



CITY OF WEST COVINA

CITY COUNCIL/SUCCESSOR AGENCY

**MAY 16, 2023, 7:00 PM
REGULAR MEETING**

**CITY HALL COUNCIL CHAMBERS
1444 W. GARVEY AVENUE SOUTH
WEST COVINA, CALIFORNIA 91790**

**Mayor Rosario Diaz
Mayor Pro Tem Brian Tabatabai
Councilman Tony Wu
Councilwoman Letty Lopez-Viado
Councilman Ollie Cantos**

Please turn off all cell phones and other electronic devices prior to entering the Council Chambers

AMERICANS WITH DISABILITIES ACT

The City complies with the Americans with Disabilities Act (ADA). If you will need special assistance at Council meetings, please call (626) 939-8433 (voice) or (626) 960-4422 (TTY) from 8 to 5 Monday through Thursday. Do call at least one day prior to the meeting date to inform us of your particular needs and to determine if accommodation is possible. For sign language interpreter services at Council meetings, please request no less than four working days prior to the meeting.

AGENDA MATERIAL

Agenda material is available for review at the City Clerk's Office, Room 317 in City Hall, 1444 W. Garvey Avenue South, West Covina and at www.westcovina.org. Any writings or documents regarding any item on this agenda, not exempt from public disclosure, provided to a majority of the City Council that is distributed less than 72 hours before the meeting, will be made available for public inspection in the City Clerk's Office, Room 317 of City Hall located at 1444 W. Garvey Avenue South, West Covina, during normal business hours.

NOTICE

The City Council will regularly convene on the first and third Tuesday of the month. The West Covina Community Development Commission, West Covina Public Financing Authority and the West Covina Community Services Foundation are agencies on which the City Council serves as members. Agendas may contain items for these boards, as necessary.

PUBLIC COMMENTS ADDRESSING THE CITY COUNCIL (Per WCMC 2-48, Ordinance No. 2150)

Any person wishing to address the City Council on any matter listed on the agenda or on any other matter within their jurisdiction should complete a speaker card that is provided at the entrance to the Council Chambers and submit the card to the City Clerk.

Please identify on the speaker card whether you are speaking on an agenda item or non-agenda. Requests to speak on agenda items will be heard prior to requests to speak on non-agenda items. All comments are limited to five (5) minutes per speaker.

Oral Communications may be limited to thirty (30) minutes, unless speakers addressing agenda items have not concluded.

Any testimony or comments regarding a matter set for a Public Hearing will be heard during the hearing.

RULES OF DECORUM

Excerpts from the West Covina Municipal Code and Penal Code pertaining to the Rules of Decorum will be found at the end of agenda.

AGENDA

CITY OF WEST COVINA CITY COUNCIL/SUCCESSOR AGENCY

**TUESDAY MAY 16, 2023, 7:00 PM
REGULAR MEETING**

INVOCATION

Led by Firefighter/Paramedic Joe Silguero

PLEDGE OF ALLEGIANCE

Led by Councilman Cantos

ROLL CALL

REPORTING OUT FROM CLOSED SESSION

PRESENTATIONS

- Certificate of Appreciation Recognizing Good Samaritans
- Certificate of Appreciation Recognizing Donations Provided to the West Covina Fire Department
- Proclamation Recognizing Gun Violence Awareness Day
- Proclamation Celebrating May as Asian American and Pacific Islander Heritage Month
- Proclamation Recognizing May 21 through May 27, 2023, as National Public Works Week

ORAL COMMUNICATIONS - Five (5) minutes per speaker

Please step forward to the podium and state your name and city of residence for the record when recognized by the Mayor.

CITY MANAGER'S REPORT

City Manager's report on current City projects.

CONSENT CALENDAR

All matters listed under CONSENT CALENDAR are considered to be routine and can be acted on by one roll call vote. There will be no separate discussion of these items unless members of the City Council/Community Development Commission request specific items to be removed from the Consent Calendar for separate discussion or action.

APPROVAL OF MEETING MINUTES

- 1) **CONSIDERATION OF APPROVAL OF THE MAY 2, 2023, CITY COUNCIL/SUCCESSOR AGENCY REGULAR SESSION MEETING MINUTES AND THE MAY 2, 2023, CITY COUNCIL/SUCCESSOR AGENCY REGULAR CLOSED SESSION MEETING MINUTES.**
It is recommended that the City Council approve the May 2, 2023, Regular Session Meeting Minutes and the May 2, 2023, Regular Closed Session Meeting Minutes.

FINANCE DEPARTMENT

- 2) **CONSIDERATION OF PROPOSITION A EXCHANGE WITH FOOTHILL TRANSIT**

It is recommended that the City Council approve the following:

1. Exchange of \$2,500,000 in Proposition A Local Return funds for \$1,875,000 in general funds with Foothill Transit; and
2. Authorize the City Manager to execute the Assignment Agreement with Foothill Transit, in substantially the form as attached and in such final form as approved by the City Attorney.

3) CONSIDERATION OF THE THIRD QUARTER FINANCIAL REPORT AND BUDGET AMENDMENT FOR FISCAL YEAR 2022-23

It is recommended that the City Council take the following actions:

1. Receive and file the Third Quarter Financial Report for Fiscal Year 2022-23; and
2. Adopt the following resolution:

RESOLUTION NO. 2023-28 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, ADOPTING A BUDGET AMENDMENT FOR THE FISCAL YEAR COMMENCING JULY 1, 2022 AND ENDING JUNE 30, 2023 (THIRD QUARTER FINANCIAL REPORT)

4) CONSIDERATION OF SINGLE AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2022

It is recommended that City Council receive and file the Single Audit Report on Federal Award Programs for the year ended June 30, 2022.

5) ANNUAL REVIEW OF FINANCIAL POLICIES

It is recommended that the City Council adopt the following resolution:

RESOLUTION NO. 2023-25 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, APPROVING THE CITY OF WEST COVINA STATEMENT OF INVESTMENT POLICY

6) PROPOSED FISCAL YEAR 2023-24 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGET

It is recommended that City Council receive and file the update regarding the Proposed FY 2022-23 Operating and Capital Improvement Program Budget.

PUBLIC SERVICES

7) CONSIDERATION OF AMENDMENTS TO AGREEMENTS WITH UBER TECHNOLOGIES, INC.

It is recommended that the City Council:

1. Approve the First Amendment to the Uber Central Agreement with Uber Technologies, Inc. (Uber).
2. Approve the First Amendment to the Uber Vouchers for Transit Agencies Agreement with Uber.
3. Authorize the City Manager to execute the amendments.
4. Authorize the City Manager to negotiate and execute future amendments extending the terms of the agreements, provided that the total cost of the program does not exceed \$100,000.

END OF CONSENT CALENDAR

HEARINGS

PUBLIC HEARINGS

8) FISCAL YEAR (FY) 2023-2024 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ACTION PLAN

It is recommended that the City Council take the following actions:

1. Approve the proposed Fiscal Year (FY) 2023-2024 CDBG Action Plan; and
2. Designate the City Manager, or the City Manager's designee, as the official representative of the City to administer the programs and to execute and submit all required agreements, certifications, and documents required by U.S. Department of Housing and Urban Development (HUD), and execute all subrecipient agreements for the use of funds approved in the 2023-2024 Annual Action Plan; and
3. Authorize the City Manager to negotiate and execute all necessary documents, in such final form as approved by the City Attorney, to carry out the City Council's direction.

MAYOR/COUNCILMEMBERS REPORTS

AB 1234 Conference and Meeting Report (verbal, if any)

(In accordance with AB 1234, Councilmembers shall make a brief report or file a written report on any meeting/event/conference attended at City expense.)

CITY COUNCIL REQUESTS FOR REPORTS, STUDIES OR INVESTIGATION

(Per City of West Covina Standing Rules 4.f - Requests for reports, studies, or investigations that are not readily available must be placed on the City Council/Successor Agency agenda as items of business and must be approved by a majority of the City Council/Successor Agency Board.)

9) CONSIDERATION OF SUMMARY OF INVESTIGATION AS REQUESTED BY THE CITY OF WEST COVINA IN THE MATTER OF: LAND ACKNOWLEDGMENT INCIDENT AT CENTENNIAL EVENT

It is recommended that the City Council receive and file report regarding the land acknowledgment incident that occurred on February 18, 2023.

CITY COUNCIL COMMENTS

ADJOURNMENT

Next Tentative City Council Meeting

Regular Meeting

June 6, 2023

7:00 PM

RULES OF DECORUM

The following are excerpts from the West Covina Municipal Code:

Sec. 2-48. Manner of addressing council; time limit; persons addressing may be sworn.

- a. Each person addressing the council shall step up to the rostrum, shall give his or her name and city of residence in an audible tone of voice for the record and unless further time is granted by the council, shall limit his or her address to five (5) minutes.
- b. The city council may establish a limit on the duration of oral communications.
- c. All remarks shall be addressed to the council as a body and not to any member thereof. No person, other than the council and the person having the floor, shall be permitted to enter into any discussion, either directly or through a member of the council, without the permission of the presiding officer. No question shall be asked of a councilmember except through the presiding officer.
- d. The presiding officer may require any person to be sworn as a witness before addressing the council on any subject. Any such person who, having taken an oath that he or she will testify truthfully, willfully and contrary to such oath states as true any material matter

which he knows to be false may be held to answer criminally and subject to the penalty prescribed for perjury by the provisions of the Penal Code of the state.

Sec. 2-50. Decorum--Required.

- a. While the council is in session, the members shall preserve order and decorum, and a member shall neither, by conversation or otherwise, delay or disrupt the proceedings or the peace of the council nor interrupt any member while speaking or refuse to obey the orders of the council or its presiding officer, except as otherwise herein provided.
- b. Members of the public shall not willfully disrupt the meeting or act in a manner that actually impairs the orderly conduct of the meeting. For the purposes of this code, "willfully disrupt" includes, but is not limited to, continuing to do any of the following after being warned by the Mayor that continuing to do so will be a violation of the law:
 - a. Addressing the Mayor and City Council without first being recognized.
 - b. Persisting in addressing a subject or subjects, other than that before the Mayor and City Council.
 - c. Repetitiously addressing the same subject.
 - d. Failing to relinquish the podium when directed to do so.
 - e. From the audience, interrupting or attempting to interrupt, a speaker, the Mayor, a council member, or a staff member or shouting or attempting to shout over a speaker, the Mayor, a council member or a staff member.
 - f. As a speaker, interrupting or attempting to interrupt the Mayor, a council member, or a staff member, or shouting over or attempting to shout over the Mayor, a council member, or a staff member. Nothing in this section or any rules of the council shall be construed to prohibit public criticism of the policies, procedures, programs, or services of the City or of the acts or omissions of the City Council. It shall be unlawful to violate the provisions of this Section.

If any subsection, sentence, clause, or phrase or word of this Section 2-50 is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Section. The City Council hereby declares that it would have passed this section and each subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more subsections, sentences, clauses, phrases or words had been declared invalid or unconstitutional.

Sec. 2-52. Persons authorized to be within council area.

No person, except city officials, their representatives and members of the news media shall be permitted within the rail in front of the council chamber without the express consent of the council.

The following are excerpts from the Penal Code

148(a) (1) Every Person who willfully resists, delays, or obstructs any public officer, peace officer, or an emergency medical technician, as defined in Division 2.5 (commencing with Section 1797) of the Health and Safety code, in the discharge or attempt to discharge any duty of his or her office or employment, when no other punishment is prescribed, shall be punished by a fine not exceeding one thousand dollars (\$1,000), or by imprisonment in a county jail not to exceed one year, or by both that fine and imprisonment.

403 Every person who, without authority of law, willfully disturbs or breaks up any assembly or meeting that is not unlawful in its character, other than an assembly or meeting referred to in Section 303 of the Penal Code or Section 18340 of the Elections Code, is guilty of a misdemeanor.



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 16, 2023

TO: Mayor and City Council

FROM: David Carmany
City Manager

SUBJECT: CONSIDERATION OF APPROVAL OF THE MAY 2, 2023, CITY COUNCIL/SUCCESSOR AGENCY REGULAR SESSION MEETING MINUTES AND THE MAY 2, 2023, CITY COUNCIL/SUCCESSOR AGENCY REGULAR CLOSED SESSION MEETING MINUTES.

RECOMMENDATION:

It is recommended that the City Council approve the May 2, 2023, Regular Session Meeting Minutes and the May 2, 2023, Regular Closed Session Meeting Minutes.

DISCUSSION:

That the City Council adopt the attached minutes.

Attachments

Attachment No. 1 - 5/2/2023 Regular Session Minutes Draft

Attachment No. 2 - 5/2/2023 Closed Session Minutes Draft

CITY COUNCIL GOALS & OBJECTIVES: Enhance City Image and Effectiveness



CITY OF WEST COVINA

CITY COUNCIL/SUCCESSOR AGENCY

MAY 2, 2023, 7:00 PM
REGULAR MEETING

CITY HALL COUNCIL CHAMBERS
1444 W. GARVEY AVENUE SOUTH
WEST COVINA, CALIFORNIA 91790

Mayor Rosario Diaz
Mayor Pro Tem Brian Tabatabai
Councilman Tony Wu
Councilwoman Letty Lopez-Viado
Councilman Ollie Cantos

MINUTES

**CITY OF WEST COVINA
CITY COUNCIL/SUCCESSOR AGENCY**

INVOCATION

Led by Lisa Sherrick, Assistant City Clerk

PLEDGE OF ALLEGIANCE

Led by Mayor Diaz

ROLL CALL

Council Members

Present: Council Members Tony Wu, Ollie Cantos, Mayor Pro Tem Brian Tabatabai, Mayor Rosario Diaz.

Council Members

Absent: Councilwoman Letty Lopez-Viado

City Staff: David Carmany City Manager, Paulina Morales Assistant City Manager, Roxanne Lerma Assistant City Manager, Tom Duarte City Attorney; other City staff presented reports and responded to questions as indicated in the minutes.

REPORTING OUT FROM CLOSED SESSION

Duran v. City of West Covina matter, on a vote of 4-0, City Council directed staff to pay plaintiff \$150,000 and in return plaintiff agreed to dismiss its complaint against the City.

PRESENTATIONS

- Proclamation Honoring National Small Business Week
- Proclamation Declaring the Week of May 14 through May 20, 2023, as National Police Week
- Proclamation Recognizing the Week of April 30 through May 6, 2023, as Professional Municipal Clerks Week

ORAL COMMUNICATIONS - Five (5) minutes per speaker

Matthew Smith
Kathy Novarro
Armando Herman
John Shewmaker
Chris Miller
Wen Wen Zhang
R. Robinson
JD

CITY MANAGER'S REPORT

City Manager's report on current City projects.

CONSENT CALENDAR

ACTION: Motion by Councilman Cantos, Second by Mayor Pro Tem Tabatabai 4-0 to: Approve Consent Calendar Items 1 and 2. (Item 5 was pulled by City Manager Carmany to be brought back at a future meeting).

ACTION: Motion by Councilman Cantos, Second by Councilman Wu 4-0 to: Approve Consent Calendar Item 3 (This item was pulled for discussion by Councilman Wu).

ACTION: Motion by Councilman Wu, Second by Mayor Pro Tem Tabatabai 4-0 to: Approve Consent Calendar Item 4 (This item was pulled for discussion by Councilman Wu).

APPROVAL OF MEETING MINUTES

1) CONSIDERATION OF APPROVAL OF THE APRIL 18, 2023, CITY COUNCIL/SUCCESSOR AGENCY REGULAR SESSION MEETING MINUTES. THE REGULAR CLOSED SESSION MEETING WAS CANCELED.

Carried 4-0 to: Approve the April 18, 2023, Regular Session Meeting Minutes.

FIRE DEPARTMENT

2) CONSIDERATION OF PURCHASE OF SELF-CONTAINED BREATHING APPARATUS (SCBA)

Carried 4-0 to: Authorize a purchase order with L.N. Curtis and Sons, in the amount of \$992,000, for the purchase of Self-Contained Breathing Apparatus (SCBA) via Sourcewell Cooperative Purchasing Agreement No. 032620-LNC.

HUMAN RESOURCES/RISK MANAGEMENT

3) CONSIDERATION OF JOB DESCRIPTIONS FOR CODE ENFORCEMENT DIRECTOR AND CODE ENFORCEMENT MANAGER

Carried 4-0 to: Approve the Code Enforcement Director Job Description. Resolution 2023-26 was not adopted.

4) CONSIDERATION OF THE JOB DESCRIPTION FOR ECONOMIC DEVELOPMENT AND HOUSING MANAGER

Carried 4-0 to: Adopt the following resolution:

RESOLUTION NO. 2023-27 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, APPROVING THE REPEAL AND REPLACEMENT OF THE ECONOMIC DEVELOPMENT AND HOUSING MANAGER CLASSIFICATION SPECIFICATIONS

END OF CONSENT CALENDAR

DEPARTMENT REGULAR MATTERS

FINANCE DEPARTMENT

**5) CONSIDERATION OF AMENDMENT TO THE ATHENS SERVICES
FRANCHISE AGREEMENT TO REFLECT SB 1383 IMPLEMENTATION**

**This item was pulled by City Manager Carmany to be brought
back at a future City Council Meeting.**

MAYOR/COUNCILMEMBERS REPORTS

None

CITY COUNCIL REQUESTS FOR REPORTS, STUDIES OR INVESTIGATION

City Council approved the following requests:

- A presentation by DTSC or AQMD regarding Quemetco (battery recycling center).
- Create and provide to Council a detailed Communications Plan.

CITY COUNCIL COMMENTS

- Councilmembers recognized May as Asian American and Pacific Islander Heritage month and Mental Health Awareness Month, and May 1st as International Worker Day,

-This space intentionally left blank-

ADJOURNMENT

A motion to adjourn the Regular Meeting was made by Mayor Diaz, and the meeting was adjourned at 9:40 p.m. The next regularly scheduled Regular City Council Meeting will be held on Tuesday, May 16, 2023, at 7:00 p.m. in the Council Chambers, 1444 West Garvey Avenue South, West Covina, California.

Submitted by:

Lisa Sherrick
Assistant City Clerk

Rosario Diaz
Mayor



CITY OF WEST COVINA

CITY COUNCIL/SUCCESSOR AGENCY

MAY 2, 2023, 6:00 PM
REGULAR MEETING - CLOSED SESSION

MANAGEMENT RESOURCE CENTER 3RD FLOOR
1444 W. GARVEY AVENUE SOUTH
WEST COVINA, CALIFORNIA 91790

Mayor Rosario Diaz
Mayor Pro Tem Brian Tabatabai
Councilman Tony Wu
Councilwoman Letty Lopez-Viado
Councilman Ollie Cantos

Minutes

CALL TO ORDER

A Regular Session Meeting was called to order by Mayor Rosario Diaz on Tuesday, May 2, 2023, at 7:00 p.m., in the Management Resource Center Conference Room Chambers, 1444 West Garvey Avenue South, West Covina, California

ROLL CALL

Council Members

Present: Council Members Tony Wu, Ollie Cantos, Mayor Pro Tem Brian Tabatabai, Mayor Rosario Diaz

Council Members

Absent: Councilwoman Letty Lopez-Viado

City Staff: David Carmany City Manager, Thomas Duarte City Attorney, Roxanne Lerma Assistant City Manager, Paulina Morales Assistant City Manager, Stephanie Sikkema Finance Director, Lisa Handy, Interim Human Resources and Risk Management Director, Arminen Megrabyan, Kessel & Megrabyan, . Derek Straatsma, Goldman, Magdalin & Krikes, LLP

PUBLIC COMMENTS ON ITEMS ON THE AGENDA

None

CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION - Pursuant to Government Code § 54956.9(d)(1)

1. Michael Timothy Duran v. City of West Covina, et al, (United States District Court, Central District, Case No. 2:20-cv-11029-CAS-PD)
2. Briley v. City of West Covina, (LA Superior Court, Case No. BC630552)
3. Michelle Mansour v. City of West Covina, et al, (LA Superior Court, Case No, 21STCV24136)
4. Noel Flamenno vs. City of West Covina - (WCAB Marina Del Ray - ADJ15385355)
5. Jeffrey Munn vs. City of West Covina - (WCAB Marina Del Ray - ADJ15905810)

2. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code § 54957.6

City Negotiators: Carmany, Duarte
Employee Organizations

- Confidential Employees
- Maintenance & Crafts Employees
- Non-Sworn
- W.C. Police Officers' Association
- W.C. Firefighters' Management Assoc.
- W.C. Firefighters' Association, I.A.F.F., Local 3226
- General Employees
- Mid-Management Employees
- W.C. Police Management Association

Unrepresented Employee Group

- Department Heads

REPORTING OUT

City Attorney Tom Duarte reported that on Duran v. City of West Covina matter on a vote of 4-0 City Council directed staff to pay plaintiff \$150,000 and in return plaintiff agreed to dismiss its complaint against the City.

ADJOURNMENT

A motion to adjourn the Closed Session Meeting was made by Mayor Diaz and the meeting was adjourned at 6:45 pm. The next regularly scheduled Closed Session City Council Meeting will be held on Tuesday May 16, 2023, at 6:00 p.m. in the Management Resource Center, 3rd Floor, 1444 West Garvey Avenue South, West Covina, California.

Submitted by:

Lisa Sherrick
Assistant City Clerk

Rosario Diaz
Mayor



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 16, 2023

TO: Mayor and City Council

FROM: David Carmany
City Manager

SUBJECT: CONSIDERATION OF PROPOSITION A EXCHANGE WITH FOOTHILL TRANSIT

RECOMMENDATION:

It is recommended that the City Council approve the following:

1. Exchange of \$2,500,000 in Proposition A Local Return funds for \$1,875,000 in general funds with Foothill Transit; and
2. Authorize the City Manager to execute the Assignment Agreement with Foothill Transit, in substantially the form as attached and in such final form as approved by the City Attorney.

BACKGROUND:

Approved by voters in November 1980, Proposition (Prop) A is a half-cent sales tax dedicated to transportation funding. Under Prop A, the City receives a portion of the ½ cent sales tax levied in Los Angeles County to develop and improve local public transit, paratransit and related transportation infrastructure. At this time, the City does not have any projects to utilize these funds. The City is in the practice of selling these restricted transportation Prop A dollars to other cities or special districts in exchange for non-restricted General Fund dollars to assist with balancing the budget.

These exchanges are allowed under the guidelines for this revenue source and provide benefits for both parties. The buyer gets discounted transportation dollars and West Covina receives additional General Fund dollars. The exchange rate is a matter of supply and demand. According to the Los Angeles County Metropolitan Transportation Authority, the exchange rate has been at seventy to seventy-five cents on the dollar for the last 20 years.

The City has exchanged its Prop A funds with Foothill Transit the past few years at an exchange rate of seventy-five cents on the dollar.

DISCUSSION:

The City has \$2.5 million in Prop A funds available to sell. Foothill Transit has agreed to purchase the \$2.5 million at seventy-five cents on the dollar, or \$1,875,000 in general funds. The City received another offer of exchange; however, the amount and exchange rate was less. Thus, staff recommends City Council authorize the exchange with Foothill Transit at seventy-five cents on the dollar and authorize the City Manager to execute the Assignment Agreement with Foothill Transit, in such final form as approved by the City Attorney.

LEGAL REVIEW:

The City Attorney's Office will approve the final form of the agreement prior to execution.

FISCAL IMPACT:

The Assignment Agreement for the Prop A exchange with Foothill Transit will generate \$1,875,000 in General Fund revenue which is slightly over the FY2022-23 Budget of \$1,868,325.00.

The original estimate for the FY2022-23 Prop A Exchange was \$2 million. Revenue has been higher than estimated, making \$2.5 million available for exchange. The budget amendment to increase expenditures is included with the Third Quarter Financial Report.

Table 1. Revenue and Expenditure Summary

Account No.	Account Name	FY2022-23 Budget	Amount Requested	Under/-Over Budget
Revenue				
110.00.4580	PROP A EXCHANGE	\$1,868,325	\$1,875,000	-\$6,675
Expenditures				
121.61.5140.6520	PROP A EXCHANGE	\$2,000,000	\$2,500,000	-\$500,000

Attachments

Attachment No. 1 - Assignment Agreement

CITY COUNCIL GOALS & OBJECTIVES: Achieve Fiscal Sustainability and Financial Stability

**ASSIGNMENT AGREEMENT
BETWEEN THE CITY OF WEST COVINA, CALIFORNIA
AND FOOTHILL TRANSIT FOR
PROPOSITION A LOCAL RETURN FUND EXCHANGE**

THIS ASSIGNMENT AGREEMENT (“Agreement”) is entered into by and between the City of West Covina, California and Foothill Transit. The effective date (“Effective Date”) of this Agreement shall be the last date that this Agreement is executed either by City of West Covina or by Foothill Transit. This Agreement is entered into with respect to the following facts:

A. Foothill Transit provides community-oriented, environmentally friendly bus service throughout Southern California’s San Gabriel and Pomona Valleys, including express bus routes to Pasadena and Downtown Los Angeles.

B. The City of West Covina has uncommitted Proposition A Local Return funds which could be made available to Foothill Transit to assist in providing the services discussed in Paragraph A of this Agreement. In exchange for the assignment by Foothill Transit of the amount for its general use funds (non-formula allocation funds) indicated in Section 1 below, the City of West Covina is willing to assign uncommitted Proposition A Local Return funds to Foothill Transit for the purpose identified in Paragraph A.

Now, therefore, in consideration of the mutual benefits to be derived by the parties, it is mutually agreed as follows:

1. Exchange. The City of West Covina agrees to assign a total of \$2,500,000 of its Proposition A Local Return funding authority to Foothill Transit from the Fiscal Year 2022-2023 allocation. In return, Foothill Transit agrees to assign \$1,875,000 of its general use funds (non-formula allocation funds) to the City of West Covina.

2. Consideration. The City of West Covina shall assign the agreed upon Proposition A Local Return funds to Foothill Transit in one lump-sum payment. Foothill Transit shall assign the agreed upon general use funds to the City of West Covina in one lump-sum payment. Each payment shall be due within 30 days of the first date that both of the following have occurred: (a) execution of this Agreement, and (b) approval by Los Angeles County Metropolitan Transportation Authority (LACMTA) of the Foothill Transit’s project description.

3. Term. This Agreement is effective on the Effective Date and for such time as is necessary for both parties to complete their mutual obligations under this Agreement.

4. Termination. Termination of this Agreement may be made by either party so long as both of the following are correct: (a) written notice of intent to terminate is given to the other party at least five (5) days prior to the termination and (b) the effective date of the termination is before the date LACMTA approves the Foothill Transit project description.

5. Notice. Notices shall be given pursuant to this Agreement by personal service on the party to be notified, or by written notice upon such party deposited in the custody of the United States Postal Service addressed as follows:

- A. David N. Carmany
City Manager
City of West Covina
1444 West Garvey Avenue South
West Covina, CA 91790
- B. Doran J. Barnes
Chief Executive Officer
Foothill Transit Administrative Office, 2nd Floor
100 South Vincent Avenue
West Covina, CA 91790

If notice is provided via personal service, it is deemed “given” on the date of personal service. If notice is provided via U.S. mail, then the notice is deemed “given” two days after the notice is properly addressed and placed in the U.S. mail.

Either party may at any time, by notice to the other party in accordance with this Section, change the designation or address of the person specified to receive notice on its behalf.

6. Assurances.

A. Foothill Transit shall use the assigned Proposition A Local Return funds only for the purpose of providing the services discussed in Paragraph A of this Agreement, and within the time limits specified in LACMTA’s Proposition A Local Return Program Guidelines.

B. Concurrently with the execution of this Agreement, Foothill Transit shall provide LACMTA with the Standard Assurances and Understandings Regarding Receipt and Use of Proposition A funds specified in the Guidelines regarding the use of the assigned Proposition A Local Return funds.

SIGNATURE PAGE FOLLOWS.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers, duly authorized, by Foothill Transit on May 23, 2023, and by the City of West Covina on May 16, 2023.

CITY OF WEST COVINA

FOOTHILL TRANSIT

BY: _____

David N. Carmany, City Manager

BY: _____

Doran J. Barnes, Chief Executive Officer

BY: _____

Stephanie Sikkema, Finance Director

BY: _____

Michelle Lopes Caldwell, Director of
Finance and Treasurer

ATTEST:

ATTEST:

BY: _____

Lisa Sherrick, Assistant City Clerk

BY: _____

Christina Lopez, Board Secretary

APPROVED AS TO FORM: _____

BY: _____

Thomas P. Duarte, City Attorney



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 16, 2023

TO: Mayor and City Council

FROM: David Carmany
City Manager

**SUBJECT: CONSIDERATION OF THE THIRD QUARTER FINANCIAL REPORT AND BUDGET
AMENDMENT FOR FISCAL YEAR 2022-23**

RECOMMENDATION:

It is recommended that the City Council take the following actions:

1. Receive and file the Third Quarter Financial Report for Fiscal Year 2022-23; and
2. Adopt the following resolution:

RESOLUTION NO. 2023-28 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, ADOPTING A BUDGET AMENDMENT FOR THE FISCAL YEAR COMMENCING JULY 1, 2022 AND ENDING JUNE 30, 2023 (THIRD QUARTER FINANCIAL REPORT)

BACKGROUND:

This report is intended only to provide the City Council and the public with an overview of the City's general fiscal condition. The financial information included in this report is preliminary, unaudited and subject to revision upon completion of the City's closing and audit. The City will make the Quarterly Financial Report available on the City's website for review by the City's stakeholders.

DISCUSSION:

The City has completed the third quarter of Fiscal Year 2022-23. The Quarterly Report (Attachment No. 1) summarizes the overall financial performance of the City for the period of July 1, 2022 through March 31, 2023, but it is not meant to be inclusive of all finance and accounting transactions. While the focus of the report is the General Fund, summary financial information is also provided for the Enterprise Fund and Special Revenue Funds.

The information presented reports revenues as they are received and expenditures when paid. Revenues and expenditures are only accrued at year-end to account for such activity in the correct fiscal year. Additionally, a budget amendment (Attachment No. 2) is proposed with the Quarterly Report to adjust revenue and expenditures based on activity to date.

LEGAL REVIEW:

The City Attorney's Office has reviewed the resolution and approved it as to form.

Fiscal Impact

FISCAL IMPACT:

Proposed General Fund (Fund 110) changes are summarized as follows:

Table 2. General Fund Summary

General Fund	Original Budget	Current Budget	Requested BA	Amended Budget
Revenue				
Property Tax	28,986,300	28,986,300	885,700	29,872,000
Sales Tax	23,142,000	23,142,000		23,142,000
Other Taxes	9,446,000	9,446,000		9,446,000
Charges for Services	7,578,220	7,578,220		7,578,220
Licenses & Permits	3,167,810	4,393,810	598,000	4,991,810
Revenue from Other Agencies	2,628,625	2,628,625		2,628,625
Cost Recovery	1,365,900	1,365,900		1,365,900
Interdepartmental Charges	1,196,200	1,196,200		1,196,200
Use of Money & Property	1,078,300	1,078,300		1,078,300
Fines & Forfeitures	1,023,290	1,073,290		1,073,290
Transfers In	200,093	170,093		170,093
Other Revenues	136,670	175,670		175,670
Revenue Total	79,949,408	81,234,408	1,483,700	82,718,108
Expenditures				
Police	27,844,530	27,994,492	363,000	28,357,492
Fire	20,544,117	20,765,552	786,920	21,565,472
Transfers Out	15,525,348	20,399,383	15,730	20,415,113
Public Services	6,036,175	6,283,545	0	6,283,545
Community Development	3,245,927	4,191,416	300,000	4,491,416
Administration	2,463,677	2,637,899		2,637,899
Finance	2,435,479	2,420,516		2,420,516
Human Resources	794,097	839,232	15,000	854,232
City Clerk	543,713	586,103		586,103
Expenditures Total	79,433,063	86,118,138	1,480,650	87,611,788
Revenue Less Expenditures	516,345	-4,883,730	3,050	-4,893,680
Adjustments To-Date				
Reduce Trsfr from Successor Agency	-30,000			
Increase Tree Trimming Contract	-55,175			
Mid-Year Adj.	-5,360,000			
2nd Quarter BA	45,100			
Total GF Budget Adjustments	-5,400,075			
Net Impact to General Fund	-4,883,730	-4,883,730	3,050	-4,893,680

Proposed changes to other funds are summarized below:

Table 2. Other Funds Summary

Other Funds	Original Budget	Current Budget	Requested BA	Amended Budget
General Fund (110)				
Revenue	79,949,408	81,234,408	1,483,700	82,718,108
Expenditures	79,433,063	86,118,138	1,480,650	87,611,788
Maintenance District #4 (184)				
Revenue	3,350	999,616		999,616
Expenditures	1,160,285	1,245,338	100,000	1,345,338
Prop A (121)				
Revenue	2,242,220	2,242,220	500,000	2,742,220
Expenditures	2,148,400	2,048,400	500,000	2,548,400
Waste Mgt Enforcement Grant (145)				
Revenue	16,040	16,040	15,730	31,770
Expenditures	115,700	115,700		115,700

Attachments

Attachment No. 1 - Third Quarter Financial Report for Fiscal Year 2022-23

Attachment No. 2 - Resolution No. 2023-28

CITY COUNCIL GOALS & OBJECTIVES: Achieve Fiscal Sustainability and Financial Stability
 Maintain Good Intergovernmental Relations
 Enhance City Image and Effectiveness



THIRD QUARTER FINANCIAL REPORT

Fiscal Year 2022-23

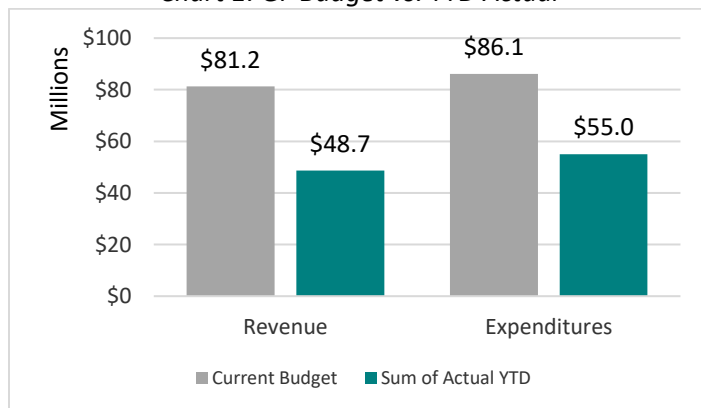
The City has completed the third quarter of Fiscal Year (FY) 2022-23. This report summarizes the overall financial performance of the City for the period of July 1, 2022, through March 31, 2023, but it is not meant to be inclusive of all finance and accounting transactions. While the focus of the report is the General Fund, summary financial information is also provided for the Enterprise Fund and Special Revenue Funds. The information presented is unaudited. This report is intended to provide City Council and the public with an overview of the City's general fiscal condition.

The revenue and expenditures per the Budget to Year-To-Date (YTD) Actual comparisons include adjustments for carryovers and any appropriations made as of March 31, 2023. The information presented reports revenues as they are received and expenditures when paid. Revenues and expenditures are only accrued at year end to account for such activity in the correct fiscal year.

GENERAL FUND

The General Fund (GF) is the general operating fund for the City. It provides the resources to sustain the day-to-day activities and services to the community. All nine departments receive support, either directly or indirectly, from the General Fund.

Chart 1: GF Budget vs. YTD Actual



The General Fund original budget for FY 2022-23 was \$79.9 million in revenue, \$79.4 million in expenditures, and a total revenue less expenditures of

\$516,345. With 75% of the year complete, General Fund revenues are nearly 60% of budget, and expenditures are at almost 64%.

GENERAL FUND REVENUE

The City's two major General Fund revenue sources are Property Tax and Sales Tax which make up 65% of the General Fund revenues combined.

