the serves provided hereunder.

3. PERFORMANCE SCHEDULE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance. Contractor shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the “Schedule of Performance” attached hereto as Exhibit “C” and incorporated herein by this reference. When requested by the Contractor, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding thirty (30) days cumulatively.

3.3 Force Majeure. The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the Agency, if the Contractor shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer’s determination shall be final and conclusive upon the parties to this Agreement. In no event shall Contractor be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Contractor’s sole remedy being extension of the Agreement pursuant to this Section.

3.4 Inspection and Final Acceptance. City may inspect and accept or reject any of Contractor’s work under this Agreement, either during performance or when completed. City shall reject or finally accept Contractor’s work within forty five (45) days after submitted to City. City shall accept work by a timely written acceptance, otherwise work shall be deemed to have been rejected. City’s acceptance shall be conclusive as to such work except with respect to latent defects, fraud and such gross mistakes as amount to fraud. Acceptance of any work by City shall not constitute a waiver of any of the provisions of this Agreement including, but not limited to, Article 5, pertaining to indemnification and insurance, respectively.

3.5 Term. Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until June 30, 2012. The City’s Chief Administrative Officer, or designee, may, in writing, before June 30, 2012, extend this agreement through June 30, 2013 and may, in writing, before June 30, 2013, extend this agreement through June 30, 2014 based on his or her evaluation of the contractor’s performance and the availability of funds.
4. **COORDINATION OF WORK**

4.1 **Representative of Contractor.** Mr. Jeff Woods, General Manager, is hereby designated as being the representative of Contractor authorized to act in its behalf with respect to the work and services specified herein and make all decisions in connection therewith. All personnel of Contractor and any authorized agents shall be under the exclusive direction of the representative of Contractor. Contractor shall make every reasonable effort to maintain the stability and continuity of Contractor’s staff and subcontractors, and shall keep City informed of any changes.

4.2 **Contract Officer.** The Community Services Director is hereby designated as being the representative the City authorized to act in its behalf with respect to the work and services specified herein and to make all decisions in connection therewith (“Contract Officer”). The Chief Administrative Officer of City shall have the right to designate another Contract Officer by providing written notice to Contractor.

4.3 **Prohibition Against Subcontracting or Assignment.** Contractor shall not contract with any entity to perform in whole or in part the work or services required hereunder without the express written approval of the City. Neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the prior written approval of City. Any such prohibited assignment or transfer shall be void.

4.4 **Independent Contractor.** Neither the City nor any of its employees shall have any control over the manner, mode or means by which Contractor, its agents or employees, perform the services required herein, except as otherwise set forth. Contractor shall perform all services required herein as an independent Contractor of City with only such obligations as are consistent with that role. Contractor shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City, or that it is a member of a joint enterprise with City.

5. **INSURANCE AND INDEMNIFICATION**

5.1 **Insurance Coverages.** The Contractor shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension thereof, the following policies of insurance which shall cover all elected and appointed officers, employees and agents of City:

(a) **Comprehensive General Liability Insurance (Occurrence Form CG0001 or equivalent).** A policy of comprehensive general liability insurance written on a per occurrence basis for bodily injury, personal injury and property damage. The policy of insurance shall be in an amount not less than $1,000,000.00 per occurrence or if a general aggregate limit is used, either the general aggregate limit shall apply separately to this contract/location, or the general aggregate limit shall be twice the occurrence limit.

(b) **Worker’s Compensation Insurance.** A policy of worker’s compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for both the Contractor and the City against any loss, claim or damage arising from any injuries or occupational diseases occurring to any
worker employed by or any persons retained by the Contractor in the course of carrying out the work or services contemplated in this Agreement.

(c) Automotive Insurance (Form CA 0001 (Ed 1/87) including “any auto” and endorsement CA 0025 or equivalent). A policy of comprehensive automobile liability insurance written on a per occurrence for bodily injury and property damage in an amount not less than either (i) bodily injury liability limits of $100,000 per person and $300,000 per occurrence and property damage liability limits of $150,000 per occurrence or (ii) combined single limit liability of $1,000,000. Said policy shall include coverage for owned, non-owned, leased and hired cars.

All of the above policies of insurance shall be primary insurance and shall name the City, its elected and appointed officers, employees and agents as additional insureds and any insurance maintained by City or its officers, employees or agents shall apply in excess of, and not contribute with Contractor’s insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees and agents and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the insurer or any party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Contractor shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section 5.1 to the Contract Officer. No work or services under this Agreement shall commence until the Contractor has provided the City with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City.

The insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated “A” or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the City’s Interim Chief Administrative Officer or other designee of the City due to unique circumstances.

5.2 Indemnification. To the full extent provided by law, Contractor agrees to indemnify, defend and hold harmless the City, its officers, employees and agents against, any and all actions, suits, claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities, including paying any legal costs, attorneys fees, or paying any judgment (herein “claims or liabilities”) that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work or services of Contractor, its officers, agents, employees, agents, subcontractors, or invitees, provided for herein (“indemnitors”), or arising from Contractor’s indemnitors’ negligent performance of or failure to perform any term, provision, covenant, or condition of this Agreement, except claims or liabilities to the extent caused by the negligence or willful misconduct of the City indemnitees.

5.3 General Insurance Requirements. All of the above policies of insurance shall be primary insurance and shall name the City, its elected and appointed officers, employees and agents as additional insureds and any insurance maintained by City or its officers, employees or agents shall apply in excess of, and not contribute with Contractor’s insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees and agents and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the
insurer or any party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Contractor shall, prior to the cancellation date, submit new evidence of insurance in conformance with Section 5.1 to the Contract Officer. No work or services under this Agreement shall commence until the Contractor has provided the City with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City. City reserves the right to inspect complete, certified copies of all required insurance policies at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City.

6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.1 Records. Contractor shall keep, and require subcontractors to keep, such ledgers books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the “books and records”), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services and shall keep such records for a period of three years following completion of the services hereunder. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records.

6.2 Reports. Contractor shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement or as the Contract Officer shall require.

7. ENFORCEMENT OF AGREEMENT AND TERMINATION

7.1 California Law. This Agreement shall be interpreted, construed and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Los Angeles, State of California.

7.2 Disputes; Default. In the event that Contractor is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Contractor for any work performed after the date of default. Instead, the City may give notice to Contractor of the default and the reasons for the default. The notice shall include the timeframe in which Contractor may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, if circumstances warrant. During the period of time that Contractor is in default, the City shall hold all invoices and shall, when the default is cured, proceed with payment on the invoices. If Contractor does not cure the default, the City may take necessary steps to terminate this Agreement under this Article.

7.3 Legal Action. In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this
Agreement. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

7.4 Termination Prior to Expiration of Term. This Section shall govern any termination of this Contract except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Contract at any time, with or without cause, upon thirty (30) days’ written notice to Contractor, except that where termination is due to the fault of the Contractor, the period of notice may be such shorter time as may be determined by the Contract Officer. In addition, the Contractor reserves the right to terminate this Contract at any time, with or without cause, upon sixty (60) days’ written notice to Agency, except that where termination is due to the fault of the Agency, the period of notice may be such shorter time as the Contractor may determine. Upon receipt of any notice of termination, Contractor shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Contractor has initiated termination, the Contractor shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer. In the event the Contractor has initiated termination, the Contractor shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder, but not exceeding the compensation provided therefore in the Schedule of Compensation Exhibit “B”. In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

7.5 Termination for Default of Contractor. If termination is due to the failure of the Contractor to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise, and the Contractor shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Contractor for the purpose of set-off or partial payment of the amounts owed the City as previously stated.

4450 E. 60th St

8. FEDERAL REQUIREMENTS

8.1 EQUAL EMPLOYMENT OPPORTUNITY CLAUSE. During the Performance of this Agreement, the Contractor agrees as follows:

8.2 The Contractor will not discriminate against any employee or applicant of reemployment because of age, race, creed, sex, color or national origin. The Contractor will take affirmative action to ensure that the applicants are employed, and that employees are treated during employment, without regard to their age, race, creed, sex color or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; rates of pay of other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and
applicants for employment, notices to be provided by the City setting forth the provisions of this non-discrimination clause.

8.3 The Contractor will, in all solicitation of advertisement for employees be placed by or on behalf of the Contractor; state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, sex, or national origin.

8.4 The Contractor will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement so that such provision will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

8.5 The Contractor will comply with all provisions of the Executive Order 11246 of September 24, 1965 and of the rules, regulations, and relevant order of Secretary of Labor.

8.6 The Contractor will furnish all information and reports required by Executive Order 11246 of September 25, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the City and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

8.7 In the event of the Contractor’s non-compliance with the equal opportunity clauses of the Agreement or with any such rules, regulations or orders, this Agreement may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

8.8 The Contractor will include the provisions of paragraph (a) through (f) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the City may direct as a means of enforcing such provisions including sanctions for non-compliance; provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such directions by the City, the Contractor may request the United States to enter into such litigation to protect the interest of the United States.

8.9 CIVIL RIGHTS ACT OF 1964. Under Title VI the Civil Rights Act of 1964, no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program activity receiving federal financial assistance.

8.10 SECTION 109 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974. No person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits, or be subjected to discrimination under any program or activity funded in whole in part with funds made available under this title.
8.11 AGE DISCRIMINATION ACT OF 1975 AND REHABILITATION ACT OF 1973. Any prohibition against discrimination of the basis of age under the Age Discrimination Act of 1975, or with respect to an otherwise qualified handicapped individual, as provided in Section 504 of the Rehabilitation Act of 1973, shall also apply to any such program or activity.

8.12 "SECTION 3" COMPLIANCE IN THE PROVISION OF TRAINING, EMPLOYMENT AND BUSINESS OPPORTUNITIES. The work to be performed under this Agreement is on a project assisted under a program providing direct federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act and is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that, to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contract for work in connection with the project be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the project.

8.13 The parties of the agreement will comply with the provision of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR 135, and all applicable rules and orders of the Department issued there under prior to the execution of the Agreement. The parties to this Agreement Certify and agree that they are under contractual or other disability which would prevent them from complying with these requirements.

8.14 The Contractor will send to each labor organization or representative of workers with which he has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor organization of workers' representatives of his commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment of training.

8.15 The Contractor will include this Section 3 clause in every subcontract for work in connection with the project and will, at the direction of the applicant for or receipt of federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations under 24 CFR Part 135 and will not let any subcontract unless the subcontractor has first provided him with a preliminary statement of availability to comply with the requirement of these regulations.

8.16 Compliance with provision of Section 3, the regulations set forth in 24 CFR Part 135, and all applicable rules and orders of the contract, shall be in condition of the federal financial assistance provide to the project, binding upon the applicant or recipient for such assistance, its successors, and assigns. Failure to fulfill these requirements shall subject the applicant or recipient, its Contractors and subcontractor, it successors and assigns to those sanctions specified by the grant or loan agreement or contract through which federal assistance is provided, and to such sanction as are specified by 24 CFR Part 135.

8.17 LOBBYING CERTIFICATION. The Contractor certifies that no Federal appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an making of any cooperative
agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement.

8.18 The Contractor certifies that if any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of any agency in connection with this Federal contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, "Disclosures Form to Report Lobbying." In accordance with its instructions.

8.19 The Contractor shall require that the language of this certification be included in all subcontracts and that all subcontractors shall certify and disclose accordingly.

9. COUNTY OF LOS ANGELES REQUIREMENT

9.1 The Contractor certifies that it is understood that each person/entity/firm who applies for a Community Development Commission contract, and as part of that process, shall certify that they are familiar with the requirements of Los Angeles County Chapter 2.160, (Los Angeles County Ordinance 93-0031) and;

9.2 That all persons/entities/firms acting on behalf of the above named firm have and will comply with the County Code, and;

9.3 That any person/entity/firm who seeks a contract with the Community Development Commission shall be disqualified therefrom and denied the contract and, shall be liable in civil action, if any lobbyist, lobbying firm, lobbyist employer or any other person or entity acting on behalf of the above named firm fails to comply with the provisions of the County Code.

10. STORM WATER AND URBAN RUN OFF POLLUTION PREVENTION

10.1 The City of Bell has a Storm Water and Urban Run-off Pollution Control Ordinance codified in Section 13.08.080 of the Municipal Code, pursuant to the Federal Water Pollution Control Act, also known as the Clean Water Act, as amended, 33 U.S.C. Section 1251 et al. Copies of the Storm Water and Urban Run-off Pollution Control Ordinance are available from the City Clerk.

All work performed under this contract shall conform to the above referenced Bell Municipal Code. In addition the Contract is required to comply with all applicable local, state and federal clean water regulations, laws, provisions, etc. in the performance of their work.

The Contractor shall implement all applicable Best Management Practices. Best Management Practices (BMPs) are techniques used to control storm water runoff, sediment control, and soil stabilization, as well as management decision to prevent or reduce nonpoint source pollution. The EPA defines BMP as a "technique, measure or structural control that is
used for a given set of conditions to manage the quantity and improve the quality of storm water runoff in the most cost-effective manner.” The Contractor shall implement all applicable BMPs and ensure that all staff are properly trained and understand the BMPs.

The Contractor shall:

- Transport paint and materials to and from job sites in containers with secure lids and tied down to the transport vehicle;
- Not transfer or load paint near storm drain inlets or watercourses;
- Test and inspect spray equipment prior to starting to paint. Tighten all hoses and connections and not overfill paint container;
- Capture all clean-up water, and dispose of properly;
- Not remove graffiti during a rain event;
- Protect nearby storm drain inlets prior to removing graffiti from walls, signs, sidewalks, or other structures needing graffiti abatement. Clean up afterwards by sweeping or vacuuming thoroughly, and or by using absorbent and properly disposing of the absorbent;
- Direct runoff form sand blasting and high pressure washing (with no cleaning agents) into a landscaped or dirt area. If such an area is not available, filter runoff;
- Through an appropriate filtering device (e.g. filter fabric) to keep sand, particles, and debris out of storm drains;
- Plug nearby storm drains and vacuum/pump wash water to the sanitary sewer if a graffiti abatement method generates wash water containing a cleaning compound (such as high pressure washing with a cleaning compound); and
- Consider using a waterless and non-toxic chemical cleaning method for graffiti removal (e.g. gels or spray compounds).

The Contractor may be asked to:

- Plug nearby storm drain inlets prior to the start of painting where there is significant risk of a spill reaching storm drains. Remove plugs when job is completed.
- Cover nearby storm drain inlets if sand blasting is used to remove paint, prior to starting work.
- Use a sander with a vacuum filter bag.
11. MISCELLANEOUS

11.1 Business License. The Contractor agrees to obtain a City of Bell Business License in order to provide services. This Business license shall be issued by the City of Bell’s Business License Department upon approval of the Business License Application and payment of Business License Tax.

11.2 Covenant Against Discrimination. Contractor covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color creed, religion, sex, marital status, national origin, or ancestry in the performance of this Agreement. Contractor shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color creed, religion, sex, marital status, national origin, or ancestry.

11.3 Non-liability of City Officers and Employees. No officer or employee of the City shall be personally liable to the Contractor, or any successor in interest, in the event of any default or breach by the City or for any amount, which may become due to the Contractor or to its successor, or for breach of any obligation of the terms of this Agreement.

11.4 Notice. Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the City, to the Chief Administrative Officer and to the attention of the Contract Officer, at City of Bell City Hall, 6330 Pine Avenue, Bell, California 90201 and in the case of the Contractor, to the person at the address designated on the execution page of this Agreement.

11.5 Integration; Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

11.6 Severability. In the event that part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

11.7 Waiver. No delay or omission in the exercise of any right or remedy by non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. A party’s consent to or approval of any act by the other party requiring the party’s consent or approval shall not be deemed to waive or render unnecessary the other party’s consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.
11.8 **Attorneys' Fees.** If either party to this Agreement is required to initiate or defend or make a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which any be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees, whether or not the matter proceeds to judgment.

11.9 **Corporate Authority.** The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

[Signatures on the following page.]
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first-above written.

CITY:
CITY OF BELL, a municipal corporation

Interim Chief Administrative Officer

ATTEST:

City Clerk

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

David J. Aleshire, City Attorney

CONTRACTOR:

By: _____________________________________________
   Name: ____________________________
   Title: ____________________________

By: _____________________________________________
   Name: ____________________________
   Title: ____________________________

Address: ____________________________________________

Two signatures are required if a corporation

NOTE: CONTRACTOR'S SIGNATURES SHALL BE DULY NOTARIZED, AND APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONTRACTOR'S BUSINESS ENTITY.

[END OF SIGNATURES]
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

On ____________, 2012 before me, __________________, personally appeared __________________, proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: __________________________________________

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form

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SIGNER IS REPRESENTING:
(NAME OF PERSON(S) OR ENTITY(IES))

SIGNER(S) OTHER THAN NAMED ABOVE

Graffiti Contract with Graffiti Control Systems.DOC
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF

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(NAME OF PERSON(S) OR ENTITY(IES))

SIGNER(S) OTHER THAN NAMED ABOVE
EXHIBIT "A"
SCOPE OF SERVICES

The Contractor shall remove graffiti from all City-owned, private residential, commercial, and industrial structures, up to forty (40') feet in height. Contractor shall inspect all referrals to determine the method to be used for the graffiti removal. Methods of removal may include water blasting or other pressurized removal systems, matching existing painted surfaces or other eradication procedures as approved by the City. Contractor shall determine the most effective method(s) for removal of the graffiti at each location. The method(s) of removal will vary depending upon the type of graffiti and condition of the surface. Contractor must use care to avoid damages to existing improvements (e.g., buildings, windows, doors, walls, etc.). Existing improvements damaged by the Contractor shall be repaired at the Contractor's sole expense to the satisfaction of the City.

1. Processes, Materials and Equipment

A. Preparation. Contractor shall properly prepare all stucco, masonry, metal, wood or other exterior surfaces in a manner that will result in an acceptable bonding of the applied paint and deter the visibility of graffiti. Contractor will use new and/or recycled water based paint. The City encourages the use of recycled paint. However, no lead-based paints will be used.

B. Application Quality. The materials shall be applied in such a manner as will ensure smooth, even, uniform coats free of dirt, drips, ridges, waves, drops, runs, brush marks, sags, and laps. If any of these existed before, they shall be properly corrected and prepared before painting. When completed, the painting shall represent a first class, workman-like appearance. All work areas shall be cleaned of all debris, residue and excess paint immediately after completion of work.

C. Application Process. Paint shall be applied under dry, dust free conditions and shall not be applied when the temperature is below 40 degrees Fahrenheit. All primer and intermediate coats of paint shall be unscarred and completely integral as well as completely dry at the time of the application of each succeeding coat. Contractor shall match the existing surface color when painting over or obscuring graffiti whenever possible. Paint shall be neatly feathered in all areas. If residents/businesses request a specific color, Contractor may provide labor as long as paint has been provided by the resident/business.

D. Supplies and Equipment. The Contractor shall provide its own vehicle, equipment, supplies and materials necessary to perform the work outlined. Further, the Contractor shall have an aerosol spray unit (minimum 2500 p.s.i.) and standard...
extension ladder on the Contractor vehicle and such other equipment as may be necessary to perform graffiti removal (e.g., brushes, etc.). The Contractor shall have the ability to remove graffiti from difficult locations. The Contractor must have extension ladders on every vehicle and 24 hours a day, seven days a week, access to a bucket truck with a minimum extension height of forty feet.

E. Manufacturer Directions. Manufacturer's recommendations for mixing, thinning, applying, type of exposure, surface to be covered, and type of surface wear to which the paint will be subjected shall be explicitly followed.

F. Paint Match. The Contractor shall verify, to the satisfaction of the City, its method for matching paint. All repainted surfaces shall reasonably match wall color to the satisfaction of the Community Services Director or designee.

2. Technology

The Contractor shall provide a technological system that will allow the community to report graffiti via smart phone. The contractor shall provide the web based database system called TAGRS or the equivalent.

3. Response and Removal Time

The Contractor shall provide a 24-hour turnaround from time of notification and/or survey and shall provide emergency services (removal of vulgar, racial or pornographic images, etc within one hour of notification). On a case-by-case basis, a 48 hour turnaround time may be acceptable, at the City's discretion, to provide color-matching if necessary.

4. Contractor Responsibility

The contractor is to assume the responsibility for all work and tenant and property owner relations.

5. Right of Entry

A. Private Property. Graffiti removal from private property will require a release from the property owner consenting to graffiti removal. The Contractor and/or City must obtain written approval to enter and release of liability prior to starting the graffiti removal. Graffiti to be removed from private property must be visible from the public right-of-way.

