



Mayor Mario F. Hernández  
Mayor Pro Tem Brenda Esqueda  
Councilmember Maribel De La Torre  
Councilmember Sylvia Ballin  
Councilmember Antonio Lopez  
City Administrator  
Al Hernández

## SAN FERNANDO CITY COUNCIL

### AGENDA

**FEBRUARY 6, 2012 – 6:00 PM**

**COUNCIL CHAMBERS  
117 MACNEIL STREET  
SAN FERNANDO, CA 91340**

#### **Addendum No. 1**

**Moved:** Item No. 6 to New Business  
**Added:** Closed Session – Item C

### CALL TO ORDER/ROLL CALL

### PLEDGE OF ALLEGIANCE

Mayor Mario F. Hernández

### PRESENTATION

- a) ECE FIRST 5 LA HIGH SCHOOL RECRUITMENT PROGRAM
- b) AIR QUALITY UPDATES WITH EMPHASIS ON AIR QUALITY MANAGEMENT DISTRICT (AQMD) FUNDING PROGRAMS – MICHAEL CACCIOTTI, AQMD BOARD MEMBER

### APPROVAL OF AGENDA

### PUBLIC STATEMENTS – WRITTEN/ORAL

There will be a three (3) minute limitation per each member of the audience who wishes to make comments in order to provide a full opportunity to every person who desires to address the City Council.

### CONSENT CALENDAR

Items on the Consent Calendar are considered routine and may be disposed of by a single motion to adopt staff recommendation. If the City Council wishes to discuss any item, it should first be removed from the Consent Calendar.

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1) **APPROVAL OF MINUTES OF JANUARY 17, 2012 – REGULAR MEETING**

2) **APPROVAL OF WARRANT REGISTER NO 12-021**

3) **FINANCIAL STATEMENTS – NOVEMBER AND DECEMBER 2011**

Recommend that the City Council receive and file the Financial Statements for November and December 2011.

4) **ANNUAL INVESTMENT POLICY**

Recommend that the City Council approve the annual Investment Policy.

5) **RESOLUTION AUTHORIZING CITY TREASURER AND DEPUTY CITY TREASURER TO INVEST SURPLUS FUNDS**

Recommend that the City Council adopt a Resolution authorizing the City Treasurer and Deputy City Treasurer to Invest Surplus Funds.

**NEW BUSINESS**

6) **APPROVAL OF NEW TROLLEY ROUTE**

Recommend that the City Council approve a new Trolley Route.

7) **APPROVAL OF FACILITY USE AND TRANSPORTATION AGREEMENT, INCLUDING FEE DEFERRAL, WITH VALLEY REGIONAL HIGH SCHOOL NO. 5**

Recommend that the City Council approve a Facility Use and Transportation Agreement substantially in the form attached to the agenda report, which would:

- a. Authorize the swim team from Valley Regional High School No. 5 to use the San Fernando Regional Pool Facility for swim practices;
- b. Provide for the City to authorize First Transit to make available a trolley to transport the swim team from Valley Regional High School No. 5 to the San Fernando Regional Pool Facility; and
- c. Defer payment of the fees for use of the San Fernando Regional Pool Facility and allow them to be credited to the City and applied to charges that will be incurred by the City in a pending reciprocal-use agreement.



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**8) CALIFORNIA SUSTAINABLE COMMUNITIES PLANNING GRANT APPLICATION**

Recommend that the City Council adopt a Resolution supporting the City's application to the State of California Strategic Growth Council's Sustainable Communities Planning Grant and Incentive Program for a grant to complete a comprehensive General Plan and Zoning Code update.

CONTINUED BUSINESS

**9) DISSOLVING STANDING COMMITTEES – PROS/CONS**

Recommend that the City Council consider the following options and direct staff accordingly:

- a. Option No. 1 - Reschedule all Standing Meetings to be quarterly or semi-annually; special meetings may be scheduled to address issues as they arise; and/or
- b. Option No. 2 - Staff Liaison to post special meeting agendas 48 hours in advance (State law requires 24 hours); and/or
- c. Option No. 3 - Staff Liaison to prepare a summary of actions (bullet points) of items that are considered by each Standing Committee which will be submitted to the Chair to provide an update at the next regular City Council meeting; and/or
- d. Option No. 4 - Continue conducting Standing Committee meetings as currently scheduled.

PUBLIC HEARINGS

**10) PUBLIC HEARING TO INCREASE WATER RATE**

Recommend that the City Council:

- a. Hear a staff presentation pertaining to the Proposed Increase;
- b. Open the Public Hearings and receive any public comment on this item;
- c. Receive all written communications regarding the Proposed Increase; and
- d. Pending public testimony, if protests received do not represent a majority (2,458), adopt Ordinance No. 1610 "An Ordinance of the City of San



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Fernando Amending Division 3 of the Article III of Chapter 94 of the San Fernando City Code Relating to Water Utility Service Charges”.

**11) PUBLIC HEARING TO INCREASE SEWER RATE**

Recommend that the City Council:

- a. Hear a staff presentation pertaining to the Proposed Increase;
- b. Open the Public Hearings and receive any public comment on this item;
- c. Receive all written communications regarding the Proposed Increase; and
- d. Adopt Ordinance No. 1611 “An Ordinance of the City of San Fernando Amending Division 2 of Article II of Chapter 94 of the San Fernando City Code Relating to Sewers and Sewer Disposal Utility Service Charges”.

**CITY COUNCIL ITEMS**

**12) MOTION TO CENSURE MAYOR HERNÁNDEZ FOR CONDUCT DURING THE MEETING OF NOVEMBER 21, 2011**

This item is placed on the agenda by Councilmember Sylvia Ballin.

**13) REMOVE COUNCILMEMBER HERNÁNDEZ AS MAYOR AND ELECT COUNCILMEMBER LOPEZ AS MAYOR**

This item is placed on the agenda by Councilmember Sylvia Ballin.

**14) MOTION TO CENSURE COUNCILMEMBER BALLIN**

This item is placed on the agenda by Mayor Mario Hernández.

**15) TERMINATION OF CITY ADMINISTRATOR’S EMPLOYMENT AGREEMENT**

This item is placed on the agenda by Councilmember Sylvia Ballin.





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STANDING COMMITTEE UPDATES

- No. 1 Budget, Personnel and Finance (BPF)  
*Chair Mario F. Hernández*
- No. 2 Housing, Community & Economic Development and Parking (HCEP)  
*Chair Maribel De La Torre*
- No. 3 Natural Resources, Infrastructure, Water, Energy and Waste Management (NRIW)  
*Chair Sylvia Ballin*
- No. 4 Public Safety, Veteran Affairs, Technology and Transportation (PVTT)  
*Chair Antonio Lopez*
- No. 5 Education, Parks, Arts, Health and Aging (EPAH)  
*Chair Brenda Esqueda*

GENERAL COUNCIL COMMENTS

STAFF COMMUNICATION

CLOSED SESSION

- A) PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
G.C. 54957
- Title: City Administrator
- B) PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE  
G.C. 54957
- (Two Positions)
- C) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
G.C. 54956.9(a)
- Name of Case: Barajas v. City of San Fernando, et al  
Case No.: BC 459915

ADJOURNMENT



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*I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the City Hall bulletin board not less than 72 hours prior to the meeting.*

*Elena G. Chávez, City Clerk*

*Signed and Posted: February 3, 2012 (12:00 p.m.)*

*Agendas and complete Agenda Packets (including staff reports and exhibits related to each item) are posted on the City's Internet Web site ([www.sfcity.org](http://www.sfcity.org)). These are also available for public reviewing prior to a meeting in the City Clerk's Office.*

*Any public writings distributed by the City Council to at least a majority of the Councilmembers regarding any item on this regular meeting agenda will also be made available at the City Clerk's Office at City Hall located at 117 Macneil Street, San Fernando, CA, 91340 during normal business hours. In addition, the City may also post such documents on the City's Web Site at [www.sfcity.org](http://www.sfcity.org).*

*In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification/accommodation to attend or participate in this meeting, including auxiliary aids or services please call the City Clerk's Office at (818) 898-1204 at least 48 hours prior to the meeting.*



# **San Fernando City Council**









**SAN FERNANDO CITY COUNCIL  
MINUTES**

**JANUARY 17, 2012 – 6:00 P.M.  
REGULAR MEETING**

City Hall Council Chambers  
117 Macneil Street  
San Fernando, CA 91340

**CALL TO ORDER/ROLL CALL**

Mayor Mario F. Hernández called the meeting to order at 6:20 p.m.

Present:

Council: Mayor Mario F. Hernández, Mayor Pro Tem Brenda Esqueda,  
Councilmembers Sylvia Ballin, Maribel De La Torre, and Antonio Lopez

Staff: City Administrator Al Hernández, City Attorney Michael Estrada, and  
City Clerk Elena G. Chávez

**PLEDGE OF ALLEGIANCE**

Mayor Hernández

**APPROVAL OF AGENDA**

Motion by Councilmember De La Torre, seconded by Councilmember Ballin, to approve the agenda. By consensus, the motion carried.

**PUBLIC STATEMENTS – WRITTEN/ORAL**

Mike Majers (resident and business owner) said that businesses refused to donate toward the City's Centennial because of what's going on, there is a high vacancy rate in the City, the Redevelopment Agency is losing money, and the pool is a joke. He said City Council should take notice and do the right thing.

Dee Akemon (resident) said that the City Council majority was asked to step down, she is embarrassed by questions asked wherever she goes, at one time or another has voted for each Councilmember, and would like to see them voluntarily step down and not spend money on a recall election.

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Jesse Avila (resident) in response to his question regarding the proposed water and sewer rate increases; he was referred to the City Clerk and the Public Works Director.

Linda Jauron (resident) reported that a list of demands had been presented to City Council and a recall committee has been formed. She said there has been a lack of focus by certain Councilmembers (decisions have been questionable) and urged the City Council majority to save the City from any more embarrassment and resign.

Jose Diaz stated that he had been falsely arrested by Officer Marshall Mack and that he (Officer Mack) is yet to be disciplined. He said that information he and his supporters mailed to San Fernando Police officers was stolen and he's requesting a third-party independent investigation regarding the matter (he provided Mayor Hernández a packet of information).

Carolina Perez (resident) said it has been shameful that San Fernando is everywhere in the media, she has volunteered for San Fernando schools and parks, and if there is a recall, she will be working even harder.

Patty Lopez (resident) said that Councilmember De La Torre has brought shame to the City and it was time for her to go while she still has some dignity.

Julian Ruelas (resident) said that his coworkers think San Fernando is a joke and no one in the real estate world will look at our City. He said that people need to change and do the right thing so that the City can move forward.

Samuel Beltran said that he visited his nephew in Seattle, Washington who asked him if it was true what is going on in San Fernando. He asked that certain Councilmembers to do the right thing and step down with pride and dignity.

Antonio Adame (resident) talked about a recent incident regarding problems with neighbors in which Mayor Pro Tem Esqueda and Police Sgt. Alvaro Castellon assisted his family. He said that people need to wake up (the recall is a joke), not worry about gossip; instead worry about the corruption at the Police Department.

Florita Hernández said that San Fernando Police officers arrested and beat up her son (he was unarmed and not on drugs).

Ray Esparza, Santa Rosa Baseball League, said it is difficult to run a league without a snack bar, and would like more information regarding options (said that he is aware this item is on the agenda for discussion).

**SAN FERNANDO CITY COUNCIL****MINUTES – January 17, 2012****Page 3****CONSENT CALENDAR**

Councilmember De La Torre removed Item No. 3, and Councilmember Ballin removed Item No. 1 (November 21, 2011 minutes) for further discussion.

Motion by Councilmember De La Torre, seconded by Councilmember Ballin, to approve the remaining Consent Calendar Items:

- 2) APPROVAL OF WARRANT REGISTER NO'S 11-122, 12-011, AND 12-012
- 4) RESOLUTION PURSUANT TO ASSEMBLY BILL 936 CONCERNING FORGIVENESS OF LOANS, ADVANCES, OR OTHER INDEBTEDNESS

By consensus, the motion carried.