Table 1: GF Revenue – Budget vs. YTD Actual

Revenue Source	Current Budget	YTD Actual	%
Property Tax	28,986,300	17,024,422	58.7%
Sales Tax	23,142,000	13,099,028	56.6%
Other Taxes	9,446,000	5,714,574	60.5%
Charges for Services	7,578,220	5,144,066	67.9%
Licenses & Permits	4,393,810	4,456,123	101.4%
Revenue from Other Agencies	2,628,625	428,767	16.3%
Cost Recovery	1,365,900	40,585	3.0%
Interdepartmental Charges	1,196,200	892,658	74.6%
Use of Money & Property	1,078,300	952,361	88.3%
Fines & Forfeitures	1,073,290	824,063	76.8%
Other Revenues	175,670	78,733	44.8%
Transfers In	170,093	11	0.0%
Grand Total	81,234,408	48,655,392	59.9%

PROPERTY TAX

The first major property tax distribution to the City for FY 2022-23 was received in December. Included in this line item are Secured Property Taxes, Property Taxes In-Lieu of Vehicle License Fees (VLF), and residual payments from the dissolution of the former redevelopment agency. Property tax is trending slightly higher than last fiscal year, however; due to a lag in when revenues are received, we are only at 58.7% of estimated revenue for the year. Additionally, the Property Taxes In-Lieu of Vehicle License Fees

(VLF) will be over the budget estimate by \$885,700. Staff has included this revenue in the proposed budget amendment.

SALES TAX

As of March 31, 2023, the allocation received represents approximately 56% of the total sales tax allocation for the year. This is typical for this time of year as there is a two-month lag in sales tax distributions. The City will continue to receive sales tax allocations with the final quarter allocation distributed by the California State Department of Taxes and Fees Administration (CDTFA) in August 2023.

OTHER TAXES

This category includes Franchise Fees, Business License Tax, Transient Occupancy Tax (TOT), and Property Transfer Tax. At the end of the second quarter \$5.7M or 60.5% of the original budget projection has been realized. This is due to a lag in when these revenues are received. Additionally, these taxes are not evenly disbursed throughout the year.

CHARGES FOR SERVICES

These revenues include plan check and zoning related fees, recreation fees, interfund charges, police, and fire fees. These fees are trending as projected at \$5.1M or 67.9% or through March 2023.

LICENSE & PERMITS

Revenues for licenses & permits include building and engineering permits, and animal licenses. Revenue projections are trending as projected. Overall, licenses and permits are at over 101% of the original budget projection. This is mainly due to building permits, electrical permits, and plumbing permits. Revenue and offsetting expenditures (building and engineering services) are proposed to be adjusted accordingly.

REVENUES FROM OTHER AGENCIES

This category includes Vehicle In-Lieu, State Mandated Cost reimbursement revenue, and the exchange of Prop A funds, which are the largest revenue source in

this category. Most of this revenue is received once within the fiscal year. Additionally, the Prop A Exchange (which accounts for \$1.8 million) typically does not occur until the end of the fiscal year.

COST RECOVERY

This category includes mutual aid cost reimbursement for strike team deployments for the Fire Department. Strike deployments have decreased over the past few months and are expected to be less than in prior years.

INTERDEPARTMENTAL CHARGES

This category includes overhead chargebacks from internal service funds: General Liability, Workers Compensation, and Fleet Maintenance. These charges are equally distributed across the fiscal year and billed monthly.

USE OF MONEY & PROPERTY

This category includes rental and interest income. To-date, interest income is trending over projected, at 88% or \$952k.

FINES & FORFEITURES

This category includes late payment penalties, collection agency fees, code fines, vehicle impound fees, and administrative citations. Overall, fines and forfeitures are at 76.8% of the original budget projection. This is mainly due to vehicle code fines and administrative citations.

OTHER REVENUES

This category includes proceeds from auction, advertising, final map, and other miscellaneous revenue. At the end of the first quarter \$78k or 44.8% of the original budget projection has been realized.

TRANSFERS IN

This category includes a transfer from the Successor Agency for administrative costs. This transfer is made at the end of the fiscal year.

REVENUES PROJECTIONS

Revenue projections are revised with the Quarterly Report based on revenue trends and activity to date. The total proposed adjustment is an increase of \$1,483,700 in revenue to the General Fund.

Table 2: GF Revenue Projection

Revenue Source	Current Budget	Proposed Adj.	Revised Projection
Charges for Services	7,578,220		7,578,220
Cost Recovery	1,365,900		1,365,900
Fines & Forfeitures	1,073,290		1,073,290
Interdepartmental Charges	1,196,200		1,196,200
Licenses & Permits	4,393,810	598,000	4,991,810
Other Revenues	175,670		175,670
Other Taxes	9,446,000		9,446,000
Property Tax	28,986,300	885,700	29,872,000
Revenue from Other Agencies	2,628,625		2,628,625
Sales Tax	23,142,000		23,142,000
Transfers In	170,093		170,093
Use of Money & Property	1,078,300		1,078,300
Grand Total	81,234,408	1,483,700	82,718,108

GENERAL FUND EXPENDITURES

As of March 31, 2023, with 75% of the year complete, \$55 million, or nearly 64% of the General Fund budget has been expensed (see Table 3 below). Except for Fire, Human Resources and Police, all departments are below 75% for the quarter. Fire is tending over due to overtime buybacks and workers' compensation. Human Resources is over due to influx in Legal Services. Police is over due to overtime. These overages are included in the proposed amendment.

Table 3: GF Expenditures – Budget vs. YTD Actual

Department	Current Budget	YTD Actual	%
Administration	2,637,899	1,970,962	74.7%
City Clerk	586,103	226,236	38.6%
Community Development	4,191,416	2,101,803	50.1%
Finance	2,420,516	1,498,897	61.9%
Fire	20,765,552	16,299,300	78.5%
Human Resources	839,232	637,127	75.9%
Police	27,994,492	22,585,960	80.7%
Public Services	6,283,545	3,981,626	63.4%
Transfers Out	20,399,383	5,717,129	28.0%
Grand Total	86,118,138	55,019,039	63.9%

GENERAL FUND OVERTIME

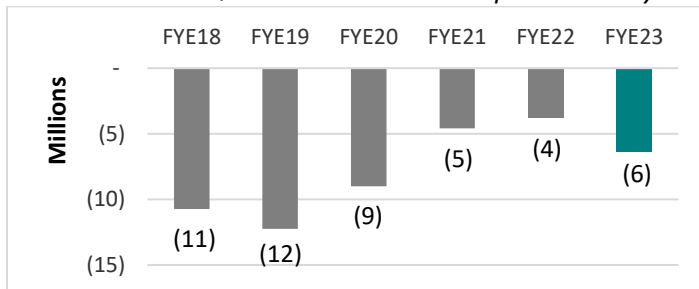
Table 4 summarizes overtime by department within the General Fund. Overtime is trending over budget (over 75%) in Fire (99.7%), Police (83%), and Public Services (93.9%). Public Services overtime is over due to Special Events which are increasing to pre-pandemic levels and have been offset by salary savings. These overages have been included in the proposed budget amendment.

Table 4: GF Overtime YTD

Department	Current Budget	YTD GF Overtime	%
Administration	4,030	770	19.1%
Community Development	0	6,539	0.0%
Finance	2,860	1,153	40.3%
Fire	3,233,160	3,223,667	99.7%
Human Resources	0	152	0.0%
Police	3,125,240	2,593,894	83.0%
Public Services	107,110	100,600	93.9%
Grand Total	6,472,400	5,926,776	91.6%

Overall, total General Fund Revenue (\$48M) less Expenditures (\$56M) for the year is negative \$6 million. Negative revenue less expenditures is typical for this time of year due to the lag in property and sales tax revenue – the City’s primary revenue sources. Except for FY 2020-21, when the City had an influx of revenue due to the pension bonds, current year revenue less expenditures are up from prior years.

Chart 2: GF 2nd Quarter Revenue Less Expenditures by FY



PROPOSED BUDGET AMENDMENT

The original adopted General Fund budget for FY 2022-23 was for \$79,433,063 expenditures. The second quarter budget amendment had a positive net impact on the General Fund of \$45,100. The proposed third quarter budget amendment has a positive net impact on the General Fund of \$3,050.

Table 5: Summary of Proposed GF Budget Amendment

Department	Current Budget	Requested BA	Amended Budget
Administration	2,637,899		2,637,899
City Clerk	586,103		586,103
Community Development	4,191,416	300,000	4,491,416
Finance	2,420,516		2,420,516
Fire	20,765,552	786,920	21,565,472
Human Resources	839,232	15,000	854,232
Police	27,994,492	363,000	28,357,492
Public Services	6,283,545		6,283,545
Transfers Out	20,399,383	15,730	20,415,113
Grand Total	86,118,138	1,480,650	87,611,788

The proposed General Fund budget amendment totals \$1,480,650 and includes the following:

- 1. Community Development (\$300k):** Building & Safety and Engineering fees are proposed to be increased by \$300,000 which is proportionately to the influx in Building and Permit Revenue.
- 2. Fire (\$796,920):** A total of \$574,7000 is proposed to be added for overtime and workers compensation overages. Additionally, \$212,220 is proposed to be added for fees associated with the Ground Emergency Medical transport (GEMT) program. Staff anticipates receiving approximately \$238,000 for reimbursement from prior years under this program. This is anticipated to be reflected in the fourth quarter.
- 3. Human Resources (\$15k):** Funding is proposed to be added to fund the influx of legal services.
- 4. Police (\$363,000):** Appropriations are proposed to be increased by \$340,000 for overtime and \$23,000 for psychological exam fees associated with Concealed Carry Weapons (CCW) permits.
- 5. Transfers Out (\$15.7k):** A transfer from the General Fund is proposed to cover non reimbursable grant in the Waste Management Enforcement Grant Fund.

ENTERPRISE FUND (FUND 375)

This fund accounts for the computer services provided by the Police Department to other public safety agencies for a fee. The programs are marketed to both public and private agencies. The Police Department also utilizes these products and services.

The fund has expended 24% of its budget year-to-date. Revenue is generally billed once annually.

Table 6: Police Enterprise Budget vs. YTD Actuals

Type	Current Budget	YTD Actual	%
Revenue	645,080	18,030	2.8%
Expenditures	731,831	175,299	24.0%
Revenue Less Expenditures	(86,751)	(157,269)	

SPORTSPLEX (FUND 242)

This fund accounts for activity at the West Covina Sportsplex, a recreation facility which amenities include softball fields, a pavilion, playgrounds, and restaurants.

Budget versus actual comparisons for both revenue and expenditures for the Sportsplex are presented in Table 7 below. As of the end of the second quarter, revenue less expenditures were negative \$410,515.

Table 7: Sportsplex Budget vs. YTD Actuals

Type	Current Budget	YTD Actual	%
Revenue			
Transfers In	429,583	0	0.0%
Charges for Services	326,000	66,134	20.3%
Use of Money & Property	81,930	51,606	63.0%
Other Revenues	5,900	800	13.6%
Revenue Total	843,413	118,540	
Expenditures			
Materials & Services	526,035	275,358	52.3%
Salaries & Benefits	306,378	253,697	82.8%
Capital	11,000	-	0.0%
Expenditures Total	843,413	529,055	
Revenue Less Expenditures	0	(410,515)	

OTHER FUNDS

Table 8 shows budget versus actuals for other funds:

Table 8: Other Funds Budget vs. YTD Actuals

Fund Grouping	Current Budget	YTD Actual	%
Assessment Districts			
Revenue	4,266,660	2,494,170	58.5%
Expenditures	5,229,809	2,638,371	50.4%
Capital Project Funds			
Revenue	3,486,600	2,998,207	86.0%
Expenditures	9,640,091	1,531,827	15.9%
CDBG			
Revenue	2,284,395	346,145	15.2%
Expenditures	2,420,512	329,737	13.6%
CFD			
Revenue	777,400	1,370,629	176.3%
Expenditures	5,202,421	91,519	1.8%
Debt Service			
Revenue	15,446,948	425,679	2.8%
Expenditures	15,258,000	12,404,316	81.3%
Gas Tax			
Revenue	3,063,915	1,913,918	62.5%
Expenditures	4,413,790	2,069,077	46.9%
Grant Funds			
Revenue	11,401,547	402,856	3.5%
Expenditures	24,973,574	1,932,627	7.7%
Health Department			
Expenditures	401,000	0	0.0%
Housing Authority			
Revenue	22,790	54,053	237.2%
Expenditures	1,139,103	650,853	57.1%
Internal Service Funds			
Revenue	7,813,952	6,750,686	86.4%
Expenditures	5,059,046	6,480,017	128.1%
Metro Funds			
Revenue	7,061,700	7,203,008	102.0%
Expenditures	9,616,930	2,008,150	20.9%
Other SR Funds			
Revenue	4,618,939	5,947,765	128.8%
Expenditures	9,306,631	3,401,590	36.6%
SB1			
Revenue	2,989,658	1,867,160	62.5%
Expenditures	4,847,972	633,933	13.1%
Sewer Maintenance			
Revenue	3,769,530	2,469,373	65.5%
Expenditures	7,651,997	1,923,546	25.1%
Successor Agency			
Revenue	13,002,110	2,647,677	20.4%
Expenditures	1,682,558	1,729,840	102.8%

In addition to the proposed amendments in the General Fund, the following is recommended:

1. ***Fund 121, Prop A (\$500k):*** Revenue and expenditures are proposed to be increased by \$500,000 to accommodate the Prop A Exchange.
2. ***Fund 184, Maintenance District #4 (\$100k):*** Public Services has responded to emergency tree removal and clearing in the District to mitigate the City's risk and ensure public safety. This increase in contract services is estimated to be \$100k.
3. ***Fund 145, Waste Mgt Enforcement Grant (\$15,730):*** A transfer from the General Fund is proposed to cover non reimbursable grant.

FOR MORE INFORMATION

This summary report is derived from detailed financial information generated by the City's Finance Department. Additional financial information is available online at www.westcovina.org.

RESOLUTION NO. 2023-28

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, ADOPTING A BUDGET AMENDMENT FOR THE FISCAL YEAR COMMENCING JULY 1, 2022 AND ENDING JUNE 30, 2023 (THIRD QUARTER FINANCIAL REPORT)

WHEREAS, on April 19, 2022, the City Manager presented to the City Council a proposed budget for Fiscal Year 2022-23 in compliance with Section 2-151(m) of the West Covina Municipal Code; and

WHEREAS, following the initial presentation of the proposed budget for Fiscal Year 2022-23, the City held meetings and community workshops and conducted an online budget survey in order to solicit input from the public regarding the proposed budget; and

WHEREAS, on June 7, 2022, the City Council adopted a budget for the 2022-2023 Fiscal Year; and

WHEREAS, amendments must periodically be made to the budget to conform to changed circumstances following adoption of the budget.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Council hereby approves Budget Amendment No. 2023-018, attached hereto as Exhibit A, for Fiscal Year 2022-23.

SECTION 2. The City Clerk shall certify to the adoption of this resolution and shall enter the same in the book of original resolutions and it shall become effective immediately.

APPROVED AND ADOPTED this 16th day of May, 2023.

Rosario Diaz
Mayor

APPROVED AS TO FORM

ATTEST

Thomas P. Duarte
City Attorney

Lisa Sherrick
Assistant City Clerk

I, LISA SHERRICK, Assistant City Clerk of the City of West Covina, California, do hereby certify that the foregoing Resolution No. 2023-28 was duly adopted by the City Council of the City of West Covina, California, at a regular meeting thereof held on the 16th day of May, 2023, by the following vote of the City Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lisa Sherrick
Assistant City Clerk

Exhibit A

City of West Covina
Fiscal Year 2022-23
Budget Amendment No. 2023-018
Third Quarter Financial Report

Fund Name (No.)	Current Budget	Proposed Amendment	Amended Budget
<u>General Fund (110)</u>			
Revenue	81,234,408	1,483,700	82,718,108
Expenditures	86,118,138	1,480,650	87,611,788
Revenue Less Expenditures	-\$4,883,730	\$3,050	-\$4,893,680
<u>Prop A (121)</u>			
Revenue	2,242,220	500,000	2,742,220
Expenditures	2,048,400	500,000	2,548,400
Revenue Less Expenditures	\$193,820	\$0	\$193,820
<u>Maintenance District #4 (184)</u>			
Revenue	999,616		999,616
Expenditures	1,245,338	100,000	1,345,338
Revenue Less Expenditures	-\$245,722	-\$100,000	-\$345,722
<u>Waste Mgt Enforcement Grant (145)</u>			
Revenue	16,040	15,730	31,770
Expenditures	115,700		115,700
Revenue Less Expenditures	-\$99,660	\$15,730	-\$83,930



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 16, 2023

TO: Mayor and City Council

FROM: David Carmany
City Manager

SUBJECT: CONSIDERATION OF SINGLE AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2022

RECOMMENDATION:

It is recommended that City Council receive and file the Single Audit Report on Federal Award Programs for the year ended June 30, 2022.

BACKGROUND:

The City's Single Audit, previously known as the OMB Circular A-133 audit, is an organization-wide financial statement and federal awards' audit which is required when the City expends \$750,000 or more in federal funds in one year. It is intended to provide assurance to the Federal Government that the City has adequate internal controls in place, and is generally in compliance with program requirements.

The purpose of the report is solely to describe the scope of audit testing of internal control and compliance and the results of that testing. The report does not provide an auditor's opinion on the effectiveness of the City's internal control or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, the report is not suitable for any other purpose.

DISCUSSION:

Single Audit Report on Federal Awards

As a recipient of Federal grant funds in excess of \$750,000, the City's Single Audit Report on Federal Awards is required to be submitted in compliance with the financial reporting requirement in accordance with Title 2, Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Single Audit Report (Attachment No. 1) includes the following:

1. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards;
2. Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance;
3. Schedule of Expenditures of Federal Awards;

4. Notes to the Schedule of Expenditures of Federal Awards;
5. Schedule of Findings and Questioned Costs; and
6. Summary Schedule of Prior Audit Findings.

Internal Control Over Financial Reporting

As part of the Single Audit, the City's auditors considered the City's internal control over financial reporting to determine audit procedures that are appropriate in the circumstances for the purpose of expressing their opinions on the City's financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

There are no reported deficiencies in internal control over financial reporting that the auditors considered to be a material weakness nor significant deficiency for the year ended June 30, 2022. There were no auditor findings to be reported in accordance with Uniform Guidance.

The Single Audit Report was reviewed by the Audit Committee on May 8, 2023.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report.

Prepared by: Maria-Luisa Olea, Assistant Finance Director

Additional Approval: Stephanie Sikkema, Finance Director

Fiscal Impact

FISCAL IMPACT:

This agenda item is to receive and file, therefore; there is no fiscal impact associated with this action.

Attachments

Attachment No. 1 - West Covina Final Single Audit Report FY 2022

CITY COUNCIL GOALS & OBJECTIVES: Achieve Fiscal Sustainability and Financial Stability

CITY OF WEST COVINA

**Single Audit Report on
Federal Award Programs**

June 30, 2022

CITY OF WEST COVINA
SINGLE AUDIT REPORT ON FEDERAL AWARD PROGRAMS
Year Ended June 30, 2022

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**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

City Council
City of West Covina
West Covina, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of West Covina (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Van Lant & Fankhaenel, LLP

December 22, 2022

**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule
of Expenditures of Federal Awards Required by Uniform Guidance**

City Council
City of West Covina
West Covina, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of West Covina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of West Covina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of West Covina and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a

deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, of the City of West Covina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 22, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Van Lant & Fankhauser, LLP

March 24, 2023

CITY OF WEST COVINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN Number	Program Identification Number	Program Expend- itures	Provided to Sub- Recipients
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Assistance:</i>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grant	14.218	B-18-MC-06-0532	\$ 385,924	\$ 11,939
Community Development Block Grant	14.218	B-19-MC-06-0532	756,707	-
Community Development Block Grant	14.218	B-20-MC-06-0532	334,758	38,515
Community Development Block Grant	14.218	B-21-MC-06-0532	622,860	5,276
COVID-19 - Community Development Block Grant	14.218	B-20-MW-06-0532	48,373	40,000
Total - CDBG Entitlement Grants Cluster			2,148,622 *	95,730
Total Department of Housing and Urban Development			2,148,622	95,730
<u>U.S Department of Justice</u>				
<i>Direct Assistance:</i>				
COVID-19 - Coronavirus Emergency Supplemental Funds	16.034	2020-VD-BX-0264	34,491	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01265-JAGX	20,715	-
Equitable Sharing Program	16.922	CA1975	177,179	-
Total Department of Justice			232,385	-
<u>U.S Department of Transportation</u>				
<i>Passed through the California Department of Transportation</i>				
<i>Office of Traffic Safety:</i>				
Highway Safety Cluster				
Selective Traffic Enforcement Program	20.600	402PT-20	12,672	-
National Priority Safety Programs	20.616	TR22019	24,800	
Total Highway Safety Cluster			37,472	-
<i>Passed through the California Department of Transportation</i>				
<i>Office of Traffic Safety:</i>				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	164 AL-20	4,907	-
Total Department of Transportation			42,379	-
<u>U.S Department of Treasury</u>				
<i>Direct Assistance:</i>				
Equitable Sharing Program	21.016	CA1975	938,795 *	-
<i>Passed through the County of Los Angeles</i>				
COVID-19 - Coronavirus Relief Fund	21.019	ENP202111	162,535	-
<i>Direct Assistance:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-0271	9,197,139 *	-
Total Department of Treasury			10,298,469	-

CITY OF WEST COVINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Program Identification Number	Program Expend- itures	Provided to Sub- Recipients
<u>U.S Department of Health and Human Services</u>				
<i>Passed Through the County of Los Angeles:</i>				
Aging Cluster				
COVID-19 - Special Programs for the Aging, Title III, Part C	93.045	ENP202111	183,157	-
Nutrition Services Incentives Program	93.053	ENP202111	20,840	-
Total Aging Cluster			203,997	-
Total Department of Health and Human Services			203,997	-
<u>U.S Department of Homeland Security</u>				
<i>Passed Through the State of California, Office of Emergency Services:</i>				
Homeland Security Grant	97.067	EMW-2019-SS-00035	19,496	-
Total Department of Health and Human Services			19,496	-
Total Expenditures of Federal Awards			\$ 12,945,348	\$ 95,730

* = Major Program

CITY OF WEST COVINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of West Covina (the City) under programs of the federal government as well as federal financial assistance passed through other government agencies for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial statements of the City. The City's reporting entity is defined in Note 1 of the notes to the City's financial statements.

2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, which is described in Note 1 of the notes to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass through entity identifying numbers are presented when available. The City has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

3) Outstanding Loans

The City has made several housing rehabilitation loans to qualified applicants using Community Development Block Grants/Entitlement Grants (CFDA No. 14.218) funding. These loans bear interest up to 5% and are repaid when title to the property changes. There was one new loan funded in the current year. The outstanding balance of these loans at June 30, 2022 is \$3,286,997.

4) Subrecipient Expenditures

During the fiscal year ended June 30, 2022, the City made payments to subrecipients which consisted of the following:

YWCA - Senior Citizen Assistance Program	\$ 25,530
Action Food Pantry	20,000
Project 29:11	12,000
Housing Rights Center	10,000
Coalition for the Homeless	10,000
Assistance League of Covina Valley	10,000
Shepherd's Pantry	8,000
Total Subrecipients	<u>\$ 95,530</u>

5) Major Programs

The City had three major programs for the year ended June 30, 2022, consisting of the Community Development Block Grant, Equitable Sharing Program and Coronavirus State and Local Fiscal Recovery Funds which had total disbursements of \$2,148,622, \$938,795, and \$9,197,139, respectively. This amount calculates to 94.9% of the total disbursements from federal awards.

CITY OF WEST COVINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiencies Identified not Considered to be Material Weaknesses?	None reported
Noncompliance Material to Financial Statements Noted?	No

Federal Awards

Internal Control Over Major Programs:	
Material Weakness(es) Identified?	No
Significant Deficiencies Identified not Considered to be Material Weaknesses?	None reported
Type of Auditor’s Report Issued on Compliance for Major Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance With Uniform Guidance?	No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>14.218</u>	<u>Community Development Block Grant</u>
<u>21.016</u>	<u>Equitable Sharing Program</u>
<u>21.027</u>	<u>Coronavirus State and Local Fiscal Recovery Funds</u>

Dollar Threshold used to Distinguish Between Type A And Type B Programs:	<u>\$ 750,000</u>
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Auditee Qualified as Low-Risk Auditee?	No
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CITY OF WEST COVINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no auditor's findings to be reported in accordance with *Government Auditing Standards*.

CITY OF WEST COVINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no auditor's findings to be reported in accordance with *Uniform Guidance*.

CITY OF WEST COVINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2021-001 Housing Loans Receivable Administration

Current Status – Corrective action has been taken.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no auditor's findings to be reported in accordance with the *Uniform Guidance*.



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 16, 2023

TO: Mayor and City Council

FROM: David Carmany
City Manager

SUBJECT: ANNUAL REVIEW OF FINANCIAL POLICIES

RECOMMENDATION:

It is recommended that the City Council adopt the following resolution:

RESOLUTION NO. 2023-25 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, APPROVING THE CITY OF WEST COVINA STATEMENT OF INVESTMENT POLICY

BACKGROUND:

Financial policies are used to set the baseline standards for how the City will be managed financially. The City of West Covina has the following financial policies:

Budget Policy

This policy establishes a budget process to help decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process. (Attachment No. 1)

Debt Management Policy

This policy establishes guidelines for the issuance and management of debt. Section 2 of this policy requires the Finance Director to conduct an annual review of the policy and bring forward to the City Council any amendments deemed necessary and appropriate. (Attachment No. 2)

Fund Balance Policy

This policy establishes the procedures for reporting unrestricted fund balance in the City's financial statements. Certain commitments and assignments of fund balance help ensure that there will be adequate financial resources to protect the City against unforeseen circumstances and events, such as revenue shortfalls and unanticipated expenditures. (Attachment No. 3)

Pension Funding Policy

This policy provides guidance in making annual budget decisions; demonstrates prudent financial management practices; creates sustainable and affordable budgets for pensions; and reassures bond rating agencies. Section III.F. of this policy requires the City to review the policy at least once every two years. (Attachment No. 4)

Investment Policy

The purpose of the Investment Policy is to establish prudent investment cash management guidelines for the City of West Covina, the Successor Agency to the former Redevelopment Agency of the City of West Covina, and the West Covina Community Facilities District. The investment goals of the City are safety, liquidity and yield. Section XX of this policy requires the City to review and approve the policy on an annual basis, with any modifications requiring City Council approval. (Attachment No. 5)

DISCUSSION:

It is a best practice, and for some policies a requirement, to conduct an annual review of these policies and bring forward any amendments deemed necessary and appropriate to the City Council for consideration.

Staff has reviewed these policies and is not proposing changes to any of the policies at this time.

In accordance with Section XX of the Statement of Investment Policy, staff recommends that the City Council adopt the proposed resolution to approve the Statement of Investment Policy, as approved by the City Council on May 17, 2022 through the adoption of Resolution No. 2022-48.

LEGAL REVIEW:

The City Attorney's Office has reviewed the resolution and approved it as to form.

Prepared by: Maria-Luisa Olea, Assistant Finance Director

Additional Approval: Stephanie Sikkema, Finance Director

Fiscal Impact

FISCAL IMPACT:

This is strictly an administrative item, therefore; there is no fiscal impact associated with this action.

Attachments

Attachment No. 1 - Budget Policy

Attachment No. 2 - Debt Management Policy

Attachment No. 3 - Fund Balance Policy

Attachment No. 4 - Pension Funding Policy

Attachment No. 5 - Investment Policy

Attachment No. 6 - Resolution No. 2023-25 (Approving Investment Policy)

CITY COUNCIL GOALS & OBJECTIVES: Achieve Fiscal Sustainability and Financial Stability
A Well-Planned Community



City of West Covina

Budget Policy

Updated – May 19, 2020

INTRODUCTION

This document defines the policies and procedures for the budget for the City of West Covina.

The procedures serve as a guide for maintaining the City's reputation for fairness and integrity of fiscal responsibility in preparation of the annual budget using proper checks and balances. The budget functions will be conducted using the highest ethical standards.

The objective of the budget policy is to establish a budget process that helps decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process. The term "stakeholder" refers to anyone affected by or has a stake in the City of West Covina with priority to residents and West Covina businesses. The use of "shall" is synonymous with will.

POLICY PURPOSE

Policy and procedures have been established in order to provide the most efficient and effective operations of preparing the budget. The budget process will cover four main Goals:

1. *Establish Broad Goals to Guide City Decision Making*

- The City Council does adopt broad goals on an annual basis that provide overall direction for the City and serve as a basis for decision making.
 - i. Assess community needs, priorities, challenges and opportunities.
 - ii. Identify opportunities and challenges for City services, capital assets, and management.
 - iii. Develop and disseminate broad goals.

2. *Develop Approaches to Achieve Goals*

- The City will utilize specific policies, plans, programs, and management strategies to define how it will achieve its long-term goals.
 - i. Adopt and review financial policies.
 - ii. Develop programs, services, operating, and capital policies and plans.
 - iii. Develop management strategies.

3. *Develop a Budget Consistent with Approaches to Achieve Goals*

- A financial plan and budget that moves toward achievement of goals, within the constraints of available financial resources, is to be prepared and adopted.
 - i. Develop a process for preparing and adopting a budget.
 - ii. Make choices necessary to adopt a budget.

4. *Evaluate Performance and Make Adjustments*

- Programs and financial performance will be continually evaluated, and adjustments made, to encourage progress toward achieving goals.
 - i. Monitor, measure, and evaluate performance.
 - ii. Make adjustments as needed.

Goal # 1 - Establish Broad Goals to Guide City Decision Making

i. Assess Community Needs, Priorities, Challenges, and Opportunities

- A. Identify Stakeholder Priorities, Needs, and Concerns
 - The City Council meetings are an open forum providing opportunity to stakeholders to bring forth concerns, needs, and priorities.
 - Among other mechanisms that might be considered are special public hearings, surveys, meetings of leading residents and resident interest groups, City strategic planning processes, meetings with City employees, and workshops involving City administrative staff and/or the City Council.
- B. Evaluate Community Condition, External Factors, Opportunities, and Challenges¹
 - The City Council will regularly collect and evaluate information about trends in community condition, the external factors affecting it, opportunities that may be available, and problems and issues that need to be addressed.
 - Some mechanisms will involve data gathering from pre-existing sources or through opinion surveys.
 - Other mechanisms will be subjective, such as observing physical characteristics of geographic areas within the community or talking to residents, experts, business and community leaders, and legislative bodies. Formal studies of particular issues or trends may also be undertaken.
 - The frequency and extensiveness of the evaluation should be consistent with how frequently the information changes and the relative importance of the information being gathered.

ii. Identify Opportunities and Challenges for City Services, Capital Assets, and Management

- A. Assess Services and Programs, and Identify Issues, Opportunities, and Challenges
 - The City shall inventory, identify, and assess the programs and services that it provides, their intended purpose, and factors that could affect their provision in the future.

¹ *The intent of this practice is for the City to have up-to-date information with which to evaluate community conditions and major issues that are integral to the development and achievement of goals. In evaluating community condition, the City may want to consider local, regional, national, and global factors affecting the community (i.e. economic and financial factors, demographics, physical or environmental factors, changes in technology, etc.).*

- Identify the changes in community conditions or other factors that may result in a program or service no longer addressing the needs it was intended to serve. Also, identify any changes in the operating environment that may affect the cost or effectiveness of service delivery in the future.
 - The review will involve each department's assessment of the programs'
 - purposes, beneficiaries and needs served, their success in achieving goals, and issues, challenges, and opportunities affecting their future provision.
 - The inventory of programs and services will identify the organization responsible for service delivery if it is not the City itself. An evaluation of factors affecting service delivery will also be undertaken, such as funding issues; changes in technology; economic, demographic, or other factors that may affect demand; and legal or regulatory changes. These reviews will typically utilize a variety of information sources.
 - Stakeholder involvement in these reviews is encouraged, such as through budget study workshops.
- B. Assess Capital Assets, and Identify Issues, Opportunities, and Challenges
- The City will identify and conduct an assessment of its capital assets, including the condition of the assets and factors that could affect the need for or ability to maintain the assets in the future. The capital assets of the City and their condition are critical to the quality of services provided, and hence are important in determining whether the needs and priorities of stakeholders can be met.
 - The City shall establish a process for inventorying its capital assets and assessing the need for and the condition of these assets. (See Capital Asset Management Policy)
 - The City will assess and evaluate issues, challenges, and opportunities affecting the provision of capital assets in the future, such as community needs and priorities; the impact of deferred maintenance; funding issues; changes in technology; economic, demographic, or other factors that may affect demand; and legal or regulatory changes. This review may be undertaken in conjunction with an evaluation of the program or service utilizing the particular assets.
 - The assessment of capital asset condition must consider the impact of any deferred maintenance and needed improvements. Identification or development of measurement standards for the condition of capital assets (including what is regarded as acceptable) are a valuable output of this practice.

C. Assess City Management Systems, and Identify Issues, Opportunities, and Challenges

- The City will identify and analyze its organization and management systems, including system strengths and weaknesses and factors that could affect these systems in the future. The support systems established to manage the City are integral to the achievement of goals.
- The City will inventory management systems by department and routinely identify, analyze, and address issues related to the City's organization and management systems and the environment in which these systems operate.
- Each department will include an examination of strengths and weaknesses of the organizational structure, interdepartmental communication and cooperation, communication of goals and directives, motivation of staff, conflict management, and provision of other internal needs and support systems.
- The review will also include an assessment of management policies, procedures, and systems that support achievement of goals.

iii. Develop and Disseminate Broad Goals

A. Identify Broad Goals

- The City is to identify broad goals based on its assessment of the community it serves and its operating environment. Broad goals define the priorities and preferred future state of the community or area served. They provide a basis for making resource allocation decisions during the budget process and serve as a focal point for assessing and coordinating various long-range or strategic plans.
- Goals are to be expressed in written form and should reflect stakeholder concerns, needs, and priorities as well as factors affecting the community and the City.
- They must be sufficiently specific to help define the services to be emphasized and make difficult resource allocation decisions in the budget process.
- Define priorities among goals to improve their usefulness in allocating resources.

B. Disseminate Goals and Review with Stakeholders

- The City will disseminate broad goals and review them with stakeholders. Disseminating and reviewing goals helps foster participation, awareness, consensus, pride, and a sense of direction.
- Dissemination may occur by conducting public forums and by publishing goals in key public documents, such as strategic and other planning documents and budget documents. Electronic media may also be used including the City website.

Goal # 2 - Develop Approaches to Achieve Goals

i. Adopt and Review Financial Policies

A. Develop Policy on Stabilization Funds

- The City developed policies to guide the creation, maintenance, and use of resources for financial stabilization purposes. (See Fund Balance Policy²).
- The policy establishes how and when the City builds up stabilization funds and will identify the purposes for which they may be used.

B. Develop Policy on Fees and Charges³

- The City has established a master fee schedule that identifies the manner in which fees and charges are set and the extent to which they cover the cost of the service provided.
- The fee schedules are to be evaluated annually in the budget process to review all fees and charges, the level of cost recovery for services and the reason for any subsidy, and the frequency with which cost-of-services studies will be undertaken.
- Policies on fees and charges are publicly available and summarized in materials used in budget preparation.

C. Develop Policy on Debt Issuance and Management

- The City has established a Debt Management Policy to guide the issuance and management of debt. Issuing debt commits the City's revenues several years into the future and may limit the City's flexibility to respond to changing service priorities, revenue inflows, or cost structures. Adherence to a debt policy helps ensure that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality. compliance.

² The Fund Balance Policy is reviewed annually to assess the alignment with set goals established in the budget process. The City should evaluate reserves set in the fund balance policy. These funds may be used at the City's discretion to address temporary cash flow shortages, emergencies, unanticipated economic downturns, and one-time opportunities.