Graffiti Contract with Graffiti Control Systems.DOC
B. Public Right-of-Way Property. Authorization shall be given by the Community Services Director for the removal of graffiti on public property.

C. Commercial signage. Graffiti found on commercial signage shall only be removed with the owner’s/occupant’s specific, written approval and with the owner’s/occupant’s understanding that the Contractor is not responsible, under this contract, for replacing any original lettering, pictures, etc., on a commercial sign. With the owner’s/occupant’s approval, the Contractor shall proceed with diligence to remove the graffiti with as little damage to the commercial sign as possible. Graffiti to be removed from private commercial property must be visible from the public right-of-way.

6. Clean up

All finished surfaces of the building shall be left clean and reasonably dust free. At completion of work, Contractor shall clean all exposed surfaces soiled by the work; repair all damage caused by the work at no extra cost to the property owner or the City of Bell; remove all debris created as a direct result of the work from the job site; and leave the entire installation ready for use.

7. Public Relations and Safety

The Contractor shall at all times conduct services with the utmost of courtesy to the public. All employees of the Contractor shall wear clean clothing in the performance of duties, and equipment shall be clean and maintained in a safe operating manner. All equipment shall be subject to inspection by the Director of Community Services, or designee. All personnel shall wear appropriate safety gear at all times while removing graffiti in the City of Bell.

8. Photographic Documentation

The contractor shall photographically document all locations prior to removal of graffiti and shall maintain said photographs. Upon removal of graffiti, the Contractor shall take an additional photograph of the same area. Digital photos of the abated sites and an accompanying photo disk are to be provided along with the monthly billing. The City prefers a web-based photo system that updates in real time while in the field.
9. **Daily Logs**

Daily logs shall be maintained identifying graffiti removal site by census tract and block group. Monthly program reports shall be submitted within five (5) days of the end of the month. Information on total graffiti removal in square feet and number of sites shall be provided. Should accomplishment target not be met for the reporting period, steps to remedy the situation shall be provided along with an implementation schedule.

10. **Air and Water Pollution Regulations Compliance.** The Contractor shall be required to conform to all current regulations of the South Coast Air Quality Management District (AQMD). The Contractor is also required to adhere to the provisions of the Federal Clean Water Act as regulated by the U.S. Environmental Protection Agency (EPA) in Code 40, Code of Federal Regulations (CFR) Parts 122, 123, 124, the Porter-Cologne Act (California Water Act), and the National Pollutant Discharge Elimination System (NPDES) requirements. Suitable Best Management Practices (BMPs) shall be applied to prevent any chemical, debris or any non-storm water discharges from entering the storm drain system (storm drains and gutters).

11. **Retention of Financial Records.** Contractor agrees to maintain financial records and accounts to assure proper accounting for all CDBG Program funds and to support all program expenditures for a period of five (5) years. These records and accounts shall include, but not be limited to, the following: A double-entry General Ledger that supports the costs charged to the CDBG Program

   A. Records documenting procurement of goods and services;
   B. Lease or Rental Agreements;
   C. Invoices;
   D. Billing Statements;
   E. Cancelled Checks;
   F. Timecards signed by employees and supervisors;
   G. Personnel Authorization Records;
   H. Payroll Registers;
   I. Payroll Tax Records;
   J. Bank Statements;
   K. Bank reconciliations; and
   L. Documentation to support the allocation of costs.
EXHIBIT "B"

SCHEDULE OF COMPENSATION

I. Contractor shall be paid monthly in an amount not to exceed $7,820 based on an estimated 1,200 jobs per month.

II. The City will compensate Contractor for the Services performed upon submission of a valid invoice. Each invoice is to include:

A. Line items for all personnel describing the work performed, the number of hours worked, and the hourly rate.

B. Line items for all materials and equipment properly charged to the Services.

C. Line items for all other approved reimbursable expenses claimed, with supporting documentation.

D. Line items for all approved subcontractor labor, supplies, equipment, materials, and travel properly charged to the Services.

III. The total compensation for the Services for FY 2011-12 shall not exceed $39,100, as provided in Section 2.1 of this Agreement. If extended by the City, the total compensation for the Services for FY 2012-13 and FY 2013-14 shall not exceed an annual amount of $93,839.

IV. The Contractor’s billing rates for all personnel are at $21.45 per hour with projected costs for fuel, supplies, vehicles, vehicle repairs, insurance, overhead, etc at $40,300 annually or $3,358.33 per month.

V. The Contractor will be compensated for Emergency Call Out at a rate of $1.00 per square foot in increments of $75.00 with a minimum charge of $75.00.
EXHIBIT "C"
SCHEDULE OF PERFORMANCE

Contractor shall perform all services timely in accordance with the following schedule

A. Contractor shall patrol and clean five days a week, Monday through Friday, all commercial streets, alleys and walkways, bike path walls, areas surrounding school properties, main neighborhood streets including, but not limited to Bell Ave., Salt Lake Ave., Filmore Ave., River Dr., Randolph Ave., Clarkson St., Southhall/Chanslor Ave., Loma Vista Pl., Woodward Ave., Bear Ave., and Corona Ave., and any additional service requests from City. Isolate areas that are vandalized consistently on Fridays after 1:00 p.m. and re-patrol and clean those specific areas as needed.

B. Patrol and clean the east river wall and all residential streets at least once per week.

C. Every Saturday, or by preference Sunday, perform a complete sweep of Florence Ave., Salt Lake Ave., Gage Ave., Atlantic Ave., Wilcox Ave., bike path near Florence Ave., Federal Alley, Knoll Tract, and Walker-Crafton walkway.
City of Bell

RFP for

Graffiti Removal Services 2011-2012

December 8, 2011

Woods Maintenance Services, Inc. dba Graffiti Control Systems
7260 Atoll Avenue
North Hollywood, California 91605
(818) 503-8240 (800) 794-7384 Fax (818) 764-2516
http://www.graffiticontrol.com sales@graffiticontrol.com
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INTRODUCTIONS

Woods Maintenance Services, Inc., started out under its original corporate name of D & B Maintenance Service, Inc., as a janitorial maintenance contractor in 1976, reorganizing under its current name in 1997. In the beginning, our emphasis was on the daily and nightly maintenance of apartment buildings, condominiums, industrial parks and office buildings, with a minor workload of graffiti removal on their exterior facades.

Barry K. Woods is the President, Diane W. Woods is the Secretary, Jeffrey Woods is the General Manager, and Josh Woode is the Marketing Director. Together, the four of them bring a sense of family and community to the company that has endured for over 36 years. Over 50% of our employees have more than 10 years of service with the company. We are fortunate that we have very little employee turnover. We pride ourselves in running a company based on the "family" philosophy where all employees are treated and compensated as such. To this end, we have monthly barbecues at our warehouse to celebrate birthdays and to build this sense of family. We believe that if our employees feel this sense of family, they take more pride in their work, as the name of the company on the truck means something to them, not just the name of the place they "work."

In 1976 the company grew to include landscape maintenance and became licensed to perform high pressure washing and steam cleaning work for hard surfaces, as well as masonry cleaning. It was at this time, while we were members of the Chamber of Commerce that we helped to develop the Westwood Village Sidewalk Maintenance District, a program funded through property owners' taxes to clean and maintain specific business districts.

As graffiti increased throughout the city (and country) a new division, Graffiti Control Systems, was formed to specifically address this out of control problem. Through trial and error and a great deal of research and beta testing, Graffiti Control Systems, became the first graffiti abatement contractor in the nation to utilize portable spectrophotometers in the field to computer color match paint, thereby setting a new standard for quality and timeliness.

Graffiti Control Systems' sister company, Hydro Pressure Systems, is the largest licensed pressure washing contractor in the state, and for over 36 years has been performing all manner of exterior maintenance for both public and private sector clients throughout California.
Hydro Pressure Systems presently has multiple contracts with the City of Los Angeles to perform nightly maintenance services in widespread areas of the city. Under the auspices of the Street Maintenance Department within the Board of Public Works, HPS has swept and washed the sidewalks in Westwood Village, Van Nuys Boulevard in Van Nuys and Main and Spring Streets in downtown Los Angeles. In addition to recovering trash, debris and litter, we were responsible for emptying all street-side trash receptacles and replacing the liners on a daily basis, as well as removing graffiti from public property. Ten years ago, HPS was awarded and has been performing under a County contract for the Whittier Boulevard Enhancement Program, whereby all graffiti is abated, trash receptacles emptied, trash, weeds and debris removed and sidewalks and gutters cleaned on a daily basis. Previously, we have held multi-year contracts for the Hollywood Boulevard Walk of Fame, Reseda Boulevard, Fairfax Avenue, Broadway BID and Ventura Boulevard in Sherman Oaks. We were chosen as the contractor to perform the high pressure washing services/graffiti abatement protocols required for the Cities of Coronado, Palm Springs, Whittier and West Hollywood.

At present, Woods Maintenance Services Inc., dba Graffiti Control Systems, is under contract with the cities of Los Angeles, Diamond Bar, Tustin, Temple City, Arcadia, San Gabriel, Santa Monica, West Hollywood and South Pasadena, as well as Los Angeles County. As sole source contractor for the MTA we are charged with keeping all of the transit properties free of graffiti, weed, trash and debris throughout the county.

Office buildings, industrial parks, individual businesses and homeowners rely on us daily to respond to their needs and restore their property to a pristine condition. Five years ago we were awarded a special contract with the City of Los Angeles to supply 4 fully equipped crews to assist the other CBO contractors who are falling behind in their removals, and are dispatched weekly to different parts of the City. Whether it is graffiti or weed, trash and debris removal, cleanliness is a highly charged subject. The public's first perception of a facility, business or city is based on its initial and continuing awareness of how clean that area appears. If it is neglected, it encourages more abuse and fosters the broken window syndrome. Woods Maintenance Services, Inc., excels in immediate and professional response to any disruption to the cleanliness of the facilities it is charged with maintaining. And so it shall be with the City of Bell.
QUALIFICATIONS

The city of Bell has developed an aggressive Graffiti Abatement Program via this RFP. The City is taking a proactive stance in the war on graffiti. To this end, GRAFFITI CONTROL SYSTEMS has developed its work plan to quickly attack the problem in the initial stages and to offer concentrated, speedy and consistent service through the balance of the contract term. This work plan is very similar in scope to those that we have implemented, with great success, in many other municipalities.

METHOD OF OPERATION - INITIAL PROTOCOLS

At the onset of the program the city shall be divided into zone specific areas. GCS will field multiple crews in an effort to attack the problem head on and abate all visible graffiti. Areas that have been allowed to lapse, major thoroughfares, business districts and “hot spots” will be the primary concern. This will be quickly followed by private property, alleys and areas adjacent to public facilities that have not gotten the attention they deserve; such as freeways on ramps, flood control channels and industrial parks. Schools, churches and hospitals will also receive the attention that is needed.

DAILY ROUTINE - CONTRACT WIDE PROTOCOLS

GRAFFITI CONTROL SYSTEMS’ supervisor leads the daily and/or weekly tailgate meetings to discuss safety, current issues and to go over work orders, special requests, problems and concerns. At this point the crews will be directed to any areas that are flagged in the meeting as a priority before continuing with their normal schedule in removing all graffiti from public and private surfaces within the city boundaries, and then maintaining those surfaces graffiti free. Abatement crews will patrol and survey the areas on a six-day per week schedule (M-F and either Saturday or Sunday depending on the City’s desire), annotating, recording and removing graffiti as it is encountered. All information will be immediately uploaded into the TACRS database for access by authorized users. This database is the backbone of the reporting and billing system. All data (including pictures) is entered into a PDA (smart phone) that will track the site location (GPS), removal time, removal type, removal surface, square footage and other pertinent information. This is extremely beneficial for restitution purposes as well as for the billing and invoicing process.
All commercial thoroughfares, areas around schools, religious buildings and main arteries shall be patrolled Monday through Friday. Residential neighborhoods shall be targeted weekly and difficult to access locations (due to traffic and safety concerns) may be handled on the weekend. Emergencies will be handled within 3 hours, assuming it is safe for our technician to abate.

We have always sought complete and frequent communication with all of our clients, and here it shall be no different. By being in close and frequent contact with the city representatives (City Graffiti Coordinator), problems are avoidable, graffiti is abated more quickly and everything runs much smoother. Vandalism incidents may be called into our offices 24 hours per day. Supervisors check in with the office every two hours to obtain updates and urgent or priority assignments. Field crews and supervisors are called throughout the day, via cellular phones to update progress and review workload. It is at these times decisions are made whether to assign additional crews in a particular area.

One of the important aspects of any graffiti program is having the knowledge and the right equipment and experience to tackle the problem. GRAFFITI CONTROL SYSTEMS uses a combination of methods to abate graffiti, starting with the least damaging process:

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Great care will be taken in protecting surrounding areas, utilizing plastic sheeting and drop cloths when required. If spraying paint would risk overspray upon vehicles or property, either the task shall wait for a more opportune time, or areas shall be hand painted to preclude such damage. Sand, soda and any residue from cleaning and/or painting operations shall be cleaned.
up immediately by Contractor, restoring the surface and area to its original condition, and removing any potential liability problem or exposure.

**NUMBER OF CREWS**

Our plan is to field as many crews as necessary to paint, pressure wash and/or chemical treat and abate all visible graffiti within the City of Bell. At the start up there may be a need to field additional crews and/or staff to play "catch up" in order to get the City into shape.

**RESPONSE TIME**

Our standard response time is 24 hours, however, once a work order is received, that work order will be completed within 8 working hours, which will always fall within that time frame. All "survey" work will be abated immediately. Any special circumstances will be discussed with the City Graffiti Coordinator and may need to be abated over a weekend or other special time when there is less traffic for safety reasons. For any emergency or after hours request, the response time will be 3 hours.

**VEHICLES AND EQUIPMENT**

All vehicles will all have commercial airless paint sprayers, pressure washers capable of dispersing 5 gallons of water per minute at 200 degrees and 3200 psi. Each vehicle is self contained with a 300 gallon water tank on the bed. Our vehicles are typically less than 3 years old and are usually Ford F-250 models or Chevy W3500 tilt-masters. Further, our fleet includes two "cherry-pickers", one that reaches 29 feet, while the other reaches 47 feet. In addition to the above, each vehicle assigned to this contract will carry all required safety equipment, 22 foot extension ladders, MSDS specifications, paints, tints, and other sundry items. Through our many years of experience, we have found that most "high" graffiti can be abated via the use of one of these ladders, however, because we have the high-lift trucks, we can easily abate graffiti that reaches the 40 foot threshold required by the scope of services.

**WEB BASED DATABASE SYSTEM - TAGRS**

TAGRS (Tracking and Automated Graffiti Reporting System) was designed by the Orange County Sheriff’s Department for use in law enforcement. It allows the use of ANY PDA (smartphone with Windows, Android or Blackberry operating systems) to capture all pertinent data and pictures to be uploaded instantaneously into a database so that all authorized users can view, print and generate specialized reports. The user simply enters the program, clicks on the
drop down menu items, takes a picture(s) and submits the "post". That entry then is immediately (via cellular service) uploaded into the TAGRS database which is maintained and backed up by the Orange County Sheriff's Department. Enclosed with this proposal is an extensive package describing this program.

Graffiti Control Systems has been instrumental in assisting the TAGRS group in rolling out this program throughout Southern California. Having been the first independent contractor using the TAGRS program, we not only know the program inside and out, but have tested extensively the revisions and updates for TAGRS.

We are currently using this system for our contracts in Tustin, San Gabriel, Diamond Bar, Santa Monica, Temple City, Arcadia, West Hollywood and for our MTA Graffiti contracts. Orange County Sheriff's is also using this system in several other cities. The City of Los Angeles adopted this program about 6 months ago as their preferred method of reporting, capturing and prosecuting vandalism. The County of Los Angeles (Public Works) is looking into implementing the TAGRS system into their current graffiti contracts.

SURVEY & WORK PERFORMANCE

The crew(s) will drive through the area daily to assess the status and log all new incidents of graffiti. Most of the anticipated work shall be carried out between the hours of 6:30 am and 3:00 pm, five days per week and on Saturday or Sunday to partol the required areas per the Scope of Services. The crew(s) will proceed with all abatements - including color match paint out, and all solvent, water blasting and soda blasting removale. The Crew Supervisor will be initiating contact by securing signatures when necessary, from property owners on Release and Consent forms, allowing us legal access.

SAFETY PROCEDURES

The safety and well being of all Contractors' employees, and the citizens in general is our primary concern. All work undertaken conforms to all rules, regulations, ordinances and statutes of the City, County, State and Federal Governmental offices. All proper traffic control methods are utilized, as required on the public right-of-way, with flashing arrow boards, cones and barricades. The concern is also for the public at large, as we will be working closely with those affected by the graffiti to see that their businesses are not disrupted. GRAFFITI CONTROL SYSTEMS has already developed, had approved, and has a working module of the Safety Program as mandated by SB 199, which is available for review by any city agency. For those anticipated chemicals and
products to be utilized on this program, we have included MSDS sheets in the attachments. All vehicles carry first aid kits, fire extinguishers, MSDS sheets, and BMP protocols for the services we will be performing.

**SUBCONTRACTORS**

In the performance of the work as outlined throughout this RFP, Graffiti Control Systems will use no subcontractors. We are, as required by law and the Business and Professions Code, licensed by the Contractors State License Board with a C53 and C61, D3B and D49 license, active and current. As the largest graffiti abatement contractor in the nation, we are sufficiently funded with over $5 million in contract work, over 50 late model, specialized vehicles, over 80 bi-lingual Technicians, including 23 supervisors, specialized paint lab and 36 years of experience. This far exceeds even the closest competition.

**COMMUNICATION & JOB TRACKING**

All work orders and requests for service, whether they are emailed, faxed, retrieved from the City Hotline, or called into our office through our 800 line, are imputed by our office support staff. Job orders are written up, imputed into the computer and tracked through the entire process until completion. GCS created the first comprehensive database for entering, annotating, searching and retrieving all requests for service, irrespective of the source. These are then compiled into a report sent each month to the Program Manager and Accounting Department. Our billing follows universally accepted protocols for accounting practices. Every employee assigned to City work is separately tracked (as are all staff technicians), so that all contract time and material is properly accounted and imputed.

**PAYROLL & ACCOUNTING**

Graffiti Control Systems has always sought out the most efficient, cost effective and professional services, products and methodologies in conducting its business as we enter our 40th decade of operation. We conducted an exhaustive search in an effort to secure the very best in payroll services. Anyone or any firm can add up time cards. We wanted more.

We engaged ADP, the nation's oldest and largest provider of payroll and business services. From the Auto Pay Program we have engaged which allows us access to their database to input hours, wages, deductions; to the use of Avert, the information based business service to get almost instantaneous reports on employees and prospective hires. All employees are required
to punch in and out using the ADP biometric time clock which verifies the user along with their start and end times.

Our clients are very important to us, and we make every effort to verify not only the identity and ability of our staff, but to ascertain any criminal or negative reports that may have been overlooked. This, coupled with our DMY Driver Full Program, assures we are getting the best of the best.

City assigned personnel annotate their hours by signing in on a weekly time sheet. This sheet lists their name, week worked, time arrived at office, time arrived on job, break time, lunch break, time left job site and time arrived back at office. All Supervisors are responsible for collecting the weekly time sheets, verifying the information, signing the bottom along with the employee, verifying the accuracy of the information. These sheets are then compared to the ADP time clock reports for accuracy. This is usually completed by Wednesday, and payroll is generated and delivered to our offices on Thursday for the prior week’s work. Holidays are preset, as well as accrued vacation time. For those employees with multiple pay rates, Auto Pay takes that into account and hours, deductions, reimbursement and overtime can be placed in any of the predefined fields, so there is no “accidentally” shorting an employee. If a holiday falls on a Thursday or Friday, Accounting will generate the payroll one day early.

ADP also provides all Certified Payroll Reports for all of our contracts, so that there is no error or guesswork with employees, correct payroll amounts and deductions. These are submitted monthly to the City with a cover sheet verifying the information signed by the President.

In addition to the “honor” system, GCS has Supervisors out in the field seven days per week. This not only verifies that staff technicians are on the job, doing when they are contracted to do, but allows us the time to do Quality Control. Supervisors are armed with printouts of the prior days (weeks) work and have the opportunity to not only check current jobs, but to verify the completion of previous assignments. When Supervisors cannot make it to a particular site that day, vehicles are equipped with an in vehicle system by TeleNav that allows us to monitor the exact location of any of the vehicles at any time.