**Items Removed for Further Discussion:**

- 1) APPROVAL OF MINUTES OF:
  - a) NOVEMBER 21, 2011 – REGULAR MEETING
  - b) DECEMBER 5, 2011 – REGULAR MEETING
  - c) DECEMBER 19, 2011 – SPECIAL MEETING

Councilmember Ballin asked for an update regarding a comment in the November 21, 2011 minutes by Mayor Hernández. Police Lt. Eley said that he did not receive the information from Mayor Hernández (regarding a complaint about parking citations) but he did remind his rank and file of the “do’s and don’ts”.

In response to Councilmember Ballin’s question, Mayor Hernández said he would provide her the information regarding the person that made the complaint.

Motion by Councilmember Ballin, seconded by Mayor Pro Tem Esqueda, to approve Consent Calendar Item No. 1. By consensus, the motion carried.

- 3) RESOLUTION ADOPTING PROCEDURES IN CONNECTION WITH PROPOSED INCREASES TO UTILITY SERVICE CHARGES

Councilmember De La Torre provided contact information for the City Clerk’s office and Public Works Direct Ron Ruiz briefly explained the procedure regarding the proposed increases.

Motion by Councilmember De La Torre, seconded by Councilmember Ballin, to adopt a Resolution adopting procedures in connection with proposed increases to utility service charges. By consensus, the motion carried.

**SAN FERNANDO CITY COUNCIL****MINUTES – January 17, 2012****Page 4****NEW BUSINESS****5) J. P. MORGAN CHASE BANK, N. A. BANKING LOAN PROPOSAL TO REFINANCE THE NITRATE REMOVAL SYSTEM LOAN**

City Administrator Hernández presented the staff report and responded to questions from Councilmembers.

Motion by Councilmember De la Torre, seconded by Councilmember Ballin, to:

- a) Authorize the City Administrator and City Attorney to negotiate with J. P. Morgan Chase Bank, N. A. (Chase) to determine the terms of a financing arrangement to refinance the Envirogen Technologies, Inc. lease for the Nitrate Removal System; and
- b) Direct the City Administrator to schedule final approval of the financing arrangement with Chase for a future City Council meeting.

By consensus, the motion carried.

**6) MID YEAR PROGRESS REPORT ON CITY PRIORITIES**

City Administrator Hernández presented the staff report.

Motion by Councilmember De La Torre, seconded by Councilmember Ballin, to receive and file the Mid Year Progress Report on the Fiscal Year (FY) 2011-12 Priorities. By consensus, the motion carried.

**CONTINUED BUSINESS****7) UPDATE ON AB X1 26 AND AB X1 27 AND CALIFORNIA SUPREME COURT OPINION**

City Administrator Hernández presented the staff report.

Motion by Councilmember De La Torre, seconded by Councilmember Lopez, to receive and file the update on AB X1 26 and AB X1 27. By consensus, the motion carried.

**8) CONCESSION STANDS UPDATE**

Recreation and Community Services Operations Manager Ismael Aguila presented the staff report and responded to questions from Councilmembers.

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Discussion ensued regarding the leagues' budgets, revenues vs. costs, retrofitting the snack bars (bring them up to code) and making certain that health code requirements are met. It was suggested that staff continue to work with the leagues and, whenever necessary, place this item back on the agenda.

Motion by Councilmember De La Torre, seconded by Councilmember Lopez, to receive and file the update on the City's park concession stands. By consensus the motion carried.

**CITY COUNCIL ITEMS****8) DISSOLVE STANDING COMMITTEES**

Discussion ensued regarding ad hoc committees vs. standing committees.

Motion by Mayor Hernández, seconded by Councilmember Lopez, to table this until the next meeting (staff to provide the pros and cons). By consensus, the motion carried.

**STANDING COMMITTEE UPDATES****No. 1 Budget, Personnel and Finance (BPF)**

Mayor Hernández – no updates.

**No. 2 Housing, Community & Economic Development and Parking (HCEP)**

Councilmember De La Torre – City Planner Fred Ramirez gave updates regarding the Lopez-Villegas house, Sustainable Communities Initiative and Planning Grant process, and the smoking ban ordinance.

**No. 3 Natural Resources, Infrastructure, Water, Energy and Waste Management (NRIW)**

Councilmember Ballin – Public Works Director Ruiz gave an update regarding the refuse procurement process (approximately four months behind). Councilmember De La Torre suggested the need to proceed with a consultant (by consensus, this item would be agendaized for the next meeting).

**No. 4 Public Safety, Veteran Affairs, Technology and Transportation (PVTT)**

Councilmember Lopez – Public Works Director Ruiz said the committee talked about replacing bus shelters (grant funds only cover specific bus shelters that relate to the trolleys) and structured

**SAN FERNANDO CITY COUNCIL****MINUTES – January 17, 2012****Page 6**

fees for advertising in trolleys. PVT members requested to change their meeting date to the third Thursday of the month.

No. 5 Education, Parks, Arts, Health and Aging (EPAH)

Mayor Pro Tem Esqueda – reported there will be an upcoming meeting will be to discuss Skate Plaza and Snack Bars.

**GENERAL COUNCIL COMMENTS**

Councilmember Lopez: 1) thanked residents; 2) said we have a great community that has lots to offer; 3) said he too has suffered in his profession due to things happening in the City; and 4) said it's time to set aside personal issues, be respectful of each other, and move forward.

Councilmember Ballin read a prepared statement expressing various concerns including Mayor Hernández' comments and actions during the meeting of November 21, 2011. She said that if the City Council does not publicly take a position, they are complicit. She believes that City Council must take proactive steps to begin the process of healing and restoring the public's confidence in its leadership.

Motion by Councilmember Ballin, seconded by Councilmember Lopez, to censure Mayor Hernández for his conduct during the meeting of November 21, 2011.

In response to Councilmember Ballin's question, City Atty. Estrada agreed that the Mayor Pro Tem should run this portion of the meeting (since this motion pertains to the Mayor).

City Atty. Estrada requested a recess to look into whether this special motion was in order.

Councilmember Ballin continued to read her statement.

Motion by Councilmember Ballin, seconded by Councilmember Lopez, to relieve Mayor Hernandez from his duties as presiding officer of the City Council.

Motion by Councilmember Ballin, seconded by Councilmember Lopez, to nominate Councilmember Lopez to serve as Mayor of San Fernando.

City Atty. Estrada reported that the last two motions must be agendized (the safest answer would be to agendize all three of the motions at the next council meeting). Again, he requested a brief recess to look into Roberts Rules of Order.

Motion by Councilmember De La Torre to agendize all three items on the next meeting agenda (no recess). The motion was not seconded.



**SAN FERNANDO CITY COUNCIL****MINUTES – January 17, 2012****Page 7****RECESS (8:07 P.M.)****RECONVENE (8:16 P.M.)**

City Atty. Estrada reported that his colleagues advised him that the person being censured is entitled to due process. Therefore, he concluded that the matter can not be considered tonight; it would need to be noticed at a subsequent City Council meeting.

Councilmember Ballin requested that her three motions be agendized for the next meeting.

Mayor Pro Tem Esqueda turned the meeting over to Mayor Hernández.

Mayor Pro Tem Esqueda (addressing the community and residents) said we have had stormy days but the rain can't last forever and she wants to move this community forward instead of divided.

Mayor Hernández said that Councilmember Ballin is making false accusations and broad assumptions and wants to set the record straight. He has done a great job as Mayor and wants to make a motion to censure Councilmember Ballin's comments (to be agendized for the next agenda).

**STAFF COMMUNICATIONS**

None.

**RECESS TO CLOSED SESSION (8:23 P.M.)**

By consensus, Councilmembers recessed to the following Closed Session, thereafter to adjourn.

*Mayor Pro Tem Esqueda and Councilmember Ballin did not attend the Closed Session.*

- A) PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
G.C. 54957

Title: City Administrator

No reportable action.

*I do hereby certify that the foregoing is a true and correct copy of the minutes of January 17, 2012 meeting as approved by the San Fernando City Council.*

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*Elena G. Chávez*  
City Clerk







**FINANCE DEPARTMENT****MEMORANDUM**

**TO:** Mayor Mario F. Hernández and Councilmembers

**FROM:** Al Hernández, City Administrator/Deputy Finance Director

**DATE:** February 6, 2012

**SUBJECT:** Warrant Register

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**RECOMMENDATION:**

It is recommended that the City Council approve the attached Warrant Register.

**BACKGROUND:**

For each City Council meeting the Finance Department prepares a Warrant Register for Council approval. The Register includes all recommended payments for the City and the Successor Agency to the San Fernando Redevelopment Agency. The Agency warrants are also reflected on the Agency Consent Calendar to reimburse the City for expenses included on the City's Register. Checks, other than handwritten checks, generally are not released until after the Council approves the Register. The exceptions are for early releases to avoid penalties and interest, excessive delays and in all other circumstances favorable to the City to do so. Handwritten checks are those payments required to be issued between Council meetings such as insurance premiums and tax deposits. Staff reviews requests for expenditures for budgetary approval and then prepares a Warrant Register for Council approval and or ratification. Items such as payroll withholding tax deposits do not require budget approval.

The Deputy Finance Director hereby certifies that all requests for expenditures have been signed by the department head, or designee, receiving the merchandise or services thereby stating that the items or services have been received and that the resulting expenditure is appropriate. The Deputy Finance Director hereby certifies that each warrant has been reviewed for completeness and that sufficient funds are available for payment of the warrant register.

**ATTACHMENT:**

A. Warrant Register Resolution

**ATTACHMENT "A"****RESOLUTION NO. 12-021****RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
SAN FERNANDO ALLOWING AND APPROVING FOR  
PAYMENT DEMANDS PRESENTED ON DEMAND/  
WARRANT REGISTER NO. 12-021****THE CITY COUNCIL OF THE CITY OF SAN FERNANDO DOES HEREBY  
RESOLVE, FIND, DETERMINE AND ORDER AS FOLLOWS:**

1. That the demands (EXHIBIT "A") as presented, having been duly audited, for completeness, are hereby allowed and approved for payment in the amounts as shown to designated payees and charged to the appropriate funds as indicated.

2. That the City Clerk shall certify to the adoption of this Resolution and deliver it to the City Treasurer.

**PASSED, APPROVED, AND ADOPTED** this 6<sup>th</sup> day of February, 2012.

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Mario F. Hernández, Mayor

**ATTEST:**

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Elena G. Chávez, City Clerk

**STATE OF CALIFORNIA            )**  
**COUNTY OF LOS ANGELES    ) ss**  
**CITY OF SAN FERNANDO       )**

**I HEREBY CERTIFY** that the foregoing Resolution was approved and adopted at a regular meeting of the City Council held on the 6<sup>th</sup> day of February, 2012, by the following vote to wit:

**AYES:**

**NOES:**

**ABSENT:**

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Elena G. Chávez, City Clerk



**EXHIBIT "A"**

vchlist

Voucher List

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02/02/2012 9:11:39AM

CITY OF SAN FERNANDO

Bank code : bank

| Voucher | Date     | Vendor                      | Invoice | PO # | Description/Account  | Amount                                   |
|---------|----------|-----------------------------|---------|------|--|--|
| 97128   | 2/6/2012 | 100067 ADVANCE DIRECT MAIL  | 10612   |      | UTILITY BILLING MAILING SERVICES -<br>70-382-0000-4300<br>72-360-0000-4300<br>73-350-0000-4300                     | 90.38<br>90.38<br>90.37                  |
|         |          |                             |         |      | <b>Total :</b>   | <b>271.13</b>                            |
| 97129   | 2/6/2012 | 100074 AEGIS COMPUTERS INC. | 207816  |      | COMP MAINT - 11/01 - 11/04 (38HRS)<br>01-190-0105-4260<br>01-190-0241-4260<br>01-222-0000-4260                     | 65.00<br>1,950.00<br>455.00              |
|         |          |                             | 207817  |      | COMP MAINT - 11/07 - 11/12 (53HRS)<br>01-190-0105-4260<br>01-190-0241-4260<br>01-190-0420-4260<br>01-222-0000-4260 | 130.00<br>2,047.50<br>162.50<br>1,105.00 |
|         |          |                             | 207818  |      | COMP MAINT - 11/14 - 11/18 (49.50HRS)<br>01-190-0241-4260<br>01-190-0420-4260<br>01-222-0000-4260                  | 2,437.50<br>195.00<br>585.00             |
|         |          |                             | 207819  |      | COMP MAINT - 11/21 - 11/23 (35HRS)<br>01-190-0241-4260<br>01-190-0420-4260<br>01-222-0000-4260                     | 1,235.00<br>65.00<br>975.00              |
|         |          |                             | 207820  |      | COMP MAINT - 11/28 - 12/02 (39.50HRS)<br>01-190-0241-4260<br>01-190-0420-4260<br>01-222-0000-4260                  | 1,787.50<br>65.00<br>715.00              |
|         |          |                             | 207821  |      | WEB DESIGN/SUPPORT & WEBSITE SE<br>01-190-0241-4260  | 930.00                                   |
|         |          |                             | 207822  |      | COMP MAINT - 12/05 - 12/09 (47HRS)<br>01-190-0241-4260<br>01-190-0420-4260<br>01-222-0000-4260                     | 2,665.00<br>130.00<br>260.00             |
|         |          |                             | 207827  |      | NETWORK UPDATE - PD DEPLOYED R<br>01-222-0000-4260   | 1,105.00                                 |