³ Costs of service include direct and indirect costs such as operating and maintenance costs, overhead, and charges for use of capital. The City may choose not to recover all costs, but it must identify such costs. Reasons for not recovering full costs will be identified and explained. State and local law may govern the establishment of fees and charges.

- Debt policies are available to the public and other stakeholders. Because these policies are essential to budget decision making, particularly capital budgets, they will be reviewed by decision makers during the annual budget process and as an appendix in the budget document. Debt Policy will be reviewed for every debt issuance for The City Council has a debt policy and compiles it with other financial policies.

D. Evaluate the Use of Unpredictable Revenues

- One-time or short-term revenues will be identified clearly in the budget process. Unpredictable revenue sources cannot be relied on as to the level of revenue they will generate.
- For each major unpredictable revenue source, the City identifies those aspects of the revenue source that make the revenue unpredictable. Such as, grant supported operating costs.
- One-time revenues will never cover the costs of continuing operating budgets. One-time revenues will only cover one-time costs such as matching requirements, one-time purchases, one-time payments to unfunded liabilities, etc.

E. Develop Policy on Balancing the Operating Budget

- The City defines its Balanced Operating Budget as uses of resources for operating purposes does not exceed available resources over the budget period, July 1 to June 30th.
- The City is committed to a balanced budget under normal circumstances and will provide disclosures when a deviation from a balanced operating budget is planned or when it occurs. A balanced budget is a basic budgetary constraint intended to ensure that the City does not spend beyond its means.
- Operating resources (revenues) includes all taxes, licenses and permits, fines and forfeitures, use of money and property, charges for services, interdepartmental charges, miscellaneous revenues and intergovernmental revenues in the General Fund, Special Revenue Funds, Capital Projects, Debt Service Funds, and Internal Service Funds.
- Operating uses (expenditures) are personnel service costs, material and service costs, capital purchases, and interdepartmental allocations.

ii. Develop Programs, Services, Operating, and Capital Policies and Plans

A. Prepare Policies and Plans to Guide the Design of Programs and Services

- Service and programs directly relate to strategies identified by the City to achieve set goals.

- Each department of the City, such as City Council, City Manager, City Clerk, Police, etc. identify the programs and services along with groups or populations to be serviced, service delivery issues, specific programs listed with standards of performance (including level of service standards or other measures to gauge success), expected costs, time frames for achievement of goals, issues pertaining to organization structure, and priorities for service provision.
 - Each department identifies their goals and achievements by department which should correlate to overall goals of the City.
 - Each department identifies the resources (revenues) used to obtain the goals.
- B. Prepare Policies and Plans for Capital Asset Acquisition, Maintenance, Replacement, and Retirement
- The City will annually evaluate the need to budget for acquisition, maintenance, replacement, and retirement of capital assets to help ensure that needed capital assets or improvements receive appropriate consideration in the budget process and that older capital assets are considered for retirement or replacement. This is necessary to plan for large expenditures and to minimize deferred maintenance.
 - Annual budget evaluation may address inventorying capital assets and evaluating their condition, criteria for acceptable condition, criteria for continued maintenance versus replacement or retirement of an existing asset, and identification of funding for adequate maintenance and scheduled replacement of capital assets.
 - Any assets identified as coming due for replacement will be addressed in multi-year budgets to address replacement and renewal schedules and must recognize the linkage of capital expenditures with the annual operating budget.
 - Plans for addressing deferred maintenance may also be an output of this practice. Once adopted, which may be included in the Capital Improvement Program (CIP) Budget, the plan will be made publicly available, particularly as set forth in budget, management, and planning documents.
- C. Develop Options for Meeting Capital Needs and Evaluating Acquisition Alternatives⁴
- The City develops Capital Improvement Program Budgets to address

⁴ City is to conduct quarterly reviews of existing capital projects in relation to goal attainment and to maintain, renovate, and replace, City facilities. Various considerations to be part of evaluation (i.e. costs, impacts on service, funding levels, use of non-General Funds, stakeholder input, etc.).

- capital needs that are consistent with financial, programmatic, and capital policies and to evaluate alternatives for acquiring the use of capital assets. Capital project planning is necessary to give adequate consideration to longer-range needs and goals, evaluate funding requirements and options, and achieve consensus on the physical development of the community.
- Annually in the budget process the City evaluates alternative mechanisms to help ensure that the best approach for providing use of a capital asset or facility is chosen based on the policies and goals of the City.
- The City uses the CIP Budget to identify capital projects that are needed to achieve goals and a general time frame in which these assets will be needed.

D. Develop Performance Measures

- The City will annually, during the budget process, review and develop and utilize performance measures for functions, programs, and/or activities. Performance measures are used for assessing how efficiently and effectively functions, programs, and activities are provided and for determining whether program goals are being met.
- Performance measures may be linked to specific program goals and objectives.
- The measures are to be valid, reliable, and verifiable.
- Whenever feasible, they should be expressed in quantifiable terms.
- Measures will be reported in periodic reviews of functions and programs, staff reports, and should be integral to resource allocation decisions.
- They also are to be reported in the budget document and may be reported in separate management reports or reports to residents.
- Different aggregations of performance measures may be appropriate for different audiences.

iii. Develop Management Strategies

A. Develop Strategies to Facilitate Attainment of Program and Financial Goals

- The City has an organizational structure and management strategies that facilitate attainment of program and financial goals. Goals are more likely to be achieved if organizational and management strategies are developed to support and encourage organizational and individual performance directed toward goal attainment.
- The City has developed a means to review, improve, and implement strategies that encourage the City and its employees to work toward achievement of goals.
- These strategies include both positive incentives and penalties.

- They also include support systems such as technology support, education, and training.

B. Develop Mechanisms for Budgetary Compliance

- Finance provides monthly budget to actual reports to each department head and City Manager to ensure proper review for compliance with the adopted budget. Appropriate management processes and systems allow the City to detect and correct significant deviation if it occurs.
- On a quarterly basis Finance provides budget to actual reports to department heads and City Council.
- These reports provide measures of departments' budget.
- Budgetary compliance is encouraged through use of data collection and reporting systems that control disbursements of funds and that facilitate the evaluation of revenue and expenditure trends and financial projections.
- City Manager will address any deviation of the budget to actual report (i.e. budget amendments).
- The City has instituted procedures to review the budget quarterly and decide on actions to bring the budget into balance, if necessary.

C. Develop the Type, Presentation, and Time Period of the Budget

- The City will annually present the budget, which will cover the fiscal year July 1st through June 30th. The type of budget, the time period covered, and the manner of presenting materials in the budget documents can have a significant practical impact on the City's approach to planning, control, and overall management of its programs, services, and finances, and on the quality of information provided to stakeholders.
- The output of the budget will provide fund level and department level program information for the full fiscal year. The adopted budget will be provided to all stakeholders on the City website.
- A formal review will be undertaken periodically to ensure that the budget type, time period, and approach to presenting the budget continue to meet the needs and priorities of the City. Such a review will be broadly focused, and not directed simply at the format of individual pages.

Goal# 3-Develop a Budget Consistent with Approaches to Achieve Goals

i. Develop a Process for Preparing and Adopting a Budget

A. Develop a Budget Calendar

- The City publishes a comprehensive budget calendar that specifies when budget tasks are to be completed and that identifies timelines for those tasks. This includes budget workshops available to the public. Stakeholders need to be aware of when key budget tasks, events, and decisions will occur so they have an opportunity to plan and to participate in the process. The preparation of a calendar helps ensure that all aspects of the budget process have been considered and that adequate time has been provided.
- Multiple calendars can be produced, each with different levels of detail and emphasis to meet the needs of the different types of stakeholders. (i.e. Internal Calendar and Public Calendar).
- Calendars list the dates of key events and deadlines.
- At least one calendar describes the overall budget and planning process and identify roles, responsibilities, and assignments.
- To ensure the greatest impact, calendars will identify when and how stakeholders can participate in the process.

B. Develop Budget Guidelines and Instructions

- The City will develop annual general policy guidelines and budget preparation instructions for each budget cycle and accompany the internal budget calendar. Budget guidelines and instructions help ensure that the budget is prepared in a manner consistent with government policies and the desires of management and the City Council. Instructions are necessary so that all participants know what is expected, thereby minimizing misunderstanding and extra work.
- Budget guidelines are specific to the particular budget under development and will incorporate relevant aspects of the City's financial policies.
- Each department is required to provide the Projected Actuals for revenues and expenditures of the current year for their respective department.
- Each department is required to provide Proposed Revenues and Appropriations for the upcoming fiscal year for their respective department.
- Guidelines and instructions may set forth financial constraints and key assumptions that will be used to guide development of the budget, as well as policy direction.
- Instructions often include sample forms to be completed by the operating departments. Guidelines and instructions are prepared in a

written format but may also be presented in an electronic format or through training and/or an oral presentation.

C. Develop Mechanisms for Coordinating Budget Preparation and Review

- The City has developed mechanisms and assigned responsibilities to provide for overall coordination of the preparation and review of the budget. The complete budget process involves many levels, departments, and individuals in the City, as well as a number of distinct processes and disparate groups of stakeholders. Coordination is needed to ensure that processes move forward as planned, to prevent confusion and misinformation, and to ensure appropriate stakeholders are involved.
- The Finance Department is the single point of coordination for all departments.
- The Finance Department's coordination process will involve a number of tasks: developing a calendar, identifying responsibilities for completing various tasks, ensuring that various parts of the budget process are properly integrated, keeping the process on schedule, producing reports, identifying issues and problems, and ensuring that other requirements are met and quality standards are maintained.
- The Finance Director has ultimate responsibility for coordinating the budget process and will respond to stakeholder issues and concerns that arise in the context of the budget process with direction from the City Manager and City Council.

D. Develop Procedures to Facilitate Budget Review, Discussion, Modification, and Adoption

- The City has a process to facilitate the review, discussion, modification, and adoption of a proposed budget. Appropriate procedures are needed to resolve conflicts, to promote acceptance of the proposed budget by stakeholders, and to assist in timely adoption of the budget.
- This process allows stakeholders to be informed of the budget proposal and to allow the legislative body to achieve consensus and adopt a budget.
- Some examples include: small group meetings, hearings, workshops, independent analysis, specific decision-making techniques and procedures, conflict resolution processes, and methods for presenting portions of the budget.

E. Identify Opportunities for Stakeholder Input

- The City provides opportunities in the budget process for obtaining stakeholder input.⁵ By definition, stakeholders are affected by the City's resource allocation plans and service and program decisions. Stakeholders should have clearly defined opportunities to provide input. This helps ensure that stakeholder priorities are identified and enhances stakeholder support for the approved budget.
- Stakeholder input can be obtained in a number of ways, including public hearings, advisory commissions, informal conversations, roundtable briefings, televised and live online broadcast, opinion surveys, neighborhood meetings, office hours, letter writing, telephone calls, and e-mail.
- The budget calendar should identify specific opportunities for resident input where City officials are available to explain issues and choices and to receive comments.

ii. Make Choices Necessary to Adopt a Budget

A. Prepare and Present a Recommended Budget

- The City will prepare and present a recommended comprehensive program and financial plan (the "budget") for review by stakeholders and consideration for adoption by the City Council. A complete plan is necessary to allow stakeholders to be informed on how well all the different aspects of the plan fit together and whether there is an appropriate balance of resources and assigned uses.
- The proposed budget will consist of a set of recommended actions regarding programs and services to be funded, including service level, quality, and goals to be achieved.
- It will also identify funding requirements and sources of funds and provide the supplemental information necessary to review the plans.
- The budget is to be consistent with policies and goals set by the City.
- The recommended budget must also comply with any statutory requirements.

⁵ *The budget process should include opportunities for all stakeholders to participate. A general-purpose public hearing shortly before final decisions are made on the budget is not adequate as the sole means of soliciting stakeholder input, especially on major issues. The process developed for obtaining stakeholder input should ensure that information is gathered in a timely and complete manner to be useful in budget decision making, such as City workshops.*

B. Present the Budget in a Clear, Easy-to-use Format

- Budget documents and related materials made available to stakeholders is to be presented in a clear and readily comprehensible format. The budget is the guide that determines the direction of the City. It is arguably the single most important document routinely prepared by the City. To be usable, it not only must contain the appropriate information, but must also be prepared in a manner that is clear and comprehensible.
- Some items in a budget document that will assist the reader include: a table of contents, summaries, a consistent format, high-level summary information that describes overall funding sources and the organization as a whole, a description of the overall planning and budgeting process and the interrelationships of those various processes, supplementary information about the City and the area for which it has responsibility, charts and graphs to better illustrate important points, succinct and clearly-written summaries, uncluttered pages, and detailed information placed in appropriate locations so that it does not overwhelm the reader.
- Similar requirements apply to the non-written means (e.g., audio, video) of presenting budget material to stakeholders at various times during the budget process.

C. Adopt the Budget

- The City should adopt a budget that meets all statutory requirements prior to the beginning of the fiscal year.⁶ The timely adoption of a budget permits the City to proceed with implementing programs and services that further the achievement of goals.
- The adopted budget will clearly present the financial, operating, and capital plan.
- It includes all operations and funds, although not necessarily at the same level of detail.
- Non-appropriated funds, revolving funds, and any other planned revenues and expenditures are also included.
- Whenever feasible, the adopted budget should include (though not necessarily in a single document) all statutorily required materials such as the appropriation ordinance.
- Legally required documents that otherwise do not contribute to an understanding of the budget may be included as an appendix.

⁶ *If there are delays in adopting the budget, actions are to be taken to minimize uncertainty when the new budget period starts, as appropriate. A continuing appropriation may be legally required.*

Goal# 4 - Evaluate Performance and Make Adjustments

i. Monitor, Measure, and Evaluate Performance

A. Monitor, Measure, and Evaluate Program Performance

- The City quarterly evaluate the performance of the programs and services it provides. The City functions, programs, and activities will also be periodically reviewed to determine whether they are accomplishing intended program goals and making efficient use of resources.
- Performance measures, including efficiency and effectiveness measures, are to be presented in basic budget materials, including the operating budget document, and be available to stakeholders.
- Performance measures should be reported using actual data, where possible.
- At least some of these measures should document progress toward achievement of previously developed goals and objectives.
- More formal reviews and documentation of those reviews should be carried out as part of the overall planning, decision-making, and budget process.

B. Monitor, Measure, and Evaluate Budgetary Performance

- At a minimum, the City will, on a quarterly basis, evaluate its financial performance relative to the adopted budget. Regular monitoring of budgetary performance provides an early warning of potential problems and gives decision makers time to consider actions that may be needed if major deviations in budget-to-actual results become evident. It is also an essential input in demonstrating accountability.
- Budget-to-actual or budget-to-projected actual comparisons of revenues, expenditures, cash flow, and fund balance will be reviewed quarterly during the budget period. Staffing levels are also monitored.
- Comparisons for at least the current year will be included in the budget document and be generally available to stakeholders during discussions related to budget preparation and adoption.
- Expenditures shall be limited to the amount budgeted. Expenditures shall be continuously monitored and projected to the end of the year. If the projected expenditures exceed the budget, appropriate remedies shall be implemented immediately.

C. Monitor, Measure, and Evaluate Financial Conditions

- The City will monitor and evaluate its financial condition at least quarterly. The financial health of the City is critical to its ability to meet

- the needs of stakeholders. Financial condition should be evaluated to identify potential problems and any changes that may be needed to improve performance over both the short and long terms.
- Financial indicator measures often are developed to monitor financial condition and achievement of explicitly set financial goals.
- Indicators to monitor factors that affect financial performance are also reported.
- A report on financial condition will be periodically prepared and updated.
- The report may be a separate document or incorporated into other relevant documents, including the budget document.

D. Monitor, Measure, and Evaluate External Factors

- The City is to constantly monitor and evaluate external factors that may affect budget and financial performance and achievement of goals at least quarterly. Factors outside the City's control, such as the national or regional economy, demographic changes, statutory changes, legislation, mandates, and weather, may affect achievement of stated goals. Monitoring these factors helps the City to evaluate and respond to the effect of these external influences on goals, programs, and financial plans.
- External factors that are likely to be important in achieving goals are to be identified and monitored regularly.
- The results of this analysis will be factored into the assessment of program and financial performance and considered in adjusting these programs.
- Trends and significant issues may be described in reports to stakeholders discussing program, budget, and financial performance.
- The assessment of external factors is to be reported, at least in summary form, and available to stakeholders.

E. Monitor, Measure, and Evaluate Capital Improvement Program Implementation

- The City will monitor, measure, and evaluate capital improvement program implementation at least quarterly. Monitoring the status of capital projects helps to ensure that projects progress as planned, problems (such as delays in key milestones and cost overruns) are identified early enough to take corrective action, funds are available when needed, and legal requirements are met.
- Reports on capital project implementation will be prepared for decision makers and other stakeholders.
- Summary information is to be considered for projects that are progressing as planned.
- Project milestones, such as dates for completion of such tasks as planning, land acquisition, engineering and design, and construction,

should be identified and progress in meeting these milestones should be reported at least annually, and as available.

- The City will monitor quality compliance and financial performance.

ii. Make Adjustments as Needed

A. Adjust the Budget

- The budget may be adjusted during the budget period should unforeseen events require changes to the original budget plan. The budget is a plan based on a set of assumptions that may not always match actual experiences during the execution phase. The City should watch for significant deviations from expectations and make timely adjustments so that the plan is consistent with revised expectations.
- The City has procedures in place to determine when deviations from the budget plan merit adjustments to the budget.
- Budget adjustments, whether to programs or to revenues and expenditures, are to be made as appropriate in a timely manner.⁷
- Any changes to the budget are to be reported.
- The timing and way this is done depends on the stakeholder group and the level of materiality of the changes.

B. Adjust Policies, Plans, Programs, and Management Strategies

- The City may adjust its policies, plans, programs, and management strategies during the budget period, as appropriate. Changing conditions or programs and services that are not producing the desired results or efficiently utilizing resources may require adjustments for the City to continue to meet the needs of stakeholders and to meet its own goals.
- The City's management team will evaluate their monthly budget to actual report for review, decision making, and implementation of changes to policies, plans, programs, and management strategies during the budget period.
- Adjustments are based on findings obtained from monitoring and assessing program and financial results, stakeholder input, and external circumstances.
- Regular briefings to management and elected officials on the contents of the reports permit timely adjustments as needed to the plan or program activities.

⁷ Budget adjustments may be administrative or legislative depending on the adjustment needed and on statutory requirements such as the legal level of control of the budget appropriations. City Manager may make adjustment within the fund across departments as long as the overall appropriation is not changed.

C. Adjust Broad Goals, if Appropriate

- The City will modify or change its broad goals if conditions change sufficiently that these goals are no longer appropriate. Goals may need to be adjusted in response to new information about program results, stakeholder needs, and external circumstances in order to be more relevant for the community or more practically attainable.
- The City department heads meet to evaluate performance or changes in the annual budget plan to ensure that goals are reviewed during the budget period and adjusted when appropriate.
- Adjustments are based, in part, on findings obtained from monitoring and assessing program and financial results, stakeholder input, and external circumstances.
- Opportunities and challenges facing the City are also to be considered.



City of West Covina

Debt Management Policy

Adopted – May 19, 2020

CITY OF WEST COVINA DEBT MANAGEMENT POLICY

Section 1 – Introduction

The purpose of this Debt Management Policy (Policy) is to establish guidelines for the issuance and management of debt for the City of West Covina and all affiliated city entities (collectively, the “City”). While the City prefers to finance projects on a pay-as-you-go basis, in the event debt is necessary, this Policy confirms the commitment of the Council, management, staff, advisors and other decision makers to adhere to sound financial management practices, including full and timely repayment of borrowing, and achieving the lowest possible cost of capital within prudent risk parameters.

Debt Issuance Priorities:

1. Achieve the lowest cost of capital while maintaining compliance with state and federal laws and regulations
2. Maintain a prudent level of financial risk and maintain the City’s sound financial position
3. Preserve future financial flexibility
4. Ensure that all debt is structured to maximize the benefit to both current and future taxpayers, ratepayers, and constituents of the City
5. Maintain full and complete financial disclosure and reporting
6. Obtain and maintain the highest practical credit ratings consistent with maximizing the benefit to both current and future taxpayers, ratepayers and constituents of the City.
7. Maintain good relations with all investors in City debt
8. Ensure that the City’s debt is consistent with the City’s planning goals and objectives and capital improvement program or budget, as applicable

This policy shall govern the issuance and management of all debt and lease financing funded from the capital markets (including private placement and bank loans), including the selection and management of related financial services and products and investment of bond and lease proceeds. While adherence to this policy is required in applicable circumstances, it is recognized that changes in the capital markets, agency programs and other unforeseen circumstances may from time to time produce situations that are not covered by this policy and will require modifications or exceptions to achieve policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the City Manager and City Council is obtained.

Section 2 – Responsibilities

The City’s debt program for all City funds shall be operated in conformance with applicable federal, state, and other legal requirements, including the West Covina Municipal Code.

Responsibility for managing the coordinating of all activities related to the structure, issuance and administration of all long and short-term debt obligations shall rest with the Finance Director.

No debt obligations shall be presented to the City Council for their authorization without the joint assessment and recommendation of the City Manager, Finance Director and the City Attorney. Departments planning debt-financed capital programs or equipment acquisitions shall work closely with the City Manager, Finance Director

and City Attorney to provide information and otherwise facilitate the issuance and on-going administration of debt.

The Finance Director shall have the authority to periodically select service providers as necessary to meet legal requirements and minimize debt costs. Such services may include financial advisory, underwriting, trustee, verification agent, escrow agent, arbitrage consulting, special tax consulting, bond and disclosure counsel, and other consultants as needed. To achieve an appropriate balance between service and cost, the Finance Director is authorized to select such service providers through sole source selection or a competitive process using a Request for Proposals.

The Finance Director shall be responsible for maintaining good communications with rating agencies, investors and other debt related service providers about the City's financial condition and will follow a policy of full disclosure.

The Finance Director shall conduct an annual review of the Policy and bring forward to the City Council any amendments deemed necessary and appropriate.

Section 3 – Debt Considerations

The City will evaluate the need for debt financing a project compared to a pay-as-you-go financing methodology. The City prefers to fund projects on a pay-as-you-go basis.

A. Factors favoring a pay-as-you-go methodology include:

- a. Current projected revenues and fund balances available are sufficient to fund the project
- b. Long term total costs are lower due to the avoidance of interest expense
- c. Existing debt capacity is insufficient to absorb the additional debt without adverse impact to credit ratings
- d. Market conditions are unfavorable or present difficulties in marketing

B. Factors favoring debt financing include:

- a. Current and projected revenues available for debt service are sufficient and reliable so that financing can be marketed with investment grade credit ratings
- b. Market conditions present favorable interest rates and demand for the City financings
- c. A project is mandated by state or federal requirements, and current resources are insufficient or unavailable to fully fund the project
- d. The project is immediately required to meet or relieve capacity needs or emergency conditions and current resources are insufficient or unavailable
- e. The savings from the project are sufficient to pay for the debt service costs

The City will review debt limits in conjunction with any proposed financing. It is the City's goal to limit debt service costs in the General Fund to no more than twenty-five (25%) percent of revenues, including transfers. Payments on bonds that are tied to a specified revenue stream other than General Fund resources (e.g. enterprise revenue bonds, tax allocation bonds, and land secured bonds) are not subject to the twenty-five (25%) percent limit. The debt limit will exclude pension obligation bonds and other refunding bonds. Each proposed

financing will be individually assessed by the Finance Director and subject to the approval policies contained herein.

Section 4 – Debt Term

The City Council recognizes that any new debt obligation will have an impact on the long-term affordability of all outstanding debt and any future planned debt, as well as budgetary impacts associated with the maintenance and operating costs of debt financed facilities.

- A. Term of Debt – Debt will be structured for the shortest period possible, consistent with a fair allocation of costs to current and future beneficiaries or users. The weighted average maturity of the debt (or the portion of the debt allocated to the project) shall not exceed the useful life of the project.
- B. Debt Repayment – Typically, the City desires level debt service payments over the term of the debt. However, the cost of capital, financial risk, current economic conditions, future financial flexibility, credit ratings and available cash flow will be evaluated to determine the most appropriate method of debt amortizations for each debt issue. Notwithstanding the above, back loading of debt service will be evaluated as the circumstances dictate. Back loading occurs when debt service payments are lower in the initial years of a debt term and higher toward the later years of a debt term.

Section 5 – Debt Issuance

The City has the capacity to issue long and short-term debt and to refund any outstanding debt. The following section details the purposes of debt issuance and the method of determining the type of sale for such debt.

- A. Long-term Debt – Long-term debt financings are appropriate when the project to be financed is necessary to provide basic services and long-term debt may be used to finance the acquisition or improvement of land, infrastructure, facilities or equipment for which it is appropriate to spread the costs of such over more than one budget year. Long-term debt may be used to fund capitalized interest, cost of issuance, required reserves and any other financing related costs that may be legally capitalized. Long-term debt shall not be used to fund City operating costs.
- B. Short-term Debt – Short-term debt will be considered as an interim source of funding in anticipation of long-term debt. Short-term debt may be issued for any purpose for which long-term debt may be issued, including capitalized interest and financing related costs. Short-term debt is also appropriate to address legitimate short-term cash flow requirements during a given fiscal year to fund the operating costs of the City to provide necessary public services. The City will not engage in short-term borrowing solely for the purpose of generating investment income.
- C. Financings on Behalf of Other Entities - The City may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties to benefit the public purposes of the City. In such cases, the City shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.
- D. Refunding – Refunding opportunities will be identified by periodic reviews of outstanding debt obligations. Refunding will be considered when there is a net economic benefit from the refunding of a least three (3) percent on a net present value basis. Non-economic refunding may be undertaken to achieve City objectives relating to changes in covenants, call provisions, operational flexibility, tax status, issuer, or other non-economic factors related to the debt.

- E. Method of Sale – The City shall have the flexibility to determine which method of sale is appropriate for each debt issuance in light of market interest rates and City objectives. Determination of the appropriate method of sale will rest collectively with the City Manager, Finance Director, and City Attorney. Potential methods of sale include:
- a. A competitive bidding process through which interested underwriters submit proposals to purchase an issue of bonds and the award is based on, among other factors, the lowest offered true interest cost.
 - b. A negotiated sale process through which a selected underwriter, or team of underwriters, negotiate the terms of an issue and sell bonds in the municipal market. Negotiated sales are often used where there are unusual conditions or unique considerations related to the bond sale. A negotiated sale is subject to approval by the City to ensure that interest costs are in accordance with comparable market interest rates.
 - c. A private (or direct) placement sale typically occurs when the financing can or must be structured for a single or limited number of purchasers or where the terms of the private placement are more beneficial to the City than either a negotiated or competitive sale.
- F. Pooled Financing – The City may also consider use of pooled financing as a method of accessing the capital markets. Use of pooled financing will be evaluated collectively by the City Manager, Finance Director, and City Attorney.

Section 6 - Debt Structure

- A. Credit Ratings – The City seeks to obtain and maintain the highest possible credit rating when issuing debt. The City will seek credit ratings from at least one major credit rating agency on all debt, as appropriate. Ratings from multiple rating agencies may be sought for a single debt issue based upon the market conditions at the time of the issuance.
- B. Fixed Rate and Variable Rate Debt – The City prefers to issue fixed rate debt. Variable rate debt may be used, if market conditions warrant at the time of issuance. It is acknowledged that variable rate debt passes an unknown obligation onto future budget cycles.
- C. Call Provisions – The timing for when bonds are callable varies and is determined at the time of pricing such bonds. The City's preferred structure is to negotiate for optional redemption at par in order to maintain flexibility in the future, but a final decision will be made on a case by case basis after evaluation of the marketability of the City's bonds.
- D. Credit Enhancements – The City may use credit enhancements (letters of credit, bond insurance, surety bonds, etc.) when such credit enhancements prove to be cost effective. The City will consider the use of credit enhancements on a case-by-case basis.
- E. Reserve Funds – A debt service reserve fund provides an added measure of security to bond holders and may improve the credit rating and thus lower the costs of borrowing. Reserve funds may be necessary for specific transactions, or the City may choose to create one if it is determined to be cost effective. When cost beneficial, the City may consider the use of surety bonds, lines of credit, or similar instruments to satisfy the reserve requirements.

Section 7 – Private Activity Use Limitations on Tax Exempt Debt

IRS Tax Code Section 141 sets forth private activity tests for the purpose of limiting the volume of tax-exempt bonds that finance activities of persons other than state and local governmental entities. These tests serve to identify arrangements that actually or reasonably expect to transfer the benefits of tax-exempt financing to non-

governmental persons. The law includes tests of private use, security and payment as well as private loan financing tests. The law also provides for various safe harbors and nuances to the application of these limits. The City will manage a process to ensure private use compliance and will consult with bond counsel to obtain federal tax advice regarding whether anticipated project use will be consistent with the restrictions on private business use of the bond financed property and, if not, whether any “remedial action” permitted under §141 of the code may be taken as means of enabling that use arrangement to be put into effect without adversely affecting the tax-exempt status of the bonds.

With respect to tax-exempt bonds, the City pledges in each bond issuance that it will monitor and control the receipt, investment, expenditure, and use of all bond proceeds and will take or omit to take any actions as necessary to cause interest on tax-exempt bonds to remain excludable from the gross income of bond holders. City staff will ensure appropriate lease and building use policies to maintain compliance with this pledge.

Section 8 – Interfund Borrowings

The City may borrow internally from other funds with temporary cash surpluses to meet short term cash needs in lieu of issuing debt. Interfund borrowing extending for more than one year will be brought to Council for approval.

Section 9 – Debt Administration

The Finance Director shall be responsible for administering the City’s debt management program. To that end, this position shall:

- A. Ensure compliance with all disclosure and reporting requirements outlined in the City’s Disclosure Policy
- B. Periodically review outstanding debt for refunding opportunities
- C. Maintain positive working relationships with rating agencies and other financial professionals
- D. Review and recommend appropriate structures for all new debt issuances
- E. Ensure compliance with the Investment Policy and bond documents regarding investing bond proceeds

Section 10 – Arbitrage Compliance

Arbitrage is defined as the profit earned when tax-exempt bond proceeds are invested in higher yielding securities than the interest rates of the bonds issued. The City shall comply with its investment policy and California and federal laws.

To ensure compliance with federal arbitrage laws, the City will monitor ongoing activities, including remittance of any required arbitrage rebate. If necessary, the City will utilize a consultant for arbitrage rebate calculations and preparation of the required Internal Revenue Service forms. Arbitrage rebate calculations on outstanding bond issues will be performed periodically, but never longer than the 5th year after a bond issuance.

Section 11 – Disclosure Policy

The Finance Director will be the disclosure coordinator for the City and will have the responsibility of complying with the City’s Disclosure Policy document, as adopted by City Council.

RESOLUTION NO. 2022-47**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, AMENDING THE FUND BALANCE POLICY**

WHEREAS, in an effort to become more financially secure, the City Council adopted a Fund Balance Policy to implement Governmental Accounting Standards Board (GASB) Statement No. 54 and a reserve policy for the General Fund on July 7, 2015, with the adoption of Resolution No. 2015-52; and

WHEREAS, the City Council amended the Fund Balance Policy on March 1, 2016, with the adoption of Resolution No. 2016-18, on June 21, 2016, with the adoption of Resolution No. 2016-60, and on June 5, 2018, with the adoption of Resolution No. 2018-64; and

WHEREAS, pursuant to the Fund Balance Policy, the City Council has determined that the City shall maintain a minimum unassigned fund balance of at least 17% of the General Fund operating expenditures. If the reserve level falls below 17%, the City must amend the Fund Balance Policy, including a plan to rebuild the fund within three years. Pursuant to the current version of the Fund Balance Policy, at the fiscal year end close, the annual excess revenue over expenditures in the City's General Fund will be automatically allocated as follows, unless the transfer is overridden by an action of the City Council: 25% stays in the General Fund balance reserves, 50% is transferred to the City's Capital Projects Fund and 25% goes to pay down the City's Other Post Employment Benefit (OPEB) liability; and

WHEREAS, the City Council desires to amend the Fund Balance Policy to amend the allocations of annual excess revenue over expenditures as follows: 25% stays in the General Fund balance reserves, 40% is transferred to the City's Capital Projects Fund, 10% is transferred to the Vehicle Replacement Fund and 25% goes to pay down the City's Other Post Employment Benefit (OPEB) liability; and

WHEREAS, the City Council has determined that the City has met the reserve level at a minimum of no less than two months of regular General Fund operating expenditures, which is consistent with the Government Finance Officers Association (GFOA) recommended fund balance reserve level.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Council hereby adopts the amended Fund Balance Policy attached hereto as Exhibit "A."

SECTION 2. Any and all prior resolutions adopting a Fund Balance Policy for the City of West Covina are hereby rescinded.

SECTION 3. The City Clerk shall certify to the adoption of this resolution and shall enter the same in the book of original resolutions and it shall become effective immediately.

APPROVED AND ADOPTED this 17th day of May, 2022.



Dario Castellanos
Mayor

APPROVED AS TO FORM



Thomas P. Duarte
City Attorney

ATTEST



Lisa Sherrick
Assistant City Clerk

I, LISA SHERRICK, Assistant City Clerk of the City of West Covina, California, do hereby certify that the foregoing Resolution No. 2022-47 was duly adopted by the City Council of the City of West Covina, California, at a regular meeting thereof held on the 17th day of May, 2022, by the following vote of the City Council:

AYES:	Castellanos, Lopez-Viado, Tabatabai, Wu
NOES:	None
ABSENT:	Diaz
ABSTAIN:	None

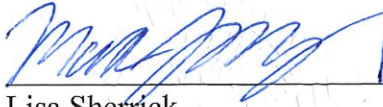
 For: _____
Lisa Sherrick
Assistant City Clerk

EXHIBIT A

FUND BALANCE POLICY

CITY OF WEST COVINA FUND BALANCE POLICY

POLICY

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This new standard has not changed the total amount of reported fund balance, but has substantially altered the categories and terminology used to describe its components. The new categories and terminology reflect an approach that will focus, not on financial resources available for appropriation within a fund, but on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the fund can be spent.

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

PROCEDURES

The term "Fund Balance" is used to describe the difference between assets (what is owned) and liabilities (what is owed) reported within a fund. In the past, fund balance has been classified into basically three separate components: Reserved, Designated, and Undesignated. There are almost always important limitations on the purpose for which all or a portion of the resources of a fund can be used. The force of these limitations can vary significantly, depending on their source. The various components of the "new" fund balance are designed to indicate the extent to which the City is bound by these limitations placed upon the resources.

GASB Statement No. 54 defines five separate components of fund balance, each of which identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent. These new components of fund balance will replace the current existing three components. The five components are:

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

The first two components listed above are not addressed in this policy due to the nature of their restrictions. Some examples of nonspendable fund balance are prepaid expenses, notes receivable, inventory and land held for resale. Restricted fund balance is either imposed by law

or constrained by grantors, contributors, or laws or regulations of other governments. This policy is focused on financial reporting of unrestricted fund balance, or the last three components listed above. These three components are further defined below.

COMMITTED FUND BALANCE

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period; however, the amount can be determined subsequently.

ASSIGNED FUND BALANCE

Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Such intent needs to be established at either the highest level of decision making, or by an official designated for that purpose.

This policy hereby delegates the authority to assign amounts to be used for specific purposes to the City Manager for the purpose of reporting these amounts in the annual financial statements.

UNASSIGNED FUND BALANCE

These are residual positive net resource of the general fund in excess of what can properly be classified in one of the other four categories.

RESERVE POLICIES

The City shall maintain a minimum unassigned fund balance of at least 17% of the General Fund operating expenditures. If the reserve level falls below 17%, the City must amend this policy, including a plan to rebuild the fund within three years. This is considered the minimum level necessary to maintain the City's credit worthiness and to adequately provide for:

- Economic uncertainties, local disasters and other hardships or downturns in the local economy
- Contingencies for unforeseen operating or capital needs
- Cash flow requirements

At the end of the fiscal year, the annual excess revenue over expenditures in the City's General Fund will be automatically allocated as follows, unless the transfer is overridden by an action of City Council: 25% will stay in the General Fund balance reserves, 40% will be transferred to the City's Capital Projects Fund, 10% will be transferred to the Vehicle Replacement Fund and 25% will go to pay down the City's Other Post Employment Benefit (OPEB) liability.