Further, Graffiti Control Systems has contracting experience with cities that receive funding via the Community Development Block Grant (CDBG) Program, HIJD and LACDC. Currently both San Gabriel and Tustin receive funding from these agencies, and Graffiti Control Systems has always been in compliance with any and all requirements of these programs. Previous experience
also includes the following municipalities: City of San Fernando, Monterey Park, Culver City, and Los Angeles.

**TRAINING PROGRAM**

All staff members must attend and pass a comprehensive in-house training program, prior to being qualified for as a Graffiti Abatement Technician. Prior to beginning work, and immediately after hiring, the personnel record is examined to substantiate all submitted facts and information. A voluntary drug test is administered and forms are signed allowing random drug tests during employment. Driving record is examined for any noticeable failings. Once the preliminary, administrative work is completed, the employee is issued uniforms, gloves, safety goggles, hard hat, safety vest, rubber boots, and Employee Manual, and several guides to equipment and procedures. Some of this is “homework”, and must be completed before formal training begins at our offices, and then on the job site. The training is usually broken down into six distinct areas, though there may be some overlapping:

1) Safety and operating procedures for high pressure washers
2) Safety and operating procedures for gas powered spray equipment
3) Safe vehicle operating procedures and included emergency/safety equipment
4) Graffiti removal techniques on 12 different types of surfaces
5) Use of chemicals, reading an MSDS, emergency procedures and BMPs
6) Public relations, expected behavior, image and dealing with the public

The training process, both in the office with a veteran supervisor and out in the field, takes two weeks, before a new hire is allowed to work solo, but still supervised.
PRIOR EXPERIENCE

Having been in business continuously since 1975, and having been awarded and performing under hundreds of contracts during this time, it is difficult to list all of those within a specified time frame. The following is by no means a comprehensive list, but rather a sampling of the manner of work that we have performed over the years. Because of the voluminous nature of the list, individual contract rates have not been indicated. In almost all cases, the contracts ran from a low of $50,000 to a high of $850,000, with the majority being in the $200,000 to $500,000 range. Should more exacting figures be required, we will be happy to provide them.

Graffiti Removal, Abatement, Coatings and Maintenance

City of Los Angeles
- Maintenance of all Freeway Underpasses (Zero Tolerance)
- Maintenance of all City Buildings and Property (Zero Tolerance)

County of Los Angeles
- Maintenance of East & South San Gabriel Valleys (Zero Tolerance)
- Maintenance of North San Gabriel Valley (Zero Tolerance)
- Maintenance of South Central Los Angeles (Zero Tolerance)
- Maintenance of the Flood Control Channels (South Area)
- Maintenance of the Flood Control Channels (West Area)
- Maintenance of the Flood Control Channels (East Area)

City of Culver City
- Zero Tolerance Graffiti Removal Program

City of Santa Clarita
- Zero Tolerance Graffiti Removal Program

City of Monterey Park
- Zero Tolerance Graffiti Removal Program

City of Montebello
- Zero Tolerance Graffiti Removal Program

City of Long Beach
- Zero Tolerance Graffiti Removal Program

City of South Pasadena
- Zero Tolerance Graffiti Removal Program

City of Diamond Bar
- Zero Tolerance Graffiti Removal Program
City of National City
Zero Tolerance Graffiti Removal Program

City of San Diego
Zero Tolerance Graffiti Removal Program

Pressure Washing / Trash Removal / Graffiti Removal Services
City of Los Angeles
Westwood Village Sidewalk Maintenance District
Roseda Boulevard Sidewalk Maintenance District
Broadway Sidewalk Maintenance District
Hollywood Boulevard Sidewalk Maintenance District
Main & Spring Sidewalk Maintenance District
Ventura Boulevard Sidewalk Maintenance District
Fairfax Avenue Sidewalk Maintenance District
Van Nuys Boulevard Sidewalk Maintenance District
Vehicular Tunnel Cleaning & Maintenance
Civic Center & Environ
Los Angeles Police Department Programs
General Services City Hall Restoration & Cleaning

City of Coronado
Sidewalk Maintenance Clean up and graffiti removal

City of Whittier
Uptown Business District Sidewalk Maintenance

City of Palm Springs
Palm Drive Sidewalk Maintenance
Palm Springs Airport Hard Surface Maintenance

City of West Hollywood
Sidewalk Maintenance Program
Graffiti Abatement Program

City of Beverly Hills
Sidewalk Maintenance Pilot Program

Department of Motor Vehicles
Sidewalk Maintenance Program
Graffiti Abatement Program

City of Glendale
Maintenance of Central Business District
Clark County Nevada
   Graffiti and vandalism removal from Resort Corridor
Austin, Texas
   Graffiti Removal for City-wide Park System
California Department of Transportation
   Exterior Maintenance of Trans Bay Terminal – San Francisco

Weed, Trash and Debris Removal - Public Rights of Way

Orange County Transportation Authority
Southern California Regional Rail Authority
California Department of Transportation - Freeway right of way maintenance
Metropolitan Transit Authority
County of Los Angeles - Sidewalk Maintenance Program - Whittier Boulevard
County of Los Angeles – Sidewalk Maintenance Program – Florence/Firestone
County of Los Angeles Flood Control - West Area

In all of the aforementioned contract jobs, Woods Maintenance Services, Inc., acted as the Prime Contractor, with the awarding agency or body, without the use of subcontractors.

There are no other contractors or business concerns that can touch or match our depth and breadth of experience. Designing, creating and implementing programs for agencies and municipal bodies are areas within our expertise. Evaluating the exterior maintenance needs of a department, setting, realistic but ambitious goals for improvement, implementing improved methodologies to accomplish these goals...this is what we do best.
PERSONNEL

Graffiti Control Systems has always maintained sufficient staff, vehicles, paints, chemicals, hand tools and equipment to carry out each contract program it was assigned.

When a program manager wishes graffiti abated, the last thing they wish to hear is, “I’ll have to pick up some supplies”, or “the truck is broken down”. When a problem exists that is of sufficient magnitude for a concerned citizen to call, then it is of equal importance for us to handle that problem as quickly as possible.

To this end, Graffiti Control Systems maintains a fleet of:

- 38 equipped graffiti removal vehicles
- 7 dedicated trash collection vehicles
- 1 AirSweeper Truck
- 47’ Bucket Truck
- 29’ Bucket Van
- 2 traffic control vehicles
- 18 water blasters
- 12 sandblasters
- 6 soda blasters
- Proprietary paint matching system
- 28 Graco airless paint sprayers
- 55 field call phones

Should Graffiti Control Systems be awarded this contract, there will be no need for additional equipment and vehicles. However, the financial stability and resources of the Company allow us to quickly obtain anything that will be required to operate a successful program, without diminishing existing contracts.

Having been in business and operating successfully for 36 years, we have established open lines of credit at all suppliers, so that should equipment or supplies be required, one may rest assured that if they are not on hand, they are easily and quickly available.
With our expansion in 1994 and purchase of a 20,000 square foot site in North Hollywood, all equipment and personnel are staged and dispatched from one centralized location, making for a faster and more efficient operation.

**STATEMENT OF QUALIFICATIONS**

**PRESIDENT/PROJECT MANAGER**

Barry K. Woods  

36 years of maintenance experience, including graffiti abatement, exterior hard surface maintenance, landscape maintenance and masonry restoration. Seeks better and more productive methods to accomplish company goals. Interfaces with Contract Administrators to obtain feedback and adjust methodology.

**PROJECT SUPERVISORS**

Juan Franco  
Enrique Lopez  
Jose Morales  
Antonio Morales  
Angel Paniagua  
Jeff Woods  
Mario Acosta  
Josh Woods  

107 years of combined field work experience in all aspects of contact maintenance with city, county and state agencies. Create and implement new and more efficient systems of inspection and quality control procedures. On site on daily basis, handle initial calls for emergency service, and follows up upon completion.

**ADMINISTRATIVE ASSISTANTS**

Doris Lemaire  
Connie Perez  
Marina Lopez  

46 years of combined contract expediting. Oversee all dispatching of survey and maintenance creves, coordinate field assignments, handle day to day contact with municipal personnel and businesses of contract communities. Coordinate extra work, emergency assignments and inspection procedures. Maintains all reports and database entries.
FIELD STAFF

Thirty Painters / Surveyors capable of locating, surveying and recording graffiti sites, matching colors and painting over vandalized areas. All qualified and certified to operate high pressure washers for chemical removals and wet sandblasting equipment for removals requiring abrasives as well as application of protective coatings.

Thirty three field workers whose sole responsibility is to maintain exterior surfaces. Operate dump trucks, heavy equipment, as well as handling all weed, trash and debris needs of all transportation agencies and county contracts. Trained in safety protocols and attend periodic workshops of BMP’s and safety education.

Three paint tinters, mechanics, laborers. Two glass and window technicians trained and qualified to operate state-of-the-art glass polishing equipment and apply protective anti-graffiti film to windows.
**Experience**

**President**  
10/75 – Present

36 years of maintenance experience, including graffiti abatement, maintenance of hard surfaces, landscape maintenance, tree trimming and trash and debris removal. Instituted new and improved methods of abating graffiti, faster response times and better tracking protocols. Handles purchasing and tasks assignments with Operations Manager and Project Supervisors through weekly meetings. Overall responsibility for all contracts and interfaces with Project Managers and all public agencies. Member of multiple trade organizations and is qualified to instruct workers on BNSF properties. Is railroad worker qualified.

**Clients**

Currently oversees all corporate assignments.

**Education**


All key personnel that will be assigned to this project shall not be removed or replaced without the prior written consent of the Orange County Transportation Authority.
Jeff Woods  
7260 Atoll Avenue  
North Hollywood, CA 91605  
(818) 764-2819

Experience

General Manager  
7/03 – Present

Oversees staff of 88 employees. Conducts daily safety briefings, dispatches and oversees multiple crews at multiple locations. Organizes and assigns vehicles and equipment, manages maintenance and repair of equipment. Maintains all databases, reports and logs of work performed. Operates pressure washers, cranes and heavy equipment as needed, trains personnel in safe operation of all equipment. Interfaces with Contract Administrators to obtain work assignments, and verify completion of all tasks. Purchases equipment and advises and researches new and more efficient equipment for contracts.

Crew Leader - Foreman  
9/95-7/03

Supervised a crew of eight handling weed, trash and debris removal for transportation agencies. Maintained records and logs, oversaw equipment and vehicles assignments and maintenance. Initiated safety training for new hires and conducted weekly safety meetings. Trained in operation, use and maintenance of heavy equipment. Scheduled crews and allocated resources to maintain contract compliance.

Clients

Will have direct oversight of City contract, interface with Supervisors, and liaison with City of Bell contract administrator.

Education

California State University - Northridge, Northridge, California.

Received B.A. degree in Business Management.
EXPERIENCE

CITY OF WEST HOLLYWOOD, CITY OF LOS ANGELES, COUNTY OF LOS ANGELES  2/03 - PRESENT

Responsible for surveying and handling specific job requests within the City for all graffiti abatement. This includes public and private property as well as special requests from Public Works.

METROLINK - FOREMAN  12/99 - 2/03

Conducts daily safety briefings, dispatches and oversees crew at multiple locations. Assigns vehicles and equipment, manages maintenance and repair of equipment. Maintains database reports and logs of work performed. Operates pressure washers, paint sprayers and heavy equipment as needed, trains personnel in safe operation of all equipment. Interfaces with Contract Administrator to obtain work assignments, and verify completion of all tasks. Territory Qualified on Coast, River and Valley lines to obtain track and time.

CLIENTS

Direct oversight and management of contracts with several cities and municipalities as well as Metrolink, MTA, OCTA.

EDUCATION

Graduated Fairfax Park High School

Pierce College - Woodland Hills, California. Business Management course of study. Additional units are required for completion.
EXPERIENCE

**Senior Supervisor**

Currently the on-site supervisor for the Whittier Boulevard Enhanced Maintenance Services contract for the county of Los Angeles. Enrique’s duty include but are not limited to: daily supervision of the Whittier crews; vehicle and equipment related issues (repairs, new equipment, etc.); ordering equipment, paint, supplies and seeking out new, better and more cost effective methods to do the work; interaction with constituents and others when problems arise as well as meetings with County staff as required or requested. Enrique has supervised various graffiti and sidewalk maintenance crews in the last 11 years, including, but not limited to: Florence/Firestone, city of Los Angeles, city of Santa Monica, city of Monterey Park and city of San Gabriel. Enrique also provides both technical support and supervision for all employees and provides training and safety classes as needed.

**Crew Leader - Foreman**

1/89-12/09

Led crews on various city, county and municipal agency contracts. Handled graffiti removal and abatement as well as, weed, trash and debris removal. Operated heavy machinery, pressure washers, paint sprayers, etc. On site leader for pressure washing team responsible for keeping LA City hall clean for special events. Interfaced with subcontractors for fencing, herbicide and tree trimming needs.

CLIENTS

Has daily meeting with manager who is in contact with city, county or municipal agency contract administrator.

EDUCATION

Oaxaca, Mexico – University, General Education, 1985

Pierce College – Small Machine Engine Repair 1996

LA Valley College - Developing Supervisory Leadership 1999

UCLA Extension - Site Engineering and Watershed Management 2007
CONTRACT

Neither Woods Maintenance Services, Inc., its subsidiaries, owners, officers, employees or others affiliated with the company have any current or potential conflict of interest with the City of Bell.
BUDGETED COSTS

We estimate the annual amounts to be as follows for 2011-12, 2012-13 & 2013-14:

2011-12
Annual payroll at $21.45 per hour (6 days) $26,770
Projected costs for fuel, supplies, vehicles
Vehicle repairs, insurance, overhead, etc. $20,150
TOTAL for 2011-12 $46,920

2012-13
Annual payroll at $21.45 per hour (6 days) $53,539
Projected costs for fuel, supplies, vehicles
Vehicle repairs, insurance, overhead, etc. $40,300
TOTAL for 2012-13 $93,839

2013-14
Annual payroll at $21.45 per hour (6 days) $53,539
Projected costs for fuel, supplies, vehicles
Vehicle repairs, insurance, overhead, etc. $40,300
TOTAL for 2013-14 $93,839

The above figures are based on an average of 1,200 jobs per month which was derived from the figures provided by the City over a 13-month period.
ADDITIONAL INFORMATION
PROPOSAL
GRAFFITI REMOVAL

Pursuant to the Notice inviting proposals for the above described work, the undersigned as a Contractor, declares that he/she has carefully examined the proposed described work and that he/she has read and examined the contract documents and is familiar with all proposal requirements and hereby proposed and agrees, if the proposal is accepted by the City of Bell, that within ten (10) days, excluding Saturdays, after written notice of award of contract is mailed to Contractor, Contractor will execute and deliver to the City Clerk the contract form provided in the contract documents, the insurance certificates and the special endorsements required therein in a form approved by the City Attorney. Contractor will also furnish all labor, materials, and services necessary to perform and complete all work required by the contract documents and any addenda thereto issued by the City of Bell prior to the receipt of the proposals, for the above described work for the lump sum or unit price set forth in the proposals schedule which is attached hereto and by this reference is incorporated herein.

Said Contractor further agrees to complete all work required under the contract within the time stipulated in said contract documents and to accept in full payment therefore the price in the Proposal Schedule.

Dated: December 6, 2011

Name
Contractor_ Graffiti Control Systems
(Complete Corporate, Partnership, and Fictitious or Sole Proprietorship name)

By: ____________________________
(Signature)

Name
Printed: Barry K. Woods

Title: President
(Proof of authority to bind Contractor must be submitted with proposal)

Address: 7260 Atoll Avenue, North Hollywood, CA 91605

Telephone: 800-794-7384
City of Bell  
Request for Proposals  
GRAFFITI REMOVAL SERVICES  
(Revised 11/21)

Name of Company: Graffiti Control Systems

Contact Person: Jeff Woods

Address: 7260 Atoll Avenue

City: North Hollywood  
Zip: 91605

Phone: 818-503-8240  
Fax: 818-764-2516

Contractor's Signature

Title: President  
Date: December 6, 2011

REMOVAL OF GRAFFITI FROM PRIVATE PROPERTY:

Using the contractor's complete schedule of graffiti removal fees, please enter the cost per location for each of the following graffiti removal Methods.

<table>
<thead>
<tr>
<th>Type</th>
<th>Minimum Cost</th>
<th>Additional Cost Over Minimum Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sandblasting $17.00</td>
<td></td>
<td>50 sq. ft.</td>
</tr>
<tr>
<td>Water blasting $11.00</td>
<td></td>
<td>50 sq. ft.</td>
</tr>
<tr>
<td>Water blasting with baking soda $13.00</td>
<td></td>
<td>50 sq. ft.</td>
</tr>
<tr>
<td>Painting- &quot;matching paint&quot; $9.00</td>
<td></td>
<td>100 sq. ft.</td>
</tr>
<tr>
<td>New paint</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Painting- &quot;matched paint&quot; $9.00</td>
<td></td>
<td>100 sq. ft.</td>
</tr>
<tr>
<td>Recycled paint</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemical/Solvents $9.00</td>
<td></td>
<td>100 sq. ft.</td>
</tr>
<tr>
<td>Other (describe) $425.00</td>
<td></td>
<td>300 sq. ft.</td>
</tr>
<tr>
<td>anti-graffiti coatings</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Please complete the following schedule of fees:

<table>
<thead>
<tr>
<th>A.</th>
<th>Non-Porous Surface</th>
<th>$0.09</th>
<th>100 sq. feet</th>
<th>$9.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.</td>
<td>Painted Surface</td>
<td>$0.09</td>
<td>100 sq. feet</td>
<td>$9.00</td>
</tr>
<tr>
<td>C.</td>
<td>Porous Surface</td>
<td>$0.11</td>
<td>50 sq. feet</td>
<td>$11.00</td>
</tr>
<tr>
<td>D.</td>
<td>Emergency Call Out</td>
<td>$1.00</td>
<td>$75.00</td>
<td>$75.00</td>
</tr>
</tbody>
</table>

Definitions of the terms used above:

**Non-Porous Surface**
Glass windows, mirrors, metal, street signs, poles, baked enamel, traffic control boxes, etc.

**Painted Surface**
Previously painted surfaces such as stucco, block walls, tilt ups, fences, etc.

**Porous Surface**
Natural unpainted surfaces such as block walls, concrete walls, curbs, sidewalks, etc.

**Emergency Call Out**
Sending a work crew out of schedule.

Schedule of fees for sidewalk power washing services:

<table>
<thead>
<tr>
<th>Cost Per square foot OR linear foot</th>
<th>Charged in increments of</th>
<th>Minimum charge per location</th>
</tr>
</thead>
<tbody>
<tr>
<td>$.015 per sq. foot</td>
<td>1,000 sq. feet</td>
<td>$150.00</td>
</tr>
</tbody>
</table>

* by estimate depending upon condition
# PARTIAL LIST OF REFERENCES

## GRAFFITI ABATEMENT CONTRACTS

Woods Maintenance Services, Inc. and/or Graffiti Control Systems

<table>
<thead>
<tr>
<th>Name of City</th>
<th>Year Started</th>
<th>Amount / Rate</th>
<th>Contact</th>
<th>Phone Number</th>
<th>Description of Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Los Angeles Public Works – CD9</td>
<td>1984</td>
<td>$325,000 per year</td>
<td>Paul Racs</td>
<td>213-978-0229</td>
<td>Graffiti abatement for the City of LA (Downtown &amp; Chinatown areas). Paint, Pressure Washing &amp; Chemical removal used.</td>
</tr>
<tr>
<td>City of Los Angeles Office of Community Beautification (UNTAG)</td>
<td>1984</td>
<td>$400,000 per year</td>
<td>Paul Racs</td>
<td>213-978-0229</td>
<td>Graffiti abatement for the City of LA. Assist ALL other City contractors with work. Paint, Pressure Washing &amp; Chemical removal used.</td>
</tr>
<tr>
<td>City of Tustin</td>
<td>1993</td>
<td>$180,000 per year</td>
<td>George Wiesinger</td>
<td>714-573-3135</td>
<td>Graffiti abatement for the City of Tustin. Paint, Pressure Washing &amp; Chemical removal used.</td>
</tr>
<tr>
<td>Diamond Bar</td>
<td>1993</td>
<td>$52,000 per year</td>
<td>Bob Rose</td>
<td>909-839-7061</td>
<td>Graffiti abatement for the City of Diamond Bar. Paint, Pressure Washing &amp; Chemical removal used.</td>
</tr>
<tr>
<td>Location</td>
<td>Year</td>
<td>Amount</td>
<td>Contact Details</td>
<td>Phone</td>
<td>Notes</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------</td>
<td>------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>--------</td>
<td>---------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Los Angeles County West Area Channels | 2005 | $286,116 per year | Ari Telias  
Los Angeles County Department of Public Works Graffiti Abatement Program ATELIAS@ladpw.org | 626-458-4062 | Graffiti abatement for the West Area Flood Control Channels. Paint only.                                    |
| City of Santa Monica           | 2006 | $84,240 year | Rick Raygosa  
1685 Main Street  
Santa Monica, CA 90401  
rick.raygosa@smgov.net | 310-458-8519 | Graffiti abatement for the City of Santa Monica and the SM Pier. Paint, Pressure Washing & Chemical removal used. |
| City of San Gabriel            | 2006 | $50,000 per year | Clayton Anderson  
425 South Mission Drive  
San Gabriel, CA 91778  
canderson@sgch.org | 626-303-2806 | Graffiti abatement for the City of San Gabriel. Paint, Pressure Washing & Chemical removal used.           |
| Los Angeles County Various Areas Graffiti Abatement | 2008 | $717,000 per year | Ari Telias  
Los Angeles County Department of Public Works Graffiti Abatement Program ATELIAS@ladpw.org | 626-458-4062 | Graffiti abatement for the County of LA. Paint, Pressure Washing & Chemical removal used.                  |
| City of West Hollywood         | 2010 | $80,000 per year | Robert Durbin  
Senior Maintenance Technician  
Facilities Division  
r.durbin@weho.org | 323-848-6878 | Graffiti abatement for the City of West Hollywood. Paint, Pressure Washing & Chemical removal used.        |
| City of Arcadia                | 2010 | $24,000 per year | Jim Kasama  
Community Development Admin.  
Development Services Dept.  
jkasama@ci.arcadia.ca.us | 626-574-5442 | Graffiti abatement for the City of Arcadia. Paint, Pressure Washing & Chemical removal used.            |
Jeffrey Woods
General Manager
Graffiti Control Systems
7260 Atoll Avenue
North Hollywood, CA 91605

October 5, 2011

To Whom It May Concern:

For well over a year now, our city has had the privilege of working with Jeff Woods and Graffiti Control Systems for graffiti abatement services. Their technician, Juan is in our city five days a week and pro-actively documents and abates graffiti as it is found. In cases where we are contacted by constituents or law enforcement informing us of known graffiti, Juan can be dispatched and many times within minutes or hours said graffiti is abated.