Page: 1

vchlist

Voucher List

Page: 2

02/02/2012 9:11:39AM

CITY OF SAN FERNANDO

Bank code : bank

| Voucher | Date     | Vendor                                       | Invoice       | PO # | Description/Account   | Amount   |
|---------|----------|--|---------------|------|---|--|
| 97129   | 2/6/2012 | 100074 100074 AEGIS COMPUTERS INC.           | (Continued)   |      | <b>Total :</b>  | <b>19,065.00</b>                                   |
| 97130   | 2/6/2012 | 100101 VERIZON WIRELESS-LA                   | 460851202     |      | PD CELL PHONES<br>01-222-0000-4220<br>10-220-3641-4220  | 222.54<br>33.34                                    |
|         |          |  | 561407019     |      | CITY YARD CELL PHONE & USB MODE<br>70-384-0000-4220<br>01-390-0410-4220<br>01-320-0000-4220<br>72-360-0000-4220                             | 57.04<br>6.28<br>6.28<br>0.42                      |
|         |          |  | 660629692     |      | VARIOUS CELL PHONES<br>01-106-0000-4220<br>70-384-0000-4220   | 31.46<br>21.15                                     |
|         |          |  | 870422920     |      | PD CELL PHONES AND MDT MODEMS<br>01-222-0000-4220   | 1,162.12   |
|         |          |  | 970459610     |      | VARIOUS CELL PHONES<br>01-310-0000-4220<br>72-360-0000-4220<br>01-105-0000-4220<br>01-101-0113-4220<br>01-101-0101-4220<br>01-101-0111-4220 | 56.82<br>16.41<br>41.44<br>105.60<br>39.79<br>6.16 |
|         |          |  |               |      | <b>Total :</b>  | <b>1,806.85</b>                                    |
| 97131   | 2/6/2012 | 100222 ARROYO BUILDING MATERIALS, INC        | 84416         |      | SIDEWALK REPAIR - 800 N MACLAY FC<br>70-383-0000-4260   | 115.34   |
|         |          |  |               |      | <b>Total :</b>  | <b>115.34</b>                                      |
| 97132   | 2/6/2012 | 100532 STATE OF CALIFORNIA, DEPARTMENT OF JU | 883148        |      | EMPLOYEE SCREENING FINGERPRINT<br>01-106-0000-4270  | 32.00  |
|         |          |  | 885972        |      | LIVESCAN FINGERPRINTING - DEC 201<br>01-222-0000-4260   | 4,198.00   |
|         |          |  |               |      | <b>Total :</b>  | <b>4,230.00</b>                                    |
| 97133   | 2/6/2012 | 100713 CITY OF GLENDALE                      | GLN0000004816 |      | WATERMASTER COST SHARE AGREEI<br>70-381-0000-4260   | 4,058.69   |
|         |          |  |               |      | <b>Total :</b>  | <b>4,058.69</b>                                    |

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| Bank code :                     |          | bank                                 |            |      |                                     |                 |
| Voucher                         | Date     | Vendor                               | Invoice    | PO # | Description/Account                 | Amount          |
| 97134                           | 2/6/2012 | 100735 COASTAL AIR                   | 13938      |      | MOTOR FOR POOL BUILDING A/C UNIT    |                 |
|                                 |          |                                      | C2405      |      | 01-430-0000-4330                    | 735.00          |
|                                 |          |                                      | C2407      |      | A/C PREVENTION MAINT @ POOL BUIL    |                 |
|                                 |          |                                      | C2408      |      | 01-430-0000-4260                    | 585.00          |
|                                 |          |                                      | C2409      |      | A/C PREVENTION MAINT @ 501 FIRST    |                 |
|                                 |          |                                      | C2410      |      | 70-381-0450-4260                    | 178.00          |
|                                 |          |                                      | C2411      |      | A/C PREVENTION MAINT @ 1211 FIRS1   |                 |
|                                 |          |                                      | C2412      |      | 01-390-0456-4260                    | 89.00           |
|                                 |          |                                      |            |      | A/C PREVENTION MAINT @ 120 MACNI    |                 |
|                                 |          |                                      |            |      | 70-381-0450-4260                    | 325.00          |
|                                 |          |                                      |            |      | A/C PREVENTION MAINT @ 519 BRANC    |                 |
|                                 |          |                                      |            |      | 01-390-0457-4260                    | 85.00           |
|                                 |          |                                      |            |      | A/C MAINTENANCE @ LP PARK           |                 |
|                                 |          |                                      |            |      | 01-390-0460-4260                    | 565.00          |
|                                 |          |                                      |            |      | A/C PREVENTION MAINT @ REC PARK     |                 |
|                                 |          |                                      |            |      | 01-390-0410-4260                    | 386.00          |
|                                 |          |                                      |            |      | <b>Total :</b>                      | <b>2,948.00</b> |
| 97135                           | 2/6/2012 | 100886 DAILY NEWS                    | 0010069952 |      | PUBLICATION OF ORDINANCE 1609       |                 |
|                                 |          |                                      |            |      | 01-150-0000-4230                    | 401.60          |
|                                 |          |                                      |            |      | <b>Total :</b>                      | <b>401.60</b>   |
| 97136                           | 2/6/2012 | 100894 DAPPER TIRE COMPANY INC.      | 427594     |      | TIRES FOR FLEET                     |                 |
|                                 |          |                                      |            |      | 01-1215                             | 1,619.36        |
|                                 |          |                                      |            |      | <b>Total :</b>                      | <b>1,619.36</b> |
| 97137                           | 2/6/2012 | 100961 WHITE NELSON DIEHL EVANS LLP  | 121680     |      | 4TH INTERIM BILLING - CITY'S FINANC |                 |
|                                 |          |                                      | 121681     |      | 01-130-0000-4270                    | 5,000.00        |
|                                 |          |                                      |            |      | FINAL BILLING - REDEVELOPMENT AG    |                 |
|                                 |          |                                      |            |      | 94-190-0000-4270                    | 2,170.00        |
|                                 |          |                                      |            |      | <b>Total :</b>                      | <b>7,170.00</b> |
| 97138                           | 2/6/2012 | 101089 ESCOBAR, MARCO                | 011912     |      | L P SENIOR PETTY CASH REIMB.        |                 |
|                                 |          |                                      | 011912     |      | 04-2380                             | 190.70          |
|                                 |          |                                      | 012012     |      | L P SENIOR PETTY CASH REIMB.        |                 |
|                                 |          |                                      |            |      | 04-2380                             | 70.49           |
|                                 |          |                                      |            |      | L P SENIOR PETTY CASH REIMB.        |                 |
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| Voucher                         | Date     | Vendor                               | Invoice     | PO # | Description/Account             | Amount          |
| 97138                           | 2/6/2012 | 101089 ESCOBAR, MARCO                | (Continued) |      |                                 |                 |
|                                 |          |                                      | 012412      |      | 04-2380                         | 96.97           |
|                                 |          |                                      |             |      | L P SENIOR PETTY CASH REIMB.    |                 |
|                                 |          |                                      |             |      | 04-2380                         | 82.59           |
|                                 |          |                                      |             |      | <b>Total :</b>                  | <b>440.75</b>   |
| 97139                           | 2/6/2012 | 101140 FAR WEST CHARTERS             | 031112      |      | BALANCE DUE ON LAUGHLIN TRIP ON |                 |
|                                 |          |                                      |             |      | 04-2380                         | 4,708.00        |
|                                 |          |                                      |             |      | <b>Total :</b>                  | <b>4,708.00</b> |
| 97140                           | 2/6/2012 | 101147 FEDEX                         | 7-750-34484 |      | POSTAGE                         |                 |
|                                 |          |                                      |             |      | 01-190-0000-4280                | 122.15          |
|                                 |          |                                      |             |      | <b>Total :</b>                  | <b>122.15</b>   |
| 97141                           | 2/6/2012 | 101302 VERIZON                       | 8181811070  |      | POLICE PAGING                   |                 |
|                                 |          |                                      | 8181811075  |      | 01-222-0000-4220                | 44.79           |
|                                 |          |                                      | 8181811111  |      | CITY HALL PAGING                |                 |
|                                 |          |                                      | 8181811126  |      | 01-190-0000-4220                | 39.69           |
|                                 |          |                                      | 8181811136  |      | MUSIC CHANNEL                   |                 |
|                                 |          |                                      | 8181811380  |      | 01-190-0000-4220                | 39.69           |
|                                 |          |                                      | 8181973209  |      | RADIO REPEATER                  |                 |
|                                 |          |                                      | 8181973210  |      | 01-222-0000-4220                | 43.60           |
|                                 |          |                                      | 8181973211  |      | RADIO REPEATER                  |                 |
|                                 |          |                                      | 8181990351  |      | 01-222-0000-4220                | 43.60           |
|                                 |          |                                      | 8183610901  |      | MWD METER                       |                 |
|                                 |          |                                      | 8183612385  |      | 70-384-0000-4220                | 48.70           |
|                                 |          |                                      |             |      | PARKS MAJOR PHONE LINES         |                 |
|                                 |          |                                      |             |      | 01-420-0000-4220                | 1,309.42        |
|                                 |          |                                      |             |      | PD MAJOR PHONE LINES            |                 |
|                                 |          |                                      |             |      | 01-222-0000-4220                | 2,619.84        |
|                                 |          |                                      |             |      | PHONE BILL                      |                 |
|                                 |          |                                      |             |      | 01-190-0000-4220                | 2,134.59        |
|                                 |          |                                      |             |      | PAC 50 TO SHERRIFFS             |                 |
|                                 |          |                                      |             |      | 01-222-0000-4220                | 488.46          |
|                                 |          |                                      |             |      | SEWER FLOW MONITOR              |                 |
|                                 |          |                                      |             |      | 72-360-0000-4220                | 36.73           |
|                                 |          |                                      |             |      | MTA PHONE LINE                  |                 |
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| Voucher                         | Date     | Vendor                                       | Invoice     | PO # | Description/Account                 | Amount          |
| 97141                           | 2/6/2012 | 101302 VERIZON                               | (Continued) |      | 07-440-0441-4220                    | 77.35           |
|                                 |          |  |             |      | 01-190-0000-4220                    | 38.68           |
|                                 |          |  | 8183613958  |      | CNG STATION                         |                 |
|                                 |          |  |             |      | 01-320-3661-4220                    | 35.60           |
|                                 |          |  | 8188315002  |      | PD SPECIAL PROBLEMS                 |                 |
|                                 |          |  |             |      | 01-222-0000-4220                    | 35.40           |
|                                 |          |  | 8188377174  |      | PD SPECIAL PROBLEMS                 |                 |
|                                 |          |  |             |      | 01-222-0000-4220                    | 20.71           |
|                                 |          |  | 8188381841  |      | ENGINEERING FAX MODEM               |                 |
|                                 |          |  |             |      | 01-310-0000-4220                    | 21.28           |
|                                 |          |  | 8188981293  |      | CITY YARD MAJOR PHONE LINES         |                 |
|                                 |          |  |             |      | 70-384-0000-4220                    | 680.60          |
|                                 |          |  | 8188987373  |      | PD EMERGENCY                        |                 |
|                                 |          |  |             |      | 01-222-0000-4220                    | 100.93          |
|                                 |          |  | 8188987385  |      | LP FAX LINE                         |                 |
|                                 |          |  |             |      | 01-420-0000-4220                    | 30.50           |
|                                 |          |  |             |      | <b>Total :</b>                      | <b>7,890.16</b> |
| 97142                           | 2/6/2012 | 101318 GLASGOW, KEVIN                        | TRAVEL      |      | MANDATORY ICI DETECTIVE MANAGE      |                 |
|                                 |          |  |             |      | 01-225-0000-4360                    | 225.00          |
|                                 |          |  |             |      | <b>Total :</b>                      | <b>225.00</b>   |
| 97143                           | 2/6/2012 | 101428 H & H AUTO PARTS WHOLESALE            | 1-650587    |      | ROTORS FOR BLACK & WHITES           |                 |
|                                 |          |  |             |      | 01-1215                             | 346.35          |
|                                 |          |  |             |      | <b>Total :</b>                      | <b>346.35</b>   |
| 97144                           | 2/6/2012 | 101512 HDL, COREN & CONE                     | 0017521-IN  |      | PROPERTY TAX ANALYSIS - FY2010-2011 |                 |
|                                 |          |  |             |      | 92-190-0000-4270                    | 748.00          |
|                                 |          |  |             |      | 94-190-0000-4270                    | 1,252.00        |
|                                 |          |  |             |      | <b>Total :</b>                      | <b>2,000.00</b> |
| 97145                           | 2/6/2012 | 101528 THE HOME DEPOT CRC, ACCT#60353220249C | 2092151     |      | INDUCTION LIGHTING PROJECT          |                 |
|                                 |          |  |             |      | 01-390-0222-4300                    | 34.70           |
|                                 |          |  |             |      | 01-390-0310-4300                    | 34.70           |
|                                 |          |  |             |      | 01-390-0410-4300                    | 34.70           |
|                                 |          |  |             |      | 01-390-0460-4300                    | 34.72           |