FUND BALANCE CLASSIFICATION

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the policy shall be to expend the restricted fund balance first before expending the unrestricted fund balance. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classification of fund balance could be used, the City shall consider committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

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



City of West Covina

Pension Funding Policy

Adopted – May 19, 2020

I. PURPOSE

The City's Pension Funding Policy documents the method the City will use to determine its actuarially determined contributions to fund the long-term cost of benefits to the plan participants and annuitants. The policy also:

- Provides guidance in making annual budget decisions;
- Demonstrates prudent financial management practices;
- Create sustainable and affordable budgets for pensions;
- Reassures bond rating agencies; and
- Shows employees and the public how pensions will be funded.

II. BACKGROUND

The City provides defined benefit retirement plan through the California Public Employees' Retirement System (CalPERS). CalPERS is a multiple-employer public employee defined benefit pension plan.

All full-time and certain part-time City employees are eligible to participate in CalPERS. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and their beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute.

The financial objective of a defined benefit pension plan is to fund the long-term cost of benefits provided to the plan participants. In order to assure that the plan is financially sustainable, the plan should accumulate adequate resources in a systematic and disciplined manner over the active service life of benefitting employees. This funding policy outlines the method the City will utilize to determine its actuarially determined contributions to fund the long-term cost of benefits to the plan participants and annuitants.

Pension Funding: A Guide for Elected Officials, issued by eleven national groups including the U.S. Conference of Mayors, the International City/County Management Association, and the Government Finance Officers Association, established the following five general policy objectives for a pension funding policy:

- **Actuarially Determined Contributions.** A pension funding plan should be based upon an actuarially determined contribution (ADC) that incorporates both the cost of benefits in the current year and the amortization of the plan's unfunded actuarial accrued liability.

- **Funding Discipline.** A commitment to make timely, actuarially determined contributions to the retirement system is needed to ensure that sufficient assets are available for all current and future retirees.
- **Intergenerational equity.** Annual contributions should be reasonably related to the expected and actual cost of each year of service so that the cost of employee benefits is paid by the generation of taxpayers who receives services from those employees.
- **Contributions as a stable percentage of payroll.** Contributions should be managed so that employer costs remain consistent as a percentage of payroll over time.
- **Accountability and transparency.** Clear reporting of pension funding should include an assessment of whether, how, and when the plan sponsor will ensure sufficient assets are available for all current and future retirees.

III. POLICY

- A. **Actuarially Determined Contribution (ADC).** CalPERS actuaries will determine the City's ADC to CalPERS based on annual actuarial valuations. The ADC will include the normal cost for current service and amortization of any under-funded amount. The normal cost will be calculated using the entry age normal cost method using economic and non-economic assumptions approved by the CalPERS Board of Administration.

The City will review the CalPERS annual actuarial valuations to validate the completeness and accuracy of the member census data and the reasonableness of the actuarial assumptions.

- B. **Additional Discretionary Payment (ADP) Contribution.** The City will consider making ADP contributions with one-time General Fund resources, with the objectives of increasing the plan's funded status, by reducing the unfunded actuarially accrued liability, and reducing ongoing pension costs.
- C. **Pension Obligations Bonds.** The City will consider pension obligation bonds if such bonds have expected savings using borrowing costs and CalPERS' discount rate.

The City and its advisors will discuss and consider the risks of any potential pension obligation bonds.

Any pension obligation bonds, or refundings of pension obligation bonds, must be voted upon by the City Council.

- D. **Contributions as a Manageable Budget Expense.** The City will always make its required annual contributions to CalPERS. Contributions should be stable and a manageable portion of revenue. The City may:
- Make additional discretionary contributions directly to CalPERS.
 - Consider establishing a pension stabilization trust, subject to approval by the Council.
 - Issue, call, or refund pension obligation bonds.
- E. **Transparency and Reporting.** Funding of the City's pension plans should be transparent to vested parties including plan participants, annuitants, the City Council, and residents. In order to achieve this transparency, the following information shall be available:
- Copies of the annual actuarial valuations for the City's CalPERS plans shall be made available to the City Council.
 - The City's Comprehensive Annual Financial Report shall be published on its website. This report includes information on the City's annual contributions to the pension systems and their funded status.
 - The City's annual operating budget shall include the City's contributions to CalPERS.
- F. **Review of Funding Policy.** Funding a defined benefit pension plan requires a long-term horizon. As such, the City will review this policy at least every two years.

RESOLUTION NO. 2022-48

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF WEST COVINA, CALIFORNIA, APPROVING THE
STATEMENT OF INVESTMENT POLICY**

WHEREAS, California Government Code Section 53646 authorizes the City Treasurer or the Chief Fiscal Officer to annually render to the City Council a statement of investment policy, which must be considered at a public meeting; and

WHEREAS, California Government Code Section 53600 et seq. provides guidelines and regulations pertaining to investment of temporary idle funds; and

WHEREAS, pursuant to the Section XX of the City's Investment Policy, the Investment Policy shall be reviewed and approved on an annual basis; and

WHEREAS, the City Council has reviewed the Investment Policy and desires to approve it.

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

SECTION 1. The City Council hereby approves the Statement of Investment Policy attached hereto as Exhibit "A."


SECTION 2. The City Clerk shall certify to the adoption of this resolution and shall enter the same in the book of original resolutions and it shall become effective immediately.

APPROVED AND ADOPTED this 17th day of May, 2022.




Dario Castellanos
Mayor

APPROVED AS TO FORM



Thomas P. Duarte
City Attorney

ATTEST



Lisa Sherrick
Assistant City Clerk

I, LISA SHERRICK, Assistant City Clerk of the City of West Covina, California, do hereby certify that the foregoing Resolution No. 2022-48 was duly adopted by the City Council of the City of West Covina, California, at a regular meeting thereof held on the 17th day of May, 2022, by the following vote of the City Council:

AYES:	Castellanos, Lopez-Viado, Tabatabai, Wu
NOES:	None
ABSENT:	Diaz
ABSTAIN:	None


 For: _____
Lisa Sherrick
Assistant City Clerk

EXHIBIT A
STATEMENT OF INVESTMENT POLICY

**CITY OF WEST COVINA
STATEMENT OF INVESTMENT POLICY**

I. POLICY

The purpose of this Policy is to establish prudent investment cash management guidelines for the City of West Covina, the Successor Agency to the Redevelopment Agency of the City of West Covina, and the West Covina Community Facilities District, collectively (City). The investment goals of the City are safety, liquidity and yield. The State of California authority governing investments for local agencies is set forth in the California Government Code, Section 53600 et seq. The City's portfolio is designed and managed in a manner responsive to the public trust and consistent with State and local law.

II. SCOPE

This investment policy governs the pooled investment of funds in the treasury which are not required for the immediate needs of the City. These funds are accounted for in the City's general ledger and reported in the City's Comprehensive Annual Financial Report (CAFR). This policy is applicable, but not limited to all funds listed below:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds
- Proprietary Funds

This policy does not apply where superseded by specific bond documents.

III. PRUDENCE

The standard to be used by the investment officials shall be that of a "prudent investor" and shall be applied in the context of managing all aspects of the overall portfolio. Government Code Section 53600.3 provides that those persons to whom investment decisions have been delegated are trustees with a fiduciary duty to act as a prudent investor. This standard of care directs that a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

IV. OBJECTIVE

The objectives, in order of priority, for the City's investment activities are:

(A) Safeguard principal: Preservation of principal is the primary objective of the investment program. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker/dealer default or erosion of market value. The City shall seek to preserve principal by mitigating the two types of risk, credit risk and interest rate risk.

Credit risk, defined as the risk of loss due to issuer's failure to fulfill obligations, shall be mitigated by investing in high grade securities that conform to California Code and by diversifying the investment portfolio.

Interest rate risk, defined as the risk that market interest rates will adversely affect the fair value of an investment, shall be mitigated by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.

(B) Meet liquidity needs: Historical cash flow trends are compared to current cash flow requirements on an ongoing basis in an effort to ensure that the City's investment portfolio will remain sufficiently flexible to enable the City to meet reasonably anticipated operating requirements.

(C) Achieve a return on funds: The City's investment portfolio is designed with the objective of attaining a market rate of return, while safeguarding principal and meeting the City's liquidity needs.

V. DELEGATION OF AUTHORITY

The City Council or its delegate is a fiduciary for investments of City funds.

Authority to manage the City's investment program is specified in West Covina Municipal Code Section 2-182(i); "The chief financial officer also shall be responsible for the investment of surplus funds subject to the restrictions and requirements of applicable law." Daily management responsibility of the investment program may be delegated to responsible members of the Finance Department staff who, under direction of the Finance Director, shall establish Investment Policy Guidelines for the operation of the investment program consistent with this Investment Policy. Under the direction of the Finance Director, the Finance Department staff is responsible for investment cash management functions, is authorized to conduct transactions involving pooled cash accounts, as necessary, and is required to adhere to the requirements set forth in this Investment Policy.

The City may engage the services of one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of the City's investment portfolio in a manner consistent with the City's objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy.

VI. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the Investment Policy, or which could impair their ability to make impartial investment decisions. Investment officials shall disclose to the City Manager, and as otherwise required by law, any material financial interests (as defined by the Political Reform Act and the regulations thereunder) in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the City's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the City, particularly with regard to the time of purchases and sales.

VII. DIVERSIFICATION AND RISK MANAGEMENT

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The City recognizes that over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The City will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

The City further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. Therefore, the City adopts the following strategies to control and mitigate its exposure to market risk:

- The City will maintain a minimum of six (6) months of budgeted operating expenditures in short-term investments to provide sufficient liquidity for expected disbursements.
- The maximum percent of callable securities (does not include "make whole call" securities as defined in the Glossary) in the portfolio will be 20%.
- The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the City based on the City's investment objectives, constraints and risk tolerances.

If securities owned by the City are downgraded to a level below the credit quality required by this Investment Policy, it shall be the City's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. If a security is downgraded, the City will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the City Council.

The following percentage limits, maturity matrix, and quality requirements, by individual investment type, are established for the City's total pooled funds portfolio:

Investment Type	Maximum Maturity	Maximum Specified % of Portfolio	Minimum Quality Requirements
Local Agency Investment Fund (LAIF) (not to exceed legal maximum)	N/A	None	None
Los Angeles County Investment Pool (LACIP)	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20% - no more than 10% in any one mutual fund	Multiple
U.S. Treasury bonds/notes/bills	5 years	None	None
U.S. Government Agency obligations	5 years	None	None
Bankers' acceptances	180 days	40%	None
Commercial paper	270 days	25%	A1/P1 rating
Negotiable certificates of deposit	5 years	30%	None
Certificates of Deposit	5 years	25%	None
Medium term corporate notes	5 years	30%	"A" rating
Repurchase agreements	100 days	20%	None
Municipal Securities	5 years	30%	"A" Rating
Asset Backed Securities	5 Years	20%	"AA" Rating
Supranational	5 years	30%	"AA" Rating

VIII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Finance Director or his/her authorized designee will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security brokers/dealers selected by credit worthiness, who maintain an office in the State of California. These may include primary or secondary dealers or brokers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state law.

All financial institutions and brokers/dealers who desire to become qualified bidders for investment transactions must supply the following:

- A. Audited financial statements of all financial institutions
- B. Proof of Financial Industry Regulatory Authority certification
- C. Proof of State registration
- D. Certification of having read Investment Policy
- E. Depository contracts of all financial institutions
- F. *Broker/Dealer questionnaire, as applicable*

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Finance Director or his/her authorized designee.

IX. AUTHORIZED AND SUITABLE INVESTMENTS

The City is empowered by California Government Code Section 53601 to invest in the following types of securities; and is subject to the limitations set out in that section as well as the remainder of this policy.

Any investment structure, which has an effect on the City borrowing money, is prohibited.

- A. **TREASURY ISSUES:** Treasury Bills, Treasury Notes, and Treasury Bonds. The maximum maturity shall not be greater than five (5) years.
- B. **FEDERAL AGENCIES:** Federal National Mortgage Association (FNMA) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bureau (FFCB) securities, Government National Mortgage Association (GNMA) securities, Small Business Administration (SBA) securities, Student Loan Marketing Association (SLMA) securities, etc. The City restricts the maximum percentage of investment in Federal Agencies to 25%, per issuer. The maximum maturity shall not be greater than five (5) years.
- C. **BANKERS' ACCEPTANCES:** The City may not purchase bankers' acceptances exceeding one hundred and eighty (180) days maturity or forty percent (40%) of the City's surplus money, (Government Code 53601(f).) Furthermore, no more than thirty percent (30%) of the City's surplus funds may be invested in bankers' acceptances of any one commercial bank.
- D. **CERTIFICATES OF DEPOSIT:** A type of collateralized bank deposit with a specific maturity evidenced by a certificate. The City restricts the maximum percentage of investment in Certificates of Deposit to 25% of the City's total portfolio. The maximum maturity shall not be greater than five (5) years.

- E. REPURCHASE AGREEMENTS:** A Public Securities Association (PSA) Master Repurchase Agreement is required between the City and the broker/dealer or financial institution for all repurchase agreements transacted. The maturity of repurchase agreements shall not exceed 100 days. The counterparty must be a primary dealer of the Federal Reserve Bank of New York. The market value of securities used as collateral for repurchase agreements shall be monitored daily and will not be allowed to fall below 102% of the value of the repurchase agreement. In order to conform with provisions of the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be eligible negotiable certificates of deposit, eligible bankers' acceptances, or securities that are direct obligations of, or that are fully guaranteed as to principal and interest by, the United States or any agency of the United States.
- F. COMMERCIAL PAPER:** Must be of prime quality of the highest rating by both Moody's and Standard and Poor's (P-1 by Moody's and A-1 by Standard and Poor's). Eligible paper is limited to corporations organized and operating within the U.S. and having total assets of at least \$500,000,000. Purchases of commercial paper shall not exceed two hundred and seventy (270) days to maturity and no more than 25% of the City's surplus funds should be invested in commercial paper. No more than 5% of the amount invested shall be in any one issuer.
- G. MEDIUM TERM NOTES:** Issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by a NRSRO. Purchases of medium-term notes may not exceed 30% of the City's surplus money which may be invested pursuant to this section. The maximum maturity shall not be greater than five (5) years.
- H. NEGOTIABLE CERTIFICATES OF DEPOSIT (NCD):** To be eligible for purchase by the City, the NCD must be issued by a Nationally or State-Chartered bank, State or Federal savings and loan association, or State-licensed branch of a foreign bank, and must meet one of the following criteria:
- Be a California Bank rated "A" or better by a nationally recognized statistical rating organization (NRSRO);
 - Be a major national or regional bank outside California rated "A" or better by a NRSRO;
 - Be a domestic branch of a foreign bank ("Yankee" C.D.) rated "I" for

country rating, "II" or better for peer-group rating, and "II" or better for dollar access by a NRSRO;

- Be a savings and loan association operating in California rated "A" or better by a NRSRO;
- Purchases of negotiable certificates of deposits may not exceed 30% of the total portfolio.

The maximum maturity shall not be greater than five (5) years.

- I. **LOCAL AGENCY INVESTMENT FUND (LAIF):** The aggregate of all funds from political subdivisions that are placed in the custody of the State of California Treasurer for the benefit of local agencies. State law (California Government Code Section 16429.1) establishes the maximum deposits for each local agency.
- J. **LOS ANGELES COUNTY INVESTMENT POOL (LACIP):** Similar to LAIF, this pool is established by the Los Angeles County Treasurer for the benefit of local agencies under California Government Code Section 53684.
- K. **MUTUAL FUNDS AND MONEY MARKET MUTUAL FUNDS:** To be eligible for purchase by the City, the investment instruments must meet multiple minimum requirements. Instruments must receive the highest ranking, or the highest letter and numerical rating as provided for by a NRSRO, must comply with all investment restrictions and regulations that apply to public agencies in California Code 53601 (a-k, m-o), and must follow regulations specified by the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1, et seq.).
- L. **MUNICIPAL SECURITIES:** Include obligations of the City, the State of California, any of the other 49 states, and any local city within the State of California, provided that the securities are rated "A" or higher by at least one NRSRO. No more than 5% of the portfolio may be invested in any single issuer. No more than 30% of the portfolio may be in Municipal Securities. The maximum maturity does not exceed five years.
- M. **SUPRANATIONALS:** Securities that are unsubordinated obligations issued by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB). The securities must be rated "AA" or higher by a NRSRO. No more than 30% of the total portfolio may be invested in these securities. No more than 10% of the total portfolio shall be invested in any single issuer. The maximum maturity of any security of this type shall not exceed five years.

- N. ASSET BACKED SECURITIES:** Including mortgage pass through, collateralized mortgage obligation, mortgage backed or other pay through bond, equipment lease backed certificate, consumer receivable pass through certificate, or consumer receivable backed bond with a maximum maturity of five years. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a NRSRO and rated in a rating category of "AA" or its equivalent or better by a NRSRO. Purchase of securities authorized by this subdivision may not exceed 20% of the City's surplus money that may be invested pursuant to this section.

X. PROHIBITED INVESTMENTS

California Government Code Section 53601.6 prohibits the following list of investment types.

- A. INVERSE FLOATERS**
- B. RANGE NOTES**
- C. INTEREST-ONLY MORTGAGE STRIPS, OR ANY SECURITY THAT COULD RESULT IN ZERO INTEREST ACCRUAL IF HELD TO MATURITY.**

The City further restricts investment activities by prohibiting investments in reverse repurchase agreements.

XI. COLLATERALIZATION

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the market value of securities used as collateral for repurchase agreements shall be monitored daily and will not be allowed to fall below 102% of the value of the repurchase agreement. In order to conform with provisions of the Federal Bankruptcy Code, which provides for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be eligible negotiable certificates of deposit, eligible banker's acceptances, or securities that are direct obligations, or that are fully guaranteed as to principal and interest by, the United States or any agency of the United States.

A third-party custodian with whom the City has a current custodial agreement will always hold collateral. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained.

XII. INVESTMENT POOLS/MUTUAL FUNDS

The City shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. The Finance Director or his/her authorized designee shall develop a questionnaire which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced, and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

XIII. SAFEKEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the Finance Director or his/her authorized designee and evidenced by safekeeping records.

XIV. MAXIMUM MATURITIES

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. However, the City may collateralize its repurchase agreements using longer-dated investments not to exceed five (5) years to maturity.

XV. INTERNAL CONTROL

The Finance Director will establish internal controls covering investing procedures designed to protect the City's investments from unauthorized use or disposition and ensure compliance with the Investment Policy.

The Finance Director or his/her authorized designee shall establish an annual process of independent review of internal control by an external auditor. This review will ensure compliance with policies and procedures. Specific areas of review are investment authorizations, proper safekeeping methods, and comparison of broker/dealer with safekeeping confirmations.

XVI. MINIMUM PERFORMANCE STANDARDS

The City Treasurer shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the monthly Investment Report. The Finance Director or his/her authorized designee shall select an appropriate, readily available index to use as a market benchmark.

XVII. REPORTING

A. MONTHLY REPORTS: The Finance Director will submit a monthly investment report to the City Council which provides full disclosure of the City's investment activities within 30 days after the end of the month in accordance with California Government Code Section 53607. These reports will disclose, at a minimum, the following information about the City's portfolio:

- An asset listing showing par value, cost and independent third-party fair market value of each security as of the date of the report, the source of the valuation, type of investment, issuer, maturity date, and interest rate.
- Transactions for the period.
- A description of the funds, investments and programs (including lending programs) managed by contracted parties (i.e. LAIF, investment pools, outside money managers and securities lending agents).
- A one-page summary report that shows:
 - i. Average maturity of the portfolio and modified duration of the portfolio;
 - ii. Maturity distribution of the portfolio;
 - iii. Percentage of the portfolio represented by each investment category;
 - iv. Average portfolio credit quality; and,
 - v. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months and since inception compared to the City's market benchmark returns for the same periods.
- A statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their

presence in the portfolio and a timetable for resolution.

- A statement that the City has adequate funds to meet its cash flow requirements for the next six (6) months.

XVIII. LEGISLATIVE CHANGES

Any State of California legislative action, that further restricts allowable maturities, investment type or percentage allocations, will be incorporated into the City's Investment Policy and supersede any and all previous applicable language.

XIX. INTEREST EARNINGS

All monies earned and collected from investments authorized in this policy shall be allocated monthly based on cash balances in each fund as a percentage of the entire pooled portfolio.

XX. INVESTMENT POLICY ADOPTION

The City's Investment Policy shall be reviewed and approved on an annual basis. Any modifications made thereto must be approved by the City Council.

GLOSSARY

AGENCIES: Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSE's are not guaranteed by the full faith and credit of the US government.

ASKED: The price at which a seller offers to sell a security.

ASSET BACKED SECURITIES: Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

BANKERS' ACCEPTANCE (BA): A draft, bill, or exchange accepted by a bank or trust company accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered for securities.

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides. Brokers are active in markets, where banks buy and sell money, as well as in inter-dealer markets.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also, refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER (CP): Short-term, unsecured, promissory notes issued by corporations to finance short-term credit needs.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual financial report of the City. It includes combined statements for each individual fund in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a). The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b). A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value i.e., U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, such as savings and loan associates, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the United States Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable rate mortgages and second loans in addition to fixed rate mortgages. FNMA's securities are highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors and 12 regional banks. About 5,700 commercial banks are members of the system.

FFCB: The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB: The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC: Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.

FNMA: Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "FannieMae," issues discount notes, bonds and mortgage pass-through securities.

GNMA: The Government National Mortgage Association, known as "GinnieMae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. The full faith and credit of the U.S. Government protect the security holder. Ginnie Mae securities are backed by FHA, VA or FMHM mortgages. The term "pass-throughs" is often used to describe Ginnie Mae Securities.

LIQUID ASSET: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LIQUIDITY: The ability to convert investments to cash.

LOCAL AGENCY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the State of California Treasurer for the benefit of local agencies. State law (California Government Code Section 16429.1) establishes the maximum deposits for each local agency.

LOS ANGELES COUNTY INVESTMENT POOL (LACIP): Similar to LAIF, this pool is established by the Los Angeles County Treasurer for the benefit of local agencies under California Government Code Section 53684.

MAKE WHOLE CALL: A type of call provision on a bond allowing the issuer to pay off remaining debt early. The issuer typically has to make a lump sum payment to the investor derived from a formula based on the net present value (NPV) of future coupon payments that will not be paid incrementally because of the call combined with the principal payment the investor would have received at maturity.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties related to repurchase or reverse repurchase agreements. The contract establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default of the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM TERM NOTES: Notes with a maximum of five years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

MUNICIPAL SECURITIES: Securities issued by state and local agencies to finance capital and operating expenses.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

NEGOTIABLE CERTIFICATES OF DEPOSIT (NCD): Although technically a deposit, it is similar to a short-term note, which earns the depositor a competitive rate of return. Negotiable certificates of deposit were developed so that large deposits could be made at a competitive interest rate with some liquidity.

OFFER: The price asked by the seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PEFCO: The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

PORTFOLIO: A collection of securities held by an individual organization or institution.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities brokers/dealers, banks, and a few unregulated firms.

PRUDENT INVESTOR RULE: This rule is an investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state. The securities are commonly referred to as the legal list. In other states the trustee may invest in a security if it is one, which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

REPURCHASE AGREEMENT (REPO): Agreements with banks and dealers under which the City has entered into a master repurchase agreement that specifies terms and conditions of individual repurchase agreements. The agreement requires the seller of a security to repurchase an investment on a specific date for an agreed-upon price.

SAFEKEEPING: A service to customers rendered by banks and other security custodians for a fee. For the fee, the customer's securities and valuables of all types and descriptions are held in the service provider's vaults for protection. Securities are commonly held electronically in lieu of physical custody in a vault.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (i.e., call features,

step-up coupons, floating rate coupons, and derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

SUPRANATIONAL: A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

TREASURY BILLS: A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

TVA: The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember brokers/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) Income yield is obtained by dividing the current dollar income by the current market price for the security. (b) Net yield or yield to maturity (YTM) is the current income yield minus any premium above par or plus any discount from purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

RESOLUTION NO. 2023-25

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
WEST COVINA, CALIFORNIA, APPROVING THE CITY OF
WEST COVINA STATEMENT OF INVESTMENT POLICY**

WHEREAS, California Government Code Section 53646 requires the City Treasurer or the Chief Fiscal Officer to annually render to the City Council a statement of investment policy, which must be considered at a public meeting; and

WHEREAS, California Government Code Section 53600 et seq. provides guidelines and regulations pertaining to investment of temporary idle funds; and

WHEREAS, on May 17, 2022, the City Council reviewed and approved the amended City of West Covina Statement of Investment Policy through the adoption of Resolution No. 2022-48; and

WHEREAS, pursuant to Section XX of the Statement of Investment Policy, the Investment Policy must be reviewed and approved on an annual basis; and

WHEREAS, the City Council has reviewed the Statement of Investment Policy, as approved on May 17, 2022, and desires to approve the Statement of Investment Policy as required by Section XX of the Policy.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WEST COVINA,
CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:**

SECTION 1. The City Council hereby approves the Statement of Investment Policy as approved by the City Council on May 17, 2022 through the adoption of Resolution No. 2022-48.

SECTION 2. The City Clerk shall certify to the adoption of this resolution and shall enter the same in the book of original resolutions and it shall become effective immediately.

APPROVED AND ADOPTED this 16th day of May, 2023.

Rosario Diaz
Mayor

APPROVED AS TO FORM

ATTEST

Thomas P. Duarte
City Attorney

Lisa Sherrick
Assistant City Clerk

I, LISA SHERRICK, ASSISTANT CITY CLERK of the City of West Covina, California, do hereby certify that the foregoing Resolution No. 2023-25 was duly adopted by the City Council of the City of West Covina, California, at a regular meeting thereof held on the 16th day of May, 2023, by the following vote of the City Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lisa Sherrick
Assistant City Clerk



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 16, 2023

TO: Mayor and City Council

FROM: David Carmany
City Manager

SUBJECT: PROPOSED FISCAL YEAR 2023-24 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGET

RECOMMENDATION:

It is recommended that City Council receive and file the update regarding the Proposed FY 2022-23 Operating and Capital Improvement Program Budget.

BACKGROUND:

The Fiscal Year (FY) 2023-2024 Proposed Budget was presented to Council on April 18, 2023. Since then, staff held two community workshops. The purpose of this item is to provide feedback from these workshops, and receive direction, if any, from Council regarding the budget prior to consideration of approval on June 6, 2023.

The FY 2023-2024 Proposed Budget is available online:

<https://www.westcovina.org/departments/finance/budget-finance-reports/annual-budget>

DISCUSSION:

Recap from Community Workshops:

At the April 26th meeting, there were four residents and Councilmember Ollie Cantos in attendance. Staff addressed questions regarding fund balance, liquidity, property tax, sales tax, revenue projections, capital improvement projects, Fire overtime, adding more police officers, and operational capacity.

At the May 1st meeting, there were 13 people in attendance. Staff addressed questions regarding the Sportsplex, Health Department, debt service, capital projects, Police budget, and position schedule. There was discussion regarding the Health Department with most attendees in opposition to a City-run health department. Additionally, the consensus from the group was that they would like to participate in future discussions regarding operations at the Sportsplex. Consideration of outsourcing operations, initiating a public-private partnership, and ways to reduce the ongoing burden on the general fund are some of the topics they would like evaluated.

Next Steps

The Proposed Budget will come before City Council for consideration of adoption on June 6, 2023. Staff does not anticipate proposing any substantive changes from the budget that was presented on April 18, 2023. If City Council has any changes, staff recommends providing direction during this meeting to have it reflected in the budget for consideration on June 6, 2023.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report.

OPTIONS:

The City Council has the following options:

1. Approve Staff's recommendation to receive and file update; or
2. Provide alternative direction regarding changes to Proposed FY 2022-23 Budget.

Prepared by: Stephanie Sikkema, Finance Director

Fiscal Impact**FISCAL IMPACT:**

FY 2023-24 Proposed Budget Summaries:

Table 2. City-Wide Summary

	FY2021-22 Actual	Original Budget FY2022-23	Estimated FY2022-23	Proposed Budget FY2023-24	Increase/ (Decrease)
Revenue					
Property Tax	37,402,662	44,955,200	39,453,421	37,936,044	(7,019,156)
Sales Tax	23,180,793	23,142,000	23,142,000	23,026,000	(116,000)
Other Taxes	22,748,250	17,948,500	20,509,412	20,682,894	2,734,394
Charges For Service	16,284,586	13,737,820	14,013,275	14,424,138	686,318
Revenue From Other Agencies	23,506,331	13,364,791	28,021,855	11,815,985	(1,880,536)
Interdept Charges	6,790,359	6,248,060	6,596,695	7,607,139	1,359,079
Licenses & Permits	4,493,925	3,633,599	5,265,921	2,886,000	(747,599)
Use of Money & Property	108,869	1,562,040	2,649,676	2,586,240	1,024,200
Fines & Forfeitures	910,120	1,023,290	951,300	970,720	(52,570)
Sales	916,416	645,000	635,400	647,200	2,200
Other Revenues	4,988,190	205,270	672,236	319,430	114,160
Capital Assets	25,564	-	171,358	171,400	171,400
Fees	95,585	64,200	138,786	67,100	2,900
Revenue Total	141,451,649	126,529,770	142,221,334	123,140,290	(3,721,210)
Expenditures					
Salaries & Benefits	52,935,238	56,702,459	57,743,630	57,908,693	1,206,234
Materials & Services	41,137,867	31,570,264	33,677,494	35,722,394	3,397,130
Debt Service	21,220,695	20,423,944	20,431,300	16,899,697	(3,524,247)
Capital Assets	24,826,410	15,551,515	43,128,380	13,287,432	(2,664,083)
Allocated Costs	4,659,919	4,199,297	4,282,757	5,627,402	1,428,105
Expenditures Total	144,780,129	128,447,479	159,263,560	129,445,618	(156,861)

Table 3. General Fund Summary

	FY2021-22 Actual*	Original Budget FY2022-23	Estimated FY2022-23	Proposed Budget FY2023-24	Increase/ (Decrease)
Revenue					
Property Tax	30,687,088	28,986,300	32,514,786	32,710,100	3,723,800
Sales Tax	23,180,793	23,142,000	23,142,000	23,026,000	(116,000)
Other Taxes	9,773,175	9,446,000	9,315,502	9,758,500	312,500
Charges For Service	8,512,897	7,578,220	6,143,780	6,328,728	(1,249,492)
Revenue From Other Agencies	4,406,517	3,994,525	2,729,300	3,384,700	(609,825)
Licenses & Permits	4,476,096	3,167,810	5,265,644	2,885,800	(282,010)
Use of Money & Property	(1,156,960)	1,078,300	1,304,500	1,313,500	235,200
Interdept Charges	1,188,500	1,196,200	1,196,200	1,196,200	-
Fines & Forfeitures	910,120	1,023,290	951,300	970,720	(52,570)
Other Revenues	94,168	136,670	177,017	194,030	57,360
Revenue Total	82,072,395	79,749,315	82,740,030	81,768,278	2,018,963
Expenditures					
Salaries & Benefits	47,715,616	50,162,753	51,989,519	51,978,222	1,815,469
Materials & Services	12,762,113	11,139,165	11,656,139	11,135,920	(3,245)
Allocated Costs	2,600,860	2,605,797	2,689,947	3,438,442	832,645
Capital Assets	29,995	-	-	-	-
Expenditures Total	63,108,584	63,907,715	66,335,605	66,552,584	2,644,869
Revenues Less Expenditures	18,963,812	15,841,600	16,404,424	15,215,694	
Net Transfers	(20,293,009)	(15,325,255)	(20,470,183)	(15,039,613)	
Net Change in Fund Balance	(1,329,197)	516,345	(4,065,759)	176,081	
Beginning Fund Balance	25,488,076	24,158,879	24,158,879	20,093,120	
Ending Fund Balance	24,158,879	24,675,224	20,093,120	20,269,201	
<i>Reserve Requirement (17%)</i>	<i>10,728,459</i>	<i>10,864,312</i>	<i>11,277,053</i>	<i>11,313,939</i>	
*For consistency, the FY2020-2021 Bond Transfer-In and Payment towards Unfunded Pension Liability have been excluded.					

CITY COUNCIL GOALS & OBJECTIVES: Achieve Fiscal Sustainability and Financial Stability



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 16, 2023

TO: Mayor and City Council

FROM: David Carmany
City Manager

SUBJECT: CONSIDERATION OF AMENDMENTS TO AGREEMENTS WITH UBER TECHNOLOGIES, INC.

RECOMMENDATION:

It is recommended that the City Council:

1. Approve the First Amendment to the Uber Central Agreement with Uber Technologies, Inc. (Uber).
2. Approve the First Amendment to the Uber Vouchers for Transit Agencies Agreement with Uber.
3. Authorize the City Manager to execute the amendments.
4. Authorize the City Manager to negotiate and execute future amendments extending the terms of the agreements, provided that the total cost of the program does not exceed \$100,000.

BACKGROUND:

On September 20, 2022, the City Council approved agreements with Uber to implement an "On-Demand Ride Hailing" Pilot Program for a six-month period. The Program was intended to supplement the existing Dial-A-Ride service and meet the needs of those challenged with ride availability by providing an on-demand alternative. The City appropriated \$50,000 for the Program.

The Program included the following parameters:

- Eligibility for participation: all residents 65-years and over.
- Cost per ride (one way): \$3
- Maximum subsidy per ride (one way): \$20. Costs in excess would be paid by rider.
- Service area: Within the City limits. Up to three miles outside the City limits for medical reasons.

DISCUSSION:

After the agreement execution, training, testing, and promotion, the first ride of the pilot program, called "Move WC", was taken on December 5, 2022. To date, the following are the statistics for Move WC:

Number of Participants	40
Trips Taken	179
Cost of the Program To Date	\$1,577

The Program has been marketed through the City's social media handles (Instagram, Facebook, Twitter), on the City's website, the Discover Newsletter, and flyers posted at the Senior Center. Promotional flyers were also mailed directly to all active Dial-A-Ride participants, aged 65 years and over (129).

Staff also made in-person presentations to promote the Program at Merrill Gardens and the Senior Center. During the presentations made at the Senior Center on April 12, 2023, residents suggested expanding the eligibility criteria including; (a) lowering the age requirement and (b) allowing disabled persons regardless of age to participate. Currently, eligibility for the Dial-A-Ride service requires participants be residents of West Covina aged 55 years and over or disabled. The 2020 Census information for the City of West Covina below may help provide a sense as to how modifying eligibility criteria may impact participation:

- Age Criteria - According to the Census (2021 American Community Survey (ACS) 1-year Estimates - Table S0101):

Age Range	Population
> 65	19,966
55-64	12,423

- Disability Criteria - According to ACS (Table S1810), 2,016 West Covina residents have a disability that may preclude driving. Categories include: Hearing, vision, cognitive, ambulatory, self-care, independent living.

Age Range	Population
35 to 64	2,016
18 to 34	4,342

The agreements had initial terms of six months, with options to extend for one (1) year renewal periods. In order to continue to provide the Program, the agreements need to be extended.

LEGAL REVIEW:

The City Attorney's Office has reviewed the amendments and approved them as to form.

OPTIONS:

The City Council has the following options:

1. Approve staff's recommendation; or
2. Provide alternative direction.

Prepared by: Kelly McDonald, Public Services Manager

Fiscal Impact

FISCAL IMPACT:

City Council initially appropriated \$50,000 for the Pilot Program in Measure R. As of this writing time, there is a balance of \$48,423. No additional appropriations are planned in FY 2022-2023. The proposed FY 2023-2024 Budget includes \$100,000 for the Program.