Graffiti Control Systems is dependable, professional and at the top of their game. I would recommend them for any government, company or agency looking to contract graffiti abatement services.

Sincerely,

Robert Durbin
Facilities & Field Services
City of West Hollywood, CA 90069
March 15, 2010

To whom it may concern:

It is my pleasure to provide a recommendation for Woods Maintenance Company who has provided exceptional service to LACMTA (Metro) for the past 12 years.

Woods has provided graffiti abatement, trash and debris removal, and mechanical weed abatement service for Metro’s properties throughout Los Angeles County.

The Woods Companies have demonstrated continually to possess the required licenses, equipment, tools, and qualified personnel to handle multiple contracts for Metro properties. Their management team has provided quick response service, detailed work, and they possess a proactive attitude that divides their companies’ service from the rest and sets the standards for customer service.

Sincerely,

Keith Jackson  
Contracts Project Manager  
Facilities Maintenance Supervisor  
Los Angeles County Metro
March 15, 2010

To Whom It May Concern:

This is a letter of recommendation for Graffiti Control Systems, who currently provide graffiti removal services for the City of Tustin.

Graffiti Control systems has provided graffiti removal services to the City of Tustin since 1993. They have performed exceptionally well in conjunction with City staff in removing reported and observed graffiti from both, public and private facilities. Their staff is cordial and helpful. There have been several occasions in which their services were needed on an expedited basis and the staff of Graffiti Control Systems made extraordinary efforts to accommodate City staff in these situations.

I therefore recommend Graffiti Control Systems based on their history of performance for the City of Tustin.

Please feel free to contact me if you have further questions, I can be reached at (714) 573-3134.

Sincerely,

George Wiesinger
Code Enforcement Officer
March 15, 2010

To Whom It May Concern:

Graffiti Control Systems has been providing graffiti removal services to the City of Santa Monica since 2006. They have performed extremely well in conjunction with City crew members in removing and reporting graffiti from city, private and commercial properties. The staff is respectful and supportive on site and in the office. Graffiti Control Systems continues to accommodate the City Santa Monica staff and citizens in our community in providing excellent service.

If I can aid with any questions, please feel free to contact me at 310-458-8519.

Sincerely,

Rick Raygosa
Paint Crew Leader

City of Santa Monica
2500 Michigan Ave.
Santa Monica, CA 90404
310-458-8519
rick.raygosa@smov.net

tel: 310-458-8524 • fax: 310-998-3290
March 15, 2010

To Whom It May Concern:

I highly recommend Graffiti Control Systems as the contractor for your graffiti removal program. Graffiti Control Systems has been the City of San Gabriel’s contractor since 2006, but I have worked closely with Graffiti Control Systems for ten years and have found them to be the most thorough and professional graffiti removal contractor in the business. Graffiti Control Systems employs the newest technology and ushers in the newest techniques to efficiently and effectively remove graffiti.

Graffiti Control Systems’ dedication to customer satisfaction is unparalleled. Not only is Graffiti Control Systems responsive to complaints but they are also proactive. There have been numerous occasions in which I have called them at the “11th hour” to request removal of graffiti and they were always responsive.

In addition to working independently, Graffiti Control Systems follows through on all complaints to ensure that the job gets done. Graffiti Control Systems will be a tremendous asset for your city and has my highest recommendation. If you have any further questions with regard to their background or qualifications, please do not hesitate to call me at (626) 457-4636.

Sincerely,

Clayton S. Anderson
Manager
Neighborhood Improvement Services
March 17, 2010

Barry Woods, President
Graffiti Control Systems
7260 Atoll Avenue
North Hollywood, CA 91605

Letter of Recommendation
Graffiti Removal Program

The City of South Pasadena Public Works Department manages the Graffiti Removal Program for the residents and businesses in the City of South Pasadena. We have been fortunate to utilize the services provided by Barry Woods and Graffiti Control Systems.

The graffiti removal service is efficient and provides for specialized removal techniques for all vandalized surfaces using expert color-matching, chemical or soda blasting techniques for delicate structures.

Our relationship with Graffiti Control Systems goes back some sixteen years now and we have had no incident that has been too large or difficult to manage.

We would recommend Graffiti Control Systems to any agency in need of an efficient program to remove graffiti and provide safety and security to its residents.

Sincerely,

[Signature]

Diana Harder
Public Works Assistant
March 10, 2006

To Whom It May Concern:

Woods Maintenance Services, Inc. (Graffiti Control Systems) has been a service provider to the City of Los Angeles for over 20 years. As a graffiti abatement contractor, they are professional, thorough and responsive, with a keen eye for detail, and customer service.

In addition to supplying roving patrols throughout the city eradicating graffiti, the Office of Community Beautification has entrusted the cleaning and protection of city murals, and all high graffiti abatement to their care and expertise.

Barry Woods and the entire management staff have been quick to volunteer time, material and equipment to beautification projects for the City, without a second thought.

I would, without hesitation or reservation, recommend Graffiti Control Systems for any municipal work under consideration as an example of outsourcing at its finest. Should you desire additional information, please feel free to contact me at 213-978-0229.

Sincerely,

Paul Raes, Director
Office of Community Beautification
City of Los Angeles, Board of Public Works
ACTIVE AND CURRENT CONTRACTOR LICENSES

State Of California
CONTRACTORS STATE LICENSE BOARD
ACTIVE LICENSE

741322  CORP
WOODS MAINTENANCE SERVICES
INC DBA GRAFFITI CONTROL
SYSTEMS
Contractor C61/D52 C33 C61/D38 B

Expiry Date 10/31/2013  www.cslicb.ca.gov

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533959  INDIV
JEFFREY L. WOODS

Contractor C33 C61/D38 C61/D52 C61/D49
C61/D23 B

Expiry Date 06/30/2012
WOODS MAINTENANCE SERVICES, INC.

Barry Woods
President

Doris Lemaire
Office Manager

Connie Perez
Data Input

Josh Woods
Director of Sales and Marketing

Jeff Woods
General Manager

Mario Acosta
Operations Manager

Myles Walton
Warehouse Manager

Juan Franco
LA County Graffiti

Enrique Lopez
LA County Operations

Rene Lopez
MTA Graffiti Operations

Carlos Flores
LA County Whittier Program

Jose Morales
Orange County Operations

Jorge Ramos
Diamond Bar

Danny Flores
LA County Flood Control

Angel Paniagua
MTA ROW Crews

Juan Carlos
MTA Trash Crews

Yurandir Flores
Florence Firestone Crews

Antonio Morales
LA City UNTAG
DATE: January 11, 2012

TO: Mayor and Members of the City Council

FROM: Bill Statler

APPROVED BY: Arne Cloce, Interim Chief Administrative Officer

SUBJECT: BALANCING THE CITY’S CHECK BOOK: INTRODUCTION TO CITY FINANCIAL MANAGEMENT

RECOMMENDATION:

Receive a presentation on key city financial management concepts and principles and how they relate to the City of Bell; and on the structure and recent trends of the City’s General Fund revenue and expenses.

DISCUSSION OR BACKGROUND:

Given the newness of Council members to city government, the budget process approved by the Council on November 9, 2011 including providing the Council and community with an overview of key city financial management concepts and principles.

Bill Statler will make the presentation; there is no Council action requested. Mr. Statler will make a similar presentation to City staff and at a community workshop on January 19. He will also provide an even more abbreviated version at the Community Forum on January 21.

His presentation will closely follow two excellent publications from the Institute for Local Government (ILG):

- Financial Management for Elected Officials: Questions to Ask
- Understanding the Basics of City and County Revenues

Both of these publications are attached. They are also available at no cost (in both English and Spanish) from the ILG on their web site at: http://www.ca-ilg.org/fiscalpubs.
Financial Management for Elected Officials: Questions to Ask

Inside

- Local Agency Financial Policies
- Budget Creation and Monitoring
- Financial Reporting
- Long-Term Financial Planning
- Cash Management and Investments
- Capital Financing and Debt Management
- Purchasing and Contracting Practices
- Finance Terminology (Glossary)
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Introduction

One of an elected official's most important responsibilities is oversight of agency finances. Local agency finance can be complex. In addition, local agencies face significant financial constraints in California; this includes revenue instability due to state budget decisions and economic factors, state-mandated activities and procedural restrictions on raising new revenues.

What can elected officials do to exercise the kind of careful fiscal stewardship over taxpayer resources that the community expects?

This guide provides a series of tips and questions to assist elected officials in performing this important function. In reviewing these ideas, it is important to keep in mind that local agencies vary by size, complexity of operation, and scope of activities. As a result, some of the questions and practices described may not make sense for every local agency. For example, as a budget and accounting matter, some agencies perform one function and may therefore have one "fund." Others may have multiple funds.

This guide is a starting point for conversations between local elected officials and staff. The ultimate goal is to help make sure that everyone is playing their necessary and proper roles as informed and responsible stewards of scarce public agency resources.
Local Agency Financial Policies and Practices

Financial policies can provide a solid foundation for sound public agency fiscal practices. Adopted by the governing body, such policies provide:

- A means through which the governing body can communicate its collective policy judgments and goals to staff, the public and others.

- Direction to staff and standards against which
  1) current practices can be measured and
  2) proposals for changes in practices can be evaluated.

Ratings agencies (who assess local agencies' credit for borrowing) also look at local agencies' financial policies; well crafted polices can mean higher rating grades which can translate into lower borrowing costs.

QUESTIONS TO ASK

Financial Policies

- Does the agency have written financial policies?

- If so, what do they cover? See sidebar on next page for a checklist of possible topics.

- How often does the governing body review them?

- With respect to each policy, is it clear who is responsible for implementing that policy?

- What procedures does management use to make staff aware of such policies? What training does staff receive to allow them to competently implement such policies?

- How does the agency monitor compliance with such policies?

Financial Practices

- Are agency accounting policies and procedures documented in writing?

- What kinds of practices does the agency use (sometimes referred to as “internal controls”) to make sure that the agency has systems for cross checks to minimize the risk of mistakes or maximize the likelihood that misconduct is detected?

- Does agency financial staff participate in relevant professional organizations to keep abreast of developments in the field and best practices?

- Are agency financial staff familiar with and do they adhere to the codes of ethics applicable to their professions? For example, both the California Society of Municipal Finance Officials\(^1\) and the California Municipal Treasurers Association\(^2\) have codes of ethics.
CHECKLIST OF FINANCIAL POLICY TOPICS

Local agencies have various—and various levels—of financial policies. Some policies relate to big picture, strategic topics (for example, budget policy, long-range planning and debt policy); others are very specific and practical policies (for example, credit card policies and expense reimbursement).

Having a range of policies (from big picture to practical and operational) helps an agency to chart a wise course financially and avoid operational missteps. Whether a specific policy makes sense given the nature and scope of an agency’s operations will vary.

Financial Planning Policies.¹

- **Budget Policy.** Such a policy commits to a balanced operating budget (and defines what that is) and requires that decision-makers be alerted when deviations are either planned or otherwise occur.

- **Long-Range Planning.** Such a policy supports financial analysis and strategies to assess the long-term implications of current and proposed capital improvement needs, cost of services, operating budgets, budget policies, cash management and investment policies, program and assumptions. For example, a capital improvement plan enables the agency to detail the agency's plans and relative priorities for making improvements to and replacing capital facilities (a process that normally takes years to complete).²

- **Asset Inventory.** Such a policy requires an up-to-date listing of all major capital assets. The policy can also require an assessment of asset condition and a plan for replacing assets (sometimes referred to as a “capital plan”). The definition of what constitutes a “major” asset is established by local policy, as is the determination of how often the inventory is to be updated.

- **Long-Range Planning for Pension and Other Post-Employment Benefit Costs.** Such a policy analyzes how the agency will meet the future costs of agency employee pensions and other employee benefit obligations.

- **Reserve and Other Fund Balances.** Such a policy enables decision-makers to maintain a prudent level of resources to protect against a need to reduce service levels or increase revenues due to revenue shortfalls or unpredicted one-time expenses. Specific kinds of reserves can also enable an agency to set aside moneys to replace assets (for example, fleet replacement reserves).

Revenue Policies.³ These policies help decision-makers understand and manage revenue flows.

- **Revenue Diversification.** Such a policy encourages a diversity of revenue sources to protect the agency against fluctuations in individual sources, such as sales taxes, which can rise and fall dramatically with the general economy.

- **User Fees and Charges.** Such policies establish the extent to which users of agency services are expected to cover the cost of providing the service and how those costs are determined. Note that most fees may only be used for the purposes for which they were collected and may not exceed the cost of providing the service for which the fee is charged.³ Such policies also can provide for regular review of fee levels and calculation methods to assure that the agency meets its objectives relating to cost-recovery on an ongoing basis.
• **One-Time and Unpredictable Revenues.** A goal of such a policy is to encourage the use of one-time or unplanned revenues for one-time needs or reserve replenishment rather than for ongoing expenses.

• **Limited Purpose Revenues.** By law or policy, certain revenues must be spent for specific purposes (for example, proceeds from special taxes). This policy explains which funds are restricted and why, limits their use to those purposes, and explains how the agency tracks their use to ensure the funds are spent only on permissible expenses.

**Expense Policies.** These policies enable decision-makers to manage and monitor how the agency incurs expenses.

• **Financial Reporting.** Financial reports compare actual expense levels (and revenue levels) to those predicted in the agency’s budget. This policy specifies the content and frequency (for example, quarterly) of these reports to decision-makers and the public.

• **Debt Financing.** This kind of policy allows an agency to specify when it can use debt for either short- or long-term needs. The policy also establishes what levels of debt and debt service payments are appropriate for the agency. It can also be a tool for complying with ongoing disclosure requirements associated with the agency’s debt and monitoring compliance with those requirements.

• **Expense Reimbursement.** Such policies determine the circumstances under which elected officials and staff may be reimbursed for expenses incurred in the course of their service to the agency. This includes setting limits on certain kinds of expense levels (for example, meals and hotel rates) according to community standards. Policies also specify the kind of documentation that must be provided to demonstrate that the expense was incurred in compliance with the policy before an expense will be reimbursed. Agency counsel should review the policy for compliance with AB 1234 and other state laws.

• **Credit and Purchase Card Use Policies.** The practice of issuing credit cards to agency officials and staff is increasingly rare because of the potential for misuse, either accidentally or intentionally. It can however, be useful to have one or more agency credit cards to make travel arrangements and the like. Some agencies also use purchase cards. A policy specifies controls to prevent misuse of such cards.

• **Petty Cash Policies.** Such a policy provides guidelines and accountability mechanisms for day-to-day cash handling by the agency and its departments.

**Cash Management and Investments.** State law requires agencies to adopt an investment policy specifying how the agency may invest funds not needed for the agency’s immediate and short-term needs. Such a policy allows the governing body to establish and keep current the agency’s investment philosophy and risk tolerance. Although well-defined policies are more than a list of allowed investments, such policies should be reviewed by agency counsel to make sure that the agency’s investments and practices conform with state law.

**Purchasing/Procurement.** These policies determine the processes the agency uses in determining with whom it does business (including under what circumstances contracts are competitively bid) and which staff have decision-making responsibility in that area. Such policies also typically specify how the opportunity to do business with the agency is to be announced, with the goal being to reach a widespread number of potential reputable and cost-efficient goods and services providers.
Budget Creation and Monitoring

Budgets are an agency's tool for linking near-term goals with the resources available to achieve them, while keeping in mind long-term goals and resources and how the agency's annual budget fits into its capital plan. Budgeting typically involves:

- Establishing goals and priorities for the agency;
- Allocating resources according to those goals and priorities; and
- Comparing actual expenses and revenues to those estimated in the current budgeted expenses, making adjustments during the course of the budget year as necessary.

As important of a function as budgeting is, decision-makers may find that their options are limited in determining how the agency's monies are actually spent. The limitations may result from legal restrictions on how funds may be used, matching funds issues (that will result in loss of revenues if the agency does not spend a certain amount), and state mandates.

Budgets play the following roles:

- **Financial Plan.** The budget document shows where agency revenues come from and how they are used. It demonstrates an agency's ability to meet recurring expenses with recurring revenues. As the fiscal year proceeds, there may need to be adjustments in the agency's financial plan—the role of elected officials is to understand why such adjustments were necessary and what steps were taken to avoid having to make these adjustments.

- **Communications Tool.** The document also is an opportunity to explain to decision-makers, the news media, staff and the public:
  - What the agency does and why;
  - How the agency is organized to deliver programs and services;
  - The kinds of programs, services and activities planned for the budget period and what kinds of costs are involved;
  - Key fiscal issues facing the agency; and
  - How the agency assesses the efficiency and effectiveness of agency efforts (see also note on performance measurement on page 9).

- **Yardstick.** Once adopted, local officials and others can use budget numbers as a reference against which to compare expenditures and revenues throughout the year. As such, the budget provides an ongoing financial management tool to make sure the agency spends within its means and balances expenses against revenues.

The budget document should be easily understood by the average member of the community. To help make this happen, financial information can be presented a variety of ways (including text, tables and charts). Including performance measures in the budget document can help the public see the relationship between costs and benefits.

Because of the public information role the budget document serves, the Government Finance Officers Association recommends that budget documents be shared via the agency's website.
Role of Governing Body Members

- Do governing body members have a clear understanding of their role in the budget process?

- Do governing body members have a meaningful opportunity to shape major goals and objectives before the preliminary budget is prepared (for example, in budget workshops conducted sufficiently in advance of the preliminary budget's preparation)?

- Do governing body members feel like they have been given an opportunity to understand and react to key decision points within a preliminary budget (versus being subjected to a long, random presentation about numbers)?

General Questions about the Numbers in the Budget

- What are the budget's underlying assumptions (examples of key assumptions include population changes, projected case loads or service demands, state and federal funding, construction activity, utilities costs, service demands, inflation, and interest rates)? Are these assumptions realistic? What are the potential sources of uncertainty and risks regarding these assumptions?

- Does the budget explain the projections for the most significant general fund revenue sources? (These probably account for close to a large percentage of total general fund revenues)

- For agencies providing social services, how are caseload and benefit costs forecast and managed?