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| Voucher                         | Date     | Vendor                                       | Invoice       | PO # | Description/Account                 | Amount            |
| 97145                           | 2/6/2012 | 101528 THE HOME DEPOT CRC, ACCT#60353220249C | (Continued)   |      | MISC PARTS                          |                   |
|                                 |          |  | 3081260       |      | 01-430-0000-4300                    | 224.99            |
|                                 |          |  | 3091873       |      | MAT'L TO PAINT COMMUNITY JAIL SHC   |                   |
|                                 |          |  |               |      | 01-390-0222-4300                    | 59.18             |
|                                 |          |  | 4087664       |      | REPAIR PARTS                        |                   |
|                                 |          |  |               |      | 01-430-0000-4300                    | 73.91             |
|                                 |          |  |               |      | <b>Total :</b>                      | <b>496.90</b>     |
| 97146                           | 2/6/2012 | 101554 HURRICANE FENCE COMPANY               | 12091         |      | STORAGE YARD FENCE REPAIR           |                   |
|                                 |          |  |               |      | 70-384-0000-4330                    | 100.00            |
|                                 |          |  | 12101         |      | WELL 7A GATE REPAIR                 |                   |
|                                 |          |  |               |      | 70-384-0000-4330                    | 50.00             |
|                                 |          |  |               |      | <b>Total :</b>                      | <b>150.00</b>     |
| 97147                           | 2/6/2012 | 101586 ICRMA                                 | ICRMA-2012-51 |      | 2011/2012 PREMIUMS - LIABILITY PROC |                   |
|                                 |          |  |               |      | 06-190-0000-4830                    | 104,552.00        |
|                                 |          |  |               |      | 06-190-0000-4240                    | 140,417.50        |
|                                 |          |  |               |      | 06-190-0000-4830                    | 40,325.50         |
|                                 |          |  |               |      | 06-190-0000-4240                    | 1,617.00          |
|                                 |          |  |               |      | <b>Total :</b>                      | <b>286,912.00</b> |
| 97148                           | 2/6/2012 | 101599 IMAGE 2000 CORPORATION                | VN252789      |      | TOSH 450 AND 4511 USAGE             |                   |
|                                 |          |  |               |      | 01-420-0000-4260                    | 469.10            |
|                                 |          |  | VN252791      |      | TOSHIBA 5500C OVERAGE USAGE - 11    |                   |
|                                 |          |  |               |      | 10-420-1371-4260                    | 190.90            |
|                                 |          |  |               |      | <b>Total :</b>                      | <b>660.00</b>     |
| 97149                           | 2/6/2012 | 101605 INDEPENDENT CITIES ASSOCIATION        | FY 2011-2012  |      | FY 11/12 MEMBERSHIP DUES - 2ND HA   |                   |
|                                 |          |  |               |      | 01-190-0000-4380                    | 532.50            |
|                                 |          |  |               |      | <b>Total :</b>                      | <b>532.50</b>     |
| 97150                           | 2/6/2012 | 101640 INTERNATIONAL INSTITUTE OF            | 18202         |      | MEMBERSHIP DUES THROUGH 03/31/12    |                   |
|                                 |          |  |               |      | 01-115-0000-4370                    | 175.00            |
|                                 |          |  |               |      | <b>Total :</b>                      | <b>175.00</b>     |
| 97151                           | 2/6/2012 | 101647 INTERSTATE BATTERY                    | 30565589      |      | BATTERY FOR FLEET                   |                   |

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| Voucher                         | Date     | Vendor                                | Invoice     | PO #  | Description/Account                                   | Amount          |
| 97151                           | 2/6/2012 | 101647 INTERSTATE BATTERY             | (Continued) |       | 01-1215   | 196.78          |
|                                 |          |                                       |             |       | <b>Total :</b>  | <b>196.78</b>   |
| 97152                           | 2/6/2012 | 101649 INTER VALLEY POOL SUPPLY, INC  | 38232       |       | POOL CHEMICALS<br>01-430-0000-4300                    | 1,471.93        |
|                                 |          |                                       |             |       | <b>Total :</b>  | <b>1,471.93</b> |
| 97153                           | 2/6/2012 | 101666 DE LAGE LANDEN FINANCIAL SERVS | 12226088    |       | SHARP COPIERS USAGE 01/01/12-01/3<br>01-222-0000-4260 | 633.74          |
|                                 |          |                                       |             |       | <b>Total :</b>  | <b>633.74</b>   |
| 97154                           | 2/6/2012 | 101768 KIMBALL-MIDWEST                | 2268087     |       | WHEEL WEIGHTS & SUPPLIES<br>01-1215                   | 621.11          |
|                                 |          |                                       |             |       | <b>Total :</b>  | <b>621.11</b>   |
| 97155                           | 2/6/2012 | 101848 LANGUAGE LINE SERVICES         | 2863683     |       | TRANSLATION SERVICES<br>01-222-0000-4260              | 24.99           |
|                                 |          |                                       |             |       | <b>Total :</b>  | <b>24.99</b>    |
| 97156                           | 2/6/2012 | 101917 LIN CONSULTING, INC.           | 10770       | 10920 | ELECTRICAL SVC UPGRADE ENGINEE<br>70-384-0857-4270    | 4,561.50        |
|                                 |          |                                       |             |       | <b>Total :</b>  | <b>4,561.50</b> |
| 97157                           | 2/6/2012 | 101920 LIEBERT CASSIDY WHITMORE       | 144050      |       | LEGAL SERVICES<br>01-112-0000-4270                    | 1,819.00        |
|                                 |          |                                       | 144051      |       | LEGAL SERVICES<br>01-112-0000-4270                    | 49.00           |
|                                 |          |                                       | 144052      |       | LEGAL SERVICES<br>01-112-0000-4270                    | 534.00          |
|                                 |          |                                       | 144053      |       | LEGAL SERVICES<br>01-112-0000-4270                    | 6,458.52        |
|                                 |          |                                       | 144054      |       | LEGAL SERVICES<br>01-112-0000-4270                    | 512.00          |
|                                 |          |                                       | 144055      |       | LEGAL SERVICES<br>01-112-0000-4270                    | 223.50          |
|                                 |          |                                       |             |       | <b>Total :</b>  | <b>9,596.02</b> |

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| Voucher                         | Date     | Vendor                               | Invoice       | PO # | Description/Account                                    | Amount            |
| 97158                           | 2/6/2012 | 101927 LINCOLN EQUIPMENT INC         | SI78930       |      | (2) TURN MASTER PROS<br>01-430-0000-4300               | 3,985.87          |
|                                 |          |                                      | SI79027       |      | S HOOK<br>01-430-0000-4300                             | 38.59             |
|                                 |          |                                      | SI79359       |      | ANTI WAVE SUPERTENSIONER, REPL<br>01-430-0000-4300     | 314.87            |
|                                 |          |                                      |               |      | <b>Total :</b>   | <b>4,339.33</b>   |
| 97159                           | 2/6/2012 | 101929 LINGO INDUSTRIAL ELECTRONICS  | 31807         |      | TRAFFIC SIGNAL TOP PLUGS FOR KN<br>13-371-0301-4300    | 43.50             |
|                                 |          |                                      |               |      | <b>Total :</b>   | <b>43.50</b>      |
| 97160                           | 2/6/2012 | 101957 CITY OF LOS ANGELES           | SF120000002   |      | FIRE/AMBULANCE SERVICES FOR AUK<br>01-500-0000-4260    | 263,279.91        |
|                                 |          |                                      |               |      | <b>Total :</b>   | <b>263,279.91</b> |
| 97161                           | 2/6/2012 | 101971 L.A. MUNICIPAL SERVICES       | 011312        |      | ELECTRIC - 13655 FOOTHILL<br>70-384-0000-4210          | 73.72             |
|                                 |          |                                      | 011712        |      | ELECTRIC - 14060 SAYRE ST<br>70-384-0000-4210          | 10,203.98         |
|                                 |          |                                      | 742182-315938 |      | SECURITY LIGHTING - 13655 FOOTHILL<br>70-384-0000-4210 | 104.50            |
|                                 |          |                                      | 742182-315943 |      | SECURITY LIGHTING - 12900 DRONFIE<br>70-384-0000-4210  | 334.25            |
|                                 |          |                                      |               |      | <b>Total :</b>   | <b>10,716.45</b>  |
| 97162                           | 2/6/2012 | 101974 LOS ANGELES COUNTY            | DEC 2011      |      | DEPT OF ANIMAL CARE AND CONTROL<br>01-152-0000-4260    | 5,740.67          |
|                                 |          |                                      |               |      | <b>Total :</b>   | <b>5,740.67</b>   |
| 97163                           | 2/6/2012 | 101982 COUNTY OF LOS ANGELES         | FY 2011-2012  |      | SFVCOG DUES FOR FY 2011/2012<br>01-190-0000-4380       | 10,000.00         |
|                                 |          |                                      |               |      | <b>Total :</b>   | <b>10,000.00</b>  |
| 97164                           | 2/6/2012 | 101990 L.A. COUNTY METROPOLITAN      | 800050781     |      | TAP CARDS - NOV 2011<br>07-440-0441-4260               | 1,188.00          |
|                                 |          |                                      | 800051016     |      | TAP CARDS - DEC 2011                                   |                   |