Table 1. Budget Summary

Project/Service/	Fund/	FY2022-23	Estimated Fiscal Impact
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Expense	Account No.	Budget	FYE 2024	FYE 2025	FYE 2026
On-Demand Ride Hailing Program	Measure R 224.61.5143.6120	\$50,000	\$100,000	\$0	\$0

Attachments

Attachment No. 1 - First Amendment to Uber Central Agreement

Attachment No. 2 - First Amendment to Uber Vouchers for Transit Agencies Agreement

Attachment No. 3 - Uber Central Agreement - City of West Covina Executed 2022.10.10

Attachment No. 4 - Uber Voucher Agreement - City of West Covina Executed 2022.10.10

CITY COUNCIL GOALS & OBJECTIVES: A Creative and Active Community
Enhance City Image and Effectiveness

**First Amendment to Uber Central Agreement
between
Uber Technologies, Inc. and The City of West Covina**

This First Amendment ("**Amendment**") is entered into as of April 10, 2023 ("**Effective Date**") and shall modify the Uber Central Agreement entered into on October 10, 2022 by and between Uber Technologies, Inc., located at 1515 Third Street, San Francisco, CA 94158 ("**Uber**"), and The City of West Covina, located at 1444 W Garvey Ave S, West Covina, CA 91790 ("**Agency**") ("**Agreement**").

The parties desire to extend the Term of the Agreement.

The parties agree as follows:

1. Pursuant to Section 1 (Term) of the Agreement, which provides for an Initial Term of six (6) months, with the option to extend the Agreement for one (1) year renewal periods, not to exceed a total Term of five (5) years, Agency and Uber agree to extend the Term for one (1) year, beginning April 10, 2023 and ending April 9, 2024.
2. All terms capitalized in this Amendment shall have the meanings stated in the Agreement unless otherwise defined in this Amendment. If there is any conflict between the terms of this Amendment and the Agreement, this Amendment shall prevail. Except as provided in this Amendment, all other terms and conditions of the agreement will continue in full force and effect.

Each party is signing this Amendment on the date stated beneath that party's signature.

UBER TECHNOLOGIES, INC.

By: _____
Name: _____
Title: _____
Date: _____

THE CITY OF WEST COVINA

By: _____
Name: _____
Title: _____
Date: _____

**First Amendment to Uber Vouchers for Transit Agencies Agreement
between
Uber Technologies, Inc. and The City of West Covina**

This First Amendment ("**Amendment**") is entered into as of April 10, 2023 ("**Effective Date**") and shall modify the Uber Vouchers for Transit Agencies Agreement entered into on October 10, 2022 by and between Uber Technologies, Inc., located at 1515 Third Street, San Francisco, CA 94158 ("**Uber**") and The City of West Covina, located at 1444 W Garvey Ave S, West Covina, CA 91790 ("**Agency**") ("**Agreement**").

The parties desire to extend the Term of the Agreement.

The parties agree as follows:

1. Pursuant to Section 4 (Term) of the Agreement, which provides for an initial term of six (6) months with the option to extend the Term for up to three one-year Extension Terms upon mutual agreement of the parties, Agency and Uber agree to extend the term of the Agreement for one year, beginning April 10, 2023 and ending April 9, 2024.
2. All terms capitalized in this Amendment shall have the meanings stated in the Agreement unless otherwise defined in this Amendment. If there is any conflict between the terms of this Amendment and the Agreement, this Amendment shall prevail. Except as provided in this Amendment, all other terms and conditions of the agreement will continue in full force and effect.

Each party is signing this Amendment on the date stated beneath that party's signature.

UBER TECHNOLOGIES, INC.

By: _____
Name: _____
Title: _____
Date: _____

THE CITY OF WEST COVINA

By: _____
Name: _____
Title: _____
Date: _____

UBER CENTRAL AGREEMENT

This Uber Central Agreement (the “**Agreement**”) is entered into as of the last signature date set forth below (“**Effective Date**”) by and between **UBER TECHNOLOGIES, INC.**, located at 1515 3rd Street, San Francisco, CA 94158 (“**Uber**”) and **CITY OF WEST COVINA**, located at 1444 W. Garvey Ave. S., West Covina, CA 91790 (“**Entity**”).

This Agreement sets forth the terms for establishing Entity's Uber Central account (“**Account**”), its access to the Uber Dashboard, and for other activities required for Entity to utilize the Account. Entity agrees to work with Uber to establish an Account pursuant to: (1) the Uber for Business Dashboard terms and conditions available at <https://www.uber.com/legal/business/dashboard/en-US/> (the “**Dashboard Terms**”), except Section 9.2(i) of such Dashboard Terms, as may be updated from time to time; and (2) the Uber for Business Product Addendum - Central available at <https://www.uber.com/legal/business/ubercentral/en-US/>, which will govern the Account functionality related to Uber Central. Uber and Entity agree that the following terms of the Product Addendum shall not apply to this Agreement: Section 3 Uber Connect Terms, Section 4.1(a) Services Fees and User Charges, and Section 7.2 warranties concerning food health and safety. The Dashboard Terms and the Product Addendum shall collectively be referred to as the “**U4B Terms**”. Capitalized terms that are not defined herein shall have the meaning ascribed to them in the U4B Terms. In the event of a conflict between this Agreement and the U4B Terms, this Agreement shall prevail.

In addition to the rights and obligations set out in the U4B Terms, Uber and Entity hereby agree to the following elements in connection with the administration and utilization of Uber Central:

Section 1. Uber Central Program Details:

Collaborative Goals	<ol style="list-style-type: none"> 1. Cost Savings - decrease overall Entity spend on ground transportation solutions by utilizing Uber and shifting applicable category spend to Uber 2. Operations - Improve the convenience and cost-effectiveness of transportation offered to Entity users by using Uber Central to request rides 3. Customer Experience - Enable Entity to offer new customer experiences, benefits and programs.
Collaborative Targets	<p>Entity will work in good faith to meet the following goals; provided, however, if Entity does not meet the following goals it will not be deemed a breach of this Agreement:</p> <ol style="list-style-type: none"> 1. Launch Date – November 15, 2022 2. Annual Spend Target – \$50,000 for six month period for pilot. 3. Active Location Target – Within West Covina City limits, and 3 miles exceptions beyond West Covina City limits for medical appointments.
Uber Central Enterprise Services	<p>Uber will provide the following in connection with the Uber for Business relationship:</p> <ol style="list-style-type: none"> 1. Policy Support <ol style="list-style-type: none"> a. Uber agrees to work directly with Entity's team on adapting Entity policies to include Uber as a preferred option for ground transportation. 2. Enhanced User Experience <ol style="list-style-type: none"> a. Access to centralized dispatch dashboard (central.uber.com) b. In-ride visibility (as available) c. 24/7, Global Support 3. Custom Onboarding & Education <ol style="list-style-type: none"> a. Uber agrees to work with Entity on creating and executing an implementation plan to onboard and educate riders about Uber Central. b. Uber agrees to create marketing materials to support Uber Central program success, if needed. c. Dedicated onboarding specialist assigned to Entity.

	<p>4. Access to use the Uber Central Platform</p> <ul style="list-style-type: none"> a. <u>Detailed In-Dashboard data</u> - rich trip data on all Entity Uber rides. b. <u>User administration</u> - quickly add or remove authorized users to your Entity account. c. <u>Monthly Billing</u> – bill projects and events by the month. d. <u>Trip Search</u> – ability to filter and manage trips from within the company dashboard. e. <u>Detailed Reporting</u> – enhanced detailed reporting and strategy reports. f. <u>Preferred partner</u> - early access to all new Uber Central features. g. <u>Lifetime Trip History</u> – access to a lifetime view of Entity Uber business trips. h. <u>Data export</u> – export trips from the dashboard via CSV.
Insurance	<p>Each party agrees to maintain the following insurance coverage during the term of this Agreement:</p> <ul style="list-style-type: none"> 1. Commercial General Liability (including contractual liability, personal and advertising injury and products and completed operations) with limits of not less than two million dollars (US\$2,000,000) per occurrence and four million dollars (US\$4,000,000) in the aggregate for bodily injury and property damage. 2. Workers Compensation Statutory (for all states of operation) including Employer's Liability with limits of not less than one million dollars (US\$1,000,000). 3. Commercial Auto Liability insurance for all owned, hired and non-owned vehicles for bodily injury, including death and property damage with limits of not less than one million dollars (US\$1,000,000) each accident combined single limit.
Marketing	<p>Subject to Entity's prior review and approval, Entity hereby grants Uber a worldwide, irrevocable, non-transferable, royalty-free license to use Entity's name and logo identifying Entity as an Uber Central client. Subject to Entity's prior consent, which shall not be unreasonably withheld, conditioned or delayed, Uber may elect to identify Entity in future publications.</p>
Term	<p>The Term shall commence on the Effective Date and continue through six (6) months (the "Initial Term"), with the option to extend the Agreement for one (1) year renewal periods thereafter upon written agreement of the parties (each a "Renewal Term" and collectively with the Initial Term, the "Term"). The total Term shall not exceed five (5) years. Either party may terminate this Agreement by providing the other party with written notice at least thirty (30) calendar days before expiration of the Initial Term or any Renewal Term.</p>


[Signature Page to follow]

The Agreement, in its entirety, consists of this Agreement and the U4B Terms referenced herein and incorporated into this Agreement. An authorized representative of each party has caused this Agreement to be duly executed as of the Effective Date.

UBER TECHNOLOGIES, INC.

By: *Dmitriy Vanchugov*
Name: Dmitriy Vanchugov
Title: Head of Transit Partnerships
Date: September 26, 2022

ENTITY

By: 
Name: David Carmany
Title: City Manager
Date: 10-10-22

UBER VOUCHERS for TRANSIT AGENCIES AGREEMENT

This Uber Vouchers for Transit Agencies Agreement ("**Agreement**") is entered into as of the last signature date stated below ("**Effective Date**") by and between **UBER TECHNOLOGIES, INC.**, located at 1515 3rd Street , San Francisco, CA 94158 ("**Uber**") and The City of West Covina, located at 1444 W Garvey Ave S, West Covina, CA 91790 ("**Agency**").

Agency Contact Information

Agency Contact Name:	Kelly McDonald, Public Services Manager City of West Covina
Agency Contact Email and Phone Number:	kmcdonald@westcovina.org

Partnership Details

Uber Vouchers for Transit Agencies	Uber will grant partner: <ul style="list-style-type: none">1. Access to Uber Vouchers for Transit Agencies product Agency will agree to: <ul style="list-style-type: none">1. Implement program per Exhibit 1
Uber Vouchers for Transit Agencies Services	Uber will provide the following under the Uber Voucher for Transit Agencies relationship: <ul style="list-style-type: none">1. Enhanced User Experience<ul style="list-style-type: none">a. Agency access to centralized voucher dashboardb. Voucher redemption visibility (as available)c. 24/7 Customer Service2. Custom Onboarding & Education<ul style="list-style-type: none">a. Uber agrees to work with Agency to educate employees on functionalities of Uber Vouchers for Transit Agenciesb. Dedicated onboarding specialist assigned to Agency3. Access to use the Uber for Transit Agencies Voucher Platform<ul style="list-style-type: none">a. <u>User administration</u> - quickly add or remove authorized users to Agency Accountb. <u>Monthly Billing</u> - bill monthly based on usagec. <u>Trip History</u> - ability to view and manage Uber Vouchers from within the Agency Dashboard

[Remainder of page intentionally left blank]

In consideration of the mutual promises contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree to the following terms:

TERMS AND CONDITIONS

These Uber Vouchers for Transit Agencies Terms and Conditions (the “**Transit Vouchers Terms**”) govern Agency’s use of Uber Vouchers through the Dashboard. The Transit Voucher Terms, along with the applicable provisions of the Agreement, state the terms under which an Agency may utilize the Dashboard to enable Uber Vouchers.

1. **Incorporation.** The Transit Voucher Terms are incorporated into and made a part of the Agreement between Uber and the Agency. Agency’s use of Uber Vouchers is subject to the Transit Voucher Terms as incorporated into the Agreement.

2. **Purpose.** This Agreement states the terms on which Uber shall provide Agency with access to (a) Uber’s browser-based online dashboard for “*Uber Vouchers for Transit*” customers (“**Dashboard**”), and (b) the Vouchers for Transit Agencies product (“**Uber Vouchers**”) that will allow Agency to distribute Uber Vouchers in accordance with the terms of this Agreement. Agency agrees to: (i) maintain an “*Uber Vouchers for Transit*” account (“**Corporate Account**”) under the terms and conditions of this Agreement, as may be updated from time to time. Capitalized terms that are not defined herein shall have the meaning ascribed to them in the Uber Developer Terms.

3. **Acknowledgment of Authority.** The parties acknowledge that they have had the opportunity to consult with their respective attorneys and have had the opportunity to review this Agreement. Therefore, the parties expressly agree that this Agreement shall be given full force and effect according to each and all of its express terms and provisions and the rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. The parties executing this Agreement have authority to sign and bind its represented party to this Agreement.

4. **Term.** This Agreement shall commence on the Effective Date and shall continue for 6 months (the “**Term**”) and may be extended by mutual agreement of the parties for 3 1- year periods (“**Extension Term**”), unless terminated earlier under the termination process provided in this Agreement. Either party shall provide at least thirty (30) days written notice before the expiration of the then-current Term if either party intends not to automatically renew the terms of this Agreement, as applicable under the terms of the Cover Sheet.

5. **Termination.**

(a) **Termination for Material Breach.** Either party may terminate this Agreement, in whole or in part, for the other party’s material breach as follows:

(i) A notice to cure shall be served by the non-breaching party to the breaching party by certified or registered first class mail and addressed to the breaching party’s address stated below, or any updated address provided to the notifying party during the Term of this Agreement.

(ii) The breaching party shall have thirty (30) days from the date of receipt of this notice to cure the material breach.

(iii) If the breaching party has not cured the material breach within thirty (30) days of receipt of the notice to cure, the non-breaching party may terminate the Agreement by serving the breaching party with a “notice of termination” stating the manner in which the breaching party is in material breach and the effective date of termination.

(b) **Termination for Lack of Appropriated Funds.** The parties acknowledge that Agency’s budget may be subject to annual appropriation and that, in any fiscal year, Agency’s annual appropriation may be less than the budget under the Term of this Agreement. If funds are not available to appropriate for payments due under this Agreement, either party may terminate this Agreement, in whole or in part, as follows:

(i) The notifying party shall, no later than thirty (30) days before the expiration of appropriated funds, serve a written notice of termination to the other party by certified or registered first class mail and addressed to the other party’s address stated below, or any updated address provided to the notifying party during the Term of this Agreement.

(ii) Any unpaid invoices or outstanding balances due to Uber for services performed within 24 hours of Uber's receipt of such termination notification from Agency shall become immediately due and payable and shall be subject to Uber's collection process. Uber further reserves the right to pursue any and all remedies available to it under applicable law, including, but not limited to, reporting Agency to applicable credit reporting agencies.

(c) **Termination for Convenience.** Either party may terminate this Agreement, in whole or in part without cause, by providing the other party thirty (30) days advance written notice of termination before terminating the Agreement. Such notice shall be given by certified or registered first class mail and addressed to the other party's address stated below, or any updated address provided to the notifying party during the Term of this Agreement.

(d) **Actual Receipt of Termination Notice.** All such notices of termination will be deemed given upon actual receipt, and approvals will be addressed to the attention of:

If to Uber: Uber Technologies Inc.
1513 3rd Street
San Francisco, CA 94158
Attention: Legal - Transactions
Email: transit-legal-us@uber.com

If to Agency: The City of West Covina
1444 W Garvey Ave S
West Covina, CA 91790
Attention: Kelly McDonald
Email: kmcdonald@westcovina.org

6. Fees and Payment.

(a) **Utilization Charges.** When an Uber Voucher is redeemed by an Agency User, Uber shall charge the Agency the Utilization Amount of each such Uber Voucher in accordance with Section 6(b) below. If a fare exceeds the Uber Voucher value for an individual transaction, the balance shall be charged to such Agency User's payment method on file in their Active Account.

(b) Billing Options.

(i) **Monthly Billing.** Subject to terms and conditions determined by Uber in its sole discretion, Agency may elect to receive monthly statements (each, a "**Monthly Statement**") for the aggregate Utilization Amount generated from redeemed Uber Vouchers during each calendar month of the Term ("**Monthly Billing**"). Each Monthly Statement shall be paid in full by the Agency no later than thirty (30) calendar days from receipt of such Monthly Statement.

(c) **Payment Procedures.** All undisputed Utilization Amounts under each Monthly Statement shall be paid in full by Agency within thirty (30) days of receipt of such Monthly Statement.

(d) **Certification of Non-Federal Payment Source.** Agency certifies that to the best of its knowledge and belief, no Federal Appropriated Funds will be expended by Agency to pay any Monthly Statement or any form of Non-Monthly Billing generated from redeemed Uber Vouchers.

(e) **Disputed Payments.** If Agency believes that it has been assessed a Utilization Amount it should not have been charged ("Disputed Charge Event"), Agency shall notify Uber in writing within seven (7) days. The parties shall work in good faith to review the charges within forty-five (45) days of Agency notifying Uber of such Disputed Charge Event. If the parties determine that Uber assessed a Utilization Amount that Agency should not have been charged, Uber shall remove such charge from Agency's account.

(f) **Taxes.** Unless otherwise indicated on an Agency User receipt, all Uber Vouchers are exclusive of applicable taxes, and Agency is responsible for the payment of any such taxes assessed on such Uber Vouchers, including, but not limited to, all sales, use, VAT or similar taxes, except for taxes based on Uber's income. All payments are nonrefundable unless

stated otherwise in this Agreement. Unless expressly agreed otherwise in this Agreement, each party shall be responsible for the costs and expenses associated with its performance under this Agreement.

(g) **Account Suspension.** Unless Agency has notified Uber of a Disputed Charge Event, Uber reserves the right to immediately suspend Agency's Corporate Account and suspend any or all access to Uber Vouchers by Agency Users if the Agency has not timely paid the Utilization Amount due on any past Billing Statements. Uber further reserves the right to pursue any and all remedies available to it under applicable law, including, but not limited to, reporting Agency to applicable credit reporting agencies, for any unpaid Utilization Amount. Reestablishing a deactivated or suspended Agency Corporate Account after full payment of a past due Billing Statement shall be at Uber's sole discretion. All late payments shall accrue simple interest on the sum due from the date such payment was originally due until the date of actual payment, at 3% per month or the maximum allowed by applicable law.

7. Access to Uber Dashboard.

(a) **Agency Dashboard.** Uber shall provide Agency with access to the Dashboard under the Terms of this Agreement. Uber's primary contact with Agency shall be through the individual employee or agent that Agency identifies in writing to Uber ("**Administrator**"). The Dashboard will enable Agency to (a) view and pay Monthly Statements; and (b) view current, appoint new, and remove Administrators. Uber reserves the right to add, remove and update features and functionality of the Dashboard at any time. Subject to Agency's compliance with this Agreement, Uber agrees to use commercially reasonable efforts to provide access to the Dashboard and Uber Vouchers to Agency as stated in this Agreement.

(b) **Administration.** Agency may appoint additional administrators at its discretion. Agency agrees to (a) maintain all Dashboard login credentials in confidence, (b) only permit the lead Administrator and Agency's other authorized administrators to access the Dashboard, and (c) update all information of the lead Administrator and other authorized administrators to ensure that it is current, accurate, and complete. Agency shall be responsible for all activity that occurs under its Dashboard login credentials, including, but not limited to, all Uber Programs, and Uber Vouchers created for Agency use on the Dashboard.

8. Agency User Updates. It is Agency's sole responsibility to keep and maintain an accurate list of current Agency Users authorized to receive and utilize Uber Vouchers.

9. Uber Vouchers.

(a) Creating Uber Programs and Uber Vouchers; Limitations.

(i) An Uber Account Manager will create the Uber Vouchers for Agency to distribute to Agency Users. Such vouchers may only be used where Uber makes Uber Vouchers available to Agency. Agency acknowledges and agrees that it is responsible for all marketing, promotion, and advertising of Agency programs for which Uber Vouchers are created, including but not limited to ensuring that such marketing, promotion, and advertising complies with all applicable laws, rules, regulations and ordinances and does not harm the goodwill or reputation of Uber.

(ii) Agency can choose to either create a Program with: (a) one Uber Voucher to distribute to all Agency Users ("**Single Code**"); or (b) individualized Uber Vouchers that Agency can distribute to each Agency User, with the following restrictions: limited to one code per person, only redeemable by the first person who redeems the code (an "**Individualized Code**"). Agency acknowledges that Uber cannot prevent an Agency User from sharing a Single Code or an Individualized Code with a non-Agency User, and that Uber cannot disaggregate Agency User transactions from non-Agency User transactions when determining Utilization Amounts. Agency acknowledges and agrees to pay Utilization Amount generated from all redeemed Uber Vouchers under the terms stated in this Agreement up to the Uber Voucher Limit, even in the event that Utilization Amounts are impacted by code sharing or non-intended use.

1) **Single Codes.** For any Program that utilizes a Single Code, Agency may limit the number of times such code can be used; provided, however, that Agency must clearly and conspicuously disclose the material terms and conditions of each Single Code to each Agency User, including that use of the code is not guaranteed. Agency acknowledges and agrees that: (1) a Single Code may be used by consumers that Agency did not intend to target (including non-Agency Users), but Agency will be financially responsible for the number of times the Single Code is used to access Uber Services; and (2) Uber will direct all individuals that try to access a Single Code after Agency reaches the usage limitations to contact Agency. Notwithstanding section 6(a)(ii)1)(2)

above, Agency acknowledges and agrees that Uber will not be liable (i) to Agency Users targeted to receive an Uber Voucher but unable to use their Single Code, or (ii) to Agency for Uber's non-fulfillment of the Uber Voucher because Agency usage limitations have been reached.

2) **Individualized Codes.** For any Program that utilizes Individualized Codes, it is Agency's responsibility to (1) correctly deliver such codes to Agency Users and (2) to clearly and conspicuously disclose the material terms and conditions of each Individualized Code to each Agency User. Agency acknowledges and agrees that Uber will direct all individuals that try to access an Individualized Code after such Code has expired to contact Agency.

(b) **Uber Voucher Limitations.** Agency shall ensure that the maximum aggregate Redemption Value of Uber Vouchers that Agency has available at any given time during the Term shall not exceed the credit amount authorized by Uber for Agency's Monthly Billing, unless Uber agrees in writing to allow Agency to distribute a different amount of Uber Vouchers. Each Uber Voucher created by Agency shall: (1) expire no later than 12 months after the date that the Agency created the Uber Voucher; (2) have a minimum Redemption Value for each region for which an Uber Voucher was ordered as specified in the Dashboard; (3) be valid for redemption in areas where Uber Vouchers are available until such Uber Voucher expires; and (4) be usable for the Agency User receiving such Uber Voucher (i.e. Agency User cannot be located in New York, New York and have the code only valid for San Francisco, California).

(c) **Restrictions of Use.** Agency cannot use Uber Vouchers with any third-party promotion, agreement, relationship, marketing event, partnership, or any other use case without Uber's prior written consent. Agency agrees it will not apply, or allow to be applied, the Uber Voucher to an Agency User account without first disclosing all of the disclaimers stated in Section 6(e)(iv) below.

(d) **Modification or Cancellation of Uber Vouchers.** After a Program is created, Agency may: (1) update a Program to make the restrictions and/or value more permissive if the Uber Voucher code has not yet been distributed to Agency Users, or (2) cancel a Program, in which case Agency shall immediately notify all affected Agency Users that Agency has canceled the Program and that Uber is not responsible for the Program cancellation. Agency acknowledges and agrees that if Agency modifies or cancels a Program: (1) Agency remains financially responsible to Agency Users who received an Uber Voucher from Agency, even if the Agency User utilized such Uber Voucher after Agency modified or canceled the Program; and (2) Agency Users who contact Uber because they are unable to utilize an Uber Voucher code for a modified or canceled Program will be directed by Uber to contact Agency about any modification or cancellation issues. Agency acknowledges and agrees that Uber will not be liable to: (i) Agency Users who received an Uber Voucher, but were unable to utilize the Uber Voucher following Agency's modifications to or cancellation of the Program, or (ii) Agency for Uber's non-fulfillment of the Uber Voucher as a result of modifications to or cancellation of the Program by Agency.

(e) **Marketing and Messaging Related to Uber Vouchers.**

(i) **Marketing Guidelines.** At all times during the Term, Agency shall follow the marketing guidelines that the parties have agreed to in this Agreement ("Transit Agency Marketing Toolkit"), which Uber may update from time to time in its discretion.

(ii) **Approved Use Cases.** Agency agrees to use Uber Vouchers only for the specific purposes of its transit program. During the Term, Agency shall obtain prior written consent from Uber to use Uber Vouchers for any purpose other than the approved use case.

(iii) **Delivery of Uber Vouchers to Agency Users.** Agency will receive Uber Vouchers in the form of code links, that Agency may deliver to Agency Users via email, SMS, social media, online in other digital media, in broadcast media, in print, or OOH, so long as Agency takes down any communication containing the delivery or distribution of an Uber Voucher after such Uber Voucher's expiration date. In the event that Agency delivers Uber Vouchers via email, Agency shall ensure that it is the sole sender of the email as defined by the CAN-SPAM Act and that Uber does not appear as the sender of such email. If Agency delivers Uber Vouchers via SMS, those messages are marketing text message and Agency shall ensure that it is in compliance with the TCPA by obtaining affirmative prior express written consent from all Agency Users to send them such messages and will make clear in the message that it is being sent by Agency (as opposed to Uber).

(iv) **Uber Vouchers for Transit Agencies Disclaimer.** Agency shall ensure that its delivery or distribution of an Uber Voucher to an Agency User, or any related communication, shall include a prominent disclaimer notifying the Agency

User that the Uber Voucher: (a) may only be redeemed for rides requested via Uber's mobile application; (b) is subject to an expiration date; (c) is subject to specific, defined geographic restrictions; (d) is subject to a maximum Redemption Value; (e) value is non-transferrable to other Uber accounts, users, or products once redeemed by an Agency User; and (f) has no cash value and may not be redeemed for cash, except as required by law. The following is a pre-approved disclaimer for a Single Code voucher:

"Limited Availability. No cash value. Maximum discount of \$[#] per [Uber product] trip. Maximum of [#] [Uber product] trips per person [per week/day/month]. To redeem discount, Uber Voucher code [INSERT LINK] must be applied to Wallet section of the Uber app before requesting the first ride [within area/along bus route] [until date/between time and date and time and date]. Expires on [DATE]. For details on eligible transit zones see HERE [link]. Uber Voucher does not apply to tips. Terms subject to change or cancellation. Issues involving redemption and/or use of the Uber Voucher code should be directed to Agency at [INSERT AGENCY CONTACT INFO]."

For an Individualized Code voucher, Agency should use the pre-approved Single Code voucher disclaimer paragraph above and also add the following disclaimer at the beginning:

"Limited to one code per person. Can only be used by the first person who redeems the code. Non-transferrable."

(f) **Uber Account Required.**

(i) **Active Uber Rider Account Required.** Agency acknowledges and agrees that before an individual can activate an Uber Voucher for access to Uber Services under this Agreement, such proposed Agency User must have an active Uber rider account for Uber Services ("**Rider Account**").

(ii) **Violations.** Agency acknowledges that certain proposed Agency Users may be suspended or banned from use of Uber Services due to violating Uber's End User Terms or Community Guidelines, available at <https://www.uber.com/legal/community-guidelines> (collectively, "**Violations**"), and that Uber is not obligated or liable to a prospective Agency User that is unable to utilize an Agency-generated Uber Voucher due to Violations. If an Agency User's Rider Account is suspended or terminated in accordance with the End User Terms, that Agency User's access to Uber Vouchers shall also be immediately suspended.

(g) **Restrictions.** Agency agrees to use the Corporate Account, and Uber Vouchers, solely as stated in this Agreement. Agency shall not, and shall not authorize others to: (a) decompile, disassemble, reverse engineer or otherwise attempt to derive the source code or underlying technology, methodologies or algorithms of the Uber Voucher, Uber Service, or Uber App, except to the extent allowed by applicable law, (b) sublicense, lease, rent, sell, give, or otherwise transfer or provide the Uber Service or Uber App to any unaffiliated third party, (c) modify or alter any Uber Voucher unless permitted under this Agreement, or (d) otherwise impose any additional fees or charges on an Agency User related to their use of the Uber Vouchers. Uber reserves all rights not granted to Agency or Agency Users under this Agreement.

10. Uber Voucher for Transit Agencies Usage.

(a) Uber Vouchers and the resulting discount codes may be used for personal purposes only by individuals that receive an Uber Voucher via either a Single Code or an Individualized Code.

(b) Agency or Agency Users may not use or resell the Uber Vouchers and resulting discount codes in connection with any marketing, advertising, promotional or other commercial activities, including, without limitation, via websites, Internet advertisements, email, telemarketing, direct mail, newspaper and magazine advertisements, radio and television broadcasts, or otherwise, authorized under the Transit Voucher Terms of this Agreement.

(c) Agency is responsible for lost, stolen, or misused Uber Vouchers and the resulting discount codes or Utilization Charges assessed on Billing Statement.

(d) Uber reserves the right to close or suspend an Agency's or Agency User's account, to adjust balances and/or request alternative forms of payment if Uber determines in its sole discretion that an Uber Voucher is or has been fraudulently obtained or used.

- (e) Uber may cease offering the Uber Vouchers for Transit Agencies program at any time and for any reason.

11. Intellectual Property.

(a) **License to Marks; Restrictions.** The term “**Uber Marks**” shall mean the trademarks identified as Uber Marks in Exhibit 2. The term “**Agency Marks**” shall mean the trademarks identified as Agency Marks in Exhibit 2. The term “**Territory**” shall mean the territory identified in Exhibit 2.

(i) Uber hereby grants to Agency, solely during the Term and solely in the Territory, a limited, royalty-free, non-exclusive, non-transferable, non-assignable license, without the right to sublicense, to use and display the Uber Marks only as expressly permitted by Uber in each instance. All use of the Uber Marks by Agency will be in the form and format approved by Uber, and Agency will not otherwise use or modify the Uber Marks without Uber’s prior written consent. All goodwill related to Agency’s use of the Uber Marks shall inure solely to the benefit of Uber. The Uber Marks will at all times remain the exclusive property of Uber. Except as stated in this Agreement, Uber does not, and shall not be deemed to, grant Agency any license or rights under any intellectual property or other proprietary rights. All rights not granted in this Agreement are reserved by Uber.

(ii) Agency hereby grants to Uber, solely during the Term and solely in the Territory, a limited, royalty-free, non-exclusive, non-transferable, non-assignable license, without the right to sublicense, to use and display the Agency Marks only as permitted by Agency in each instance. All use of the Agency Marks by Uber will be in the form and format approved by Agency, and Uber will not otherwise use or modify the Agency Marks without Agency’s prior written consent. All goodwill related to Uber’s use of the Agency Marks shall inure solely to the benefit of Agency. The Agency Marks will at all times remain the exclusive property of Agency. Except as stated in this Agreement, Agency does not, and shall not be deemed to, grant Uber any license or rights under any intellectual property or other proprietary rights. All rights not granted in this Agreement are reserved by Agency.

(iii) **Use of Uber Marks; Guidelines.** Any use by Agency of Uber Marks shall be subject to Uber’s prior written approval, which shall be deemed granted with respect to such uses compliant with the Uber Trademark Usage Guidelines available at <https://developer.uber.com/docs/riders/guides/design-guidelines>, as may be amended from time to time by Uber in its sole discretion (the “**Design Guidelines**”). If Agency uses Uber Marks, Agency will comply with the Design Guidelines, including without limitation, all additional directions given by Uber to Agency as to the content, colors, size, “look and feel” and other elements of any and all representations of Uber’s Marks. Uber reserves the right to immediately suspend Agency’s Corporate Account and suspend any or all access to Uber Vouchers by Agency Users if Uber, in its sole discretion, determines at any time during the Term that Agency breached any of its obligations under this Agreement with respect to authorized usage of Uber Marks.

(b) **No Development.** EACH PARTY ACKNOWLEDGES AND AGREES THAT THERE SHALL BE NO DEVELOPMENT OF TECHNOLOGY, CONTENT, MEDIA OR OTHER INTELLECTUAL PROPERTY BY EITHER PARTY FOR THE OTHER PARTY PURSUANT TO THIS AGREEMENT. Any development activities relating to any technology, content, media or other intellectual property must be the subject of a separate written agreement between Uber and Agency before the commencement of any such activities.

(c) **Inspection of Records.** During the Term of the Agreement, Uber may request in writing that Agency provide Uber all of Agency’s relevant records, marketing materials, and communications (including but not limited to, email and SMS messages that Agency, or any other third party sent to Agency Users in connection with an Uber Voucher) that include the Uber Marks (collectively, the “**Records**”). Agency shall provide the Records to Uber within thirty (30) calendar days of Uber’s request for such documents. If Uber, in its sole discretion, determines that Agency has not met its obligations under the Agreement with respect to authorized usage of Uber Marks, Uber may immediately suspend Agency’s Corporate Account and suspend any or all access to Uber Vouchers by Agency Users and take any additional measures afforded to it by law or under the Agreement. Agency shall preserve all of the documents listed in this paragraph for a period of at least two (2) years from the termination or expiration of the Agreement.

12. Confidentiality.

(a) **Definition of Confidentiality.** The term "Confidential Information" shall mean any confidential or proprietary business, technical or financial information or materials of a party ("**Disclosing Party**") provided to the other party ("**Receiving Party**") in connection with the Agreement, whether orally or in physical form. However, Confidential Information shall not include information (a) previously known by Receiving Party without an obligation of confidentiality, (b) acquired by Receiving Party from a third party which was not, to Receiving Party's knowledge, under an obligation of confidentiality, (c) that is or becomes publicly available through no fault of Receiving Party, or (d) that Disclosing Party provides written permission to Receiving Party to disclose, but only to the extent of such permitted disclosure.

(b) **Restrictions.** Receiving Party agrees that (a) it will use Confidential Information solely for the purposes permitted under this Agreement and (b) it will not disclose the Confidential Information to any third party other than Receiving Party's employees or agents who are bound by obligations of nondisclosure and restricted use at least as strict as those contained herein. In the event Receiving Party receives a subpoena, administrative or judicial order, or any other requests for disclosure of any Confidential Information of Disclosing Party, Receiving Party will, give Disclosing Party written notice of such subpoena, order or request at least five (5) days before disclosure, and allow Disclosing Party to assert any available defenses to disclosure.

(c) **Public Records Laws.** Uber acknowledges that Agency may be subject to public records disclosure laws. Agency agrees to make diligent efforts to limit disclosure pursuant to any available bases stated in the California Public Records Act or other applicable law, to notify Uber of such disclosure requirements at least five (5) days before disclosure, and to allow Uber reasonable opportunity to object to production. If Agency determines the material is not exempt from public disclosure law, Agency will notify Uber of the request and allow Uber ten (10) business days to take whatever action it deems necessary to protect its interests. If Uber does not take any such action within said period, Agency may release the portions of record(s) deemed by Agency to be subject to disclosure. If Agency is required to release Uber's Confidential Information, it agrees to use any available authorities to redact personal or business Confidential Information from such records to the extent permissible by applicable law and final judgment.

(d) **Nonpublic Personal Information.** If Agency mistakenly, inadvertently, or inappropriately obtains access to any Personal Data related to an Uber Voucher or the Uber Services utilized by a rider in connection with this Agreement, Agency shall immediately notify and return it to Uber (and shall cause its employees or agents to do the same). Agency shall not (i) copy, duplicate, or otherwise reproduce or retain any portion of any Personal Data in any form or manner whatsoever, nor permit any of its employees or agents to do so, nor (ii) enhance any database or any other files or other media by using any Personal Data.