- Does the budget summarize major expenses:
  - By function or program tied to areas of public service(s) or facilities the agency provides?
  - By category? (Examples include capital expenses, debt service, and operating expenses like staffing, contract services, and supplies).
  - By fund type? (Examples include the general fund and various enterprise funds, if the agency has special funds).

- Is the budget balanced by one-time fixes or is there a sustainable long-term funding strategy (this is also an issue to be addressed in the agency's long-term financial planning documents, see page 12)?

- Does the budget clearly show the beginning and ending balances in each fund (fund balances)?

- Is the general fund budget balanced (in other words, are there enough projected revenues to cover estimated expenses)?

- Does the budget use one-time revenues only for one-time expenses (rather than ongoing expenses)?

- Does any fund have a deficit (in other words, is it projected to spend more than it brings in)? Why? Is it a deficit temporary or permanent?

- What are the most significant changes since last year's adopted budget?

- With respect to the agency's general fund, how is the fund balance projected to change?

BUDGETS DON'T TELL THE WHOLE STORY

Operating budgets and financial reports do not address many important issues that decision-makers must consider. For example, they do not:

- Show postponed or avoided costs (for example, deferred maintenance on facilities or infrastructure)

- Use of one-time or expiring revenue sources

- Indicate changes in purchasing power due to inflation or deflation.

- Measure the decline or depreciation of infrastructure (like roads, bridges and sewer lines) and public facilities (like buildings and parks)

Local officials may wish to ask staff to provide an analysis of how these variables affect the agency's ability to deliver services and facilities.
• How are other funds’ fund balances projected to change?
• How will any resulting changes affect the agency’s compliance with its reserve policies?
• Does the budget compare actual expenses and revenues from past years so decision-makers and the public can understand how the agency’s budgeted numbers compared to reality?
• Does the budget show changes in the agency’s overall financial condition? What measures of financial condition does it use?
• How does the agency’s budget compare with other agencies in the geographic area (both for the next fiscal year and the trend over the past five years)?
• If there are differences, what are they and what factors account for the differences? (For example, are other agencies using different assumptions and why?)
• Is the agency’s budget dependent on any other agencies, in terms of revenues (or expenditures)?
• Are the other agencies planning changes that should affect the agency’s assumptions?
• Where is the agency in terms of constitutional limits on state and local spending? (In 1979 the California voters in 1979 approved a ballot measure that limited the growth in state and local spending to a formula tied to increases in population and inflation. Finance professionals sometimes refer to this as the “Gann Limit” named after the ballot measure’s sponsor. Local voters can approve an increase in the formula, for a period of up to years.)
• If changes to the budget prove necessary during the fiscal year, why are those adjustments necessary? What steps were taken to avoid having to make mid-year changes? What steps can be taken to avoid such changes in the future?

Personnel-Related Questions

• What procedures does the agency use to forecast and manage projected personnel expenses? When do labor agreements expire?

• How does the agency set its salary and benefit levels or ranges?
• Are there salary-setting guidelines available for positions within the agency? Has the agency considered and followed them?
• Does the agency research and consider salaries and benefits other agencies provide for positions with similar responsibilities in the agency’s geographic area?
• How are changes in compensation determined? For unrepresented employees not subject to a memorandum of understanding, are changes based on an annual goal-setting and performance review process? What other variables does the agency consider (overall agency fiscal health, public perception, relationship to other agencies’ practices, etc.)?
• Note: If the agency uses employment contracts, carefully consider the potential future fiscal impacts of automatic contract renewals, automatic increases in compensation, and provisions linking compensation increases to third-party contracts. These may hamper the agency’s abilities to control its costs in the future.
• Are position vacancies monitored (including length of each vacancy), to determine if salary savings can be achieved, if position actually required, or if service levels are suffering?
• What is the status of the agency’s funding for pension and other post employment benefits liabilities

Public Information and Transparency

• What processes will the agency use to inform the public about budget issues? What mechanisms will there opportunities be provided for public input on budget challenges and priorities?
• Are the agency’s budget and supporting documents made available on the agency’s website?
NOTE ABOUT PERFORMANCE MEASUREMENT

"Performance measurement" (which is sometimes known by other names) enables an organization to assess its performance against organizational goals. This can occur as part of the budgeting process or as part of general management practices involving assessing the degree to which an organization's activities and priorities are aligned with pursuit of an organization’s mission and strategy.

Under either approach, the Government Finance Officers' Association recommends that performance measurement be linked to budget decision-making. See http://www.gfoa.org/downloads/budgetperform.pdf

More specifically, performance measurement is a management tool for systematically collecting clearly defined data regarding the effectiveness and efficiency of service delivery. The initial questions for elected officials to ask are:

1) Whether and how the agency uses performance measurement to assess its activities.

2) If the organization uses performance measurement, how is the resulting data analyzed and used in management decision-making (including decisions on allocating resources)?

3) How are the results communicated to elected officials and the community?

There are a number of good sources on performance measurement for public agencies, including the International City-County Management Association (ICMA — http://icma.org/en/Page/107/ICMA_Center_for_Performance_Measurement) and the Government Finance Officers Association (GFOA — http://www.gfoa.org/index.php?option=com_content&task=view).

LOCAL AGENCY BUDGETING: RESOURCES FOR FURTHER INFORMATION


Financial Management for Elected Officials: Questions to Ask
Financial Reporting and Accounting

Financial reports are an essential oversight tool. There are two basic kinds of financial reports:

- **Interim Reports.** These include monthly reports, quarterly reports and mid-year budget reviews.

- **Annual Reports.** Well-managed public agencies typically prepare a report at the end of the year explaining revenues and expenditures levels.

In addition, local agencies that receive federal or other grant monies may be subject to specific funder financial reporting requirements.29

Good interim reporting identifies important trends in time for local officials to act on them before serious problems arise. Audited financial reports alert governing body members if there are irregularities in financial practices and financial reporting. Both kinds of reports require a solid financial information system to track revenues and expenditures and provide that information to decision-makers.

**QUESTIONS TO ASK**

**Interim Reporting**

- What kind of reports do agency managers receive? What do they do with them?

- How often do elected officials receive interim financial reports? Does staff review the information in these reports with local officials?

- Do the reports provide meaningful information that gives local officials an accurate portrayal of the agency's current financial picture to date?

- Do the reports compare expectations with actual results? Do they discuss key variances between the two?

- Are there adverse patterns?

- Does staff have a plan to address problem areas?

- Are there inconsistencies or conflicting trends?

- Do the reports identify areas of uncertainty or risk in any forecasts contained in the reports?

- Do the reports frequently contain surprises (unexpected developments)?
QUESTIONS TO ASK  continued

Annual Reporting

• Are the annual financial reports prepared by a certified public accountant, in accordance with generally accepted accounting principles? Are these reports audited by an outside or independent auditor?

• Have all the required disclosures, for example, those required by the Governmental Accounting Standards Board (GASB—sometimes often pronounced “gaz-bee”) been made?

• How long has the outside or independent auditor been auditing the agency? Does the agency periodically change auditors every few years to provide a fresh view of the agency’s financial practices and reports?

• What is the relationship between the auditor and both the agency staff and the governing body? Is the auditor getting the information he or she needs in a timely manner? Is communication open and encouraged?

• Are the audited annual financial reports timely—within six months after year-end?

• Should the agency have an audit committee to select and supervise the work of the outside or independent auditor?21

• Are the auditors’ opinions “unqualified?” (An “unqualified” opinion means that the auditor concludes the agency followed all accounting rules and that its financial reports present an accurate picture of the agency’s financial condition. A qualified opinion is a significant warning sign that demands attention from the governing body)

• Does the auditor prepare a transmittal letter that clearly and concisely describes the agency’s fiscal status?

• Does the auditor issue a letter to the governing body reporting on the agency’s internal controls?

• Does the agency follow the “Award for Excellence in Financial Reporting” guidelines of the Government Finance Officers Association?22 If not, why not?

SOME FINANCIAL WARNING SIGNS

• Operating expenses exceeding revenues by more than five percent during the year.

• Large mid-year variances in budgeted revenues and expenditures versus actual.

• Inadequate or late financial reports.

• Depletion of reserves to balance budget, for example if the reserves fall below ten percent of operating costs.

• Outstanding loans between funds at the end of the fiscal year.

• Expenses exceeding revenues for two consecutive years, with the second year’s deficit being larger than the first year’s.

• Debt service exceeds 10 percent of current revenues.

• Increase in debt service as percentage of operating budget each year.

• Qualified auditor’s opinions.

• Reports of internal control weaknesses from the agency’s auditors with no corresponding plan to address (or repeated reports of such weaknesses from year to year).

• Large turnover in staff responsible for monitoring financial status.
Looking Ahead: Long-Term Financial Planning

- **Why Do Fiscal Forecasts?** Forecasting helps the agency think about the factors affecting the agency's fiscal health (and what can and cannot be done about them). Forecasting also helps elected officials, staff and the community understand the long-term fiscal challenges and opportunities they face, as well as possible advance warning of future uncertainties (for example, voter initiatives and state budget decisions).

- **Recognize Limitations.** Circumstances change and assumptions become outdated. Clearly stating the agency's assumptions in making a forecast encourages the review, and re-evaluation of those assumptions, when necessary.

**QUESTIONS TO ASK**

- Does the agency periodically prepare and/or update a long-term fiscal forecast?

- If so, does the forecast take into account key variables relating to revenues and expenses? Variables include demographic factors like changes in population and case loads. They can include economic factors like inflation, new construction, property values and the overall business climate (which can affect sales taxes). Other external factors can include legislative developments and court decisions. Projected costs related to pension obligations and labor agreements are another potential variable.

- Does the forecast reach clear conclusions about what these variables mean for the agency’s future revenues and expenses?

- Does the forecast also identify areas of risk and uncertainty that may limit the degree to which the agency can rely on the forecast?

- To what extent are the results of the forecast shared with decision-makers, the news media and the public?

- What level of detail do decision-makers want to receive regarding the agency’s long-term financial planning? (Some governing bodies will want fairly detailed information whereas others will want bigger picture information. There is not a right level of detail — the goal is to give governing body members the level of detail that makes them comfortable.)
Cash Management and Investments

Sometimes, public agencies have funds on hand that are being held for longer-term needs. These may be invested in a variety of bonds (but not stocks), notes and other instruments allowed by state law.

The governing body's role is to be a wise steward of the public's resources. The objectives in managing public funds are, in priority order:

1. Safety (the likelihood that the agency will get all its money back)
2. Liquidity (the agency's ability to withdraw funds on short notice)
3. Yield (the interest or other return on the investment)

In light of these objectives, prudent public agency investment managers never seek to earn maximum returns on the agency's portfolio at the expense of safety or liquidity. This would expose the agency to an unacceptable level of too much risk.

Instead, they focus on seeking to earn a reasonable rate of return on the agency's investments, while preserving capital in the overall portfolio and meeting the cash flow needs of the agency. There are funds that specialize in investing public agency funds; the Local Agency Investment Fund (LAIF) of the State Treasurer's office and CalTrust are examples.

QUESTIONS TO ASK

• Who is responsible for the day-to-day supervision of the agency's investment activities?
• If that authority has been delegated to the agency's treasurer, has that authority been delegated annually as required by law?
• If that authority has been contracted out, who is responsible for oversight?
• What is the agency's investment policy? Is it understandable? Does the governing body review it annually as the law requires?
• Do governing body members receive and review periodic investment reports? Do these reports include an analysis of cash flow needs?
• Are the investment reports clear and understandable? (A lack of clarity can be a sign of problems or undue investment complexity.)
• Do the reports show numerous investments and transactions? Why? (Many public agencies do not have portfolios that justify "active" management with lots of sales, purchases and trades.)
• Are the agency's investments diverse or are the agency's assets invested in just a few places?
• Do the agency's policies allow investments in derivatives or other potentially high-risk instruments? Does that agency have any such high risk investments?
• Are any bank holdings over the FDIC insurance limit (which may vary from bank to bank) and do such depositories otherwise comply with state and federal standards to provide security for public agency deposits?
Capital Financing and Debt Management

Debt financing is neither a "bad" nor a "good"—it is simply a tool for achieving community goals. However, debt does come at the price of costs of issuance and interest charges, as well as the obligation to make regular loan payments and conform to market disclosure and terms of the debt instruments on an ongoing basis.27 Allowing these payments to become a dominant part of the agency’s budget limits the agency’s ability to respond to unplanned expenses.

Debt financing is usually appropriate for:

- **Temporary Short-Term Cash Flow Issues.** An agency may need to bridge cash flow gaps while waiting to receive key revenues (like property taxes in December and franchise fees in April). The agency may cover these gaps by issuing “tax” or “revenue” anticipation notes (sometimes known by the acronym “TRANs”). In this case, any amount borrowed must generally be paid back within a year.

- **Long-Term Improvements.** Debt financing is also appropriate for truly high-priority, one-time improvements—when it makes sense for current taxpayers to share the cost with those who will benefit 20 or 30 years in the future. By contrast, borrowing for ongoing operational expenses or short-term capital needs is inadvisable. The length of the debt should never exceed the useful life of the debt-financed asset.

Any agency’s ability to borrow and repay debt capacity is limited. Amounts borrowed for today’s project are funds that cannot be borrowed tomorrow. Amounts required for debt repayment in the future are funds that will not be available for other programs and services.

Recognizing the significance of the decision to incur long-term debt for a public agency, California’s constitution requires the public voters to approve debt28 that would be repaid from future general fund revenues.29 While there are a number of exceptions to this requirement (including the special fund doctrine for revenue bonds30 and an exception for financing leases), the constitutional principle is important to keep in mind. Incurring debt obligates the community into the future and reduces financial flexibility. Accordingly, the benefits of doing so should outweigh these costs.31
QUESTIONS TO ASK

- Does the agency have a multi-year capital improvement plan? (Having such a plan enables decision-makers to consider key factors like project priorities, debt capacity and what role fees will play in financing).
  - If the agency has such a plan, is it realistic? If not, what steps are necessary to make it realistic?
  - If an agency has such a plan, what does the plan not include? For example, does it assume that new development will bear the costs of capital improvements necessitated by that development? If so, the plan should so state.
  - Does the multi-year capital improvement plan include specific information about how future maintenance costs will be paid for? It’s not wise to build an asset the agency cannot afford to maintain.

- Does the agency have clear capital financing and debt management policies? Who is responsible for implementing and monitoring compliance with these policies?
  - Do these policies provide decision criteria for when incurring debt is appropriate?
  - Do these policies address what type of debt financing is appropriate (for example, a) variable versus fixed rates, and b) are interest rate swap agreements allowable and under what circumstances?)
  - Do these policies address protection of credit quality?
  - Do these policies address debt capacity?
  - Do these policies address costs/benefits of risk examinations for proposed debt?
  - Do these policies address who is on the agency’s financing team and how consultants like bond counsel, financial advisors, trustees, assessment engineers and underwriters are selected? Are the selection criteria being followed?
  - Do these policies address disclosure to and relations with debt rating agencies?
  - Do these policies address who is responsible for conformance with bond covenants (obligations the agency agrees to as part of bond financing) on an ongoing basis?
  - Does the agency have a debt advisory committee? If so, does the membership of the committee include representatives from the local community?
Purchasing and Contracting Practices

Procurement policies and practices enable an agency to promote maximum value and economy for the agency’s constituents through fair and competitive processes. The goal underlying such policies is to select vendors and service providers using processes in ways that minimize opportunities for favoritism and that provide for competitive pricing. For service providers, the task also involves assessing whether the provider’s skills best meet the agency’s needs.

Purchasing presents a number of ethical and legal hazards for local officials, despite what can be a relatively small impact on overall agency spending. This is because missteps can undermine the public’s overall confidence in the agency’s financial practices. For more information, see www.ca-ilg.org/procurementpractices.

For public works projects, state law generally defines when local agencies must use competitive bidding.32

QUESTIONS TO ASK

• What steps does the agency use to have a fair, open and competitive purchasing process?

• Does the agency’s purchasing process explain the respective roles of staff and elected officials in that process?

• Have employees involved in the purchasing process received training or informational materials on the importance of both the appearance and substance of fairness in the procurement process?

• Are the purchasing rules straightforward enough so that everyone who has a part in implementing them understands the underlying goals and key rules? One element of clarity can be having separate policies depending on the nature of the purchase (for example, one for goods, one for services and another for public works projects).

• If the agency has a decentralized purchasing system (in other words, if purchase are made separately by different departments), does the agency have clear organization-wide standards and guidelines?

• Does the agency take advantage of cooperative purchasing opportunities with other public agencies?

• Does the agency have policies in place to comply with applicable prevailing wage requirements? These are especially common for vehicles and other big-ticket items?

• Would increased reliance on “just-in-time” deliveries that eliminate large inventories and warehouse systems be useful for the agency?

• Does the agency have policies in place for the proper disposal of surplus property? How has staff been made aware of such policies?

• Is the agency alert to and actively monitor contract terms for cost escalators and automatic renewals that can cause increases that can cause the agency to lose control of costs?

• Are staff responsible for purchasing decisions required to file annual disclosure statements relating to economic interests and gift receipt (known as “Form 700s”)?
LIMITS ON AGENCY EXPENSES/PROPER USES OF PUBLIC RESOURCES

Invariably, there are more worthy uses for public funds than there are funds available. Deciding how limited public resources will be allocated is a key responsibility of elected officials, although it is important to acknowledge that decision-makers may have less discretion than one might expect in deciding how public monies are spent.

That being said, the law imposes some basic restrictions on how public resources may be used. For example, any use of public resources must serve the needs of the agency’s constituents. California’s Constitution expresses this principle by prohibiting “gifts” of public funds by the Legislature, general law cities, and agencies created by state statute. Some city charters also contain this restriction. Agency counsel can provide guidance on the issue of what constitutes an impermissible gift of public funds. An example, however, is a payment to another public agency for their purposes, with no benefit flowing back to the donor agency’s constituents.

Along similar lines, personal or political uses of public resources also are not allowed. This prohibition applies to not only public money, but also to anything paid for with public money (for example, agency equipment, supplies and staff time). An example of how this prohibition applies is that public resources may not be used for advocacy efforts on ballot measures (for more information, see www.ca-slg.org/BallotMeasureLegislative). Elected officials should ask how staff and newly elected officials are made aware of these restrictions.

Finally, local agencies must adopt expense reimbursement policies for elected and appointed officials. Agency counsel should review the policy for compliance with state law. Most agencies have adopted expense reimbursement policies for staff as a matter of sound practice.
Brief Glossary of Financial Management Terms

Note: The following glossary is designed to help non-finance experts understand some of the terminology used in public agency financial management. Public agency financial management frequently involves terms that are unfamiliar to non-experts, the definitions of which also involve other unfamiliar terms. The definitions and explanations offered below sometimes sacrifice technical accuracy in order to promote a general understanding of what a term means.

The Institute for Local Government encourages those that wish absolute technical accuracy to consult additional sources.

Accounting Standards
Generally accepted accounting principles (sometimes referred to by the acronym GAAP) published by the Governmental Accounting Standards Board (sometimes referred to by the acronym GASB) that guide local and state agencies’ recording and reporting of financial information. The standards establish such guidelines as when transactions are recognized and annual financial report content.

Accrual Basis Accounting
An accounting method in which revenues (or income) are entered into the accounting system when they are payable (even though the money may not have been received yet), and expenses are recognized when the commitment to pay is made (even though no payment may have occurred yet). Compare with Cash Basis Accounting.

Bond
An interest-bearing promise to repay a specified sum of money borrowed (known as the principal amount) by a specified date. See also “General Obligation Bonds.”

CalTRUST
A joint powers authority created by public agencies to provide a safe and convenient method for public agencies to pool their assets for investment purposes.

Capital Budget
A spending plan for improvements to or acquisition of land, facilities, and infrastructure. The capital budget balances revenues and expenditures, specifies the sources of revenues, and lists each project or acquisition.

Capital Improvement Program (CIP)
The section in the agency's budget for capital improvement projects, such as street or park improvements, building construction, and various kinds of major facility maintenance.

Capital Outlay
Spending that results in the acquisition of or addition to the agency's land, buildings, equipment, machinery, vehicles, and the like to provide services to the community (sometimes these are referred to as “fixed assets”).

Cash Basis Accounting
An accounting method in which revenues are entered into the agency's accounting system when the cash is received and spending is entered into the system when the agency makes a payment. To comply with generally accepted accounting principles, local agencies must use accrual basis accounting, rather than cash basis. Compare with “Accrual Basis of Accounting.”