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| 97164   | 2/6/2012 | 101990 L.A. COUNTY METROPOLITAN       | (Continued) |      | 07-440-0441-4260                                     | 1,272.00        |
|         |          |                                       |             |      | <b>Total :</b>                                       | <b>2,460.00</b> |
| 97165   | 2/6/2012 | 102069 POWER FORD                     | 159884      |      | ABS SENSOR, LEFT FRONT WHEEL - P<br>01-320-0225-4400 | 140.57          |
|         |          |                                       |             |      | <b>Total :</b>                                       | <b>140.57</b>   |
| 97166   | 2/6/2012 | 102103 MARSH RISK & INSURANCE SERVICE | 517856      |      | FIDELITY BOND PREMIUM - POLICY<br>06-190-0000-4240   | 908.00          |
|         |          |                                       |             |      | <b>Total :</b>                                       | <b>908.00</b>   |
| 97167   | 2/6/2012 | 102148 METROPOLITAN WATER DISTRICT    | 7229        |      | CAPACITY CHARGE FOR DEC 2011<br>70-384-0000-4450     | 3,900.00        |
|         |          |                                       |             |      | <b>Total :</b>                                       | <b>3,900.00</b> |
| 97168   | 2/6/2012 | 102188 MERCHANDISE UNIFORM CENTER     | 0112019     |      | UNIFORMS<br>01-222-0000-4300                         | 230.28          |
|         |          |                                       |             |      | <b>Total :</b>                                       | <b>230.28</b>   |
| 97169   | 2/6/2012 | 102219 MISSION AUTO ELECTRIC, INC.    | 22426       |      | REPLACE PULLEY ON ALTERNATOR -<br>01-320-0225-4400   | 135.93          |
|         |          |                                       |             |      | <b>Total :</b>                                       | <b>135.93</b>   |
| 97170   | 2/6/2012 | 102226 MISSION LINEN & UNIFORM        | 340621341   |      | LAUNDRY<br>01-225-0000-4350                          | 98.21           |
|         |          |                                       | 340622258   |      | LAUNDRY<br>01-225-0000-4350                          | 180.89          |
|         |          |                                       | 340622907   |      | LAUNDRY<br>01-225-0000-4350                          | 94.92           |
|         |          |                                       | 340623828   |      | LAUNDRY<br>01-225-0000-4350                          | 177.76          |
|         |          |                                       | 340624481   |      | LAUNDRY<br>01-225-0000-4350                          | 102.13          |
|         |          |                                       |             |      | <b>Total :</b>                                       | <b>653.91</b>   |
| 97171   | 2/6/2012 | 102260 MOORE MEDICAL LLC              | 81744183 EI |      | MEDICATIONS<br>01-225-0000-4350                      | 75.34           |

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| Voucher | Date     | Vendor                          | Invoice     | PO # | Description/Account                                   | Amount          |
|---------|----------|---------------------------------|-------------|------|---|-----------------|
| 97171   | 2/6/2012 | 102260 102260 MOORE MEDICAL LLC | (Continued) |      | <b>Total :</b>  | <b>75.34</b>    |
| 97172   | 2/6/2012 | 102277 MOTOROLA                 | 50093093    |      | NICE SERVICE AGREEMENT - DEC 201<br>01-222-0000-4260  | 438.21          |
|         |          |                                 | 50093094    |      | NICE SERVICE AGREEMENT - JAN 201:<br>01-222-0000-4260 | 438.21          |
|         |          |                                 |             |      | <b>Total :</b>  | <b>876.42</b>   |
| 97173   | 2/6/2012 | 102306 MWH LABORATORIES         | L0075456    |      | WATER ANALYSIS - F383308<br>70-384-0000-4260          | 50.00           |
|         |          |                                 | L0075459    |      | WATER ANALYSIS - F383430<br>70-384-0000-4260          | 164.00          |
|         |          |                                 | L0075465    |      | WATER ANALYSIS - F383547<br>70-384-0000-4260          | 139.60          |
|         |          |                                 | L0075557    |      | WATER ANALYSIS - F383744<br>70-384-0000-4260          | 139.60          |
|         |          |                                 | L0075966    |      | WATER ANALYSIS - F383986<br>70-384-0000-4260          | 164.00          |
|         |          |                                 | L0075975    |      | WATER ANALYSIS - F384088<br>70-384-0000-4260          | 139.60          |
|         |          |                                 | L0075997    |      | WATER ANALYSIS - F383890<br>70-384-0000-4260          | 139.60          |
|         |          |                                 | L0076083    |      | WATER ANALYSIS - F384408<br>70-384-0000-4260          | 164.00          |
|         |          |                                 | L0076084    |      | WATER ANALYSIS - F384409<br>70-384-0000-4260          | 139.60          |
|         |          |                                 | L0076121    |      | WATER ANALYSIS - F384323<br>70-384-0000-4260          | 139.60          |
|         |          |                                 | L0076495    |      | WATER ANALYSIS - F384488<br>70-384-0000-4260          | 139.60          |
|         |          |                                 | L0076496    |      | WATER ANALYSIS - F384644<br>70-384-0000-4260          | 139.60          |
|         |          |                                 | L0076546    |      | WATER ANALYSIS - F384827<br>70-384-0000-4260          | 189.60          |
|         |          |                                 |             |      | <b>Total :</b>  | <b>1,848.40</b> |
| 97174   | 2/6/2012 | 102403 NOW IMAGE PRINTING       | 1223        |      | TREASURER'S RECEIPTS                                  |                 |

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| Bank code :                     |          | bank                                 |              |      |   |               |
| Voucher                         | Date     | Vendor                               | Invoice      | PO # | Description/Account                                 | Amount        |
| 97174                           | 2/6/2012 | 102403 NOW IMAGE PRINTING            | (Continued)  |      | 01-102-0000-4300                                    | 130.50        |
|                                 |          |                                      |              |      | <b>Total :</b>                                      | <b>130.50</b> |
| 97175                           | 2/6/2012 | 102410 NORTHRIDGE HOSPITAL MEDICAL   | 301497517    |      | SART EXAM<br>01-224-0000-4270                       | 730.00        |
|                                 |          |                                      |              |      | <b>Total :</b>                                      | <b>730.00</b> |
| 97176                           | 2/6/2012 | 102423 OCCU-MED, INC.                | 1111901      |      | PRE-EMPLOYMENT PHYSICAL<br>01-106-0000-4260         | 125.00        |
|                                 |          |                                      | 1211901      |      | PRE-EMPLOYMENT PHYSICAL<br>01-106-0000-4260         | 125.00        |
|                                 |          |                                      |              |      | <b>Total :</b>                                      | <b>250.00</b> |
| 97177                           | 2/6/2012 | 102432 OFFICE DEPOT                  | 1426818097   |      | GATEWAY SCHEMATIC COPIES<br>01-390-0000-4300        | 14.53         |
|                                 |          |                                      | 1427166798   |      | FOLDERS, SHEETS, SHEET PROTECTO<br>01-222-0000-4300 | 144.79        |
|                                 |          |                                      | 1429264225   |      | LAMINATION OF PH NOTICES<br>01-150-0000-4300        | 5.38          |
|                                 |          |                                      | 592051252001 |      | PENS AND ELECTRIC STAPLER<br>01-222-0000-4300       | 90.72         |
|                                 |          |                                      | 592674893001 |      | REPLACEMENT PAD<br>01-310-0000-4300                 | 7.67          |
|                                 |          |                                      | 592739566001 |      | WEEKLY CALENDAR, SCISSORS & EXF<br>01-222-0000-4300 | 27.32         |
|                                 |          |                                      | 592752142001 |      | BINDERS AND DIVIDERS<br>01-105-0000-4300            | 22.55         |
|                                 |          |                                      | 592878643001 |      | OFFICE SUPPLIES<br>70-383-0000-4300                 | 100.00        |
|                                 |          |                                      |              |      | 01-311-0000-4300                                    | 30.00         |
|                                 |          |                                      |              |      | 01-370-0000-4300                                    | 39.41         |
|                                 |          |                                      | 592879325001 |      | DRY ERASE CHISEL MARKER<br>70-384-0000-4300         | 15.13         |
|                                 |          |                                      | 593035490001 |      | MONTHLY PLANNER, LASERJET CART<br>01-150-0000-4300  | 1,121.77      |
|                                 |          |                                      | 593830204001 |      | PORTFOLIO POCKETS, NOTE PAD & C.                    |               |
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| Voucher                         | Date     | Vendor                                | Invoice      | PO # | Description/Account                                   | Amount          |
| 97177                           | 2/6/2012 | 102432 OFFICE DEPOT                   | (Continued)  |      | 01-150-0000-4300                                      | 31.82           |
|                                 |          |                                       | 593832416001 |      | WALL CALENDAR<br>01-150-0000-4300                     | 9.40            |
|                                 |          |                                       | 594054825001 |      | PENS, FILE FOLDERS AND PAPER<br>01-222-0000-4300      | 167.33          |
|                                 |          |                                       | 594608398001 |      | RIBBONS, CLAMPS, BINDER CLIPS, PA<br>01-222-0000-4300 | 132.29          |
|                                 |          |                                       | 594608448001 |      | FORMS<br>01-222-0000-4300                             | 23.60           |
|                                 |          |                                       |              |      | <b>Total :</b>  | <b>1,983.71</b> |
| 97178                           | 2/6/2012 | 102530 AT & T                         | 818-270-2203 |      | CRT ROOF TO INGLEWOOD PD<br>01-222-0000-4220          | 104.24          |
|                                 |          |                                       |              |      | <b>Total :</b>  | <b>104.24</b>   |
| 97179                           | 2/6/2012 | 102569 PARKS, ROBERT                  | TRAVEL       |      | POST MANAGEMENT COURSE IN DAN.<br>01-222-0000-4360    | 225.00          |
|                                 |          |                                       |              |      | <b>Total :</b>  | <b>225.00</b>   |
| 97180                           | 2/6/2012 | 102666 PREFERRED DELIVERY SYSTEMS INC | 549-21       |      | COURIER SERVICE<br>01-222-0000-4260                   | 206.00          |
|                                 |          |                                       |              |      | <b>Total :</b>  | <b>206.00</b>   |
| 97181                           | 2/6/2012 | 102697 PROVIDENCE HOLY CROSS          | M001097173   |      | POST BOOKING MED EXAM<br>01-225-0000-4350             | 75.00           |
|                                 |          |                                       |              |      | <b>Total :</b>  | <b>75.00</b>    |
| 97182                           | 2/6/2012 | 102773 RAMIREZ, FEDERICO              | REIMB.       |      | SCAG WORKSHOP IN LOS ANGELES C<br>01-140-0000-4370    | 24.65           |
|                                 |          |                                       |              |      | <b>Total :</b>  | <b>24.65</b>    |
| 97183                           | 2/6/2012 | 102779 RAMIREZ, THOMAS                | JAN 2012     |      | KARATE INSTRUCTOR<br>17-420-1326-4260                 | 663.60          |
|                                 |          |                                       |              |      | <b>Total :</b>  | <b>663.60</b>   |
| 97184                           | 2/6/2012 | 102782 RAMIREZ, JOSE A.               | 011712       |      | MUSIC FOR ST VALENTINE'S DANCE C<br>04-2380           | 950.00          |
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| 97184   | 2/6/2012 | 102782 102782 RAMIREZ, JOSE A.    | (Continued) |      |  | <b>Total : 950.00</b>           |
| 97185   | 2/6/2012 | 102810 REGIONAL TRAINING CENTER   | TRAVEL      |      | MANDATORY ICI DETECTIVE MANAGE<br>01-225-0000-4360 | 576.00<br><b>Total : 576.00</b> |
| 97186   | 2/6/2012 | 102823 REPRO-GRAPHIC SUPPLY       | 29891       |      | PLOTTER PAPER<br>01-310-0000-4300                  | 86.78<br><b>Total : 86.78</b>   |
| 97187   | 2/6/2012 | 102848 RICHARDS, WATSON & GERSHON | 180924      |      | LEGAL SERVICES<br>94-110-1055-4270                 | 32.00                           |
|         |          |                                   | 180928      |      | LEGAL SERVICES<br>94-110-0000-4270                 | 82.25                           |
|         |          |                                   |             |      | 92-110-0000-4270                                   | 82.24                           |
|         |          |                                   | 181478      |      | LEGAL SERVICES<br>70-110-0000-4270                 | 440.00                          |
|         |          |                                   |             |      | 72-110-0000-4270                                   | 440.00                          |
|         |          |                                   |             |      | 01-110-0000-4270                                   | 150.74                          |
|         |          |                                   | 181478      |      | LEGAL SERVICES<br>92-110-0000-4270                 | 559.50                          |
|         |          |                                   |             |      | 94-110-0000-4270                                   | 559.50                          |
|         |          |                                   | 181479      |      | LEGAL SERVICES<br>01-110-0000-4270                 | 471.80                          |
|         |          |                                   | 181480      |      | LEGAL SERVICES<br>01-110-1060-4270                 | 48.00                           |
|         |          |                                   | 181481      |      | LEGAL SERVICES<br>01-110-0000-4270                 | 91.00                           |
|         |          |                                   | 181482      |      | LEGAL SERVICES<br>92-110-0000-4270                 | 176.50                          |
|         |          |                                   |             |      | 94-110-0000-4270                                   | 176.50                          |
|         |          |                                   | 181484      |      | LEGAL SERVICES<br>72-360-0000-4270                 | 26.65                           |
|         |          |                                   | 181485      |      | LEGAL SERVICES<br>92-110-0000-4270                 | 1,637.50                        |
|         |          |                                   |             |      | 94-110-0000-4270                                   | 1,637.50                        |
|         |          |                                   | RETAINER    |      | RETAINER - DEC 2011                                |                                 |