(e) **Confidential Information Security.** Receiving Party will protect the Disclosing Party's Confidential Information in the same manner that it protects the confidentiality of its own proprietary and confidential information, but in no event using less than a reasonable standard of care.

13. Privacy and Data Security.

(a) **Uber Data Restrictions.** Uber's collection and use of Uber Personal Data, including information Uber obtains from individuals to establish an Uber Rider Account, shall be treated by Uber in accordance with the Uber privacy statement, available at www.uber.com/legal/privacy, as may be updated by Uber from time to time. Uber agrees that Agency Personal Data shall be used solely for the authentication, verification, and linking purposes described in this Agreement and for no other purpose. Uber shall limit access to Agency Personal Data solely to Uber personnel who have a legitimate business need to access such Agency Personal Data. Uber will not disclose Agency Personal Data to any third party unless expressly authorized in writing by Agency, except for Uber service providers who have a legitimate business need to access Agency Personal Data to carry out work solely on Uber's behalf and for no other purpose, and who are in each case bound by privacy and security obligations regarding Agency Personal Data that are at least as restrictive as those contained herein.

(b) **Security.** Uber and Agency agree to implement and maintain appropriate technical, physical, and organizational measures to protect the other's personal data against unauthorized or unlawful processing and against unauthorized loss, destruction, damage, alteration, or disclosure, keeping in mind the nature of the information. In the event of a data breach involving the other party's personal data, each party shall notify the other promptly after becoming aware that the data breach involved the other party's personal data. Such notice shall include at least: (1) the nature of the breach or security measures; (2) the types of potentially compromised personal data; (3) the duration and expected

consequences of the data breach; and (4) any mitigation or remediation measures taken or planned in response to the data breach. Upon any such discovery, each party will (a) take all reasonable steps to investigate, remediate, and mitigate the effects of the data breach, and (b) provide the other with assurances that such data breach will not recur.

14. Contract Amendment. All changes to the Agreement shall be made in writing through an amendment by mutual agreement. No oral statement or other conduct by either party shall change or modify the Agreement. The Agency may perform an analysis of cost, price or schedule to determine the reasonableness of the proposed change to the Agreement and if Agency is unsatisfied with the proposed change, Agency's sole remedy is to terminate the Agreement and pay Uber for all remaining invoiced amounts.

15. Insurance. Uber agrees to maintain the following insurance coverage with an A.M. Best financial rating of "A-" or better:

(a) Commercial General Liability (including contractual liability, personal and advertising injury and products and completed operations) with a limit of two million dollars (US\$2,000,000) per occurrence and four million dollars (US\$4,000,000) in the aggregate for bodily injury and property damage.

(b) Workers Compensation Statutory (for all states of operation) including Employer's Liability with limits of not less than one million dollars (US\$1,000,000).

(c) Commercial Auto Liability insurance for all owned, hired and non-owned vehicles for bodily injury, including death and property damage for limits of one million dollars (US\$1,000,000) each accident combined single limit.

(d) The insurance obligations stated here are in addition to those that may be required of Transportation Network Companies by applicable law in Agency's jurisdiction.

(e) Upon Agency's reasonable request from time to time, Uber shall furnish Agency with a certificate of insurance showing coverage as set forth herein. Agency and its elected and appointed officials, officers, employees and agents shall be covered as an additional insured on the auto and general liability policies.

16. Warranties; Disclaimer; Ownership.

(a) **Mutual Warranties.** Each party hereby represents and warrants that (a) it has full power and authority to enter into this Agreement and perform its obligations hereunder, (b) such party's acceptance of this Agreement, as well as such party's performance of the obligations set forth in this Agreement, does not and will not violate any other agreement to which such party is a party, (c) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its origin, (d) it shall comply with all applicable laws and regulations applicable to the performance of its obligations hereunder, and (e) such party's Marks as provided by such party pursuant to this Agreement and used in accordance herewith will not infringe or otherwise violate the intellectual property rights, rights of publicity or other proprietary rights of any third party.

(b) **Agency Warranties.** Agency represents and warrants that: (a) as it relates to Agency's activities involving the Uber Vouchers, including but not limited to the Programs, and the marketing, promotion and any other form of communications regarding the Uber Vouchers, Agency will comply with the Design and Marketing Guidelines and all applicable law (including, without limitation, CAN-SPAM and TCPA); (b) Agency is responsible for the full cost of all Uber Vouchers used, whether Single Codes or Individualized Codes, and whether or not used as intended by Agency Users or others; and (c) Agency will comply with Uber's Terms of Use and Community Guidelines and other applicable terms and policies, including but not limited to not engaging in the following prohibited behaviors and uses: (i) using Uber to commit a crime, (ii) riders carrying firearms, and (iii) using Uber to facilitate nuisance, annoyance, inconvenience, property damage, or violations of state or federal law or regulation. Agency further represents and warrants that Agency has obtained or will obtain rights, permission and legally adequate consent from Agency Users before any Uber Vouchers are issued: (a) to receive SMS messages and other communications from Uber in connection with Uber Vouchers and the Uber Service; and (b) for Uber to provide Agency with detailed trip information for the Uber Voucher that an Agency User has charged to Agency's program.

(c) **Disclaimer.** EXCEPT AS EXPRESSLY PROVIDED HEREIN, UBER PROVIDES THE UBER SERVICE, UBER APP AND UBER VOUCHERS "AS IS" AND WITHOUT WARRANTY. UBER DOES NOT WARRANT THAT THE FUNCTIONS CONTAINED IN

THE UBER SERVICE, UBER APP AND UBER VOUCHERS WILL MEET AGENCY'S REQUIREMENTS OR THAT THE OPERATION OF THE UBER SERVICE, UBER APP, OR UBER VOUCHERS WILL BE UNINTERRUPTED OR ERROR FREE. UBER HEREBY DISCLAIMS ALL OTHER WARRANTIES WITH RESPECT TO THIS AGREEMENT, WHETHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, (A) ANY IMPLIED OR STATUTORY WARRANTIES COVERING THE UBER SERVICE, THE UBER APP, OR UBER VOUCHERS, AND (B) ANY IMPLIED WARRANTIES OF MERCHANTABILITY, NONINFRINGEMENT OR FITNESS FOR A PARTICULAR PURPOSE. AGENCY ACKNOWLEDGES AND AGREES THAT THE UBER SERVICE IS A TECHNOLOGY SYSTEM THAT ENABLES ACCESS TO REQUEST ON-DEMAND GROUND TRANSPORTATION AND LOGISTICS SERVICES PROVIDED BY INDEPENDENT THIRD-PARTY PROVIDERS. UBER IS NOT A TRANSPORTATION OR LOGISTICS PROVIDER. UBER DOES NOT GUARANTEE AVAILABILITY OF TRANSPORTATION OR LOGISTICS SERVICES, ON-TIME ARRIVALS OR DEPARTURES THEREOF, OR ANY OTHER SERVICES LEVELS RELATED TO INDEPENDENT TRANSPORTATION OR LOGISTICS PROVIDERS THAT MAY BE OBTAINED VIA THE UBER SERVICE.

(d) **Ownership.** Agency agrees that Uber and its Affiliates are and shall remain the owners of all right, title and interest in and to the Uber Service, Uber App, including any updates, enhancements and new versions thereof, all data related to the use of the Uber Services, and all related documentation and materials provided or made available to Agency or any proposed Agency User or Agency User in connection with this Agreement. All rights not expressly granted are withheld.

17. Indemnification.

(a) Each party ("**Indemnifying Party**") will indemnify, defend and hold harmless the other party ("**Indemnified Party**"), its directors, elected officials, officers, employees, agents, successors and assigns against all claims, damages, losses and expenses (including reasonable outside attorney fees) with respect to any third-party claim arising out of or related to: (a) a breach (or claim that, if true, would be a breach) of any of the Indemnifying Party's representations or warranties in this Agreement, or (b) the infringement of a third party's intellectual property rights by the Indemnifying Party's Marks, but only if such Marks have been used by the Indemnified Party in the manner authorized under this Agreement.

(b) Additionally, Agency, as an Indemnifying Party, will indemnify, defend and hold harmless Uber, as an Indemnified Party, its Affiliates and their respective directors, officers, employees, agents, successors and assigns against all claims, damages, losses and expenses (including reasonable outside attorney fees) with respect to any third-party claim arising out of or related to Agency's use and distribution of the Uber Vouchers, including but not limited to Agency's marketing, advertising, promoting, communicating, or delivering the Uber Voucher to Agency Users in any manner in any media. This means that if Agency Users are unable to redeem their Single or Individualized Codes because the funds attributable to such Codes have already been used, Agency shall indemnify Uber for any claims made by such Agency Users.

(c) The Indemnified Party shall provide prompt notice to the Indemnifying Party of any potential claim subject to indemnification hereunder. The Indemnifying Party will assume the defense of the claim through counsel designated by it and reasonably acceptable to the Indemnified Party. The Indemnifying Party will not settle or compromise any claim, or consent to the entry of any judgment, without written consent of the Indemnified Party, which will not be unreasonably withheld. The Indemnified Party will reasonably cooperate with the Indemnifying Party in the defense of a claim, at Indemnifying Party's expense.

18. Limits of Liability. OTHER THAN EITHER PARTY'S INDEMNIFICATION OBLIGATIONS OR OBLIGATIONS WITH RESPECT TO A BREACH OF CONFIDENTIALITY, (A) IN NO EVENT SHALL UBER OR AGENCY BE LIABLE FOR ANY INDIRECT, PUNITIVE, INCIDENTAL, EXEMPLARY, SPECIAL OR CONSEQUENTIAL DAMAGES, OR FOR LOSS OF BUSINESS OR PROFITS, SUFFERED BY THE OTHER PARTY OR ANY THIRD PARTY ARISING OUT OF THIS AGREEMENT, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER LEGAL THEORY, EVEN IF UBER OR AGENCY (OR THEIR AGENTS) HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND (B) IN NO EVENT SHALL EITHER PARTY BE LIABLE UNDER THIS AGREEMENT FOR ANY DIRECT DAMAGES IN AN AMOUNT EXCEEDING ONE HUNDRED THOUSAND DOLLARS (\$100,000).

19. Conflicts of Interest and Non-Competitive Practices

(a) **Conflict of Interest.** By entering into this Agreement, Uber acknowledges and agrees that it has no direct or indirect pecuniary or proprietary interest, and that it shall not acquire any such interest, that conflicts in any manner or degree with its obligations under this Agreement. Uber shall not employ any person or agent having any conflict of

interest. If Uber becomes aware that it or its agents, employees, or officers acquires such a conflict of interest, it shall immediately disclose such conflict to Agency.

(b) **Contingent Fees and Gratuities.** By entering into this Agreement to perform Work, Uber acknowledges and agrees that:

(i) No persons, except as designated by Uber, shall be employed or retained to solicit or secure this Agreement with an agreement or understanding that a commission, percentage, brokerage, or contingent fee would be paid.

(ii) No gratuities, in the form of entertainment, gifts or otherwise, were offered or given by Uber or any of its officers, agents, employees or representatives, to any official, member or employee of Agency or other governmental agency with a view toward securing this Agreement or securing favorable treatment with respect to the awarding or amending, or the making of any determination with respect to the performance of this Agreement.

(c) **Disclosure of Current and Former Agency Employees -** To avoid any actual or potential conflict of interest or unethical conduct:

(i) Agency employees or former Agency employees are prohibited from assisting with the preparation of proposals or contracting with, influencing, advocating, advising or consulting with a third party, including Uber, while employed by Agency or within one (1) year after leaving Agency employment if he/she participated in determining the Work to be done or processes to be followed while an Agency employee.

(ii) At the time of offer, Uber shall identify current or former Agency employees involved in the preparation of proposals or the anticipated Uber obligations under the Agreement. Failure to identify current or former Agency employees involved in this Agreement may result in termination of this Agreement.

(iii) Uber is responsible for notifying Agency's project manager of current or former Agency employees who may become involved in the Agreement any time during the term of the Agreement.

20. Nondiscrimination. During the term of this agreement, Uber shall comply with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit discrimination.

(a) **Equal Employment Opportunity Efforts.** Uber will undertake equal employment opportunity efforts required by applicable federal, state, or local law to ensure that all employees and applicants are treated without regard to their sex, race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression, or age. As between Uber and Agency, "equal employment opportunity efforts" shall mean active efforts required by applicable federal, state, or local law to ensure equal opportunity in employment that is free from unlawful discrimination.

(b) **Equal Benefits to Employees with Domestic Partners.** Uber shall not discriminate in the provision of employee benefits between employees with spouses and employees with domestic partners during the performance of this Agreement.

(c) **Disability.** Uber will make commercially reasonable efforts to support Agency's obligations under Title II of the Americans with Disabilities Act and section 504 of the Rehabilitation Act of 1973 to ensure that individuals with disabilities are not excluded from, denied the benefits of, or subject to discrimination in the activities carried out under this Agreement. Additional information on Accessibility at Uber is available at <https://accessibility.uber.com/>.

(d) **Accessible Web Content.** The Uber Rider app is certified accessible under the Web Content Accessibility Guidelines 2.0 Level AA Success Criteria (WCAG 2.0). Additional information on Uber's Accessibility Certification is available at <https://accessibility.uber.com/uber-app-accessibility-certification/>.

21. General.

(a) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to its choice or conflict of laws provision, and Agency hereby consents to personal and exclusive jurisdiction and venue in the State Courts for the County of San Francisco, California or the United States District Court for the Northern District of California in the event of any litigation between the parties related to this Agreement.

(b) **Notices.** All notices, requests and approvals required by this Agreement will be in writing and addressed/directed to a party at the address and facsimile (or other electronic method) set forth below, or at such other

address of which the notifying party hereafter receives notice in conformity with this section. All such notices, requests, and approvals will be deemed given upon the earlier of receipt of facsimile (or other electronic) transmission during the normal business day or actual receipt thereof. All such notices, requests and approvals will be addressed to the attention of:

If to Uber: Uber Technologies Inc.
1515 3rd Street
San Francisco, CA 94158
Attention: Legal - Transactions
Email: transit-legal-us@uber.com

If to Agency: The City of West Covina
1444 W Garvey Ave S
West Covina, CA 91790
Attention: Kelly McDonald
Email: kmcdonald@westcovina.org

(c) **Survival.** Accrued and outstanding payment obligations shall survive the expiration or termination of this Agreement.

(d) **Force Majeure.** Nonperformance of either party under this Agreement shall be excused to the extent and during the period that performance is rendered impossible by strike, fire, flood, hurricane, earthquakes, other natural disasters, governmental acts or orders or restrictions, failure of suppliers, or contractors, or any other reason where failure to perform is beyond the reasonable control and not caused by the negligence of the non-performing party.

(e) **Severability.** If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(f) **Assignment.** This Agreement is not transferable and may not be assigned by either party, in whole or in part, without the prior written consent of the other party, provided that both parties may assign this Agreement without such consent, but with notice to Uber, in connection with a merger or a sale of all of the equity or assets of either party. Notwithstanding the foregoing, Uber may assign this Agreement to an Affiliate without the prior written consent of Agency. Subject to the foregoing, this Agreement shall be binding upon all successors and assigns of a party.

(g) **Attorney's Fees.** In any litigation between the parties, the prevailing party shall be entitled to reasonable attorney fees and all costs of proceedings incurred in enforcing this Agreement.

(h) **Headings.** Section headings are for convenience only and shall not be considered in the interpretation of this Agreement.

(i) **Independent Contractor.** Uber and Agency are and shall remain independent contractors. Neither party is the representative or agent of the other and neither party shall have any power to assume any obligations on behalf of the other.

22. Definitions. The following terms, as may be used in the Agreement, shall have the meanings set forth below:

(a) **"Active Account"** means an account of an Agency Uber that has: (i) been installed or accessed through the Uber App on a compatible mobile device, (ii) registered for and maintained during the Term an active personal user account for the Uber Service, which registration requires the entry of certain personally identifiable information and a personal credit card number, and (iii) confirmed the mobile number provided during the Uber App registration process.

(b) **"Affiliate"** means an entity that, directly or indirectly, controls, is under the control of, or is under common control with a party, where control means having more than fifty percent (50%) of the voting stock or other ownership interest, the majority of the voting rights of such entity, the ability of such entity to ensure that the activities and business of that Affiliate are conducted in accordance with the wishes of that entity or the right to receive the majority of the income of that Affiliate on any distribution by it of all of its income or the majority of its assets on a winding up

(c) **"Agency Personal Data"** means Linking Data provided in connection with this Agreement, excluding any such information provided by individual Uber account holders.

(d) **"Agency User"** shall mean an individual that receives one or more Uber Vouchers.

(e) **"End User Terms"** shall mean the terms and conditions applicable to all users of the Uber Service, available at www.uber.com/legal, as may be updated by Uber from time to time.

(f) **"Federal Appropriated Funds"** means assistance from a Federal executive agency that non-Federal entities receive or administer in the form of grants, loans, contracts, loan guarantees, property, cooperative agreements, direct appropriations, or other arrangement by which a Federal agency provides or otherwise makes available direct assistance, but does not include a tax credit, deduction, or exemption.

(g) **"Personal Data"** means any information Agency obtains from Uber in connection with this Agreement that can reasonably be used to identify an individual, including but not limited to an individual's name together with: (a) request time and date, (b) drop-off time and date, (c) pick-up and drop-off address, (d) trip route, (e) distance, (f) duration, (g) fare amount, (h) service type, (i) trip ID, (j) expense memo, or (k) any other data that may otherwise be considered personal data.

(h) **"Program"** means an event or series of events for which Agency wants to provide Agency Users with an Uber Voucher in order to travel to or from the event using Uber Services.

(i) **"Redemption Value"** shall mean the maximum amount for which an Uber Voucher, whether issued under a Single Code or an Individualized Code, may be utilized by an Agency User to receive a discount on Uber Services under this Agreement.

(j) **"Uber App"** shall mean Uber's mobile application or mobile website (m.uber.com) required for use of the Uber Service, as may be updated by Uber from time to time.

(k) **"Uber Rider"** means any person who applied to receive Uber Services, or otherwise provided personal information to Uber or its agents or any other entity for purposes of obtaining Uber Services. An individual is considered an Uber Rider regardless of whether that person ultimately purchases any services from Uber.

(l) **"Uber Personal Data"** means any information Uber provides to Agency in connection with this Agreement relating to an identified or identifiable individual or that can reasonably be used to identify an individual, or that may otherwise be considered "Personal Data" under applicable law. For the avoidance of doubt, "Dashboard Data" shall constitute Uber Personal Data.

(m) **"Uber Services" or "Services"** shall mean Uber's technology systems that, when used in conjunction with the Uber App, enables users to request on-demand ground transportation from independent third-party transportation providers.

(n) **"Uber Voucher"** means a discount code generated and paid for by Agency that, when validly applied, allows an individual with an Active Account to receive a partial or full payment of Utilization Charges for Uber Services up to the amount of the applicable Redemption Value, subject to (i) any utilization requirements and limitations established by Agency, (ii) the terms of this Agreement, and (iii) other restrictions and limitations as Uber may determine from time to time that are generally applicable to all discount codes generated by Uber.

(o) **"Utilization Amount"** means the exact dollar amount of an Uber Voucher an Agency User utilized to access Uber Services.

IN WITNESS WHEREOF, Uber and Agency have caused this Agreement to be executed by their duly authorized representatives effective as of the last signature date written below.

UBER TECHNOLOGIES, INC.

By: Dmitriy Vanchugov
Name: Dmitriy Vanchugov
Title: Head of Transit Partnerships
Date: September 26, 2022

THE CITY OF WEST COVINA


By: 
Name: David Carmany
Title: City Manager
Date: 10.10.22

EXHIBIT 1

Scope of Work	
Name of program	Move WC
Location of services	West Covina, CA
Background / Purpose	Dial a ride program for residents aged 65 and over
Scope / Objective	To provide vouchers that may be redeemed on only UberX trips. Vouchers may be redeemed on up to 4 rides per day;
Program budget	\$50,000
Deliverables	
Program start date	November 15, 2022
Period of performance	6 months from start date
Products	<input checked="" type="checkbox"/> Uber Vouchers
Geographic restrictions <i>Please note for all geographic restrictions the agency should be prepared to provide Uber with a shapefile in KML or GeoJSON format.</i>	Service area – Within City limit for all rides, and 3 miles outside for medical appointments
Days of operation	Operating hours: 24/7 for app users and restricted to call center hours for call-ins, unless booked in advance
Hours of operation	Operating hours: 24/7 for app users and restricted to call center hours for call-ins, unless booked in advance
Subsidy level per trip	Any cost beyond the \$3 paid by the rider up to \$20 total for the trip
Agency Fare	\$3 per ride
Subsidy allowance per person	Subsidy redeemable on up to 4 rides per day
Program distribution	<input checked="" type="checkbox"/> Email from agency <input type="checkbox"/> Email from Uber

	<p><input type="checkbox"/> Agency website or blog post</p> <p><input type="checkbox"/> Uber website or blog post</p> <p><input type="checkbox"/> Agency print media at eligible transit stops</p> <p><input type="checkbox"/> Physical mailer</p> <p><input type="checkbox"/> Special Eligibility Requirements (go to next section)</p> <p><input type="checkbox"/> Other: _____</p>
Reporting	
Data reporting	<p><input checked="" type="checkbox"/> Uber Dashboard Access</p> <p><input checked="" type="checkbox"/> Per Trip</p> <p><input checked="" type="checkbox"/> Date</p> <p><input checked="" type="checkbox"/> Trip origin & destination to information</p> <p><input checked="" type="checkbox"/> ATA</p> <p><input checked="" type="checkbox"/> Trip distance</p> <p><input checked="" type="checkbox"/> Trip duration</p> <p><input type="checkbox"/> Other: Other General FTA reporting requirements _____</p> <p>Monthly Invoice</p> <p><input checked="" type="checkbox"/> Total trips</p> <p><input checked="" type="checkbox"/> Missed trips (i.e., requested but not fulfilled)</p> <p><input type="checkbox"/> Other: _____</p>

Exhibit 2
Trademarks and Territory

Uber Marks

<u>Trademark</u>	<u>Description</u>	<u>Territory</u>
UBER	Word mark	United States
	Rider Logo	United States



Agency Marks

<u>Trademark</u>	<u>Description</u>	<u>Territory</u>
West Covina	Word mark	United States
	Logo	United States





AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 16, 2023

TO: Mayor and City Council

FROM: David Carmany
City Manager

**SUBJECT: FISCAL YEAR (FY) 2023-2024 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
ACTION PLAN**

RECOMMENDATION:

It is recommended that the City Council take the following actions:

1. Approve the proposed Fiscal Year (FY) 2023-2024 CDBG Action Plan; and
2. Designate the City Manager, or the City Manager's designee, as the official representative of the City to administer the programs and to execute and submit all required agreements, certifications, and documents required by U.S. Department of Housing and Urban Development (HUD), and execute all subrecipient agreements for the use of funds approved in the 2023-2024 Annual Action Plan; and
3. Authorize the City Manager to negotiate and execute all necessary documents, in such final form as approved by the City Attorney, to carry out the City Council's direction.

BACKGROUND:

The Community Development Block Grant (CDBG) program is a flexible program of the U.S. Department of Housing and Urban Development (HUD) that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1,209 general units of local government and states.

The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. CDBG is an important tool for helping local governments tackle serious challenges facing their communities. The CDBG program has made a difference in the lives of millions of people and their communities across the nation.

The annual CDBG appropriation is allocated between states and local jurisdictions called "non-entitlement" and "entitlement" communities respectively. Entitlement communities are comprised of central cities of Metropolitan Statistical Areas (MSAs); metropolitan cities with populations of at least 50,000; and qualified urban counties with a population of 200,000 or more (excluding the populations of entitlement cities). States distribute CDBG funds to non-entitlement localities not qualified as entitlement communities.

HUD determines the amount of the City's grant by using a formula comprised of several measures of community need, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas. West Covina is a direct entitlement community and uses these federal funds to create transformative impacts and to improve the lives of residents, especially those with low and moderate income levels.

According to 24 CFR 570.4, the policies and procedures used to determine CDBG allocations are described in Sections 106 and 107 of the Housing and Community Development Act of 1974. For the Entitlement Program, there are two formulas: "A" and "B". HUD calculates the amount of funds that each entitlement grantee would receive under each of the two formulas. Formula A calculates funds to a jurisdiction based on its metropolitan area's share of three factors across all US metropolitan areas. The factors are:

1. Population, weighted at 25%;
2. People in poverty, weighted at 50%; and
3. Overcrowded units, weighted at 25%.

Formula B also calculates funds to a jurisdiction based on its metropolitan area's share of three factors across all US metropolitan areas, but the factors are somewhat different. The Formula B factors are:

1. Population growth lag since 1960, weighted at 20%;
2. People in poverty, weighted at 30%; and
3. Pre-1940 housing units, weighted at 50%.

In recent years, West Covina has utilized these funds for Code Enforcement, the Domestic Violence Victim Advocate (Police Department), Senior Meals Program, the Business Assistance Loan Program, the Housing Preservation Program, Public Infrastructure Projects, and to fund various public service providers (i.e., food banks, homeless advocates, meals on wheels, etc.).

As a condition of receiving the funds, HUD requires the City to prepare an annual Action Plan, which details the activities the City plans to undertake with the funds in the respective year. This Action Plan is to be consistent with the five-year CDBG Consolidated Plan, which is a strategic and visioning document on the use of these funds. The City Council adopted its most recent 5-year CDBG Consolidated Plan on April 6, 2021, which is valid through 2024. The City's proposed FY 2023-2024 CDBG Action Plan is included as Attachment No. 2 of this report.

As a basis for the Consolidated Plan, an assessment and prioritization of community needs, relative to the use of CDBG funds, was required. The categories of community need identified in the current Consolidated Plan are: (1) Economic Development, (2) Homelessness, (3) Infrastructure Improvements, (4) Owner Occupied Housing, (5) Public Facilities, (6) Non-Homeless Special Needs, (7) Public Services, and (8) Rental Housing (Attachment No. 1).

To facilitate prioritization and to evaluate the categories, HUD utilizes four levels of priority: High, Medium, Low, and No Such Need. A High Priority means that activities in that category will be funded by CDBG funds. A Medium Priority means activities in that category may be funded by CDBG funds. A Low Priority means CDBG funds will not be used to fund activities in a particular category.

The City Council established the FY 2020-2024 Consolidated Plan Priorities through actions at the April 6, 2021 City Council meeting, as outlined in Table 1. These priorities were affirmed, as amended, by the City Council on March 7, 2023 for the FY 2023-2024 Action Plan.

Table 1. FY 2020-2024 Consolidated Plan Priorities

Categories of Need	Priority Level
Economic Development	High
Homelessness	High
Infrastructure Improvements	High
Owner-Occupied Housing	High
Public Facilities	High
Rental Housing	High
Non-Homeless Special Needs	Medium
Public Services	Medium

The categories shown as 'Medium' and 'Low' do not indicate that these are not priorities of the City of West Covina; however, with limited CDBG funds, the City Council determined the other categories as a priority for use of CDBG funding during this term.

DISCUSSION:

As directed by the City Council on March 7, 2023, City staff drafted the proposed FY 2023-2024 CDBG Action Plan (Attachment No. 2) to incorporate the City's approved FY 2020-2024 Consolidated Plan Priorities, as amended.

In FY 2023-2024, the City will receive \$799,182 in CDBG funds. With additional program income estimated at \$25,000 through repayments of CDBG-funded loans to the City's Housing Preservation Program, staff estimates a total amount of available resources to be approximately \$824,182. Previously unobligated funds in the amount of \$158,767 are proposed to be utilized. The proposed budget is shown below in Table 2.

Table 2. Proposed FY 2023-2024 CDBG Action Plan Budget

Project/Activity	FY 2023-2024 Proposed
1. Neighborhood Improvement Program	\$ 694,486
2. Planning and Administration	164,836
3. Public Services	123,627
Total	\$ 982,949

- 1. Neighborhood Improvement Program:** Funds eligible capital improvements such as public facilities improvements, street rehabilitation, replacement of curbs and gutters, removal of barriers to accessibility, park improvements, etc.
- 2. Planning and Administration:** By statute, capped at 20% of the sum of allocation and **current** year (FY 2023-2024) program income. FY 2023-2024 program income, to be received through repayment to the Housing Preservation Program, is estimated at \$25,000.
- 3. Public Services:** By statute, capped at 15% of the sum of allocation and **prior** year (FY 2022-2023) program income. FY 2022-2023 program income, received through repayment to the Housing Preservation Program, is \$25,000 as of the writing of this report.

Business Assistance and Housing Preservation Programs

The Business Assistance Program and Housing Preservation Program will occur in FY 2023-2024 with previously allocated funds and later amended in the FY 2021-2022 Action Plan process. The unexpended balances will be carried forward. Activities funding with carried over budgets. As of the writing of the report, the Business Assistance Program, originally funded for \$325,000, has a balance of \$28,108 and the Housing Preservation Program, originally funded for \$250,000 and subsequently amended, has a balance of \$341,643.

Neighborhood Improvement Program

Potential projects under consideration include: additional improvements to Friendship Park, including restroom and park lighting; replacement of the roof at the Senior Center; and improvements to eligible residential streets. Improvements are being costed. Pending guidance from HUD, staff will present an Action Plan amendment to the City Council at a future meeting.

Public Services

The City published a Notice of Funding Availability in February 2023, and received 10 funding requests totaling \$216,500 from public service providers serving West Covina residents. Descriptions of services provided are included as Attachment No. 3.

With an interest in mitigating impacts to the General Fund, staff earmarked funding for City projects at the levels of request by the individual departments. This will offset City program expenses that would otherwise be supported by the City's General Fund. All City projects are designated with a double asterisk (**) in Table 3. A decrease in CDBG funding to these programs would result in an increased burden on the General Fund in order to maintain current service levels.

Housing Rights Center

Staff also recommends funding the Housing Rights Center. As a CDBG recipient, HUD requires grantees to provide services that promote and support fair housing in the community. Funding the Housing Rights Center addresses this HUD requirement.

Staff recommends funding the projects (Projects Nos. 3 through 6) as shown below in Table 3.

Ad Hoc Committee Recommendations

The CDBG Ad Hoc Committee of the Community and Senior Services Commission (Ad Hoc Committee) evaluated the remaining applicants (Projects No. 7 through No. 12). Applicants made presentations to the Ad Hoc Committee on April 26, 2023. The Ad Hoc Committee then developed recommendations to allocate the balance of \$28,627 in CDBG funds (shown in Table 3). The recommendations are included in the proposed Action Plan and presented for the consideration of the City Council.

Table 3 details proposed FY 2023-2024 funding by activity.

Table 3. Proposed FY 2023-2024 CDBG Funding

Project/Activity	FY 2023-2024 Proposed
1. Neighborhood Improvement Program	\$694,486
2. Administration	\$164,836
3. Senior Meals Program (**)	\$60,000
4. Domestic Violence Victim Advocate (**)	\$20,000
5. Careship (**)	\$5,000
6. Housing Rights Center	\$10,000
7. Senior Assistance Program (YWCA)	\$4,127
8. Action Food Pantry	\$5,000
9. ESGV Coalition for the Homeless	\$4,500
10. Shepherd's Pantry	\$5,000
11. Project 29:11 (Food Pantry)	\$5,000
12. Assistance League (Op School Bell)	\$5,000
Plan Total	\$982,949

As required, the draft FY 2023-2024 CDBG Action Plan was available for a 30-day public review period, which began on April 14, 2023. As of the writing of this report, no public comments have been received.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report.

OPTIONS:

The City Council has the following options:

1. Approve staff's recommendation; or
2. Provide alternative direction.

Fiscal Impact

FISCAL IMPACT:

The proposed total FY 2023-2024 Action Plan is \$982,949. In FY 2023-2024, the City is to receive \$799,182 in CDBG funds. With additional program income estimated at \$25,000, through repayments of CDBG-funded loans to the City's Housing Preservation Program, staff estimates a total amount of available resources to be approximately \$824,182. Previously unobligated funds will make up the difference of \$158,767.

Table 4. Summary of Proposed FY2023-2024 CDBG Action Plan

Funding Source	FY 2023-24 Amount
FY23-24 CDBG Funds	799,182
Housing Preservation Program Loan Repayments	25,000
Previously unobligated funds	158,767
Total	\$982,949

This CDBG Action Plan is recorded within Special Revenue Fund No. 131, Community Dev. Block Grant. If the action plan is approved, the FY 2023-2024 Proposed Budget will be amended to incorporate these amounts within Fund 131.

Attachments

- Attachment No. 1 - Descriptions of Categories of Need in Table 1
Attachment No. 2 - FY 2023-24 CDBG Action Plan - Draft - Working
Attachment No. 3 - FY 2023-24 CDBG PSP Applicants
Attachment No. 4 - Presentation

CITY COUNCIL GOALS & OBJECTIVES: Address Homeless Issues
Maintain Good Intergovernmental Relations
Enhance City Image and Effectiveness

Descriptions of Categories of Need in Table 1, Consolidated Plan Priorities

This attachment describes the Categories of Need shown in Table 1 of the staff report.

1. Economic Development: Activities to address these needs will be funded by the Community & Economic Development non-housing funds. Community & Economic Development activities and the new Business Assistance Program will address this category of need.
2. Homelessness: The allocation of CDBG funds to public services can address a portion of these needs.
3. Infrastructure Improvements: Improvements such as street rehabilitation and replacement of curbs and gutters will be funded during the Consolidated Plan cycle. (For example, projects may include street improvements.)
4. Owner-Occupied Housing: Owner housing needs will be addressed by the Housing Preservation Program (HPP).
5. Public Facilities: Public facilities may be funded during the Consolidated Plan cycle – 2020 to 2025. (For example, projects may include: accessibility improvement or parks and recreation facilities and youth centers.)
6. Rental Housing: Rental housing needs are addressed by the Section 8 rental assistance program and the affordable housing developments funded by the CED Low and Moderate Income Housing Fund.
7. Public Services: A high priority was assigned to public services because CDBG funds can help to address the needs of the elderly, frail elderly, youth and other low/moderate income populations. These needs can be addressed by the 15% allocation of CDBG funds to public services. (For example, public services may include: youth services, transportation services, and crime awareness.)
8. Non-Homeless Special Needs: The allocation of CDBG funds to public services can address a portion of the non-homeless needs. (Non-homeless special needs populations include: the elderly, persons with HIV/AIDS, disabled, homebound, and mentally ill).



**City of
West Covina**

**Action Plan for
Housing and Community Development**

**One Year Use of Funds
FY 2023-2024 (July 1, 2023 – June 30, 2024)**

Prepared for:
The U.S. Department of Housing and Urban Development

Lead Agency
City of West Covina
Community Services Department
1444 W. Garvey Avenue
West Covina, California 91790
(626) 939-8430

PROPOSED

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Executive Summary

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

1. Introduction

Located in the San Gabriel Valley, West Covina is a densely developed urban community encompassing 16 square miles. The US Census estimates the West Covina had a population of 109,501 persons as of April 1, 2020. This document constitutes the City of West Covina's fourth year Annual Action Plan to implement its Five-Year Consolidated Plan (FY 2020 – FY 2024) for the use of Community Development Block Grant (CDBG) funds. This FY 2023 Annual Action Plan was prepared using the eConPlanning Suite system developed by the U.S. Department of Housing and Urban Development (HUD). The system prescribes the structure and contents of this document, following HUD's Consolidated Planning regulations. This Action Plan covers the planning period of July 1, 2023 through June 30, 2024. A public hearing was conducted on March 7, 2023 to discuss the Draft FY 2023-2024 Action Plan, which was released for a 30-day public review on April 14, 2023.

2. Summarize the objectives and outcomes identified in the Plan

Listed below are City of West Covina's objective and outcome categories for CDBG funded activities in accordance with the Federal Register Notice dated March 7, 2006. During this Consolidated Plan period, the City will fund activities in two objective/outcome categories – SL-1 and SL-3.