Construction / Development Tax
A tax imposed on development and/or the availability or use of public agency services. See also “Development Impact Fees.”

Contingency
In budgets, an amount that is set aside to meet unforeseen circumstances.

Debt Financing
Issuing bonds and other kinds of debt instruments to finance agency activities in service to the public.
Debt Service
Annual principal and interest payments an agency owes on money that it has borrowed.

Debt Service Funds
One or more funds in an agency accounting system established to track payments made to repay principal and interest on debt.

Development Impact Fees
Amounts charged in connection with land development to pay for facilities or services that will be needed to serve the new development that are tied to the proportionate costs of providing those facilities or services to that development.

Enterprise Fund
A separate fund used to account for services supported primarily by service charges. An example would be a solid waste fund supported by charges solid waste service receivers pay.

Entitlement Program
A benefit program in which funding is allocated according to eligibility criteria. All persons or agencies must meet the criteria specified by federal or state laws in order to receive the benefit.

Estimated Revenue
The amount of revenue the agency expects receive during a fiscal year.

Expenditure
An amount paid for goods and services associated with the provision of public services, including payments for debt retirement and capital outlays.

Fee
A charge for the cost of providing a particular service. Public agency fees may not exceed the estimated reasonable cost of providing the particular service or facility for which the fee is charged, plus overhead.

Fines, Forfeitures and Penalties
Revenues received and/or bail monies forfeited upon when an individual is convicted of a misdemeanor or municipal infraction.

Full Faith and Credit
When a local agency uses debt financing, more specifically general obligation bonds, it makes a pledge to bondholders the agency will use all available funds to meet the agency's obligation to repay bondholders.

Full-Time Equivalent (FTE)/Staff Year
The number of hours per year that a full-time employee is expected to work. If there are two workers, each of whom works half that number of hours per year, the two workers together equal one full-time equivalent or one staff year.

Fund
A self-balancing set of accounts. For agencies with more complex budgets, accounting information is organized into funds, each with separate revenues, expenditures, and fund balances.

Fund Balance
Difference between the assets (revenues and other resources) and liabilities (amounts spent or committed to) of a particular fund.

General Fund
Fund used to account for all financial resources except those accounted for in another fund (for example, enterprise or grant funds). Usually, the general fund is the largest fund in a local agency.

General Obligation (G.O.) Bonds
A form of debt in which the agency pledges its “full faith and credit” to collect enough money each year to repay the amount borrowed plus interest.

General Tax
A tax imposed for general governmental purposes, the proceeds of which are deposited into the general fund. An agency must comply with certain procedural requirements to impose, increase or extend a general tax, including securing approval of the tax by majority vote of the electorate. See also “special tax.”

Generally Accepted Accounting Principles (GAAP)
Uniform minimum standards used by state and local agencies for financial recording and reporting which have been established by the Governmental Accounting Standards Board (sometimes referred to by the acronym GASB).
Governmental Accounting Standards Board (GASB)
The body that sets accounting standards for governmental entities at the state and local levels.

Grant
A payment of money from one entity to another for a specified purpose, activity or facility. Generally, grants do not have to be repaid by the recipient, as long as the recipient uses the funds for the promised purposes, activities or facilities.

Intergovernmental Revenue
Revenues from other public agencies in the form of grants, entitlements, shared revenues or payments in lieu of taxes.

Investment Earnings
Revenue earned from the investment of public funds.

Licenses and Permits
These represent the agency’s permission to engage in certain kinds of activities. Local agencies often charge fees designed to reimburse local agency for costs of regulating activities being licensed, such as licensing of animals, bicycles, etc.

Lien
A claim on assets, especially property, for the payment of taxes or utility service charges.

Liquidity
The ability to convert a security into cash promptly with minimum risk of principal.

Local Agency Investment Fund (LAIF)
A special investment fund in the state treasury into which local agencies may deposit money for investment.

Maintenance of Effort (MOE)
A requirement, often imposed as a condition of receiving certain kinds of funding, that the agency maintain a certain level of spending. The goal of such requirement is to have the funding being provided increase the level of spending on the program (and conversely, avoid having the extra funding be used to replace existing spending).

Mandate
A state of federal requirement that local agencies perform a task in a particular way or perform a task to meet a particular standard, often without providing the revenues to do so.

One-Time Expenditures
A term used to differentiate routine, ongoing costs within a given budget from non-recurring costs that will not be repeated in future years. A capital expenditure can be a one-time expenditure (although an agency may need to evaluate whether the agency will incur maintenance or replacement costs. This category may also include single-year appropriations for special purposes.

Other Post Employment Benefits (OPEB)
A pension is a form of “post-employment benefit,” that is, a benefit an employee receives after their service to the agency ends. “Other” forms of such benefits can include health insurance and other health-related benefits provided to former employees.

Performance Measures
Indicators used in the budget to show items such as 1) the amount of work accomplished, 2) the efficiency with which tasks were completed, and 3) the effectiveness of a program. Such indicators can help the public understand what public agency spending accomplishes.

Portfolio
The collection of investments held by a local agency.

Prevailing Wage
The basic hourly rate paid on public works projects to a majority of workers engaged in a particular craft, classification or type of work within the locality and in the nearest labor market area (if a majority of such workers are paid at a single rate). Prevailing wage laws require all bidders to use the same wage rates when bidding on a public works project.

Principal
The original amount of a bond or debt (sometimes also referred to as “face” or “par value”), not including accrued interest.
Program Revenues
Income generated by programs and/or dedicated to offset the program’s costs.

Rating
Letters and numbers used by rating agencies to express their assessment of the likelihood of a bond or debt being repaid.

Rating Agencies
Firms that evaluate the likelihood bonds or debts will be repaid by assigning ratings to those bonds or debts. A bond rating is often the single most important factor affecting the interest cost on bonds. There are three major rating agencies for municipal bonds: Moody’s Investors Service, Standard & Poor’s, and Fitch Ratings.

Realignment
Actions taken by the State of California in 1991 to restructure the state-county fiscal relationship by making certain health and social service programs county responsibilities, changing the cost-sharing ratios for those programs, and providing some forms of revenue to help pay for the new responsibilities.

Rents
Revenues received through the rental of public properties to private parties such as convention space and library facilities.

Reserve
Amounts set aside to provide a funding source for extraordinary or unforeseen expenses or revenue shortfalls. Sometimes also referred to as “fund balance(s)” to reflect multiple agency funds. See also definition of “fund.”

Revenue
Income received by the local agency. For more information on sources of county and city revenues, see Institute for Local Government, Understanding the Basics of County and City Revenues (2008), available at www.ca-ilg.org/revenueguide.

Revenue Bonds
A form of debt in which the agency pledges the income received from the operation of the facilities being financed with the debt to repay the amounts borrowed plus interest.

Salaries and Benefits
Salaries includes the compensation paid to full-time, part-time, temporary, and extra-help employees, including overtime, vacation pay, sick leave pay and any type of premium pay. Benefits include the agency’s share of the costs for health, dental, life insurance, retirement, Social Security and Workers’ Compensation.

Sales Tax
A tax imposed on the total retail price of merchandise sold by a retailer. See also “Use Tax.”

Secured Roll
A list containing all assessed property secured by land subject to local taxation

Securities
Pieces of paper (sometimes referred to as “instruments”) that represent financial value. Examples include bonds and stocks.

Service Charges
Amounts charged to cover the cost of providing services to individuals or companies.

Short-Term Financing Methods
Techniques used for many purposes, such as meeting anticipated cash flow deficits, interim financing of a project, and project implementation. Using these techniques involves issuance of short-term notes.

Special Revenue Fund
Funds used to account for proceeds from specific revenue sources that are legally restricted as to how the revenues may be spent. A special revenue fund must have a separate budget adopted annually.

Tax and Revenue Anticipation Notes (TRANS)
A short term loan that local agencies use to even out cash flow during the year. The loans take the form of a debt (“note”) that is secured by anticipated tax and other revenue collections.

Tax Base
The objects or transactions to which a tax is applied (for example parcels of property, retail sales, etc.). State law or local ordinances define the tax base and the objects or transactions exempted from taxation.
Tax Rate
The amount of tax applied to the tax base. The rate may be flat, incremental or a percentage of the tax base, or any other reasonable method.

Total Appropriations and Total Revenues
The consolidation of all revenues and expenditures for all funds. The purpose is to report accurately the full amount of governmental revenues and expenditures for the budget period.

Use Tax
A tax imposed on the use or storage of tangible personal property when sales tax is not paid. See also "sales tax."

User Fee
Fees charged for the use of a public service or program. An example is fees charged to participants in recreation programs. User fees for property-related services are referred to as property-related fees.

Utility Rate
A category of user fee paid by the user of utility services.

Utility Users Tax
Tax imposed on the consumer (residential and/or commercial) of any combination of electric, gas, cable television, water, and telephone services.

Vehicle License Fee (VLF)
Annual registration fee imposed on vehicles.

Williamson Act and Open Space Subvention
Officially known as the California Land Conservation Act of 1965, a law that allows local agencies to enter into contracts with private landowners to restrict specific parcels of land to agricultural or related open space use. In return, landowners receive property tax assessments which are much lower than normal because they are based upon farming and open space uses as opposed to full market value. The program contemplates local agencies receive an annual subvention of forgone property tax revenues from the state.

Yield
The total amount of revenue an agency expects to receive from a tax, determined by multiplying the tax rate by the tax base. Also, the annual rate of return on an investment, expressed as a percentage of the investment.
Endnotes


7 See, for example, Cal. Gov't Code § 66016.


9 See Cal. Gov't Code § 53232.2(b) ("If a local agency reimburses members of a legislative body for actual and necessary expenses incurred in the performance of official duties, then the governing body shall adopt a written policy in a public meeting, specifying the types of occurrences that qualify a member of the legislative body to receive reimbursement of expenses relating to travel, meals, lodging, and other actual and necessary expenses."). See also http://www.lcginfo.ca.gov/calawhtml for additional information on what such policies must include.


13 See Cal. Gov't Code §53600 and following (note that an agency is not required to authorize the full range of all investments allowed by state law). See also http://www.lcginfo.ca.gov/calawhtml for specific statutory language.


15 See Cal. Const. art. XIIIIB (added by Proposition 4 on the 1979 ballot and sometimes referred to as the "Gann Limit" after the ballot measure's leading proponent). See also Cal. Gov't Code § 7900 and following.


26 See Cal. Gov't Code § 53630 and following.

Cal. Const. art. XVI, § 18(a) ("No county, city, town, township, board of education, or school district, shall incur any indebtedness or liability in any manner or for any purpose exceeding in any year the income and revenue provided for such year, without the assent of two-thirds of the voters of the public entity voting at an election to be held for that purpose, except that with respect to any such public entity which is authorized to incur indebtedness for public school purposes, any proposition for the incurring of indebtedness in the form of general obligation bonds for the purpose of repairing, reconstructing or replacing public school buildings determined, in the manner prescribed by law, to be structurally unsafe for school use, shall be adopted upon the approval of a majority of the voters of the public entity voting on the proposition at such election; nor unless before or at the time of incurring such indebtedness provision shall be made for the collection of an annual tax sufficient to pay the interest on such indebtedness as it falls due, and to provide for a sinking fund for the payment of the principal thereof, on or before maturity, which shall not exceed forty years from the time of contracting the indebtedness.") Note that subdivision (b) goes on to provide for additional details relating to school debt.


See, for example, California Housing Finance Agency v. Elliott, 17 Cal. 3d 575, 587 (1976).


For county projects, the threshold for complying with state law relating to public works contracts and bidding procedures is based on population: counties with populations of 500,000 or more ($6,500); counties with populations of 2 million or more ($50,000); and all other counties ($4,000). See Cal. Pub. Cont. Code §§ 20120-20123. See also Cal. Pub. Cont. Code § 20390-20409 (relating to work on county roads). For general law cities, public works projects worth more than $5,000 are subject to the state's competitive bidding requirements. Cal. Pub. Cont. Code §§ 20160-20162. The state's Public Contract Code also has various competitive bidding requirements for special districts based on the kind of district. See Cal. Pub. Cont. Code §§ 20190-20191. Note that it is a misdemeanor to split projects to avoid competitive bidding requirements. See, e.g., Cal. Pub. Cont. Code §§ 20123.5, 20163.
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- Public Engagement
- Public Service Ethics
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UNDERSTANDING THE BASICS OF COUNTY and CITY REVENUES

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Introduction

Counties and cities do many things to improve the quality of life for everyone in California. Each one of California's 38 million residents lives within the boundaries of one of the state's 58 counties. Over 31 million people — more than 80 percent — live in one of California's 478 cities.

Counties and cities share similar roles in providing a vast array of municipal services to residents. These services include public safety (police, fire and emergency services), land use planning, parks and recreation, social services, and the justice system. Those local governments also provide important facilities, including roads, flood protection, sewers, water, solid waste disposal and other utilities. Counties have an additional role as a delivery channel for many state services, such as foster care, public health care, jails and elections.

How do counties and cities pay for such services and facilities? The short answer is they rely on a variety of revenues. The actual mix varies between counties and cities, based on the roles they play in our system of government. The combination and level of revenues also varies from county to county and city to city.

This pamphlet provides a basic overview of the sources of county and city revenues.

How to Use This Information
California state and local finance is a very complex subject. This pamphlet is intended only as a general overview. For specific questions on public finance topics, the Institute for Local Government recommends that readers consult with a public finance attorney or other expert. This pamphlet is not intended as legal advice.

Looking for Footnotes?
A fully footnoted version of this pamphlet is available online at www.ca-ilg.org/revenuebasics.
KEY CITY REVENUE STREAMS
Service fees and charges for city utilities such as water, sewer, and garbage collection are the largest source of city revenues. But use of these funds is limited to covering the cost of providing these services. Major sources of city revenue for daily operations and services come from sales and use tax, property tax, business license tax (a tax on businesses in the city, usually measured by gross receipts), transient occupancy (or hotel) tax and utility user tax.

KEY COUNTY REVENUE STREAMS
Revenues from the federal and state government are the largest source of funding for health and human services. Property taxes, sales and use taxes, vehicle license fees (collected by the Department of Motor Vehicles on annual car registration bills) are the primary funding sources for many county services that don't have a dedicated state or federal funding source.

The Big Picture:
City and County Revenues Statewide

CITY REVENUE SOURCES
- Fines, Forfeitures & Penalties: 1%
- Use of Money & Property: 3%
- Service Charges: 38%
- Revenues from Other Govts: 9%
- Other Revenues: 14%
- Taxes: 35%

COUNTY REVENUE SOURCES
- Fines, Forfeitures & Penalties: 2%
- Use of Money & Property: 1%
- Service Charges: 12%
- Revenues from Other Govts: 56%
- Other Revenues: 7%
- Taxes: 22%

Sources: State Controller's Office, Cities Annual Report and Counties Annual Report (2004-05). City revenues do not include the City and County of San Francisco. The Annual Reports are prepared by the State Controller's Office from information provided by cities and counties each year. These charts reflect the way that the State Controller's Office organizes the information it receives, not the way they are presented in this pamphlet.
The State-Local Fiscal Relationship since 1978
Over the past 30 years, substantial restrictions have been placed on the ability of cities and counties to control their major fiscal resources. They relied on these revenues to fund police and other law enforcement services, fire protection, parks, libraries, schools, hospitals and public health. This timeline summarizes the milestones in the decline in local control over local finances and efforts to restore stability in local budgets.

1978
Proposition 13
- Sets the general-purpose property tax rate at 1 percent of assessed value, cutting local property taxes by more than half
- Transfers control over property tax allocation to the state
- Restricts the purposes for which government obligation bonds can be issued
- Requires two-thirds voter approval for special taxes (see page 5)
- Requires two-thirds legislative approval for new state taxes

1986
Proposition 62
- Requires majority voter approval for general taxes in most cities and counties
- Prohibits local transaction taxes or sales taxes on the sale of real property within a typical city, county, or district

1992
Education Revenue Augmentation Fund (ERAF)
- In response to a severe budget deficit, the state met its legal obligation to fund schools by diverting specified amounts of local property taxes into an "Education Revenue Augmentation Fund" or ERAF in each county. ERAF funds are then transferred to local school entities.
- Although intended as a temporary measure, the tax shift remains in effect.
- In fiscal year 2007-08 the tax shift is estimated to cost cities, counties and special districts more than $7 billion.

1996
Proposition 218
- Requires two-thirds voter approval for special taxes
- Requires majority voter approval for general taxes
- Requires parcel taxes to be enacted as special tax
- Imposes new procedural and substantive requirements for benefit assessments
- Imposes new procedural and substantive requirements for certain types of fees and charges including water and sewer rates
- Allows taxes, assessments, and fees to be reduced by voter initiative

2004 Vehicle License Fee – Property Tax Swap
As part of the negotiations surrounding a state budget deficit, cities and counties agreed to exchange state general fund revenues they received to offset vehicle license fee reductions for a like amount of property tax revenues from ERAF. The exchange was part of a larger agreement to secure state support for a fiscal reform ballot measure, Proposition 1A (see below).

Proposition 1A
Proposition 1A was a ballot measure approved by voters in November 2004. The measure was sponsored by a coalition of local agencies and others to protect against future reduction or diversion of property tax and sales tax and strengthen the state’s obligation to reimburse local governments for state-mandated programs. The measure protects local sales tax and vehicle license fees, and allows the state in future years to borrow, but not simply take, local property tax.
SOMETHING INTERESTING TO KNOW: ROLES AND RESPONSIBILITIES

County Assessor—The assessor sets values on property and produces an annual property tax assessment roll.

County Auditor Controller—The auditor controller receives the assessed values from the assessor and calculates the amount of property tax due.

County Treasurer Tax Collector—The treasurer tax collector administers the billing, collection, and reporting of property tax revenues levied annually throughout California for not only the county but also cities, schools, and special districts.

Taxes

Tax revenues are an important source of funding for both county and city services. In addition to local taxes, counties rely significantly on tax dollars allocated from the state and federal governments.

Counties and cities may impose a variety of taxes. Taxes fall into one of two categories: general or special.

Counties and cities may use revenues from a general tax for any legitimate public purpose. A majority of voters must approve the decision to impose, increase, or extend a general tax. A general tax may only be submitted for voter approval at an election for city council or board of supervisors.

A special tax is a tax imposed for a specific purpose. For example, a city might increase the sales tax by adding a use tax for the acquisition of open space or for transportation projects, but that special tax may only be used for its express purpose. The basic sales tax to which it is added, however, remains a general sales tax, divided between state and local governments and the local share may be used for any lawful purpose of the local government which receives the tax (typically, the city in which the sale takes place, or the county if the sale takes place outside a city).

Two-thirds of voters must agree to adopt, increase, or extend a special tax. A special tax does not need to be any particular type of tax.

Property Tax

How the Tax is Calculated
The property tax is a tax on certain kinds of property. It is based on the value of the property.

The property tax is a state tax administered by counties. Counties and cities do not impose and cannot increase the property tax except as described below. Taxable property includes "real property" (land and the buildings that are on it), as well as things like boats, aircraft and business equipment.
Sample Property Tax Calculation

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 Purchase Price</td>
<td>$300,000</td>
</tr>
<tr>
<td>2006 Property Tax Obligation (1%)</td>
<td>$3,000</td>
</tr>
<tr>
<td>2007 Increase in Property Value (2%—limitation under Proposition 13)</td>
<td>$6,000</td>
</tr>
<tr>
<td>2007 Property Value</td>
<td>$306,000</td>
</tr>
<tr>
<td>2007 Property Tax Obligation (1%)</td>
<td>$3,060</td>
</tr>
</tbody>
</table>

Note that other kinds of governmental charges (for example, benefit assessments, school bonds, ambulance services, etc.) are included on the bill that includes property tax bills, which will raise the amount higher than the one percent base tax rate.

Under Proposition 13, the maximum tax rate permitted on real property for general purposes is one percent of the property’s assessed value. For property that has been owned prior to 1978–79, the starting point is what the property was worth in 1975–76. There is an annual adjustment for inflation which cannot exceed two percent per year.

The one percent maximum rate can be increased to pay for the acquisition or improvement of real property if the voters approve such an increase by a two-thirds margin. The maximum rate cannot be increased to cover operating expenses, even with voter approval.

If a property changes hands, then the assessed value becomes what the buyer paid for the property. This value (for the purpose of taxation) then can increase at the lower of inflation or two percent per year. Changes in assessed value above the two percent limit are also allowed for the market value of improvements.

Property that declines in value may be reassessed downward. County assessors have procedures for requesting a downward adjustment in value which would result in a reduction in the property tax.