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| 97187   | 2/6/2012 | 102848 RICHARDS, WATSON & GERSHON        | (Continued) |      | 01-110-0000-4270                                  | 4,415.00  |
|         |          |  |             |      | <b>Total : 11,026.68</b>                          |           |
| 97188   | 2/6/2012 | 102889 RODRIGUEZ, MARIO                  | 011812      |      | COMMISSIONER'S REIMBURSEMENT<br>01-150-0000-4111  | 50.00     |
|         |          |  |             |      | <b>Total : 50.00</b>                              |           |
| 97189   | 2/6/2012 | 102929 ROYAL PAPER CORPORATION           | 4275886     |      | JANITORIAL SUPPLIES<br>01-390-0410-4300           | 812.27    |
|         |          |  |             |      | 01-390-0460-4300                                  | 590.09    |
|         |          |  |             |      | 01-390-7500-4300                                  | 226.60    |
|         |          |  |             |      | 01-390-0470-4300                                  | 138.66    |
|         |          |  |             |      | 01-390-0310-4300                                  | 425.43    |
|         |          |  |             |      | 01-390-0450-4300                                  | 116.35    |
|         |          |  |             |      | <b>Total : 2,309.40</b>                           |           |
| 97190   | 2/6/2012 | 102930 ROYAL WHOLESALE ELECTRIC          | 8901-660320 |      | INDUCTION LIGHTING<br>27-344-0301-4300            | 198.89    |
|         |          |  |             |      | <b>Total : 198.89</b>                             |           |
| 97191   | 2/6/2012 | 103010 SAM'S CLUB DIRECT, #0402465855179 | 6339        |      | REFRESHMENTS FOR SENIOR MEAL F<br>04-2346         | 97.12     |
|         |          |  | 6743        |      | KITCHEN SUPPLIES<br>01-222-0000-4300              | 173.22    |
|         |          |  |             |      | <b>Total : 270.34</b>                             |           |
| 97192   | 2/6/2012 | 103029 SAN FERNANDO, CITY OF             | 10944-11046 |      | REIMBURSEMENT TO WORKERS COM<br>06-190-0000-4810  | 74,373.98 |
|         |          |  |             |      | <b>Total : 74,373.98</b>                          |           |
| 97193   | 2/6/2012 | 103184 SMART & FINAL                     | 134033      |      | AFTER SCHOOL PROGRAM WEEKLY A<br>10-420-1371-4300 | 29.66     |
|         |          |  |             |      | 10-422-3750-4300                                  | 103.31    |
|         |          |  | 137066      |      | SUPPLIES FOR LP SENIOR CLUB DANC<br>04-2380       | 228.68    |
|         |          |  | 138713      |      | CREAMER   |           |

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| 97193            | 2/6/2012  | 103184 SMART & FINAL                  | (Continued) |
|                  |           | 10-422-3750-4300                      | 28.35       |
|                  |           | 01-420-0000-4300                      | 9.55        |
|                  |           | 10-420-1371-4300                      | 26.48       |
|                  |           | Total :                               | 426.03      |
| 97194            | 2/6/2012  | 103202 SOUTHERN CALIFORNIA EDISON CO. | 010512      |
|                  |           | ELECTRIC - 208 PARK                   |             |
|                  |           | 01-430-0000-4210                      | 2,831.87    |
|                  |           | 01-222-0000-4210                      | 3,634.42    |
|                  |           | 01-420-0000-4210                      | 1,350.02    |
|                  |           | 010612                                |             |
|                  |           | ELECTRIC -828 HARDING                 |             |
|                  |           | 01-420-0000-4210                      | 133.43      |
|                  |           | 010712                                |             |
|                  |           | ELECTRIC - VARIOUS LOCATIONS          |             |
|                  |           | 01-420-0000-4210                      | 1,801.45    |
|                  |           | 011012                                |             |
|                  |           | ELECTRIC - VARIOUS LOCATIONS (TR      |             |
|                  |           | 01-371-0000-4210                      | 1,552.35    |
|                  |           | 011112                                |             |
|                  |           | ELECTRIC - BRAND/3RD & 1202 PICO      |             |
|                  |           | 01-371-0000-4210                      | 53.26       |
|                  |           | 29-335-0000-4210                      | 203.24      |
|                  |           | 011212                                |             |
|                  |           | ELECTRIC - 900 1/2 1ST, 1041 1/2 TRUA |             |
|                  |           | 01-390-0470-4210                      | 127.95      |
|                  |           | 011312                                |             |
|                  |           | ELECTRIC - TRUMAN/KITTRIDGE           |             |
|                  |           | 01-341-0000-4210                      | 21.47       |
|                  |           | 011412                                |             |
|                  |           | ELECTRIC - 60 JESSIE & 573 GLENOAK    |             |
|                  |           | 70-384-0000-4210                      | 650.97      |
|                  |           | 70-381-0000-4210                      | 133.22      |
|                  |           | 72-360-0000-4210                      | 133.22      |
|                  |           | 01-390-0450-4210                      | 643.01      |
|                  |           | Total :                               | 13,269.88   |
| 97195            | 2/6/2012  | 103205 THE GAS COMPANY                | 010912      |
|                  |           | GAS - 828 HARDING                     |             |
|                  |           | 01-420-0000-4210                      | 8.88        |
|                  |           | 011012                                |             |
|                  |           | GAS - 910 1ST                         |             |
|                  |           | 01-222-0000-4210                      | 630.79      |
|                  |           | 01-430-0000-4210                      | 11,508.47   |
|                  |           | 011212                                |             |
|                  |           | GAS - 519 S BRAND                     |             |
|                  |           | 01-420-0000-4210                      | 290.16      |
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| 97195   | 2/6/2012 | 103205 THE GAS COMPANY                | (Continued)        |      |  | Total : 12,438.30            |
| 97196   | 2/6/2012 | 103206 SOUTHERN CALIFORNIA GAS CO.    | 176-827-9753-9     |      | NATURAL GAS FOR CNG STATION<br>01-320-3661-4402                          | 2,633.64<br>Total : 2,633.64 |
| 97197   | 2/6/2012 | 103251 STANLEY PEST CONTROL           | 358621             |      | PEST CONTROL @ PD<br>01-390-0222-4260                                    | 64.00<br>Total : 64.00       |
| 97198   | 2/6/2012 | 103375 TIMEMARK INCORPORATED          | 113280             |      | TRAFFIC COUNTER NAILS, CLAMPS, E<br>13-371-0301-4300                     | 766.54<br>Total : 766.54     |
| 97199   | 2/6/2012 | 103439 UPS                            | 831954012          |      | POSTAGE<br>01-190-0000-4280  | 110.14<br>Total : 110.14     |
| 97200   | 2/6/2012 | 103458 U.S. HEALTHWORKS MEDICAL GROUP | 1990363-CA         |      | 1-DOT COLLECTION<br>01-106-0000-4260                                     | 18.00<br>Total : 18.00       |
| 97201   | 2/6/2012 | 103483 UNION BANK OF CALIFORNIA,N.A.  | 6736303970         |      | PROFESSIONAL SERVICES<br>01-102-0000-4260                                | 875.00<br>Total : 875.00     |
| 97202   | 2/6/2012 | 103534 VALLEY LOCKSMITH               | 122211             |      | REPLACE HINGES ON GLASS DOOR @<br>01-390-0222-4330                       | 51.00<br>Total : 51.00       |
| 97203   | 2/6/2012 | 103538 VALLEY OCCMED CENTER, INC.     | 100032             |      | DMV RENEWAL PHYSICAL<br>01-106-0000-4260                                 | 100.00<br>Total : 100.00     |
| 97204   | 2/6/2012 | 103619 CARL WARREN & CO.              | 1339281<br>1339282 |      | LEGAL SERVICES<br>06-190-0000-4800<br>LEGAL SERVICES<br>06-190-0000-4800 | 134.32<br>108.73             |

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| 97204   | 2/6/2012 | 103619 CARL WARREN & CO.          | (Continued)<br>1339283 |      | LEGAL SERVICES<br>06-190-0000-4800                 | 179.09          |
|         |          |                                   | 1339284                |      | LEGAL SERVICES<br>06-190-0000-4800                 | 95.94           |
|         |          |                                   | 1339285                |      | LEGAL SERVICES<br>06-190-0000-4800                 | 31.98           |
|         |          |                                   | 1347659                |      | LEGAL SERVICES<br>06-190-0000-4800                 | 76.75           |
|         |          |                                   | 1347660                |      | LEGAL SERVICES<br>06-190-0000-4800                 | 108.73          |
|         |          |                                   | 1347661                |      | LEGAL SERVICES<br>06-190-0000-4800                 | 76.75           |
|         |          |                                   | 1347662                |      | LEGAL SERVICES<br>06-190-0000-4800                 | 217.46          |
|         |          |                                   | 1347663                |      | LEGAL SERVICES<br>06-190-0000-4800                 | 57.56           |
|         |          |                                   | 1347664                |      | LEGAL SERVICES<br>06-190-0000-4800                 | 179.09          |
|         |          |                                   | 1347665                |      | LEGAL SERVICES<br>06-190-0000-4800                 | 38.38           |
|         |          |                                   | 1347666                |      | LEGAL SERVICES<br>06-190-0000-4800                 | 281.42          |
|         |          |                                   | 1347667                |      | LEGAL SERVICES<br>06-190-0000-4800                 | 473.23          |
|         |          |                                   | 1347668                |      | LEGAL SERVICES<br>06-190-0000-4800                 | 269.05          |
|         |          |                                   | 1347669                |      | LEGAL SERVICES<br>06-190-0000-4800                 | 134.73          |
|         |          |                                   |                        |      | <b>Total :</b>                                     | <b>2,463.21</b> |
| 97205   | 2/6/2012 | 103661 WEST-LITE SUPPLY CO., INC. | 11683C                 |      | REPLACEMENT OF FLUORESCENT LAI<br>01-430-0000-4300 | 64.96           |
|         |          |                                   | 11684C                 |      | REPLACEMENT OF FLUORESCENT LAI<br>01-390-0410-4300 | 255.79          |
|         |          |                                   |                        |      | 01-390-0460-4300                                   | 57.84           |
|         |          |                                   |                        |      | 01-390-0310-4300                                   | 80.02           |

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| 97205   | 2/6/2012 | 103661 WEST-LITE SUPPLY CO., INC. | (Continued)      |      | 01-390-0222-4300  | 80.02           |
|         |          |                                   |                  |      | <b>Total :</b>  | <b>538.63</b>   |
| 97206   | 2/6/2012 | 103738 YOSEF AMZALAG SUPPLY       | 12000114         |      | SPRINKLER REPLACEMENT @ REC P#<br>01-390-0410-4300        | 18.49           |
|         |          |                                   | 12000183         |      | REPAIR SPRINKLERS @ LAS PALMAS I<br>01-390-0460-4300      | 77.81           |
|         |          |                                   | 12000218         |      | CAP OFF SPRINKLER LINES @ LP PAR<br>01-390-0460-4300      | 5.26            |
|         |          |                                   |                  |      | <b>Total :</b>  | <b>101.56</b>   |
| 97207   | 2/6/2012 | 103752 ZUMAR INDUSTRIES, INC.     | 0135802          |      | PRODUCTION OF SIGN FOR LOPEZ AC<br>01-150-0000-4300       | 433.00          |
|         |          |                                   |                  |      | <b>Total :</b>  | <b>433.00</b>   |
| 97208   | 2/6/2012 | 103851 EVERSOF, INC.              | R1073095         |      | SOFTNER RENTAL - WELL 2A<br>70-384-0000-4260              | 62.94           |
|         |          |                                   |                  |      | <b>Total :</b>  | <b>62.94</b>    |
| 97209   | 2/6/2012 | 103903 TIME WARNER CABLE          | 8448200540010369 |      | CABLE<br>01-222-0000-4260                                 | 15.79           |
|         |          |                                   | 8448200540028882 |      | CABLE/INTERNET SERVICES - 01/13-02<br>01-420-0000-4260    | 117.40          |
|         |          |                                   | 8448300070189011 |      | INTERNET SERVICES - 01/12/12-02/11/12<br>01-190-0000-4220 | 1,100.00        |
|         |          |                                   |                  |      | <b>Total :</b>  | <b>1,233.19</b> |
| 97210   | 2/6/2012 | 887249 GALLS INCORPORATED         | 217295           |      | BOOTS<br>01-222-0000-4300                                 | 108.74          |
|         |          |                                   |                  |      | <b>Total :</b>  | <b>108.74</b>   |
| 97211   | 2/6/2012 | 887352 UNITED STATES TREASURY     | 95-6000779       |      | FORM 720 - LATE PENALTIES DUE TO I<br>01-3907-0000        | 281.81          |
|         |          |                                   |                  |      | <b>Total :</b>  | <b>281.81</b>   |
| 97212   | 2/6/2012 | 887422 NORTHERN SAFETY CO., INC.  | P320055001016    |      | HAND SANITIZIER FOR OPS CENTER<br>01-320-0301-4300        | 68.96           |