SL–1 Improve Availability/Accessibility for the Purpose of Creating a Suitable Living Environment

- Fair Housing Services
- Child Care Services
- Senior Services
- Other Public Services

SL–3 Improve Sustainability for the Purpose of Creating a Suitable Living Environment

- Neighborhood Improvement Program

The Neighborhood Improvement Program supported improvements such as: street and alley improvements, sidewalks, and street lighting and accessibility improvements.

3. Evaluation of past performance

The 2015-2019 Consolidated Plan established the following high priorities for CDBG funding:

- Support a Neighborhood Improvement Program for infrastructure improvements
- Support public facilities funding
- Support funding for fair housing and tenant/landlord counseling services
- Address the needs of homeless families with children; homeless individuals; and chronically homeless persons
- Support public services funding

The City allocated CDBG funds to address each of the five high priorities listed above.

The City compared the cumulative proposed and actual accomplishments for Program Years 2015-2016 thru 2019-2020. Actual accomplishments over the four year-period exceeded the proposed accomplishments by a ratio of 1.33 to 1, when proposed accomplishments were weighted for actual funding. Three public services had accomplishments *slightly less* than the 4-year weighted accomplishments: Senior Meals Program, Careship Program, and Housing Rights Center. The Neighborhood Improvement Program supported improvements such as: street and alley improvements, sidewalks, and street lighting and accessibility improvements.

4. Summary of Citizen Participation Process and consultation process

Public Hearings: Citizen participation is one of the most important components of the planning process. To solicit public input during the development of the Consolidated Plan, the City Council conducted two public hearings.

The purpose of the first public hearing, which occurred on March 7, 2023, was to obtain the public's input on West Covina's housing and community development needs. The notice of the public hearing explained the CDBG Program, available funding, and the scope of eligible activities. The City encouraged the participation of all residents. A summary of the meeting is presented in Table 4 – Citizen Participation Outreach. The purpose of the second public hearing, which will occur on May 16, 2023, will be to consider approval of the FY 2023-2024 Action Plan. A summary of the meeting is presented in Table 4 – Citizen Participation Outreach.

Housing and Community Development Needs Survey: The proposed Action Plan is intended to be consistent with the recently adopted Consolidated Plan. As part of the development of the PY 2020-2024 Consolidated Plan, which was approved on April 6, 2021, The City conducted a survey as another means of obtaining public participation. The Survey was posted on the City's website. The survey results are included as an attachment to this Plan. Seventy-nine (79) responses were received. Seventy-six (76) responses were from West Covina residents, 61 of which indicate they have lived in West Covina for

over 10 years. The survey asked respondents to indicate their priority housing and non-housing community development needs (High, Medium, Low, No Need, and Don't Know) for activities in the community under seven categories. CDBG funds are limited. With the limited funding, the City supports programs that provide resources to address some of the activities mentioned below. However, the City will seek other funds or partners to address the priority needs during the Consolidated Plan period.

In summary, the seven categories and top three activities receiving the most High Need ratings in the survey are listed below:

Infrastructure Activities

1. Water quality improvements
2. Tree planting
3. Street and road improvements

Housing Activities

1. First-time home-buyer assistance
2. Energy efficient home improvements
3. Heating/cooling HVAC replacement or repairs

Housing Types for Special Needs Populations

1. Rental assistance for persons at-risk of homelessness
2. Shelters for youth
3. Permanent supportive housing such as subsidized housing that offers services for persons with mental disabilities

Community and Public Facilities

1. Parks and recreational facilities
2. Homeless shelters
3. Facilities for abused/neglected children

Community and Public Services

1. Neighborhood crime prevention programs
2. Children afterschool/summer camp programs & services
3. Park and recreation programs

Services and Facilities for Special Needs Groups

1. Veterans
2. Seniors (65+)
3. Victims of domestic violence

Business and Economic Development Activities

1. Retention of existing businesses
2. Attraction of new businesses
3. Expansion of existing businesses

5. Summary of public comments

During the pre-development hearing on March 7, 2023. Comments regarding the use of CDBG funds included discussion regarding the need for a program to assist at-risk persons from becoming homeless. Specifically, recent home fires occurring in the City prompted discussion regarding the need for an emergency assistance program in which funds could be used for temporary housing, food, repairs, etc., for income-eligible residents who experience such a tragedy. The draft Action Plan will be available for a 30-day public review period beginning April 14 and ending on May 16, 2023.

During the 30-day review period, one written comment was received regarding the Action Plan.

At a public hearing on May 16, 2023, staff will give an overview of the Action Plan process and CDBG funding. Priorities to guide the FY 2023-2024 Action Plan will be reviewed. Proposed Action Plan, activities, and funding will be presented.

Public comments at the public hearing on May 16, 2023, included the following: TBD

6. Summary of comments or views not accepted and the reasons for not accepting them

All comments received were accepted.

7. Summary

The City of West Covina has undertaken diligent and good faith efforts in outreaching to all segments of the community that may benefit from the CDBG Programs.

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

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

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

Agency Role	Name	Department/Agency
Lead Agency	WEST COVINA	
CDBG Administrator	WEST COVINA	Public Services Department
HOPWA Administrator		
HOME Administrator		
HOPWA-C Administrator		

Table 1 – Responsible Agencies

Narrative (optional)

The City's CDBG programs are administered by the Public Services Department.

Consolidated Plan Public Contact Information

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Public Services Management
Public Services Department
City of West Covina
1444 W. Garvey Avenue So.
West Covina, CA 91790
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AP-10 Consultation – 91.100, 91.200(b), 91.215(I)

1. Introduction

As part of the Action Plan development, the City undertook an outreach program to consult and coordinate nonprofit agencies, affordable housing providers, and government agencies regarding the needs of the low- and moderate-income community. The outreach program has been summarized in the Executive Summary.

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

During the development of the Action Plan, the City coordinated with the Los Angeles County Development Authority. The Development Authority provided information on the number of families receiving Section 8 rental assistance; the number of elderly and disabled assisted families; and the number of families on the Section 8 Waiting List. The City also coordinated with the Baldwin Park Housing Authority.

The private and governmental health, mental health, and service agencies that were consulted included: United Way of America; Southern California Association of Governments; Los Angeles County Department of Public Health, (Childhood Lead Poisoning Prevention Program and Division of HIV and STD Programs); Los Angeles County Department of Mental Health; Los Angeles County Department of Public Social Services (DPSS); Office of Statewide Health Planning and Development; Substance Abuse and Mental Health Services Administration; Area Agency on Aging, State Independent Living Council (SILC); and Office of the California Attorney General. With regard to economic development, the City coordinated with the State Employment Development Department, County of Los Angeles Workforce Investment Board, West Covina Workforce Services Office, and the Community Development Commission’s economic development efforts.

Specific agencies were also contacted to obtain data in preparation of this Action Plan. For example, the State Developmental Services Department and State Social Services Department were contacted to obtain data and housing resources for persons with disabilities.

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

The Continuum of Care Strategy was consulted to provide information on homelessness and resources available. Several agencies that provide housing and supportive services for the homeless and those at risk of becoming homeless were identified. The City coordinates on an ongoing basis with the following

homeless providers: the East San Gabriel Valley Coalition for the Homeless Emergency Food and Shelter Program, YWCA – WINGS Women’s Shelter, and San Gabriel Valley Council of Governments.

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

The City's HUD entitlement allocation does not include ESG funds.

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

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	Los Angeles County Development Authority
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The City requested information on Section 8 assisted households. Improved coordination is possible because baseline data provides the City a basis to monitor a reduction in rental assistance needs.
2	Agency/Group/Organization	LOS ANGELES HOMELESS SERVICES AUTHORITY
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	2022 Homeless Count (112) was used as a basis to estimate the City's unsheltered homeless (46). Baseline data provides improved way to monitor if homelessness is reduced over time. The results of the 2023 Count have not been released as the development of this draft.
3	Agency/Group/Organization	Los Angeles County Department of Public Health
	Agency/Group/Organization Type	Services-Children
	What section of the Plan was addressed by Consultation?	Lead-based Paint Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Agency's website was consulted for data on the incidence of LBP poisoning. Information collected can be shared with the community to warn families of the dangers of lead-based paint.

4	Agency/Group/Organization	State Independent Living Council
	Agency/Group/Organization Type	Services-Persons with Disabilities
	What section of the Plan was addressed by Consultation?	Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Agency's multi-year plan was reviewed to gather insights on priority needs, services, and planned programs. Improved coordination provides the City information to share with the disabled community.
5	Agency/Group/Organization	Los Angeles County Department of Public Health-Division of HIV and STD Program
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homelessness Strategy Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Agency's was contacted to obtain data on the incidence of HIV and AIDS and programs directed at addressing these needs. Improved coordination allows the City information to share with the disabled community.

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

The City consulted with all agencies that could provide valuable input to the development of the Action Plan.

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

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care		
2021-2023 State Plan for Independent Living (SPIL)	State Independent Living Council (SILC)	The Strategic Plan has goals in support of SPIL because many of West Covina's senior are frail and disabled and on the Section 8 Waiting List.
HIV/AIDS Strategy 2020 and Beyond	Division of HIV and STD Programs, Los Angeles County Department of Public Health	The Strategic Plan has included information from this Plan.
Area Agency on Aging 2016-2021	Los Angeles County Workforce Development Aging and Community Services	The Strategic Plan has goals in support of the Area Plan which stated that the greatest economic need is among minority seniors with poverty incomes.

Table 3 – Other local / regional / federal planning efforts

Narrative (optional)

City of West Covina departments that may have an interest in the CDBG Program were invited to participate in the Consolidated Plan process.

Housing is a key element of the Consolidated Plan. The City cooperates and coordinates with the State Department of Housing and Community Development by submitting the Annual Housing Element Progress Report.

AP-12 Participation – 91.105, 91.200(c)

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

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Meeting	Non-targeted/ broad community	Approximately 10 persons attended the Public Hearing held on March 7, 2023. The hearing was live-streamed on the City YouTube channel and is archived for later viewing.	Staff gave an overview of the Action Plan process and CDBG funding. Priorities to guide the PY 2023-2024 Action Plan were presented and approved. Public comments at the pre-development meeting on March 7, 2023 included support for a program to be established to assist at-risk persons from becoming homeless. Recent house fires prompted discussion for the need of an emergency assistance program.	All comments were received and accepted.	www.westcovina.org

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
2	Public Meeting	Non-targeted/ broad community	Public Hearing will be held on May 16, 2023 to consider proposed Action Plan. The hearing will be live-streamed on the City YouTube channel and is archived for later viewing.	<p>During the 30-day review period, written comments included the following:</p> <p>- TBD</p> <p>At a public hearing on May 16, 2023, staff will give an overview of the Action Plan process and CDBG funding. Priorities to guide the PY 2023-2024 Action Plan will be reviewed. Proposed Action Plan, activities, and funding will be presented. Public comments at the public hearing on May 16, 2022, included the following:</p> <p>- TBD</p>	TBD	www.westcovina.org

Table 4 – Citizen Participation Outreach

Expected Resources

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

Introduction

For FY 2023-2024, the City is allocated \$799,182 in CDBG funds. Estimated income in the amount of \$25,000 in program income will result in total available resources of \$824,182. The available CDBG funds have been allocated to projects that contribute to achieving the priority needs and goals established by the 5-Year Strategic Plan. The projects are consistent with the citizen input received during the development of the recently approved Consolidated Plan. The priorities have been approved by the City Council.

The proposed budget for the listed projects is \$982,949. The balance will be made up through unobligated funds in the line-of-credit with HUD

(\$158,767).

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	799,182	25,000	158,767	982,949	825,000	The estimated amount of CDBG funds over the remaining one year of the 5-year ConPlan period is \$825,000. This assumes an annual allocation of \$800,000 and Program Income of \$25,000 in Program Year 5. Prior year resources include \$158,767 in unobligated funds through PY 22-23. Not shown in the table are \$755,157 currently obligated to Friendship Park Improvements, Phase II, \$341,643 Housing Preservation Program, and \$28,108 to the Business Assistance Program.

Table 5 - Expected Resources – Priority Table

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

The City and HUD share an interest in leveraging HUD resources to the maximum extent feasible in order to address priority needs and associated goals.

The City will seek funds to leverage the Federal CDBG funds. The City's Capital Improvement Program (CIP) may leverage CDBG funds in street rehabilitation projects. State Gas Tax funds also assist with street rehabilitation.

Federal USDA, Older Americans Act, City General Fund, and participant donations augment funding for the CDBG-funded Senior Nutrition Program.

Local funds from Los Angeles County Proposition C, as well as Measure M and Measure R, assist the City in removing architectural barriers, providing Dial-A-Ride service, providing a citywide shuttle service, and performing street rehabilitation and other capital improvements.

State Housing funds will be used to fund contracted services for the homeless, including outreach, case management, and substance abuse treatment.

Volunteer services and private donations provided additional resources to leverage CDBG funds.

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

The City presently has no land that could be used to address the community's needs. However, the City does explore opportunities to partner with non-profits to address unmet housing needs. The Community and Economic Development Department does post on its webpage an Available Property List (APL) for businesses seeking to locate in West Covina.

Discussion

See discussion above.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Improve/upgrade public infrastructure & facilities	2020	2024	Improve/upgrade public facilities and infrastructure	Area Benefit Neighborhoods	Improve/upgrade public facilities & infrastructure	CDBG: \$694,486	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 10000 Persons Assisted
2	Improve the well-being of low income persons	2020	2024	Non-Homeless Special Needs	City-Wide	Public Service Programs	CDBG: \$123,627	Public service activities other than Low/Moderate Income Housing Benefit: 3898 Persons Assisted
3	Achieve fair housing for all	2020	2024	Eliminate housing discrimination	City-Wide	Eliminate housing discrimination	CDBG: \$10,000	Public service activities other than Low/Moderate Income Housing Benefit: 75 Persons Assisted
4	Effective grant administration	2020	2024	Effective grant administration	City-Wide	Effective grant administration	CDBG: \$164,836	Other: 1 Other

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Improve/upgrade public infrastructure & facilities
	Goal Description	Improve neighborhood public infrastructure: Public facilities improvements, including parks (Friendship Park), facilities (Senior Center), and the rehabilitation of street in CDBG-eligible areas
2	Goal Name	Improve the well-being of low-income persons
	Goal Description	Improve the well-being of low-income persons: The City will provide financial support to public service programs.
3	Goal Name	Achieve fair housing for all
	Goal Description	Achieve fair housing for all protected groups: The City will continue to fund a fair housing provider that will investigate housing discrimination complaints and tenant/landlord issues.
4	Goal Name	Effective grant administration
	Goal Description	Grant Administration: The City staff will continue to administer the CDBG program in compliance with HUD regulations.

Table 7 – Goal Descriptions

Projects

AP-35 Projects – 91.220(d)

Introduction

The City's planned actions include grant administration; providing fair housing services; providing services to low-income persons including, the homeless and the frail elderly; and improving neighborhoods. Planned projects are listed below.

Projects

#	Project Name
1	Neighborhood Improvement Program
3	Fair Housing
4	Grant Administration
5	Domestic Violence Victim Advocate
6	Senior Meals Program
7	SGV YWCA Senior Citizens Assistance
8	ESGV Coalition for the Homeless
9	Assistance League of Covina Valley
10	Careship
11	Action Food Pantry
12	Project 29:11
13	Shepherd's Pantry

Table 8 - Project Information

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

The available CDBG funds will be allocated to projects that contribute to achieving the priority needs and goals established by the 5-Year Strategic Plan. The projects are consistent with the citizen input received during the development of the recently approved Consolidated Plan. The priorities have been approved by the City Council.

Applications for Funding: The Public Services Department solicited proposals from community-based organizations, nonprofits, City departments, and citizens interested in applying for funds and providing services to the West Covina community. The application form requests a description of the need and/or problem to be addressed by the project. This application process provides another means of identifying priority needs. Applications were reviewed by the CDBG Ad hoc Committee of the Community and Senior Services Commission. The Committee will hear presentations from applicants in late April

2023. Funding recommendations from the Committee will be considered by the City Council on May 16, 2023 as part of the proposed Action Plan.

The greatest challenge in meeting the underserved needs of low- and moderate-income persons is having limited financial resources. CDBG-CV funds enabled the City to fund services for which need dramatically increased because of COVID-19. It also freed regular CDBG to fund other eligible public services at a higher level. to The City will continue to use CDBG funding to support public service agencies that address the special needs of the underserved, including the elderly and frail elderly and persons belonging to protected classes that have been the victims of housing discrimination.

The City also proactively seeks additional resources to better meet the underserved needs.

AP-38 Project Summary

Project Summary Information

1	Project Name	Neighborhood Improvement Program
	Target Area	Area Benefit Neighborhoods
	Goals Supported	Improve/upgrade public infrastructure & facilities
	Needs Addressed	Improve/upgrade public facilities & infrastructure
	Funding	CDBG: \$694,486
	Description	Park improvements, street improvements, facility (Senior Center) improvements
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	10,000 low- and moderate-income persons 12,985 seniors
	Location Description	Friendship Park Senior Center Eligible Residential Streets
2	Planned Activities	Friendship Park (Restroom and Lighting) Senior Center (Roof) Eligible Residential Street Improvements
	Project Name	Fair Housing
	Target Area	City-Wide
	Goals Supported	Achieve fair housing for all
	Needs Addressed	Eliminate housing discrimination
	Funding	CDBG: \$10,000
	Description	The Housing Rights Center will offer West Covina residents services from our four program areas, (1) Discrimination Complaint Investigation, (2) Landlord Tenant Counseling, (3) Education and Outreach, and (4) Legal Services.
	Target Date	6/30/2024

	Estimate the number and type of families that will benefit from the proposed activities	75 low- and moderate-income persons
	Location Description	City-wide. Admin office: 3255 Wilshire Blvd #1150, Los Angeles CA
	Planned Activities	The City will contract with the Housing Rights Center to provide fair housing services.
3	Project Name	Grant Administration
	Target Area	City-Wide
	Goals Supported	Effective grant administration
	Needs Addressed	Effective grant administration
	Funding	CDBG: \$164,836
	Description	CDBG Program Administration
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	Admin office: 1444 W. Garvey Ave. So., West Covina, CA
	Planned Activities	Funds are used for general management, monitoring, and oversight of the CDBG Program, including the preparation of the Annual Action Plan and CAPER.
4	Project Name	Domestic Violence Victim Advocate
	Target Area	City-Wide
	Goals Supported	Improve the well-being of low-income persons
	Needs Addressed	Public Service Programs
	Funding	CDBG: \$20,000
	Description	This program follows up with victims of all domestic violence victim cases in West Covina.
	Target Date	6/30/2024

	Estimate the number and type of families that will benefit from the proposed activities	2,000 low- and moderate-income persons
	Location Description	City-wide. Admin office: Police Department, 1444 W Garvey Ave S, West Covina, CA
	Planned Activities	This program follows up with victims of all domestic violence victim cases in West Covina.
5	Project Name	Senior Meals Program
	Target Area	City-Wide
	Goals Supported	Improve the well-being of low-income persons
	Needs Addressed	Public Service Programs
	Funding	CDBG: \$60,000
	Description	This program serves meals in a congregate setting at the West Covina Senior Center.
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	500 low- and moderate-income persons
	Location Description	2501 E Cortez, West Covina, CA.
	Planned Activities	This program serves meals in a congregate setting at the West Covina Senior Center.
6	Project Name	SGV YWCA Senior Citizens Assistance
	Target Area	City-Wide
	Goals Supported	Improve the well-being of low-income persons
	Needs Addressed	Public Service Programs
	Funding	CDBG: \$4,127
	Description	This program connects seniors with a broad array of services that enable them to stay at their homes for as long as possible.
	Target Date	6/30/2024

	Estimate the number and type of families that will benefit from the proposed activities	60 low- and moderate-income persons
	Location Description	City-wide. 2501 E Cortez, West Covina, CA. Admin office: 101 S Barranca, Covina, CA
	Planned Activities	Access to services such as transportation, case management, information and assistance, in-home and other services.
7	Project Name	ESGV Coalition for the Homeless
	Target Area	City-Wide
	Goals Supported	Improve the well-being of low-income persons
	Needs Addressed	Public Service Programs
	Funding	CDBG: \$4,500
	Description	Emergency assistance provided to homeless persons.
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	300 low- and moderate-income persons
	Location Description	15701 Hill St, La Puente, CA 91744
	Planned Activities	ESGVCH operates the Emergency Assistance Center which provides walk-in emergency services to homeless and at-risk homeless individuals and families.
8	Project Name	Assistance League of Covina Valley
	Target Area	City-Wide
	Goals Supported	Improve the well-being of low-income persons
	Needs Addressed	Public Service Programs
	Funding	CDBG: \$5,000
	Description	The program will provide school clothing, shoes and supplies to children and young people from low-income families so they can attend school regularly
	Target Date	6/30/2024

	Estimate the number and type of families that will benefit from the proposed activities	500 low- and moderate-income persons
	Location Description	636 E San Bernardino Rd, Covina, CA
	Planned Activities	The program will provide school clothing, shoes and supplies to children and young people from low-income families so they can attend school regularly
9	Project Name	Careship
	Target Area	City-Wide
	Goals Supported	Improve the well-being of low-income persons
	Needs Addressed	Public Service Programs
	Funding	CDBG: \$5,000
	Description	This program assists with the cost of childcare.
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	5 low- and moderate-income families
	Location Description	Admin office: 1305 E Cameron, West Covina, CA
	Planned Activities	This program assists with the cost of childcare.
10	Project Name	Action Food Pantry
	Target Area	City-Wide
	Goals Supported	Improve the well-being of low-income persons
	Needs Addressed	Public Service Programs
	Funding	CDBG: \$5,000
	Description	The program is comprised of a food bank which strives to relieve hunger.
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	500 low- and moderate-income persons

	Location Description	17880 W Covina Blvd, Covina, CA
	Planned Activities	The Pantry provides groceries, which are both purchased and donated. Volunteers pick up, unload, and sort the food into nutritionally balanced packages. Seniors and disabled persons receive food twice a month, the homeless once a week and other families once a month.
11	Project Name	Project 29:11
	Target Area	City-Wide
	Goals Supported	Improve the well-being of low-income persons
	Needs Addressed	Public Service Programs
	Funding	CDBG: \$5,000
	Description	Funds will support the food bank operation of the program.
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	390 low- and moderate-income families
	Location Description	250 E San Bernardino Rd, Covina, CA
	Planned Activities	Funds will support the food bank operation of the program.
12	Project Name	Shepherd's Pantry
	Target Area	City-Wide
	Goals Supported	Improve the well-being of low-income persons
	Needs Addressed	Public Service Programs
	Funding	CDBG: \$5,000
	Description	Funds will be used to support the food bank
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	860 low- and moderate-income families
	Location Description	657 E. Arrow Hwy, Unit J, Glendora, CA 91740
	Planned Activities	Funds will be used to support the food bank

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

West Covina has two distinct geographic areas: City-wide and Area Benefit Neighborhoods.

CDBG investment for Fair Housing and Public Service Programs is made on a city-wide basis.

In prior years, CDBG investment for the Neighborhood Improvement Program has mostly been made in Area Benefit Neighborhoods; that is, in block groups where 51% or more of the population have low- and moderate-incomes. Based on the most recent data, the City has 22 block groups with 51% or more the population having low/moderate incomes. Please see the Appendices for a map that highlights these areas.

In PY 2023-2024, there is one activity under the Neighborhood Improvement Program: with proposed funding in the amount of \$694,486.

The percentages below are based on estimated costs of proposed activities in Year 4. Of the entire budget of \$982,949, Area Benefit is represented by the amount of the Neighborhood Improvement Program (\$694,486). The balance of the budget is City-wide, through Fair Housing and Public Services (\$123,627). Administration, proposed at \$164,834, is not considered in this calculation. (Base: \$818,113)

Amendments may occur during the program year that will redistribute funds to activities on an area benefit basis.

Geographic Distribution

Target Area	Percentage of Funds
City-Wide	15
Area Benefit Neighborhoods	85

Table 9 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

CDBG-eligible area benefit neighborhoods, within which area benefit basis projects are eligible are highlighted on the map, included in the appendices. Public services and Fair Housing are available on a

city-wide basis to low- and moderate-income persons. Eligible block groups are listed below.

<u>Tract</u>	<u>Block Group(s)</u>
• CT 4053.01	BG 1, 2
• CT 4053.02	BG 2
• CT 4055.00	BG 2, 3
• CT 4062.00	BG 1, 2, 3
• CT 4065.00	BG 5
• CT 4066.02	BG 2, 4
• CT 4067.01	BG 1, 3
• CT 4067.02	BG 1, 2, 3
• CT 4068.00	BG 1, 3
• CT 4080.04	BG 1
• CT 4081.33	BG 2
• CT 4081.37	BG 2
• CT 4081.41	BG 1

Discussion

See discussion above.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

Section 8 provides rental assistance to 579 families through programs administered by the Los Angeles County Development Authority (474) and Baldwin Park Housing Authority (105).

Of the 579 families, 503 are disabled or elderly. There are 411 families on the Section 8 Waiting List of the two housing authorities.

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	0
Special-Needs	0
Total	0

Table 10 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	579
The Production of New Units	0
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	579

Table 11 - One Year Goals for Affordable Housing by Support Type

Discussion

Refer to discussion above.

AP-60 Public Housing – 91.220(h)

Introduction

The City does not have public housing; however, Los Angeles County Development Authority and the Baldwin Park Housing Authority administer the Section 8 Housing Choice Voucher program within West Covina. There are currently 554 West Covina families receiving Section 8 rental assistance and approximately 413 more residents on the waiting list. The amount of time spent on the waiting list often varies and can be as long as several years.

Actions planned during the next year to address the needs to public housing

Not applicable to the City of West Covina.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

Not applicable to the City of West Covina. The Los Angeles County Development Authority encourages the participation of public housing residents through Resident Councils. The role of a Resident Council (RC) is to improve the quality of life and resident satisfaction in self-help initiatives to enable residents to create a positive living environment for individuals and families living in public housing. The Baldwin Park Housing Authority (BPHA) owns and administers Mc Neil Manor, a “project-based public housing unit. Mc Neil Manor is a 12-unit low-income senior (62 years or older) housing development.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

The Los Angeles County Development Authority is not a troubled PHA. LACDA has officially achieved "High Performer" status under HUD's Section 8 Management Assessment Program (SEMAP); therefore, is not designated as a "troubled" agency. Units are inspected, repaired, and maintained on a regular basis.

Discussion

The Development and Housing Authorities have prepared five-year Strategic Plans and an Annual Plans. The Plans guide the actions of the Housing Authority in addressing the needs of extremely low and very low-income families and include goals to increase the supply of affordable housing, promote self-sufficiency and asset development, ensure equal opportunity and affirmatively further fair housing, and in achieving consistency with each jurisdiction's Consolidated Plan. The City will continue to monitor the Development and Housing Authority's Plans and provide input as it pertains to West Covina residents to increase the supply of affordable housing.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The City plans to allocate CDBG public service funds to agencies that address the needs of the homeless such as emergency/transitional shelter, food insecurity and other basic needs. For the past several years, the City of West Covina has partnered with the Los Angeles Homeless Services Authority (LAHSA) to host and participate in the County-wide Homeless Count to better understand the number of homeless in our community as well as the region. In 2018, 277 unsheltered homeless persons were counted, up from the 158 counted in 2017 and the 48 counted in 2016. The results of the 2019 was 147 and the 2020 count results were 124. In 2021, HUD exempted the Los Angeles Continuum of Care from the Count. In 2022, the count dropped to 112. As of the writing of this report, the 2023 Count results have not been announced.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

In April 2022, the City contracted the Los Angeles Centers for Alcohol and Drug Abuse (LA CADA) to provide homeless outreach and case management services. On April 4, the City extended the agreement by a year. In FY 2023-2024, the City will fund its contract with LA CADA, in part, using State Housing Funds. LA CADA provides two full-time Outreach Navigators who work with the City's law enforcement outreach team to visit established encampments throughout the City, including all other designated homeless occupied areas, i.e., City Parks, abandoned buildings, parking lots etc. Services include substance use harm reduction, providing hygiene assistance and supplies, necessary clothing, water and snacks. Outreach Team transports clients to non-emergency medical transportation, established shower facilities, etc.

The Outreach Team conducts an American Society of Addictive Medicine (ASAM) triage. After conducting an ASAM triage, clients may be transported to either detox or residential treatment based upon outcome of assessment. LA CADA furnishes the City eight treatment beds.

The Team provides on-going intensive case management, which focuses primarily on entering clients into HMIS and conducting necessary follow-up. Ancillary case management services include procuring required government documents and linkage to medical, dental and mental health care.

County Measure H funds are administered by the SGV Council of Governments. In FY 2023-2024, the City will be member of a cohort of Cities that will receive outreach services provided by LA CADA. It is

expected that the City will receive an additional team for a full day each week.

The City is currently a member of the Police Department Program's Mental Evaluation Team (MET) which is comprised of four (4) cities: Azusa, Covina, Glendora, and West Covina, which provide mental health services to homeless in each of our communities. One day per week, a mental health professional is dedicated to the City of West Covina to assist individuals throughout the community that have been displaced temporarily or are permanently homeless.

The City funds a two police officers for homeless outreach. In addition to the parks-related duties, this team are the first responders to homeless calls, and proactively seek contacts with the homeless (building trust relationships, which can help deescalate crisis situations and help individuals to accept social services). The team received specialized training in crisis communication, social services, etc., and is connected to the local and regional social service network, expanding upon longstanding partnerships that the City of West Covina has with other agencies, hospitals, churches, etc. The target population will be primarily street level and sheltered homeless, as well as those in need of mental health services. The team is supplemented by an existing partnership with Los Angeles County, who assigns a County Mental Health Clinician to our area, rotating among cities regionally. Police Officers focus a portion of their time at City parks and in the community to provide outreach to those homeless individuals in need of supportive services. In addition, they enforce park operating hours, and be able to mitigate illegal activity in the parks.

Addressing the emergency shelter and transitional housing needs of homeless persons

The City provides CDBG funds to the East San Gabriel Valley Coalition for the Homeless. This agency provides advocacy, motel vouchers, gas vouchers, hot meals, showers, lunches, clothing, travel needs, rehabilitation and mental health placements, Winter Shelter, mail and message service and refers clients to partner agencies for further assistance. Up until recently, the Coalition has administered a transitional housing program. The program was discontinued due to lack of funding.

The City agreement with LA CADA includes eight (8) designated beds at its facilities.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The YWCA – WINGS Women's Shelter is in West Covina. It is a 32-bed shelter for battered women and

their children.

The City of West Covina is not a direct provider of homeless services. It does refer homeless persons to emergency shelters, transitional housing and supportive housing operated by public and private agencies located near the city. The City also amended the Zoning Code to indicate the where emergency shelters may be located by right.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

The City of West Covina does not receive funding from the Federal sources that require the implementation of supportive housing programs for persons returning from mental and physical health institutions. The City does not receive funds from sources that require the development and implementation of a Discharge Coordination Policy. However, the City has knowledge of the County's discharge coordination policies.

The West Covina jail houses suspects awaiting court appearances or as long as it takes to book them and release them on a citation. Currently, any suspect in custody displaying medical and/or mental illness is taken for appropriate care either to a hospital or County jail facility where services can be provided. Suspects are also allowed to utilize a phone to make arrangements to be picked up.

Los Angeles County Department of Mental Health (DMH) regulations require the discharge planning process for Acute Care Hospitals, State Mental Hospitals, and Institutions for Mental Disease programs must address all the individual needs of homeless clients at treatment initiation. Housing resources on discharge include: independent living with rental assistance, family reunification, living with roommates, PSH, and nursing homes.

California law requires hospitals/regional hospital associations to have protocols for homeless patients. The Hospital Association of Southern California, National Health Foundation, and Illumination Foundation's Recuperative Care Program must provide post-hospital healthcare services to homeless patients moving from acute care. Services include housing location assistance, residential medical and social support.

Los Angeles County Department of Health Services (DHS) regulations require health care facilities to provide appropriate housing location and supportive services to avoid discharge into homelessness. Programs include: the Recuperative Care Program, nursing facilities, board and care, family reunification, permanent supportive housing (PSH), and affordable housing. DHS also funds 24/7 ES

medical services where Case Managers work with patients to obtain housing, services, and benefits.

Discussion

See discussions above.

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

The City’s 2021-2029 Housing Element describes constraints and barriers to maintenance, development and preservation of affordable housing.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

The City is committed to removing governmental constraints that hinder the production of housing and offers a “one-stop” streamlined permitting process to facilitate efficient entitlement and building permit processing. The 2021-2029 Housing Element recommends the following policies to mitigate the barriers to affordable housing:

- Support innovative public, private and non-profit efforts toward the development of affordable housing.
- Periodically review and revise the City’s development standards, if necessary, to facilitate quality housing that is affordable to all income levels.
- When feasible, consider reducing, subsidizing, or deferring development fees to facilitate the provision of affordable housing.
- Continue the provision of incentives, including the density bonus incentive program, which encourages developers to include affordable units in their projects.
- Encourage production of accessory dwelling units as an additional source of infill housing opportunities.
- Identify funding to subsidize land costs for housing developments that include affordable units.
- Provide flexibility in development standards to accommodate alternative approaches to provide affordable housing such as mixed-use projects.

Reduce Development Constraints: As part of the comprehensive Development Code update the City will review residential and mixed-use regulations to identify development standards or procedures that may constrain the development of affordable housing and housing for persons with special needs. Specific Code amendments will include:

- Supportive housing - AB 2162 (2018) amended State law to require that supportive housing be a use by-right in zones where multi-family and mixed uses are permitted, including non-residential zones permitting multi-family uses, if the proposed housing development meets specified criteria.
- Low barrier navigation centers - AB 101 (2019) added the requirement that low barrier navigation centers meeting specified standards be allowed by-right in areas zoned for mixed use

and in non-residential zones permitting multi-family uses pursuant to Government Code §65660 et seq.

Priority Processing for Affordable and Special Needs Housing: Affordable housing developers often face constraints in developing affordable housing projects. One way the City can assist such developers is by providing fast-track/priority processing for low-income and special needs housing projects. This service can encourage affordable housing development by allowing developers to go through the approval and permitting process quicker keeping costs down and units affordable. It is important that following the construction of the project that units are monitored to ensure that subsequent tenants are households with special needs and/or lower income.

Accessory Dwelling Units: Allowing for the development of accessory dwelling units (ADUs) offers an important affordable housing option for lower-income households and others such as seniors, caregivers, or young adults. ADUs can also provide property owners with an additional source of income. Recent changes to State law encourage ADU production, and the City amended local ADU regulations in 2020 in conformance with State law. The City will continue to monitor legislation and update City ADU regulations as necessary to ensure consistency with State law. In addition, the City will promote ADU development in the following ways:

- Assist property owners with ADU applications
- Post informational ADU flyers in City Hall, on the Planning Department website and other public places

Discussion:

In April of each year, the City transmits an Annual Housing Element Progress Report to the State Department of Housing and Community Development. The Report describes all the actions taken to implement the programs included in the adopted Housing Element.

AP-85 Other Actions – 91.220(k)

Introduction:

The following narratives describe the actions the City will undertake in FY 2023-2024 to address underserved needs, foster and maintain affordable housing, reduce lead-based paint, reduce the number of poverty-level families, develop the institutional structure, and enhance coordination between public and private housing and social service agencies.

Actions planned to address obstacles to meeting underserved needs

The City will continue to use CDBG funding to support public service agencies that address the special needs of the underserved, including the elderly and frail elderly and persons belonging to protected classes that have been the victims of housing discrimination.

Actions planned to foster and maintain affordable housing

The City's housing stock contains six affordable multifamily projects and six affordable senior projects. These units should be monitored and discussions with the property managers and/or owners should occur to address the development's long-term affordability status. The following actions will be taken:

- Monitor the affordable housing projects to ensure compliance with rent restrictions
- Maintain a list of the affordable housing inventory

Actions planned to reduce lead-based paint hazards

To increase an awareness of lead-based paint hazards, the City will notify applicants to the Housing Preservation Program to the dangers of lead based paint hazards posts information through distribution of an informational pamphlet and required testing on rehabilitation projects where paint may be disturbed. The City will also post links on its website alerting homebuyers and renters to the dangers of lead based paint hazards.