How are Property Tax Revenues Distributed?
Proposition 13 transferred the authority to determine where property tax revenues go to the Legislature. Generally, property taxes are allocated within a county based upon the historical share of the property tax received by local agencies prior to Proposition 13. However, those allocations have changed over the years; the most significant change being the ERAF property tax shift. Proposition 1A restricts the Legislature to following certain procedures before allocating property tax from counties, cities, and special districts to schools; and before changing the allocations between counties, cities, and special districts.
**Sales and Use Tax**

Consumers are familiar with the experience of going to a store, buying something, and then having an amount added for sales tax.

The sales tax is actually imposed on retailers for the privilege of selling tangible personal property in California. Services are exempt from the sales tax as well as certain items, like most groceries and medicine. Retailers typically pass this tax along to the consumer. The sales tax is assessed as a percentage of the amount purchased.

The "base" sales tax rate of 7.25 percent has a number of components. For example, the state imposes a basic sales tax rate of 6.25 percent. This means if you bought an item for ten dollars and the cash register receipt shows 73 cents for sales tax, then about 60 cents of that sales tax goes to the state — 50 cents to the state general fund. About 10 cents come back to local governments (5 cents for counties to fund health social service and mental health programs and 5 cents for counties and cities to fund public safety services). A fourth component exists in certain counties and cities which have increased the use tax rate to fund programs such as transportation, criminal justice facilities, and the acquisition of open space.

**COMPONENTS OF 7.25% SALES TAX RATE**

- Purchase Price $10.00
- Sales Tax 73¢

**In addition to the base, statewide rate of 7.25 percent, local voters may authorize additional sales and use taxes (technically known as "transactions and use taxes" because they have certain, technical differences from other sales taxes). These measures add a certain amount — like a cent or a fraction of a cent — to the sales tax rate.**

Understanding the Basics of County and City Revenues
SOMETHING INTERESTING TO KNOW: SALES TAX FOR PUBLIC SAFETY

Proposition 172, a ballot measure approved in 1991, placed a one-half percent sales tax in the California Constitution to be used only for local public safety activities. The state distributes Proposition 172 revenues to each county based on its proportionate share of statewide taxable sales. In many counties, cities also receive a share of those funds. Their share is based on property tax losses resulting from the state’s diversion of property tax revenues away from local government in the mid-1990s to satisfy the state’s constitutional obligation to fund schools.

Locally, counties may impose a sales and use tax up to 1.25 percent. Cities may impose a sales and use tax at the rate of up to one percent. Payment of the city sales tax is credited against payment of the county sales tax, which simply means you don’t have to pay twice for the local share — only once. Cities keep all of the local sales tax collected within the city; counties keep the local sales tax collected outside city boundaries.

In addition to the base, statewide rate of 7.25 percent, local voters may authorize additional sales and use taxes (technically known as “transactions and use taxes” because they have certain, technical differences from other sales taxes). These measures add a certain amount — like a cent or a fraction of a cent — to the sales tax rate. The combined rate of the additional taxes may not exceed two percent. This has occurred in many areas of the state, and for this reason, most residents pay a sales tax rate that is 7.75 percent or higher.

Business License Tax

Cities may impose business license taxes on persons or entities doing business within the city. Majority voter approval is necessary to impose or increase this tax unless revenue from the taxes will be set aside for a specific purpose.

Business license taxes are most commonly based on a business’ overall revenues (a concept known as “gross receipts”). They are also sometimes based on the quantity of goods produced, number of employees, number of vehicles, square footage of space occupied by the business, or a combination of factors.

■ Cities set their own tax rates.
■ If a business operates in more than one city, a city may only tax that portion of the business’s activities conducted within the city.
■ In most cases, business license taxes are not levied for regulatory purposes (as the term “license” might imply) but to raise revenues for general municipal purposes.

If a city regulates certain types of
businesses, the fee imposed to pay for the cost of regulation may not exceed the reasonable cost of regulating the business.

**Transient Occupancy Tax (TOT) or Hotel Bed Tax**

Visitors to an area also pay local taxes. Such taxes help support public services and facilities that make an area a good destination for business or vacation travel.

A key form of visitor tax is called the transient occupancy tax (often known by the acronym “TOT”) or hotel bed tax. Counties and cities may tax persons staying 30 days or less in hotels, motels and similar lodgings, including mobile homes. Typically, the lodging provider collects the tax from guests and turns the funds over to the county or city.

Counties may charge transient occupancy taxes on individuals staying in hotels and other lodgings in the county area outside city limits, while cities charge the tax on individuals staying within city limits.

Cities and counties may set their own TOT rates. Voter approval is necessary to impose or increase this tax.

**Utility User Tax (UUT)**

Cities may impose a tax on utilities such as gas, electricity, telephone, water and cable television. Counties may impose a utility user tax on the consumption of electricity, gas, water, sewer, telephone, telegraph, and cable television services in county areas outside city boundaries. One hundred and fifty cities and four counties (Alameda, Los Angeles, Sacramento and San Francisco) levy utility user taxes; most residents and businesses in the state pay UUT.

Utility companies usually collect utility user’s taxes from their customers as part of their regular billing procedures. They send the funds collected to the city or county which imposed the tax.

Cities and counties may set their own UUT rates. Majority voter approval is necessary to impose or increase this tax.
Parcel Tax

A parcel tax is a special tax on a parcel — or unit — of real property. Unlike the property tax, a parcel tax is not based on the value of property. Instead, parcel taxes are generally based on a flat per-parcel rate. Parcel taxes require two-thirds voter approval and are imposed for any number of purposes, including funding police and fire services, neighborhood improvement and revitalization, and open space protection.

Documentary Transfer Tax

A documentary transfer tax is a tax imposed on the transfer of interests in real estate. Counties may tax at a rate of 55 cents per $500 of the property value. Cities may impose the tax at up to one half of that amount, which is credited to the payment of the county tax. Majority voter approval is necessary to impose or increase this tax.

Property Transfer Tax (Charter Cities)

Some charter cities have enacted a property transfer tax on the value of real estate that is sold. They set their own rates. Majority voter approval is necessary to impose or increase this tax. For more information about charter cities, see www.cacities.org/chartercities.
Service Charges, Assessments and Fees

Utility Rates
Utility rates are fees for utility services charged to users who pay for county or city-provided water, sewer, and electric or other utility services. Utility rates cover some or all of the cost of providing the service, which may include operations, maintenance, overhead, capital improvements and debt service.

Benefit Assessments
Assessments are charges on real property or businesses to pay for facilities or services within an area which benefit real property or businesses. A common type of assessment is one used to pay for landscaping and lighting in a neighborhood. The amount of the assessment must reflect the benefit to the property or business that results from the improvements. Assessments on property are typically collected through the owner's annual property tax bill.

User Fees
A city or county may impose fees, charges and rates for services and facilities it provides. Examples include fees for checking plans for new construction or for recreation classes. The amount of a fee may not exceed the cost of providing the service. This cost may include overhead, capital improvements and debt service. Indeed, federal grant rules require local agencies to allocate overhead and indirect costs to all their programs and services, so that federally funded programs do not pay more than their proportionate share of these costs.

Regulatory Fees
Regulatory fees pay for the cost of public programs or facilities necessary to regulate a business or other activity or mitigate the impacts of the fee payer on the community. Examples include a fee to pay for the cost of administering the licensing of pesticide applications or a fee to inspect restaurants for health and safety compliance. While cities and counties impose regulatory fees, the state does, too. So, for example, the state imposes a regulatory fee on makers of paint containing lead to fund health care programs that address lead poisoning.

Development Impact Fees
Development impact fees are imposed on new construction (like new houses, apartments, shopping centers, or industrial plants). They pay for improvements and facilities required to serve new development and to reduce the impacts of new development on a community.
• Development impact fees pay for community amenities such as streets, sewers, parks and schools. They may not be used for day-to-day operating expenses.

• The ordinance or resolution establishing the fee must explain the connection between the development project and fee. Thus a library impact fee must be connected to the demand for library services created by the construction of a new neighborhood. New development cannot be asked to pay for a new library a community needs or wants for other reasons.

• The amount of the fee must not exceed the cost of providing the service or improvement that the fee pays for.
Revenues from Other Government Agencies

Revenues from other governments fall into two main categories:

1) State-administered revenues
2) Grants

Over half of county revenues statewide come from state and federal sources. This reflects the role of counties in implementing state policy and programs for health and human services.

Gas Tax

The state imposes an 18-cent per gallon tax on gasoline (the federal government taxes gasoline, too). These funds are apportioned to cities and counties, primarily on the basis of their populations, and local gas tax receipts must be spent on research, planning, construction, improvement, and maintenance of public streets, highways, and mass transit.

Motor Vehicle License Fee

The Motor Vehicle License Fee (VLF) is a tax on ownership of a registered vehicle. All revenue from vehicle license fees must be distributed to counties and cities. About three-quarters of VLF revenues fund county health and welfare programs. At one time, VLF was a major revenue source for cities. However, with the "Vehicle License Fee — Property Tax Swap" in 2004, VLF now contributes only about one percent of general revenues to the average city budget.

Health and Welfare Realignment

Counties receive funds from a dedicated statewide sales tax and a portion of motor vehicle license fees which support county-operated social services, health, public health and mental health programs and services.

Subventions are a type of financial support provided by one level of government to another. The state levies certain taxes that are distributed to counties and cities. The motor vehicle license fee and the motor vehicle fuel tax are examples. Most subventions are restricted to particular programs (for example, gas tax receipts can only be used for streets and transportation). Some can be spent as a county or city's leaders think best (such as vehicle license fees). Local agencies also receive reimbursement for revenue lost as a result of various tax exemptions and reductions. Examples include the homeowners' property tax exemption, which eliminates the property tax on a small portion of the assessed valuation of owner-occupied residential property.
SOMETHING INTERESTING TO KNOW.

Maintenance of Effort Requirements
When cities and counties receive funding for programs from the state or federal government, such funding may come with strings attached. A common condition is that the city or county commit to a certain level of funding. This commitment is called maintenance of effort, or MOE. Realignment revenues come with a maintenance of effort requirement.

Grant Funding
- **Categorical grants** support a defined program area. Categorical grants typically go to local agencies that meet predetermined funding criteria and compete for project funding through an application process.
- **Block grants** provide funding to a broad functional area. For example, Federal Community Development Block Grant (CDBG) funds support local housing and economic development activities.

These funds are referred to as the **Realignment Allocation**.

In 1991, the state shifted ("realigned") responsibility for funding a large portion of health and social services programs to counties in exchange for allowing increased administrative flexibility in those programs. The state only funds part of the programs' cost; counties must provide a share of funding.

**Federal and State Grants to Counties**
Federal and state grants comprise a large proportion of county revenues. These funds are largely restricted to particular uses. Examples include specific human services, such as grants for health, mental health, social and child welfare services and related administration. Grants typically do not pay for the full cost of a program; recipient agencies typically pay a share of these costs with funding from local sources.

**State and Federal Mandates**
State and federal laws sometimes direct counties and cities to provide particular programs or services. The legal requirement, or mandate, to provide these programs or services does not always come with adequate state or Federal funding to support it. Legislative requirements to provide programs or services without such support are called **unfunded mandates**.

California’s constitution generally prohibits unfunded mandates. Counties and cities may file claims for reimbursement of certain state mandated costs. However, the process typically takes several years. During that time, cities and counties are spending money to comply with the mandate.

California voters tried to tighten up the system in 2004, with the passage of Proposition 1A. This measure required the state to suspend state mandates in any year when the Legislature does not provide full funding.
Rent for Use of Public Property Including Streets

**Earnings on Investments**

Counties and cities earn interest on investments. State law specifies what kinds of investments are okay. Charter cities have more investment flexibility.

**Rents, Royalties and Concessions**

Another way cities and counties pay for public services is to charge rent for use of the public’s property. An example is royalties from natural resources taken from land the public owns. Others include selling advertisements in publications or receiving a percentage of net profits from concessionaires operating on public property.

**Franchise Fees**

Another revenue source is franchise fees. Franchise fees are a form of rent for use of public streets and roadways. Examples of businesses that pay franchise fees include trash collectors, cable television companies, electric utilities and oil and natural gas pipeline companies. Federal and state law limits the amount of some franchise fees (for example, video and cable television franchise fees). Franchise fees for provision of video services (like television programming) are overseen by the state.

**Fines, Forfeitures and Penalties**

Violations of the law often result in a fine of some kind.

Fines, forfeitures, and penalties may be imposed for many reasons. Typical examples include traffic violations, court fines and penalties and interest on late or unpaid taxes.

- State law determines the distribution of fines and bail forfeitures imposed by the state.
- State law apportions revenues for parking violations and surcharges between issuing agencies and the counties.
- A city or county may impose fines, forfeitures and penalties for civil violation of local ordinances.
- Bail for local code violations is established by the local courts with input from the city or county.
Other Revenues

There are a number of other city and county revenues. One example is the sale of surplus property. These are a very small part of the revenue story for most cities and counties.

Resources for Further Information
California Local Government Finance Almanac: Data, statistics, analyses on California City and County Finance (www.californiacityfinance.com/)

What Do Counties Do?, California State Association of Counties (http://www.csac.counties.org/default.asp?id=2)

Financial Management for Elected Officials, Institute for Local Government (www.ca-ilg.org/financeguide)


Legislative Analyst’s Office, Local Government Section (www.lao.ca.gov/laoapp/main.aspx?type=3&CatID=8)
Public Involvement in the Revenue Process

Taxes

Voters have an important say on taxes. For general taxes, a majority of voters voting in an election is needed to impose, increase, or extend a general tax. A general tax is one which may be used for any lawful city or county purpose.

Special taxes are those that fund a specific purpose. Two-thirds of voters voting in an election must agree to adopt, increase, or extend a special tax.

Assessments

Assessments are charges on land collected through the property tax bill. Assessments pay for public improvements or services within a specific area (known as a “district”). A majority of the property owners subject to the charge must approve the assessment in a mailed ballot. The owners’ votes are weighted according to how much their property will be charged. This means those who would pay more have a bigger say in whether the assessment is approved because they will pay a larger portion of the assessment.

Property-Related Fees

Another kind of charge which requires public participation is known as property-related fees. These include user fees or charges for property-related services. They do not include most of the fees local governments charge, because those charges are typically imposed only on people who request a service and not on everyone who owns or uses property.

To impose a property-related fee, the agency must first hold a public hearing. At the hearing, a majority of affected property owners can prevent the fee’s adoption by filing written protests. A successful majority protest is rare because it is difficult to get a majority of property owners to participate in a protest proceeding. Even protests which do not meet the legally required 50 percent of all property owners get the attention of elected officials and can lead to revisions in fee proposals.

If a majority of affected property owners do not protest the fee, and the fee pays for sewer, water, or refuse collection, then the fee is approved. No other process is required.

For other property-related fees, however, an election comes next. The agency imposing the fee has a choice between asking the voters generally to approve the fee or only the owners of the property who would pay the fee. If the agency asks the voters for their input, then approval of the fee requires a two-thirds vote. If the agency asks just the affected property owners to vote, then approval requires a majority vote.
Other Revenues

With few exceptions, virtually all other revenues, such as planning permit application fees, parking meter rates, recreation facility use charges or fines and penalties, require appropriate notice and opportunities for public comment.
ABOUT THE INSTITUTE FOR LOCAL GOVERNMENT

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- Public Service Ethics

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City of Bell
Redevelopment Agency
Agenda Report

DATE: January 5, 2012

TO: Honorable Mayor and City Council of the City of Bell

BY: David J. Aleshire, City Attorney

SUBJECT: Update: California Supreme Court Decision Concerning Redevelopment & AB1X26

RECOMMENDATION:
Receive and file this report on the status of redevelopment in California given the December 29th Supreme Court decision in Community Redevelopment Association v. Matosantos (No. S194861). Staff will bring further items forward to the City Council for action as time deadlines and legal developments dictate.

Consider submission of support for urgency Senate Bill (SB) 659.

SUMMARY:
On December 29, 2011, the California Supreme Court announced its decision in Community Redevelopment Association v. Matosantos (No. S194861) in which the Court upheld ABX126 (the redevelopment “elimination” bill), but struck down ABX1 27, the bill that would have allowed agencies to continue after making a payment to the State. Without immediate legislative action, the Court’s ruling essentially means that redevelopment in California is abolished. As it currently stands, redevelopment agencies will be dissolved on Feb. 1, 2012. The decision further means that redevelopment agency activities continue to be suspended and agencies will be required to wind-up activities, dispose of agency assets and dissolve in the coming months.

BACKGROUND:
Earlier this year as part of its 2011-12 budget proposal, Governor Brown’s Administration proposed permanently shutting-down 425 local redevelopment agencies throughout California. The proposal represented a continued effort on behalf of the Brown Administration to end redevelopment and/or raid local government funds. Two Assembly Bills were drafted, AB1X26 the Redevelopment Dissolution Act and AB1X27 the Alternative Redevelopment Program Act or “Opt In” Bill. These two bills were passed as part of the 2011-12 State budget and work together to eliminate redevelopment agencies ("AB1X26") unless the agencies agree to pay the State $1.7 billion in the current fiscal year and $400 million to schools and special districts in subsequent budget years ("AB1X27").

Agencies throughout California argued that the two Bills would bring little financial benefit to the State, but would permanently destroy hundreds of thousands of jobs which would result in the loss of billions in local economic activity. The elimination of redevelopment would also take

AGENDA ITEM NO. ___
away the most significant tool available to local governments to meet the States infill and land-use objectives.

In July 2011, California Redevelopment Association ("CRA") in conjunction with the League of California Cities ("League") and several individual cities filed a lawsuit in the California Supreme Court challenging the constitutionality of AB1X26 and AB1X27. The CRA/League legal team argued that these two budget bills directly violated Proposition 1A (2004), Proposition 22, and Article 16, of the California Constitution.

THE DECISION:
On December 30, 2011, the State Supreme Court announced their opinion on the CRA/League challenge and ruled to uphold AB1X26 finding the Dissolution Act constitutional and striking down AB1X27 finding the Alternative Redevelopment Program Act unconstitutional. (Community Redevelopment Association v. Matosantos (No. S194861)I.) The Court's decision means that all redevelopment agencies will be dissolved under AB1X26, and none will have the opportunity to opt into continued existence under the now unconstitutional AB1X27. The Court also determined to push back the deadlines in the Dissolution Act arising prior to May 1, 2012, by a period of four months. This means, all RDA's will be dissolved and their Successor Agencies will begin to function on February 1, 2012.

In the Matosantos decision, the Supreme Court found that redevelopment agencies are a creature of State law and, just as the Legislature had the authority to create them, it could also abolish them and, therefore, AB1X26 was a legitimate exercise of State power. However, with respect to AB1X27, which compelled the "voluntary payment" of redevelopment funds to the State and other taxing agencies, these payments were not voluntary and were contrary to Prop 22. Accordingly, AB1X27 was invalid. CRA also argued that the two pieces of legislation were part of a comprehensive legislative scheme and were not, as contended by some Legislators, severable. Therefore, as the Supreme Court found, the invalidation of AB1X27 absolutely did not require the simultaneous invalidation of AB1X26. In other words, while several Legislators have stated that the two bills were absolutely not intended to "kill" redevelopment, the Supreme Court unequivocally found that the language in the bills did not bear out such an intention. The Court found that the plain language of the legislation expressly made the two bills separable such that AB1X26 would be upheld as a stand-alone law—and the Court felt compelled to this result despite one dissenting opinion. This flies in the face of what various Legislators are now saying as to their intent in supporting the bills.

MAJOR IMPLICATIONS FOR CITIES AND REDEVELOPMENT AGENCIES:
As of January 13, 2012, the City is deemed by operation of law to act as the Successor Agency to the Redevelopment Agency. In this capacity, the City must "wind-down" the Agency functions and assets under the guidance of an "Oversight Committee". The Supreme Court decision sets a number of new deadlines and critical time periods, the soonest of which are shown in the AB1X26 Timeline attached hereto as Attachment 1.

A. Definitions: AB1X26 contains some key definitions and concepts that are critical to understanding how the bill works:

- "Enforceable obligations" refers to actual obligations pre-existing the Bill's passage. These include existing bonds, existing loans, payments required by the federal
government, and any other "legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." "Enforceable obligations" also include contracts for the continued administration of the Agency (while it still exists) and any required payments for judgments or settlements.