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| 97212   | 2/6/2012 | 887422 887422 NORTHERN SAFETY CO., INC. | (Continued) |      | Total :  | 68.96    |
| 97213   | 2/6/2012 | 887475 DATA BUSINESS SYSTEMS, INC       | 88333       |      | 2011 - W2'S, 1099'S & 1098 FORMS<br>01-130-0000-4300 | 269.11   |
|         |          |   |             |      | Total :  | 269.11   |
| 97214   | 2/6/2012 | 887518 DURHAM, ALVIN                    | 011812      |      | COMMISSIONER'S REIMBURSEMENT<br>01-150-0000-4111     | 50.00    |
|         |          |   |             |      | Total :  | 50.00    |
| 97215   | 2/6/2012 | 887591 TOM BROHARD & ASSOCIATES         | 2012-04     |      | "ON CALL" TRAFFIC ENGINEERING &<br>01-310-0000-4270  | 5,200.00 |
|         |          |   |             |      | Total :  | 5,200.00 |
| 97216   | 2/6/2012 | 887603 R. F. ERECTION COMPANY           | 12-113      |      | WHEELCHAIR LIFT BI-ANNUAL MAINT (                    | 400.00   |
|         |          |   | 12-156      |      | REPLACEMENT OF BATTERIES & FUSE<br>01-390-0460-4330  | 401.07   |
|         |          |   |             |      | Total :  | 801.07   |
| 97217   | 2/6/2012 | 887663 ARMORCAST PRODUCT COMPANY        | 0134107-IN  |      | SUPPLIES<br>70-383-0301-4300                         | 603.76   |
|         |          |   |             |      | Total :  | 603.76   |
| 97218   | 2/6/2012 | 887952 J. Z. LAWMOWER SHOP              | 272834      |      | TRIM LINE FOR WEEDEATER<br>70-384-0000-4320          | 38.50    |
|         |          |   | 272835      |      | WEEDEATER LINE SPOOL<br>70-384-0000-4320             | 36.87    |
|         |          |   |             |      | Total :  | 75.37    |
| 97219   | 2/6/2012 | 888241 UNITED SITE SERVICES OF CA INC   | 114-352032  |      | PORTABLE TOILET RENTAL @ 501 FIR<br>70-381-0450-4260 | 412.62   |
|         |          |   | 114-355564  |      | PORTABLE TOILET RENTAL @ LAYNE<br>01-390-0410-4260   | 283.92   |
|         |          |   | 114-371926  |      | PORTABLE TOILET RENTAL @ REC PA<br>01-420-0000-4210  | 117.68   |
|         |          |   | 114-394980  |      | PORTABLE TOILET RENTAL @ 501 FIR<br>70-381-0450-4260 | 412.62   |

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| Voucher              | Date     | Vendor                                | Invoice                   | PO # | Description/Account                                 | Amount   |          |  |
| 97219                | 2/6/2012 | 888241 UNITED SITE SERVICES OF CA INC | (Continued)<br>114-399416 |      | PORTABLE TOILET RENTAL @ LAYNE<br>01-390-0410-4260  | 283.92   |          |  |
|                      |          |                                       |                           |      | Total :   | 1,510.76 |          |  |
| 97220                | 2/6/2012 | 888309 HI 2 LO VOLTAGE WIRING CO, INC | 15244                     |      | MONITORING SERVICES 01/01/12 TO<br>01-222-0000-4260 | 75.00    |          |  |
|                      |          |                                       |                           |      | Total :   | 75.00    |          |  |
| 97221                | 2/6/2012 | 888356 ADVANCED AUTO REPAIR BODY &    | 1052                      |      | REPLACE ELECTRIC FANS ON RADIAT<br>01-320-0225-4400 | 245.70   |          |  |
|                      |          |                                       | 1086                      |      | REPLACE INSTRUMENT CLUSTER - PC<br>01-320-0225-4400 | 292.50   |          |  |
|                      |          |                                       |                           |      | Total :   | 538.20   |          |  |
| 97222                | 2/6/2012 | 888442 WESTERN EXTERMINATOR COMPANY   | 06010710-9                |      | PEST CONTROL @ REC PARK<br>01-390-0410-4260         | 67.50    |          |  |
|                      |          |                                       | 06010718-2                |      | PEST CONTROL @ LP PARK<br>01-390-0460-4260          | 46.50    |          |  |
|                      |          |                                       | 06010722-4                |      | PEST CONTROL @ CITY HALL<br>01-390-0310-4260        | 72.00    |          |  |
|                      |          |                                       |                           |      | Total :   | 186.00   |          |  |
| 97223                | 2/6/2012 | 888468 MAJOR METROPOLITAN SECURITY    | 1049911                   |      | ALARM MONITORING - FEB 2012<br>70-381-0450-4260     | 15.00    |          |  |
|                      |          |                                       | 1049912                   |      | ALARM MONITORING - FEB 2012<br>01-390-0410-4260     | 15.00    |          |  |
|                      |          |                                       | 1049913                   |      | ALARM MONITORING - FEB 2012<br>01-390-0460-4260     | 15.00    |          |  |
|                      |          |                                       | 1049914                   |      | ALARM MONITORING - FEB 2012<br>01-390-0222-4260     | 15.00    |          |  |
|                      |          |                                       | 1049915                   |      | ALARM MONITORING - FEB 2012<br>01-390-0410-4260     | 15.00    |          |  |
|                      |          |                                       | 1049916                   |      | ALARM MONITORING - FEB 2012<br>01-390-0410-4260     | 15.00    |          |  |
|                      |          |                                       | 1049917                   |      | ALARM MONITORING - FEB 2012<br>01-390-0410-4260     | 15.00    |          |  |

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| 97223   | 2/6/2012 | 888468 MAJOR METROPOLITAN SECURITY                 | (Continued)<br>1049918 |      | ALARM MONITORING - FEB 2012<br>70-381-0450-4260      | 15.00           |
|         |          |  | 1049919                |      | ALARM MONITORING - FEB 2012<br>01-430-0000-4260      | 15.00           |
|         |          |  | 1049920                |      | ALARM MONITORING - FEB 2012<br>01-390-0310-4260      | 15.00           |
|         |          |  | 1049921                |      | ALARM MONITORING - FEB 2012<br>01-390-0460-4260      | 15.00           |
|         |          |  | 1049922                |      | ALARM MONITORING - FEB 2012<br>70-381-0450-4260      | 15.00           |
|         |          |  | 1049923                |      | ALARM MONITORING - FEB 2012<br>01-390-0410-4260      | 15.00           |
|         |          |  |                        |      | <b>Total :</b>                                       | <b>195.00</b>   |
| 97224   | 2/6/2012 | 888531 BIG RED PLUMBING SUPPLY, INC.               | 67064                  |      | CHLORINE FILTER REPAIR @ WELL 2A<br>70-384-0000-4320 | 33.47           |
|         |          |  |                        |      | <b>Total :</b>                                       | <b>33.47</b>    |
| 97225   | 2/6/2012 | 888552 LAW OFFICES DAPEER, ROSENBLIT & LITVAK 5269 |                        |      | LEGAL SERVICES<br>01-150-0000-4270                   | 143.69          |
|         |          |  |                        |      | <b>Total :</b>                                       | <b>143.69</b>   |
| 97226   | 2/6/2012 | 888556 KEY EQUIPMENT FINANCE                       | 591214947 - 1202       |      | FEB LEASE PAYMENT - TOSHIBA 5500<br>10-420-1371-4260 | 1,295.27        |
|         |          |  |                        |      | <b>Total :</b>                                       | <b>1,295.27</b> |
| 97227   | 2/6/2012 | 888615 WOOD AUTO SUPPLY INC                        | 750370                 |      | WATER PUMP & BELT - PD3032<br>01-320-0225-4400       | 75.73           |
|         |          |  | 750482                 |      | BRAKE & FUEL LINE REPAIR TOOLS<br>01-320-0000-4340   | 20.08           |
|         |          |  | 751827                 |      | CIRCUIT BREAKERS FOR FLEET<br>01-1215                | 94.03           |
|         |          |  | 751936                 |      | RATCHET FOR WATER 34<br>70-384-0000-4340             | 24.44           |
|         |          |  |                        |      | <b>Total :</b>                                       | <b>214.28</b>   |

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| 97228   | 2/6/2012 | 888646 HD SUPPLY WATER WORKS, LTD | 4178180   |      | PD PRESSURE REGULATOR VALVE RE<br>01-390-0222-4300   | 236.20          |
|         |          |                                   | 4217446   |      | SUPPLIES<br>70-383-0301-4300                         | 76.02           |
|         |          |                                   | 4223974   |      | SUPPLIES<br>70-383-0301-4300                         | 520.26          |
|         |          |                                   | 4224609   |      | TAPPING SUPPLIES<br>70-383-0000-4600                 | 702.27          |
|         |          |                                   | 4229164   |      | SUPPLIES<br>70-383-0301-4300                         | 564.30          |
|         |          |                                   | 4229245   |      | SUPPLIES<br>70-383-0301-4300                         | 478.26          |
|         |          |                                   |           |      | <b>Total :</b>                                       | <b>2,577.31</b> |
| 97229   | 2/6/2012 | 888763 DANA POINT MARINA INN      | TRAVEL    |      | POST MANAGEMENT COURSE IN DAN.<br>01-222-0000-4360   | 477.42          |
|         |          |                                   |           |      | <b>Total :</b>                                       | <b>477.42</b>   |
| 97230   | 2/6/2012 | 888800 BUSINESS CARD              | 120911    |      | CSMFO 2012 MEMBERSHIP DUES<br>01-130-0000-4380       | 110.00          |
|         |          |                                   | 122211    |      | (2) FIRST AID KIITS<br>01-420-0000-4300              | 206.48          |
|         |          |                                   | 123111    |      | MISC CHARGES<br>01-190-0000-4435                     | 23.14           |
|         |          |                                   |           |      | <b>Total :</b>                                       | <b>339.62</b>   |
| 97231   | 2/6/2012 | 888844 REPUBLIC ITS               | RI-124141 |      | DAMAGED MARBLELITE POLE ON BRA<br>27-344-0000-4260   | 419.00          |
|         |          |                                   |           |      | <b>Total :</b>                                       | <b>419.00</b>   |
| 97232   | 2/6/2012 | 888873 ROYAL FLUSH                | 1705      |      | PORTABLE TOILET RENTAL @ 12900 C<br>70-384-0000-4260 | 133.00          |
|         |          |                                   |           |      | <b>Total :</b>                                       | <b>133.00</b>   |
| 97233   | 2/6/2012 | 889077 FUEL CREATIVE GROUP INC.   | 02345-001 |      | HISTORIC SIGN DESIGN<br>01-150-0000-4320             | 750.00          |
|         |          |                                   |           |      | <b>Total :</b>                                       | <b>750.00</b>   |