Actions planned to reduce the number of poverty-level families

The City will carry out the following anti-poverty actions in coordination with its affordable housing plan:

- The City will continue to support the Section 8 Housing Choice Voucher Program and public housing units located within the community.
- The City will coordinate with the Los Angeles County Development Authority and Baldwin Park Housing Authority to increase the number of families that receive rental assistance.
- The City will work with the Housing Authorities to encourage families receiving Section 8 rental assistance to participate and graduate from the Family Self-Sufficiency Program (FSS). The City

will periodically request information from the Housing Authority on FSS participation and graduation levels.

The City will provide funding for child care services. Access to childcare is a policy that contributes to helping the working poor to make ends meet and avoid poverty.

Actions planned to develop institutional structure

The Public Services Department, Community and Economic Development Department, and Police Department are the key departments involved in the Consolidated Plan and Action Plan process. The Public Services and Community and Economic Development Departments are responsible for capital improvements to facilities (i.e., senior center, parks, streets). The Police Department carries out a public service.

To strengthen internal coordination and timeliness of expenditures, the Public Services Department meets monthly with the Community and Economic Development Department and Finance Department. The purpose of the meetings is to strengthen the delivery of projects in neighborhoods so that there are tangible physical and quality of life benefits resulting from the expenditure of CDBG and other funds.

The City also coordinates on a regular basis with the following housing providers:

- Los Angeles County Development Authority (Section 8)
- City of Baldwin Park Housing Authority (Section 8)
- Community and Economic Development Department (Housing Rehabilitation/Preservation)
- Housing Rights Center (Fair Housing)

City activities include: collection of information regarding clients served, geographic distribution of clients served, and review and comment on Public Housing Agency Plans.

Coordination with health providers involves the periodic collection of lead-based incident statistics from the County of Los Angeles, Department of Health Services, Childhood Lead Poisoning Prevention Program. In addition, the City will continue to obtain information from the Los Angeles County Department of Health Services, Office of AIDS Programs and Policy.

Coordination with social service agencies is accomplished through the CDBG public service programs. This involves a notice of funding availability, evaluation of applications submitted including needs to be addressed, and monitoring and performance evaluation of funded social service agencies.

To strengthen the institutional structure for carrying out its Consolidated Plan and Action Plan, the City will strengthen the working relationship by providing input to and coordinating with the Los Angeles County Development Authority and Baldwin Park Housing Authority. Efforts to strengthen the

institutional structure involve review of the five-year and annual plans of each authority.

Actions planned to enhance coordination between public and private housing and social service agencies

During Program Year 4, the City will continue its coordination efforts with:

- Los Angeles County Homeless Services Authority (LAHSA)
- Southern California Association of Governments (SCAG)
- San Gabriel Valley Council of Governments (SGVCOG)
- Baldwin Park Housing Authority
- Los Angeles County Development Authority

In January 2018, LAHSA conducted a homeless count. 264 unsheltered homeless persons were counted in West Covina, up from the 165 counted in 2017. There were 147 persons counted in the 2019 Count and 124 in 2020. Due to COVID-19, there was no count in 2021. The Count dropped to 112 in 2022. Results for the 2023 Count have not been released as of the writing of this report.

The City will continue to participate in the meetings and task forces of the SCAG and the SGVCOG.

The City will review the Annual Plans of the Development and Housing Authorities and provide input as appropriate.

Discussion:

Refer to the above narratives.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(l)(1,2,4)

Introduction:

Overall Benefit - PY 2023-2024 will be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income.

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(l)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	17,408
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	31,699
5. The amount of income from float-funded activities	0
Total Program Income:	49,107

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00%

PY 2023-2024 will be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. In working with HUD to close out an old activity, \$35,991.05 was returned to the line of credit (\$4,292 in PI and \$31,699.05 to the LA) in April 2023. As of this writing time, \$13,115.88 is receipted and to be drawn in the current year. This table will change

based on draws. Drawing these amounts first contributed to an increased level of unobligated entitlement funds, which has been accounted for in the resources section.

Attachments

Attachment No. 1

Citizen Participation Comments

Citizen Participation Comments FY 2023-2024 CDBG Action Plan

March 7, 2023

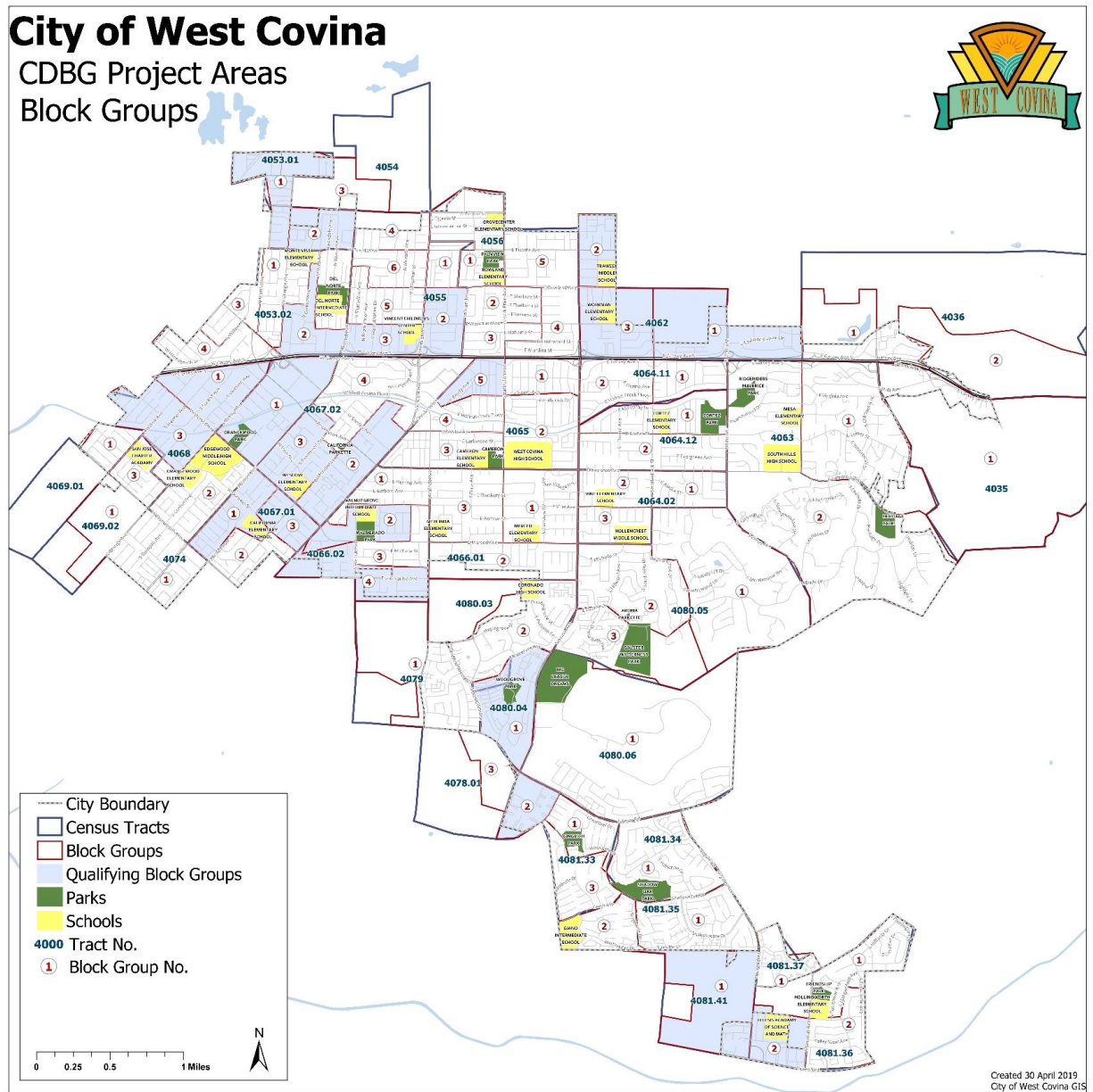
Public comments at the pre-development public hearing on March 7, 2023, included discussion regarding the need for a program to assist at-risk persons from becoming homeless. Specifically, recent home fires occurring in the City prompted discussion regarding the need for an emergency assistance program in which funds could be used for temporary housing, food, repairs, etc., for income-eligible residents who experience such a tragedy.

May 16, 2023

- TBD

Attachment No. 2

LMI Census Block Group Map



**FY 2023-2024 CDBG PUBLIC SERVICE PROJECT APPLICANT
DESCRIPTIONS**

Note: Descriptions shown in *italics* were taken from the applications of the respective service providers in which they respond to the question, “Describe your program (purpose, goal, etc.).”

1. **Senior Meals Program - City of West Covina:** *The Congregate Meal Program serves meals at the West Covina Senior Center 4 days per week. Meals served must provide at least 1/3 of the recommended dietary allowances. Staff meets on a monthly basis with the County dietician to ensure this objective is met for participants. The seniors are receiving an estimated 40-50% of the required nutrients from the meals provided by the program. Annually the program serves approximately 35,000 meals. The program provides meals to seniors for a suggested \$3 donation. Participants are encouraged to donate what they can regardless of the amount. In previous years, the program has been recognized by the Los Angeles County Local Area Agency on Aging as a Distinguished Site recipient. Currently, senior nutrition program participants are receiving 4 hot meals Monday-Thursday and 3 frozen meals and a snack bag with milk, juice, and fruit for Friday-Sunday weekly.*

2. **Domestic Violence Victim Advocate – West Covina Police Department:** *The City's Victim Advocate is partially funded from CDBG, and is responsible for following up with victims of all domestic violence cases that occur in West Covina, as well as some other crimes involving children and domestic situations. The Victim Advocate guides domestic violence victims through the criminal justice and social service networks. An independent evaluation conducted by Cal State Los Angeles validated the work, citing this as the most useful service offered to domestic violence victims at the Police Department. The Victim Advocate serves as the liaison to County Adult Protective Services, the Domestic Violence Council, and other agencies and service networks. This project is a public service eligible for CDBG funding under 24 CFR §570.201(e). Service amounts vary somewhat from year to year due to crime trends (beyond the Police Department's control).*

3. **Careship - City of West Covina:** *The Careship program's primary purpose is to assist moderate to low-income West Covina residents enrolled full-time in a licensed childcare facility operated by the City of West Covina will be considered for the program. A new and separate Application is required prior to each session plus the backup documentation.*

4. **Housing Rights Center:** *Since the establishment of the Federal Fair Housing Act in 1968, promoting equal access to housing has been a priority for the federal, state, and local governments. The Housing Rights Center ("HRC") proposes to further these interests by providing the City of West Covina with fair housing and landlord/tenant services. Through the Fair Housing Program, the*

HRC will actively support and promote freedom of residence to the end that all West Covina residents have the opportunity to secure the housing they desire and can afford, without discrimination based on their race, color, religion, gender, sexual orientation, national origin, familial status, marital status, disability, ancestry, age, source of income or other characteristics protected by law. A component of this program includes addressing problems that arise between landlords and tenants, (e.g., payment of rent, lease agreements, and habitability), which are often intertwined with issues of discrimination. HRC will offer West Covina residents services from our four program areas, (1) Discrimination Complaint Investigation, (2) Landlord/Tenant Counseling, (3) Education and Outreach, and (4) Legal Services.

- 5. Action Food Pantry:** *ACTION Food Pantry's purpose is hunger relief. Our goal is to provide food to the increasing number of needy in our community. Well over 100 families are served each week. ACTION actively seeks monetary and food donations to supplement grant funds. Unlike some organizations who have time limits, we allow our clients to participate in the program as long as they need food. ACTION Food Pantry concentrates on food distribution from our facility, and we also provide food to other food banks in the San Gabriel Valley who do not have adequate storage or refrigeration facilities. We also provide food to organizations that provide meals to the needy and homeless. In addition, we are the exclusive distributor for day old pastries and bread from Porto's Bakery in West Covina. We distribute their bread and pastries to our clients as well as churches, senior citizen clubs, police departments, fire departments,, and hospitals.*
- 6. ESGV Coalition for the Homeless - Emergency Food and Shelter:** *The East San Gabriel Valley Coalition for the Homeless (ESGVCH) is a non-profit 501(c)3 charitable organization, incorporated since 1994, which operates under a voluntary Board of Directors to directly aid people experiencing homelessness. ESGVCH believes that all are called to turn attention beyond themselves to assist those who suffer especially the poverty-stricken, the hungry, and the homeless. It is our mission to bring hope and restore dignity to those in need by providing shelter, alleviating hunger, assisting with basic daily needs assisting to regain housing, raising awareness, and by working collaboratively with others to end hunger and homelessness. ESGVCH operates the Emergency Assistance Center (EAC) in providing walk-in emergency services to families and/or vulnerable individuals who are homeless or at risk of being. The Center is located in La Puente, and is open daily, Monday through Friday, during the hours of 8:30 a.m. - 1:30 p.m. EAC staff provides hot meals, sack lunches, clothing, hygiene kits, TAP cards w/a 20 ride a month subsidy, emergency shelter (in the form of motel vouchers for families with children), and referral services for those in need. The EAC also operates the Bridge Program, which provides longer-term emergency shelter in the form of motel vouchers to homeless families. While in the Bridge Program, clients are provided with the guidance they need to obtain their own permanent housing. A case manager works with the families in addressing areas that require immediate change. For example, if an adult in the family does not have a job, the Bridge Program case manager helps him/her with job hunting, assists the parents with obtaining childcare, resume building, etc. The case manager also assists the families with money management by looking at the family's monthly expenses and designing a plan to decrease debt. The goal of the*

program is for the families to save as much money as possible so that at the end of the program they can have money for a deposit towards their own permanent housing.

- 7. Project 29:11: Food Bank** – *The Food Bank is open on Fridays. Because so many still out of work and those that are working having a hard time putting food on their family's table because of the increase in the cost of living, our clients can come once a week. Each family receives a cart of fresh produce, a variety of dairy products, pastries, breads, meats, and an assortment of other food. We are also able to provide diapers, baby formula, car seats, strollers, and other baby items. Last year we were able to help 11,418 families with food. This represents 39,594 adults and children. **Clothing Rack** – Our Clothing Rack is closed. We hope to reopen it again. **Turkey Giveaway**- On the Tuesday of the Thanksgiving week, we were able to help 300 families have a complete Thanksgiving dinner. Not only did they get a turkey, a bag of food, but also a roasting pan. **Community Christmas Party**- This year we were able to hold our annual Christmas. We were able to give gifts to 400 children and a large bags of food to 200 families.*
- 8. Assistance League of Covina Valley:** *Assistance League of Covina Valley (ALCV) is a nonprofit national philanthropic organization dedicated to helping to break the cycle of poverty in local communities by improving literacy and providing basic needs to economically disadvantaged families. The U.S. unemployment rate and the City of West Covina's unemployment rate has decreased since the pandemic. As of January 2023, West Covina's unemployment rate is 4.40%, but according to the United States Census, 9.0% of West Covina residents live at the poverty level. More recently, the advent of a substantial increase in inflation for goods and services has added to the need for extra help for families who are struggling financially. ALCV has been a chartered member of National Assistance League® since 1970 and Operation School Bell (OSB) has been a continuous program of our organization since 1985 . The purpose of the program is to discreetly provide students with proper attire so that they can attend school regularly. Studies show that the root cause of poverty is the lack of education. Inadequate clothing can be one part of a sad equation that leads students to skip school, develop academic and behavioral issues and eventually drop out of school. Through OSB, underserved students in preschool through twelfth grade receive new clothing, supplies for school and personal hygiene kits. Elementary school children are dressed at ALCV's facility where they receive one-on-one attention from volunteer members. Each child is fitted with two pairs of navy pants or shorts, two white polo shirts, new shoes, six pairs of socks, six pairs of underwear, a hooded sweatshirt, a filled backpack, a family hygiene kit and a voucher with which to select gently-used clothing from our Thrift Shop. Due to COVID-19 restrictions last year, students could not come to our facility to be dressed. In an effort to serve all students needing assistance, we asked parents/guardians to provide us with students' clothing and shoe sizes. ALCV members filled reusable bags with the designated items plus a filled backpack, a family hygiene kit, a soft toy, a book and a Thrift Shop voucher. The bags were tagged with the names of the students, loaded into the chapter's van, and delivered to the respective schools. Although most students are now dressed in our facility, OSB has chosen to continue the practice of delivering bags of clothing for those students who lack transportation to our facility. Students in middle schools and high schools select their own clothing, with help from*

parents/guardians, during scheduled shopping trips to local Target stores. Their purchases are paid for at the checkout stand by our members. Receipts are retained, labeled with the names of the students and then given to ALCV's treasurer to post. Purchased items are put into a reusable OSB bag that contains a family hygiene kit. In the Spring, graduating seniors are given an additional opportunity to shop for appropriate attire to wear for graduation and other senior activities and for college and employment interviews. Throughout the year we deliver "emergency kits" which contain several sizes of socks, underwear, shorts/pants, polo shirts and hooded sweatshirts, to elementary schools to be given to children who may have accidentally soiled their clothing. This service is being expanded to provide middle and high schools with "emergency kits", containing many of the same items as those for the elementary schools, plus personal hygiene supplies for students. The cost to dress an elementary school student is \$150 and the cost to dress a middle school or high school student is \$175. The cost of supplies for a family hygiene kit, our most requested item, is \$18 - \$20. The number of students we are able to dress each year is limited only by the success of our fundraising efforts and by the schools' commitment to identify and refer all students and families in need

9. **Shepherd's Pantry:** *Founded in 2004 as a free emergency food delivery service operated out of a rental storage unit, by 2005 Shepherd's Pantry needed a walk-in-food facility and leadership to help develop their pantry operations. The team looked to Cory's Kitchen which was established in 2001 in Irwindale. Cory's Kitchen's culture encompassed emotional and spiritual support in addition to providing food; this approach was incorporated into Shepherd's Pantry operations. In 2019 the two food pantries merged into the company now known as Shepherd's Pantry with three locations in Glendora, Irwindale and La Puente (formerly in Baldwin Park). Our mission is: To provide food, resources and services from a faith-based perspective to those in need. We value the dignity of all individuals and strive to promote their independence. Our vision is: To alleviate hunger and to improve the well-being of those living in the San Gabriel Valley. We meet our mission by incorporating other services such as personalized case management, haircuts, homeless food support, home food delivery and a clothing pantry. In 2021 Shepherd's Pantry created the Shepherd's Help Fund-Going Beyond food. The pandemic and economy highlighted the fact that many of those who come to us for food also have other greater needs. The Shepherd's Help Fund's goal is to prevent homelessness by assisting with various expenses, providing case management, and equipping people with tools and skill to help them achieve self-sufficiency and independence. Shepherd's Pantry provides \$40,000 in assistance annually through it Help Fund. Last year we assisted West Covina Residents with over \$6,000 through our Help Fund.*

10. **YWCA of San Gabriel Valley - Senior Citizens Assistance Program (SCAP):** *The goal of the YWCA SCAP (Case Management and Information & Referral/Assistance Services) is to connect seniors with a broad array of services that enable them to remain in their homes for as long as possible. These services include but are not limited to: Access to services such as transportation, case management, information and assistance; and in-home services such as personal care, chore, and homemaker assistance; Community services such as legal services, mental health services, and adult day care; and Community education and related programming that help to coordinate and integrate services for*

seniors such as health screening, exercise/health programs, etc. Due to COVID-19 regulations lifting, we have continued our regular on-site service at the West Covina Senior Center. BSW Case Managers will provide service to seniors living in West Covina in person and via telephone, telehealth and telehealth as needed. The YWCA San Gabriel Valley Senior Services' model of providing effective Case Management and Information and Referral/Assistance (I & RIA) Services is based on the concept of linking clients to a culturally competent, locally accessible, and cost-effective integrated continuum of supportive services. In addition, our agency has proven its ability to respond in a timely manner to client's requests for service, and within several hours if the request is urgent. Cultural/Linguistic Competency- Every one of our current case managers is either bilingual or multi-lingual; therefore, we are able to eliminate cultural/linguistic barriers to service and quickly connect clients with appropriate solutions and services. Our staffs cultural diversity eliminates cultural barriers to the linking of supportive services. Integrated Continuum of Services- The YWCA's broad range of supportive services which includes multiple nutrition service options, case management, information & referral/assistance, telephone reassurance, homemaking/chore service, and extensive outreach, education and referral services supports our goal of a seamless system of care for older adults who wish to continue living independently, including those who are frail. Local Access- Another advantage of our supportive services/case management program is that we connect on a daily basis with our target population due to our extensive service delivery system of 20 senior activity and meal centers and our large home delivered meals service area. Social service agencies within our sendee area are familiar with YWCA Senior Sendees. **Case Management Supportive Services** Our case management model follows traditional methodologies based on the National Association of Social Workers (NASW) protocols with the ultimate goal of increasing clients 5 self sufficiency and assisting them to achieve their full potential. The outcome standard that YWCA San Gabriel Valley Senior Sendees will strive for is a 91% success rate. That is, 91% of the clients provided case management sendees will achieve self-sufficiency, and their full potential, and be able to live in their own homes independently with dignity and quality of life. **91% of older adults will transition from in-crisis or vulnerable living situations to stable or thriving.**

CITY COUNCIL MEETING

MAY 16, 2023

ITEM # – CONSIDERATION OF FY 2023-2024 COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG) ACTION PLAN



**PRIORITIZATION
2020-2024
CONSOLIDATED
PLAN**

Categories of Need	Priority Level
Economic Development	High
Homelessness	High
Infrastructure Improvements	High
Rental Housing	High
Owner-Occupied Housing	High
Public Facilities	High
Non-Homeless Special Needs	Medium
Public Services	Medium

2023-2024 PROPOSED CDBG ACTION PLAN BUDGET

Project/Activity	FY 2023-2024 Proposed
1. Neighborhood Improvement Program	\$ 694,486
2. Planning and Administration	164,836
3. Public Services	123,627
Total	\$ 982,949

Project/Activity	FY 2023-2024 Proposed
1. Neighborhood Improvement Program	\$ 694,486
2. Administration	164,836
3. Senior Meals Program (**)	60,000
4. Domestic Violence Victim Advocate (**)	20,000
5. Careship (**)	5,000
6. Housing Rights Center	10,000
7. Senior Assistance Program (YWCA)	4,127
8. Action Food Pantry	5,000
9. ESGV Coalition for the Homeless	4,500
10. Shepherd's Pantry	5,000
11. Project 29:11 (Food Pantry)	5,000
12. Assistance League (Op School Bell)	5,000

PROPOSED FY 2023-2024 CDBG FUNDING

OPTIONS

The City Council has the following options:

- Approve staff's recommendation.
- Provide alternative direction.



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 16, 2023

TO: Mayor and City Council

FROM: David Carmany
City Manager

SUBJECT: CONSIDERATION OF SUMMARY OF INVESTIGATION AS REQUESTED BY THE CITY OF WEST COVINA IN THE MATTER OF: LAND ACKNOWLEDGMENT INCIDENT AT CENTENNIAL EVENT

RECOMMENDATION:

It is recommended that the City Council receive and file report regarding the land acknowledgment incident that occurred on February 18, 2023.

BACKGROUND:

During the February 21, 2023 City Council meeting, the City Council, directed the City Attorney to initiate a third party investigation regarding the land acknowledgment incident that occurred on Saturday, February 18, 2023 during the City's 100th Anniversary Centennial Spring Festival.

The City contracted with JL Group, LLC to investigate the incident.

DISCUSSION:

JL Group, LLC has completed its investigation and transmitted its report. The summary report is included as Attachment No. 1.

LEGAL REVIEW:

The City Attorney's Office has reviewed this agenda report.

Prepared by: David Carmany, City Manager

Attachments

Attachment No. 1 - Summary of Investigation

CITY COUNCIL GOALS & OBJECTIVES: Enhance City Image and Effectiveness



JL GROUP, LLC
WORKPLACE SOLUTIONS

SUMMARY of INVESTIGATION
as requested by the City of West Covina

IN THE MATTER OF:

*Land Acknowledgement Incident at Centennial Event
City of West Covina*

INVESTIGATED BY:

*Jeff Love, Esq.
Attorney Fact Finder*

*Jason C. Kravetz
Special Investigator*

May 8, 2023

TO: **THOMAS DUARTE**
City Attorney
City of West Covina

FROM: **JEFF LOVE**
Attorney at Law
JL Group, LLC

JASON KRAVETZ
Special Investigator
JL Group, LLC

SUBJECT: **SPECIAL INVESTIGATION**
Land Acknowledgement Incident at Centennial Event

SCOPE OF INVESTIGATION

The scope of this investigation was to determine the following:

- What are the facts surrounding the land acknowledgement incident on Saturday February 18, 2023, at the Centennial/Spring Festival Event?
- Who authorized the land acknowledgment to take place and how was it put onto the schedule?
- Was the City Council informed about the land acknowledgement in advance?
- Why didn't the acknowledgment take place?

EXECUTIVE SUMMARY

What are the facts surrounding the land acknowledgement incident on Saturday February 18, 2023, at the Centennial/Spring Festival Event.

Assistant City Manager Roxanne Lerma lead the efforts with organizing the Centennial Celebration/Spring Festival in February of 2023. The schedule and programs for the event were finalized and printed a week prior to the event.

The celebration started with a Centennial Dinner on Thursday February 16th which was attended by nearly 500 people. The following day, a three-day outdoor festival began in the downtown area. This festival included informational booths, non-profit organizations, food vendors, carnival rides and entertainment.

On the day the outdoor festival began, Councilmember Brian Tabatabai contacted Lerma to inquire about the inclusion of a local indigenous group in the Centennial/Spring Festival Event. Lerma asked clarifying questions about what he was proposing to which Tabatabai explained that local resident Jamie Rocha had reached out and offered to perform a land acknowledgement ceremony. He also stated Rocha was requesting booth space for her non-profit organization.

Although Rocha was not directed through proper channels to become a vendor or event participant, Lerma did what she could to accommodate Tabatabai's request.

Before moving forward, Lerma reached out to Rocha to ask about the ceremony and was told that it was a blessing by the Gabrielino Shoshone Tongva Kizh Native American Tribe to pay tribute to the land and animals.

Later the same evening, Lerma reached out to Rocha and offered time for the ceremony on Saturday at 6:30 PM. She also followed up with an offer for booth space after one of the scheduled participants cancelled. Rocha accepted both offers.

On Saturday evening, Rocha arrived near the main stage around 6:00 PM and met up with Councilmember Tabatabai.

Shortly thereafter, other council members convened, discussed the land acknowledgement, openly questioned, and expressed disapproval while debating the matter. Rocha overheard and participated in some of the discussions.

Eventually the Mayor gave the approval to move forward with the ceremony, but Rocha was uneasy about continuing and pulled out of the event entirely.

Who authorized the land acknowledgment to take place and how was it put onto the schedule?

As the event organizer, Assistant City Manager Roxanne Lerma had the authorization to approve the participation of Jamie Rocha.

Jamie Rocha was not on any of the pre-printed schedules as those were produced a week prior.

Was the City Council informed about the land acknowledgement in advance?

No. Councilmember Brian Tabatabai was aware the land acknowledgement ceremony was going to take place on Saturday evening as he was intending to participate. He showed up with his family and met with Ms. Rocha and her family prior to the event.

Councilmember Tabatabai did not inform any of the other council members as he didn't feel this was the type of situation where notifications needed to be made. He opined that councilmembers are not told in advance about specific religious denominations who perform invocations, and felt this was similar to that.

Assistant City Manager Lerma did not specifically notify councilmembers as she was tasked with running the Centennial/Spring Festival Event and minor details were not being pre-approved by councilmembers.

No other cultural, racial, ethnic, or religious portions of the event planning process had necessitated a pre-approval, so the inclusion of a Native American blessing wouldn't be any different.

Why didn't the acknowledgment take place?

Unexpectedly, Assistant City Manager Roxanne Lerma could not be present for the Saturday evening kickoff. In her place, she had Recreation Services Supervisor Vanessa Ibanez run the events for the day. Lerma briefed Ibanez and was in constant contact throughout the day.

On Saturday evening at approximately 6:15 PM, Ibanez made her way towards the main stage area and met with Jamie Rocha and Councilmember Tabatabai. Councilmember Wu approached and asked, “*What was going on?*” and “*Why was the council assembling near the stage?*” Ibanez replied that “*Brian was doing a land acknowledgement ceremony.*” This concerned Councilmember Wu as he immediately stated this was not the time or place for a political statement. He asked Ibanez “*Who approved this?*” and “*Why wasn’t the council told about this?*”

Ibanez immediately called Lerma and expressed Councilmember Wu’s concerns. This caused Lerma to call the City Manager to explain what was going on.

This was the first time the City Manager heard about the land acknowledgement ceremony. He stated these were details purposely not being run through him, because he entrusted Lerma to put the event together. Because of this delegation, he provided tacit approval to her event planning process and supported her decision to be inclusive with the land acknowledgement ceremony.

Over the next several minutes, the City Manager made calls to Councilmember Wu and to Mayor Diaz. Wu did not answer.

When Mayor Diaz answered, the City Manager inquired whether this was an event that he and his staff were supposed to be running. She agreed that it was a staff event, and said she would go over to the stage to see what was going on.

In the meantime, the City Manager texted all five councilmembers separately and said that he spoke with the Mayor, and that the land acknowledgement was approved by him and would be taking place.

When Mayor Diaz arrived near the stage, she met with Councilmembers Wu, Cantos and Tabatabai. All expressed their various opinions about the land acknowledgement and whether it should be taking place. Councilmember Wu said this was too political and shouldn’t be occurring at a celebratory event. Wu told the Mayor it was “*her decision to make,*” before walking away from the group and not returning.

The Mayor then asked Councilmember Tabatabai to read the statement he intended to make during the ceremony. Diaz and Cantos inquired about softening a portion to which Tabatabai agreed.

At this point, Rocha and her mother had already been watching and listening from a distance. They heard most of the back and forth between Diaz, Cantos, Tabatabai and sometimes Wu. They were also observing the body language of the participants.

After the councilmembers finished speaking, Mayor Diaz approached Jamie Rocha to ask about the process involved with the land acknowledgement blessing.

Rocha explained the ceremony, but also said she was aware that Councilmember Wu opposed the ceremony. Rocha commented that she was personally offended the ceremony was being deemed a political statement as she felt it marginalized indigenous people.

Diaz then compared Rocha's inclusion as if "[Rocha] was showing up at [Diaz's] quinceanera to celebrate her own 15th birthday."

Rocha became emotional from this comment, at which point Mayor Diaz told her to go ahead with the ceremony and that she approved of it. Rocha said she was too emotional to move forward as the ceremony is supposed to come from a place of peace and happiness and pulled herself from the event as well as from her booth.

Ninety minutes later, Rocha posted on Facebook. Within a day, the story had circulated through many other social media sites and a couple of the councilmembers were immediately branded as racists.

Comments:

This independent investigation found the following:

- Rocha was added at the very last minute after a councilmember requested an accommodation from Assistant City Manager Roxanne Lerma.
- Lerma was under no direction to obtain pre-approvals from the City Council for any of the performers, guests, or vendors for the event.
- Prior to planning this event, she was tasked with being diverse and inclusive for all cultural, racial, religious, and ethnic groups within West Covina and had already brought Chinese Dragon Dancers, Folklorico Performers, Filipino-American and Latin groups into the event.
- Only one councilmember was aware of the land acknowledgement prior to the event.
- Nothing found during the investigation indicated that the other councilmembers were required to be told in advance, but Lerma had planned on being there to facilitate the ceremony.
- Councilmember Tabatabai agreed to alter the land acknowledgement statement after discussing it with Mayor Diaz and Councilmember Cantos.
- Ultimately, Jamie Rocha was given permission by the Mayor to perform the ceremony, but too much back and forth about her inclusion tainted her opinion about the invitation and she declined.
- This independent investigation found no evidence that the discussions or decisions were based upon any implicit bias or overt discrimination against Jamie Rocha or her tribe.

- Two councilmembers voiced concerns that the City Manager told them he approved of the ceremony, but then allegedly told them he was unaware of it during an agenda meeting the following Tuesday. The investigation determined this was a “play on words” as the City Manager “approved” because he gave direction to the Assistant City Manager to plan the event. He had the trust that Lerma would put together a great three-day festival. He “officially” became aware when Lerma called him on Saturday evening to tell him what was happening.

METHODOLOGY

This investigation involved the review of documents, emails, as well as conducting interviews with City of West Covina employees, elected officials and private citizens. Once factual evidence was developed, the various statements of the witnesses were compared and contrasted with one another, as well as other evidence, and determinations of credibility were established.

Once credibility was established along with a factual framework of the alleged events, conclusions were formed based on the greater weight of the credible evidence. For the purpose of findings, direct and circumstantial evidence may be given equal weight. The investigation also involved:

- A. Reviewing applicable City policies;
- B. Reviewing applicable City documents, including any related investigatory records and emails;
- C. Interviewing witnesses;
- D. Following up on other evidentiary leads.
- E. Reviewing all City Council meetings and Agendas between February-March 2023.

INVESTIGATIVE STRATEGY

The strategy of this investigation was to determine the circumstances centering around the invitation for Jamie Rocha to conduct a land acknowledgement ceremony, and the reasons why it didn't take place.

This investigator determined that the best practice would be to obtain relevant documents, and then to conduct interviews with relevant witnesses to determine, based on the greater weight of the credible evidence, what factually occurred.

SOURCE OF THE COMPLAINT

- A. Rosario Diaz (She requested this independent investigation.)
Mayor
City of West Covina

WITNESSES

- B. Jamie Rocha
Resident/Student/Non-Profit Employee
City of West Covina
- C. Eileen Rocha
Jamie Rocha's Mother
West Covina Resident
- D. Phil Perez
DJ for Centennial Event/Spring Festival
West Covina Resident
- E. Roxanne Lerma
Assistant City Manager
City of West Covina
- F. Vanessa Ibanez
Recreation Services Supervisor
City of West Covina
- G. David Carmany
City Manager
City of West Covina
- H. Letty Lopez-Viado
Councilmember
City of West Covina
- I. Ollie Cantos
Councilmember
City of West Covina
- J. Brian Tabatabai
Mayor Pro-Tem
City of West Covina

K. Celenia Calderon
Councilmember Tabatabai's Spouse/Educator
West Covina Resident

L. Tony Wu
Councilmember
City of West Covina

CREDIBILITY OF THE WITNESSES

The analysis of the credibility of the witnesses is an important aspect of a fact-finding investigation. As an accepted rule of evidence, a fact finder can disregard the statements of a witness who has been found to have provided false or unreliable information during their testimony in a matter. Those witnesses' statements can be disregarded in their entirety and not believed unless there is compelling evidence to conclude that individual statements otherwise are true.¹

Concerning the witnesses' statements, this fact finder considered:

- A. The witness' demeanor while providing a statement and the manner in which they provided the statement.
- B. The character of the witness' statement.
- C. The extent of the witness' capacity to perceive, to recollect, or to communicate any matter about which they gave a statement.
- D. The extent of the witness' opportunity to perceive any matter about which he/she gave a statement.
- E. The witness' character for honesty or veracity or their opposites.
- F. The existence or nonexistence of a bias, interest, or other motive.
- G. A statement previously made by the witness that is consistent with their statement during the fact-finding investigation.
- H. A statement made by the witness that is inconsistent with any part of their statement during the fact-finding investigation.
- I. The existence or nonexistence of any fact given in statements by the witness.
- J. The witness' attitude toward the fact-finding investigation in which they gave a statement or toward the giving of a statement.

¹ See *California Civil Jury Instruction* Section 5003.

Credibility Discussion

All the involved parties were found to be credible witnesses in this investigation. Each provided their version of events, as perceived, and were forthcoming about what they witnessed.