- "Successor Agency" means the agency charged with the responsibility of paying or performing enforceable obligations, disposing of redevelopment agency assets and winding up the business of the agency. Generally, this means the City—and the City becomes the Successor Agency by operation of law on January 13, 2012, per the Supreme Court’s ruling. If the City does not want to be the Successor, it has to so inform the county auditor-controller by January 13, 2012, in which case another successor will be "assigned to" the Agency’s assets by the County and/or State.

- "Oversight Board" refers to the local appointed board that will, in conjunction with the county auditor-controller and the Department of Finance, oversee Successor Agencies through the process of “winding up” each redevelopment agency. In general, "Oversight Boards" will consist of (i) a member appointed by the county board of supervisors, (ii) a member appointed by the largest special district in the territorial jurisdiction, (iii) a member appointed by the mayor of the city that formed the agency, (iv) a member appointed by the county superintendent of education to represent schools, (v) a representative from the Chancellor of California Community Colleges, (vi) a county-appointed member of the public, and (vii) a member representing employees of the former agency appointed by the mayor. Oversight boards are authorized to direct and approve certain actions of successor agencies. When all indebtedness of a redevelopment agency has been paid, the oversight board automatically dissolves.

- "Taxing agencies" refers to those agencies that receive pass-through payments and distributions of property taxes—primarily schools, the county and special districts.

B. The "Big Freeze" is Ongoing: There is currently in effect a “freeze” upon the ability of agencies to perform new business. This is unaffected by the Supreme Court decision. Since June 29, 2011, agencies have been disallowed from incurring new or expanding existing monetary or legal obligations; they cannot incur debt, provide financial assistance, amend or modify existing agreements, forgive loans, renew leases, dispose of or transfer assets, buy or sell real property, increase or transfer deposits in the Low and Moderate Income Housing Fund, approve or amend redevelopment or implementation plans, or increase compensation for agency employees, etc. Agencies also may not form a joint powers authority or become a member of one, commence a condemnation proceeding, accept financial assistance from state or federal sources, or prepare an environmental impact report. The only exception to this “freeze” is that agencies may continue to meet their enforceable obligations. “Enforceable obligations” are to be construed narrowly, so obligations that are anything less than a firm contract establishing fully-negotiated deal points may not qualify as enforceable obligations.

C. A Number of Critical Actions Must be Complete Before February 1, 2012: The Supreme Court decision sets a number of new deadlines and critical time periods, the soonest of which are shown in the AB1X26 Timeline attached hereto as Attachment 1.
• The Agency must adopt (or re-adopt) an “Enforceable Obligation Payment Schedule” by February 1, 2012. This Schedule is a list of every pre-existing, enforceable obligation that must be continued under the terms of a contract, judgment, settlement, bond, or other such binding obligation. The Schedule must list project details, payees and the amount of payments due, by month, through December 2011. Payment schedules for pre-existing bonds and for agency employee compensation may be aggregated. Although the Agency has previously adopted this schedule, the Supreme Court decision says it must be re-adopted, thus giving City staff an opportunity to review the schedule and ensure that it is complete.

• Successor Agency must create a Redevelopment Obligation Retirement Fund by February 1, 2012. This Fund is the account into which the county auditor-controller shall transfer an amount of property tax revenues equal to that specified in the Recognized Obligation Payment Schedule so that the Agency can cover its enforceable obligations.

• By February 1, 2012, the Successor Agency must determine whether it will elect to retain the housing functions of the Redevelopment Agency. AB1X26 does not eliminate a city or county’s affordable housing needs or obligations or divest the city or county of authority over affordable housing. Instead, AB1X26 “authorizes” the city or county that established a redevelopment agency to “elect” to retain housing assets and functions. Importantly, even if the City retains such housing functions, it still must surrender all the former Agency’s Low and Moderate Income Housing Funds to the county auditor-controller for distribution to the taxing agencies. In short, cities may retain their housing functions, but will lose their established funding to do so. The City of Bell will become the Successor Housing Agency to the former Agency and it is recommended that the City will take over and assume the housing functions. Ultimately, the City will transfer such functions to the Bell Housing Authority.

D. February 1, 2012, Will be the Date of Dissolution of All Redevelopment Agencies: Redevelopment agencies will cease to exist as of February 1, 2012. At that time, all Agency property and obligations would be transferred to the Successor Agency. The Successor Agency will be overseen by an Oversight Board, the county auditor-controller and the Department of Finance. Tax increment will no longer exist, but property taxes will continue to be allocated to pay previously-incurred enforceable obligations of the redevelopment agency. Also, as of that date:

• Unobligated Low and Moderate Income Housing Funds (i.e., those housing funds that are not required to meet “enforceable obligations”) will be transferred to the county auditor-controller for distribution to the taxing agencies.

• The Successor Agency will be required to repay existing indebtedness, complete existing contractual obligations and otherwise wind-up operations of the Agency. As noted above, AB1X26 states a clear intent that Successor Agencies must preserve Agency assets for the benefit of the Taxing Agencies. To this end, any fund or asset transfers made by the Successor Agency that are not clearly related to a pre-existing, enforceable obligation to a third party will be subject to scrutiny.
• By March 1, 2012, the Successor Agency must have adopted (or re-adopted) its Recognized Obligation Payment Schedule, which must be acceptable to the Oversight Board, State Controller and Department of Finance. The only Agency-related payments allowed will be those payments listed on the Recognized Schedule. The Recognized Obligation Payment Schedule replaces Statements of Indebtedness, which would no longer exist or have any effect. The Recognize Schedule must be prepared by the Successor Agency every six months, subject to the approval of the Oversight Board. Even though the Agency/City has already adopted a Recognized Obligation Payment Schedule pending the Supreme Court case, the new deadlines set by the Supreme Court allow City staff to review, revisit and revise the Schedule before re-adopting it.

• By April 1, 2012, the Successor Agency must report to the county auditor-controller whether the total amount of property tax available to the Agency will be sufficient to fund its obligations under the Recognized Obligation Payment Schedule over the next six-month fiscal period.

• The adopted Recognized Obligation Payment Schedule must be transmitted to the Department of Finance and State Auditor-Controller by April 15, 2012.

• The Department of Finance takes on a new oversight role with respect to the actions of redevelopment agencies, successor agencies and Oversight Boards. Any action of these entities does not become effective for three business days, during which the Department of Finance may give notice it wishes to review the action. If the Department of Finance gives such notice, it has ten days to approve the action or resubmit it for reconsideration.¹

POSSIBLE FUTURE LEGISLATION:
On January 5, 2012, the League of California Cities issued an ABX126 Timeline and a memo outlining their interpretation of the Supreme Court decision, Attachments 1 and 2 respectively.

In light of the recent State Supreme Court decision, CRA and League representatives have vowed to work with State Legislators immediately to develop legislation to revive redevelopment in order to protect local communities, job creation and our economy. It is premature to speculate on the nature or likely outcome of such proposals, but staff will continue to monitor and provide timely information regarding the progress of any future legislative actions.

At a minimum, there is an effort to create a further 3-month extension on AB1X26 deadlines as the appointment of the Oversight Board, and determination as to how they will operate, is likely to take several months longer than anticipated by the Supreme Court's decision. This proposed legislative effort is being published as SB 659. Materials regarding SB 659, including proposed letters of support, are attached hereto as Attachment 3.

¹ §§ 34169(l), 34179(h).
ATTACHMENTS:

(1) League of California Cities ABX126 Timeline
(2) League of California Cities Summary
(3) League SB 659 Materials
Attachment 1
**AB x1 26 Timeline as modified by California Redevelopment Association v. Matosantos***

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>By January 13</td>
<td>If city does not want to serve as the “successor agency” to its redevelopment agency, then it must submit a resolution to that effect to the County Auditor-Controller by this date. If a city wishes to serve as the “successor agency,” no action is required.</td>
</tr>
<tr>
<td>February 1</td>
<td>Redevelopment agencies are dissolved.</td>
</tr>
<tr>
<td>By February 1</td>
<td>Successor agency must create Redevelopment Obligation Retirement Fund.</td>
</tr>
<tr>
<td>By February 1</td>
<td>Successor agency must decide whether to retain affordable housing function of the redevelopment agency. If successor agency does not elect to retain this function, it is transferred to the housing authority or, if no housing authority exists, to the State Housing and Community Development Agency.</td>
</tr>
<tr>
<td>By February 1</td>
<td>Successor agency must review the enforceable obligation payment schedule (EOPS) adopted by the redevelopment agency last fall, modify it if necessary, and readopt. The EOPS is subject to review and approval by the Oversight Board once that board has been formed. The successor agency may only make payments for those obligations identified in the EOPS until a Recognized Obligation Payment Schedule (ROPS) is approved.</td>
</tr>
<tr>
<td>By March 1</td>
<td>Successor agency must adopt a Recognized Obligation Payment Schedule (ROPS). This is a permanent schedule of obligations that replaces the interim EOPS once the ROPS has been approved. The County Auditor-Controller will allocate property tax increment to successor agencies to pay debts listed on ROPS.</td>
</tr>
<tr>
<td>By April 1</td>
<td>Successor agency reports to the County Auditor-Controller whether the total amount of property tax available to the agency will be sufficient to fund its ROPS obligations over the next six-month fiscal period.</td>
</tr>
<tr>
<td>By April 15</td>
<td>Successor agency must send the adopted ROPS to the State Controller and the State Department of Finance for approval. The ROPS is also subject to approval by the Oversight Board.</td>
</tr>
<tr>
<td>By May 1</td>
<td>Oversight Boards begin operations, files report of membership with State Department of Finance.</td>
</tr>
<tr>
<td>Starting May 1</td>
<td>Successor agency may only pay those obligations listed in the approved ROPS. The approved ROPS replaces the EOPS.</td>
</tr>
<tr>
<td>By May 16 and continuing thereafter</td>
<td>The County Auditor-Controller transfers property tax to the successor agency in an amount equal to the cost of the obligations specified in the ROPS. This amount is transferred into the successor agency’s Redevelopment Obligation Retirement Fund, and payments from this fund are used to satisfy the obligations identified in the ROPS.</td>
</tr>
</tbody>
</table>

*This timeline does not represent a complete list of deadlines imposed by AB x1 26 as modified, but rather, it is list of the most relevant and time-sensitive deadlines and milestones for cities that will be opting to become the successor agency to their redevelopment agency. Please consult with your city attorney or your redevelopment agency counsel for more information.*

v. 1.0 January 4, 2012
Attachment 2
TO: CALIFORNIA CITY OFFICIALS  
FROM: Chris McKenzie, Executive Director  
DATE: January 5, 2012  
RE: Background on CRA et al. v. Matosantos

The League and the California Redevelopment Association (CRA) are working actively with some deeply committed legislators and other partners on a legislative program to create jobs, build infrastructure and affordable housing, reclaim brownfields, reuse military bases, build infill projects and achieve other shared state-local goals in the wake of the recent California Supreme Court Decision. It will take a few weeks to develop the detailed proposal, and I explain at the end of this memo how you can help immediately. In the meantime, questions have understandably arisen over the decision last year to file the lawsuit that this memo answers. Proposition 22 was actually drafted initially to put an end to the threatened legislative raids of transportation (HUTA and Prop. 42 sales tax) and transit funding, but it also protects locally levied taxes, eliminates the borrowing of property taxes, and prevents the diversion of RDA funds. It should be noted that Prop. 22 actually prevented the loss of transportation funds in 2011.

The Supreme Court’s Decision

In short, the Court’s majority agreed that Prop. 22 prohibited the enactment of AB1x 27, the so-called RDA “ransom” bill, just as Prop. 22 was specifically designed to do. In contrast, however, the Court also concluded that Prop. 22 did not curtail the Legislature’s discretionary power to establish or eliminate redevelopment agencies. The practical effect of the Court’s decision was to reduce the financial benefit from the redevelopment legislation from $1.7 billion to about $1 billion, ironically about the same amount the CRA and League proposed last session that agencies provide on a voluntary basis. Moreover, the funds remaining after RDA successor agencies’ enforceable obligations are paid will now flow through the regular property tax distribution process (including to cities) rather than through the special allocation mechanism in AB1x 27 to schools, transit agencies and fire districts only. The state general fund will receive an offsetting benefit from the amount of increased property taxes going to schools.

The Calculus Underlying the Decision to File the Lawsuit

A variety of factors went into the unanimous decisions by the CRA and League boards to file the lawsuit last July after the last-minute enactment of the two-bill legislative package that many legislators were told would not lead to the end of redevelopment agencies. They were:

1 In drafting the redevelopment provisions of Prop. 22 CRA and the campaign team believed that for practical, legal and strategic reasons the legislature should retain its traditional authority over redevelopment agencies under Art. 16, Sec. 16 of the constitution and state statutes. On a practical basis, there would continue to be need for legislative oversight and reforms of redevelopment to address developing needs and criticisms. On a legal basis, proposing to lock redevelopment agencies permanently into the constitution could potentially be viewed later by the Court as an invalid “revision” of the constitution and outside the initiative power of the people. Finally, there was a practical concern that such a restriction on the legislature’s power over RDAs would attract substantial and fatal opposition to the whole measure from the opponents of redevelopment.
Future of Many Agencies at Risk. Shortly after the bills were passed in late June, the CRA asked its members about their practical impact on agencies. The CRA described the bills' impact in the July 18 news release that announced the filing of the lawsuit: "Many redevelopment agencies have notified us that they cannot afford the ransom payment and they will cease to exist. And those agencies that are planning on making the payment tell us that these payments will greatly diminish their ability to pursue vital local projects." Based on member feedback, the CRA believed as many as one-third (and possibly more) of the redevelopment agencies in the state could be forced out of existence by the legislation.

Risk of Increased Future Liability and Lost Litigation Opportunity. Moreover, since the legislation contained an ongoing required payment of $400 million each year without any end, a failure to challenge the legislation at this time would have clearly opened the door in future years to increases in that amount. Moreover, agencies ran the clear risk of losing the future opportunity to challenge the legislation by failing to assert the claims when they first arose.

The Legal Assessment. There also was a careful legal assessment made of our chances of prevailing. Our legal counsel consulted extensively with a variety of redevelopment counsel. While there was an awareness of some risk of a split decision, our counsel strongly believed that the risk was minimal in light of the clear purpose of the people in recently enacting Prop. 22, the extensive evidence of clear violations of Prop. 22 in the legislation, other strong constitutional flaws of AB1x26, clear evidence the Legislature did not intend to eliminate agencies, and the Court's traditional deference to initiatives.

Defending Proposition 22. Prop. 22 passed with 61% of the popular vote. With this history and strong member support, the boards of both organizations believed the League and CRA had a duty to defend Prop. 22. As mentioned earlier, the Court actually concluded the legislature could not divert RDA funds because it would violate Prop. 22. While Prop. 22 was not drafted to guarantee the perpetual existence of RDAs, the two bills were so interconnected that it was anticipated that AB1x26 would be declared invalid under Prop. 22 as well.

Two-Part Legislative Strategy in the Works

The CRA and the League are working with key legislators and other groups to advance a two-part legislative strategy: (1) immediate passage of legislation to delay the effective date of the elimination of agencies on February 1 in order to provide time for a careful legislative debate about the second part of the strategy; and (2) comprehensive legislation that will help move the state and local governments forward together in creating jobs, building infrastructure and affordable housing, reclaiming brownfields, revitalizing truly blighted neighborhoods, reusing former military installations, etc.—the things that redevelopment has been used for so effectively. It is clear that doing so will require a united membership, strategic vision, willingness to compromise, and strong partnerships. The first priority is the extension.

We have accomplished a lot together in recent years to further local control and protect local revenue. We know this is a difficult time, but by working together we can achieve these goals. We will be calling on you to assist in the vital task of restructuring the next generation of redevelopment. We promise to keep you informed. Thank you for your continued leadership and support.
Attachment 3
LEGISLATURE MUST PASS SB 659 QUICKLY TO POSTPONE SCHEDULED DISSOLUTION OF REDEVELOPMENT AGENCIES ON FEBRUARY 1, 2012

Temporarily Postponing February 1 Deadline for Dissolution of Agencies Will Ensure the State and Education Receive the Funding Intended by the Legislature, and allow Time to Develop a New Job Creation and Neighborhood Renewal Program

Background: On December 29, 2011, the California Supreme Court ruled in the redevelopment litigation -- CRA v. Matosantos -- upholding ABX1 26 which abolished redevelopment agencies, but striking down companion legislation that would have allowed agencies to survive if they contribute money to the State. As part of the Supreme Court’s ruling, agencies are to be dissolved on February 1, 2012. A coalition of labor, business, local government, public safety and affordable housing advocates is working with members of the Legislature to pass SB 659 and temporarily postpone the February 1, 2012 dissolution deadline in order to preserve the ability to develop a new job creation and neighborhood renewal program. Here’s why:

• SB 659 will temporarily postpone the February 1 dissolution deadline allowing critical time to develop a new job creation and neighborhood renewal program.
  • If agencies are dissolved on February 1, 2012, successor agencies are responsible for winding down all assets, properties, contracts, leases, records, buildings, and equipment of the former redevelopment agencies, and laying off workers -- actions that are incredibly difficult to undo.

• Passing SB 659 is the first step toward creating a new program that helps the State budget, local communities and education.
  • We are committed to working with lawmakers to create a new program that is appropriately focused on job creation, environmentally sustainable growth, affordable housing, and the elimination of blight and economic disparity.
  • Any new program will provide the State and local entities with additional budgetary relief that is now put in question because of the California Supreme Court ruling. We all are acutely aware that any job creation and neighborhood renewal program must give the state and education increased revenues for this fiscal year and beyond.

• Allowing the dissolution process to proceed on February 1 will lead to mass litigation and chaos, shut down projects and lead to loss of jobs.
  • Once the dissolution process starts, it will lead to lawsuits, endless delays, and ongoing conflict, making it more difficult to develop a new job creation and community revitalization program in California.
  • The dissolution process could take years. Thousands of jobs and vital economic development and affordable housing projects will be lost in the meantime.
YES, I SUPPORT SB 659

Temporarily Postponing February 1 Deadline for Dissolution of Redevelopment Agencies Will Ensure the State and Education Receive the Funding Intended by the Legislature, and Allow Time to Develop a New Job Creation and Neighborhood Renewal Program

Coalition Sign-Up Form

☐ YES! You may list me/my organization in support of SB 659, legislation to postpone the scheduled dissolution of redevelopment agencies set for February 1, 2012. Temporarily postponing the February 1 deadline for dissolution of agencies will allow time to develop a new job creation and neighborhood renewal program.

Please select a category:  ☐ Organization  ☐ Company  ☐ Individual

Please complete the following information:

Company or Organization Name/Employer

Name ______________________________ Title/Occupation ______________________________

Street address

City ______________________________ State ______________________________ Zip ______________________________ County ______________________________

Phone number ______________________________ Fax number ______________________________

E-mail Address ______________________________

Signature (Required) ______________________________ Date ______________________________

☐ Please email me updates.

Email or fax this form to: thalsted@bcfpublicaffairs.com or 916-442-3510 (fax)
January XX, 2012

Governor Jerry Brown
Members of the State Senate
Members of the State Assembly
State Capitol
Sacramento, CA 95814

Re: SUPPORT SB 659 (Padilla) – temporarily postpone dissolution of redevelopment agencies

Dear Governor Brown and Members of the State Legislature:

Our coalition of labor, business, local government, public safety, and affordable housing advocates urges you to quickly pass and sign SB 659 (Padilla), a bill that would temporarily postpone the scheduled February 1, 2012 date to dissolve California’s 425 redevelopment agencies.

Temporarily postponing this February deadline will allow time for the Legislature and Governor to develop a new job creation and neighborhood renewal program, and to develop a solution that ensures that schools and the State budget receive the funding intended by the Legislature when they passed the redevelopment budget legislation last year.

Without the extension, successor agencies are responsible for winding down all assets, properties, contracts, leases, records, buildings, and equipment of the former redevelopment agencies, and laying off workers - actions that are incredibly difficult to undo.

Once the dissolution process starts, it will lead to lawsuits, endless delays, and ongoing conflict, making it more difficult to develop a new job creation and community revitalization program in California, Additionally, the dissolution process could take years. Thousands of jobs and vital economic development and affordable housing projects will be lost in the meantime.

Ultimately, we are committed to working with lawmakers to create a new program that is appropriately focused on job-creation, environmentally sustainable growth, affordable housing, and the elimination of true blight and economic disparity. Any solution would also have to provide the State and local entities with additional budgetary relief that is now put in question because of the California Supreme Court ruling.

In the meantime, we ask for your support for SB 659 to temporarily postpone the dissolution of redevelopment agencies as we work toward a new job creation and neighborhood renewal program.

Sincerely,