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| 97234                           | 2/6/2012 | 889094 JCH'S TOOLS                   | 43074               |       | BAD SENSOR REPLACEMENT @ LOWE<br>70-381-0450-4300  | 124.09           |
|                                 |          |                                      |                     |       | <b>Total :</b>                                     | <b>124.09</b>    |
| 97235                           | 2/6/2012 | 889187 USA MOBILITY WIRELESS, INC    | V7954833A           |       | PAGERS<br>01-190-0000-4220                         | 60.99            |
|                                 |          |                                      |                     |       | <b>Total :</b>                                     | <b>60.99</b>     |
| 97236                           | 2/6/2012 | 889270 HORIZON HEALTH EAP            | 59191               |       | EAP - DEC 2011<br>01-106-0000-4260                 | 365.75           |
|                                 |          |                                      | 60167               |       | EAP - JAN 2012<br>01-106-0000-4260                 | 365.75           |
|                                 |          |                                      |                     |       | <b>Total :</b>                                     | <b>731.50</b>    |
| 97237                           | 2/6/2012 | 889287 UNITED TRUCK CENTERS          | 31504               |       | 1990 310D BACKHOE REPAIR<br>01-320-0311-4400       | 3,000.00         |
|                                 |          |                                      |                     | 10923 | 01-320-0346-4400                                   | 1,500.00         |
|                                 |          |                                      |                     | 10923 | 72-360-0000-4400                                   | 4,525.00         |
|                                 |          |                                      |                     |       | 01-320-0371-4400                                   | 199.15           |
|                                 |          |                                      |                     |       | <b>Total :</b>                                     | <b>9,224.15</b>  |
| 97238                           | 2/6/2012 | 889328 FIRST TRANSIT, INC.           | 10620309            |       | MCT - DEC 2011<br>07-440-0442-4260                 | 38,741.85        |
|                                 |          |                                      |                     |       | <b>Total :</b>                                     | <b>38,741.85</b> |
| 97239                           | 2/6/2012 | 889352 GOMEZ, ADRIANA                | 121311              |       | COMMISSIONER'S REIMBURSEMENT<br>01-420-0000-4111   | 50.00            |
|                                 |          |                                      |                     |       | <b>Total :</b>                                     | <b>50.00</b>     |
| 97240                           | 2/6/2012 | 889491 WILLDAN FINANCIAL SERVICES    | 007-10793           |       | PARK AVE UTILITY TRENCH WORK -<br>08-310-0000-4270 | 3,438.75         |
|                                 |          |                                      |                     |       | <b>Total :</b>                                     | <b>3,438.75</b>  |
| 97241                           | 2/6/2012 | 889532 GILMORE, REVA A.              | 12/31/11 - 01/13/12 |       | FOOD SERVICE MANAGER<br>10-422-3750-4270           | 630.50           |
|                                 |          |                                      |                     |       | 10-422-3752-4270                                   | 58.50            |
|                                 |          |                                      |                     |       | <b>Total :</b>                                     | <b>689.00</b>    |
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| 97242                           | 2/6/2012 | 889533 MARTINEZ, ANITA               | 12/31/11 - 01/13/12 |      | ASSISTANT FOOD MANAGER<br>10-422-3750-4270           | 177.00        |
|                                 |          |                                      |                     |      | <b>Total :</b>                                       | <b>177.00</b> |
| 97243                           | 2/6/2012 | 889534 RAMIREZ, FRANCISCO            | 12/31/11 - 01/13/12 |      | HDM DRIVER<br>10-422-3752-4270                       | 141.60        |
|                                 |          |                                      |                     |      | 10-422-3752-4390                                     | 41.60         |
|                                 |          |                                      |                     |      | <b>Total :</b>                                       | <b>183.20</b> |
| 97244                           | 2/6/2012 | 889535 GOMEZ, GILBERT                | 12/31/11 - 01/13/12 |      | HDM DRIVER<br>10-422-3752-4270                       | 141.60        |
|                                 |          |                                      |                     |      | 10-422-3752-4390                                     | 45.76         |
|                                 |          |                                      |                     |      | <b>Total :</b>                                       | <b>187.36</b> |
| 97245                           | 2/6/2012 | 889592 CUELLAR, JIMMY KYLE           | DEC 2011            |      | MARIACHI MASTER APPRENTICE PRO<br>10-424-3678-4260   | 350.00        |
|                                 |          |                                      |                     |      | <b>Total :</b>                                       | <b>350.00</b> |
| 97246                           | 2/6/2012 | 889644 VERIZON BUSINESS              | 63177594            |      | CITY HALL LONG DISTANCE<br>01-190-0000-4220          | 57.42         |
|                                 |          |                                      | 63177595            |      | CITY YARD LONG DISTANCE<br>70-384-0000-4220          | 78.98         |
|                                 |          |                                      | 63177596            |      | CITY HALL LONG DISTANCE & INTRAL<br>01-190-0000-4220 | 254.31        |
|                                 |          |                                      | 63177597            |      | POLICE LONG DISTANCE<br>01-222-0000-4220             | 212.75        |
|                                 |          |                                      | 63177598            |      | CITY YARD LONG DISTANCE<br>70-384-0000-4220          | 4.94          |
|                                 |          |                                      | 63177599            |      | PARK LONG DISTANCE<br>01-420-0000-4220               | 114.83        |
|                                 |          |                                      | 63178188            |      | ENGINEERING LONG DISTANCE<br>01-310-0000-4220        | 2.50          |
|                                 |          |                                      | 63178198            |      | CITY YARD LONG DIST (AIMS NETWOF<br>70-384-0000-4220 | 4.94          |
|                                 |          |                                      | 63178202            |      | CREDIT CARD LINE<br>01-190-0000-4220                 | 2.46          |
|                                 |          |                                      | 63178203            |      | POLICE LONG DISTANCE                                 |               |
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| 97246                           | 2/6/2012 | 889644 VERIZON BUSINESS              | (Continued)         |      |  |                  |
|                                 |          |                                      | 63178204            |      | 01-222-0000-4220<br>PARK LONG DISTANCE           | 3.30             |
|                                 |          |                                      | 63178213            |      | 01-420-0000-4220<br>CITY HALL LONG DISTANCE      | 5.04             |
|                                 |          |                                      |                     |      | 01-190-0000-4220                                 | 23.01            |
|                                 |          |                                      |                     |      | <b>Total :</b>                                   | <b>764.48</b>    |
| 97247                           | 2/6/2012 | 889681 VILLALPANDO, MARIA            | 12/31/11 - 01/13/12 |      | FOOD SERVICE WORKER<br>10-422-3750-4270          | 238.95           |
|                                 |          |                                      |                     |      | <b>Total :</b>                                   | <b>238.95</b>    |
| 97248                           | 2/6/2012 | 889703 ALESHIRE & WYNDER, LLP        | 18778               |      | LEGAL SERVICES<br>94-110-1055-4270               | 14,295.11        |
|                                 |          |                                      |                     |      | <b>Total :</b>                                   | <b>14,295.11</b> |
| 97249                           | 2/6/2012 | 889763 PEREZ, JENNIFER               | 121311              |      | COMMISSIONER'S REIMBURSEMENT<br>01-420-0000-4111 | 50.00            |
|                                 |          |                                      |                     |      | <b>Total :</b>                                   | <b>50.00</b>     |
| 97250                           | 2/6/2012 | 889794 CUELLAR, JULIE                | 011812              |      | COMMISSIONER'S REIMBURSEMENT<br>01-150-0000-4111 | 50.00            |
|                                 |          |                                      |                     |      | <b>Total :</b>                                   | <b>50.00</b>     |
| 97251                           | 2/6/2012 | 889864 ROMERO, LUZ                   | 2000019.001         |      | YOUTH BASKETBALL REFUND<br>17-3770-1328          | 60.00            |
|                                 |          |                                      |                     |      | <b>Total :</b>                                   | <b>60.00</b>     |
| 97252                           | 2/6/2012 | 889942 ATHENS SERVICES               | JAN 2012            |      | STREET SWEEPING - JAN 2012<br>01-343-0000-4260   | 10,100.00        |
|                                 |          |                                      |                     |      | <b>Total :</b>                                   | <b>10,100.00</b> |
| 97253                           | 2/6/2012 | 889962 GMS ELEVATOR SERVICES, INC    | 00062616            |      | MONTHLY SERVICE<br>01-430-0000-4260              | 125.00           |
|                                 |          |                                      |                     |      | <b>Total :</b>                                   | <b>125.00</b>    |
| 97254                           | 2/6/2012 | 889983 RUELAS, JOSE                  | 011812              |      | COMMISSIONER'S REIMBURSEMENT<br>01-150-0000-4111 | 50.00            |
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| 97254                           | 2/6/2012 | 889983 889983 RUELAS, JOSE           | (Continued)                |      |  |                 |
|                                 |          |                                      |                            |      | <b>Total :</b>   | <b>50.00</b>    |
| 97255                           | 2/6/2012 | 890004 PACIFIC TELEMAGEMENT SERVICE  | 334048                     |      | PD PAY PHONE - FEB 2012<br>01-190-0000-4220  | 62.64           |
|                                 |          |                                      |                            |      | <b>Total :</b>   | <b>62.64</b>    |
| 97256                           | 2/6/2012 | 890010 TOTAL PRINTING SUPPLIES       | 10710                      |      | TONER CARTRIDGES<br>01-222-0000-4300   | 119.63          |
|                                 |          |                                      |                            |      | <b>Total :</b>   | <b>119.63</b>   |
| 97257                           | 2/6/2012 | 890011 THALES CONSULTING INC.        | 550                        |      | ANNUAL REDEVELOPMENT REPORTS<br>94-190-0000-4270   | 2,000.00        |
|                                 |          |                                      |                            |      | <b>Total :</b>   | <b>2,000.00</b> |
| 97258                           | 2/6/2012 | 890026 PRIORITY MAILING SYSTEMS LLC  | INV211475                  |      | RATE CHANGE PROTECTION PLAN FO<br>01-190-0000-4280   | 1,199.00        |
|                                 |          |                                      |                            |      | <b>Total :</b>   | <b>1,199.00</b> |
| 97259                           | 2/6/2012 | 890076 URBAN RESTORATION GROUP       | 00006720                   |      | GRAFFITI ABATEMENT<br>01-152-0000-4300   | 426.94          |
|                                 |          |                                      |                            |      | <b>Total :</b>   | <b>426.94</b>   |
| 97260                           | 2/6/2012 | 890080 TECOGEN INC.                  | CGQ0112-54                 |      | QUARTERLY MAINTENANCE<br>01-430-0000-4260  | 4,217.92        |
|                                 |          |                                      |                            |      | <b>Total :</b>   | <b>4,217.92</b> |
| 97261                           | 2/6/2012 | 890094 TECS ENVIROMENTAL             | TM-SF-0112A<br>TM-SF-0112B |      | NITRATE WELL TREATMENT -<br>70-384-0000-4600<br>GENERAL ENGINEERING SERVICES<br>01-310-0000-4270 | 875.00          |
|                                 |          |                                      |                            |      | <b>Total :</b>   | <b>1,375.00</b> |
| 97262                           | 2/6/2012 | 890109 SUPERMEDIA LLC                | 490003218406               |      | DOMAIN REGISTRATION & E-MAIL HO<br>01-190-0000-4220  | 50.95           |
|                                 |          |                                      |                            |      | <b>Total :</b>   | <b>50.95</b>    |
| 97263                           | 2/6/2012 | 890251 ALDERMAN & HILGERS, LLP       | 445                        |      | LEGAL SERVICES<br>06-190-0000-4800   | 463.00          |
|                                 |          |                                      |                            |      |  | Page: 26        |

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| Voucher | Date     | Vendor                                | Invoice            | PO # | Description/Account                                   | Amount          |
|---------|----------|---------------------------------------|--------------------|------|---|-----------------|
| 97263   | 2/6/2012 | 890251 ALDERMAN & HILGERS, LLP        | (Continued)<br>447 |      | LEGAL SERVICES<br>06-190-0000-4800                    | 700.75          |
|         |          |                                       | 450                |      | LEGAL SERVICES<br>06-190-0000-4800                    | 1,231.89        |
|         |          |                                       | 508                |      | LEGAL SERVICES<br>06-190-0000-4800                    | 1,609.50        |
|         |          |                                       | 511                |      | LEGAL SERVICES<br>06-190-0000-4800                    | 912.00          |
|         |          |                                       |                    |      | <b>Total :</b>  | <b>4,917.14</b> |
| 97264   | 2/6/2012 | 890286 CALIFORNIA CLAIMS              | 2011-10181         |      | WORKER'S COMP ADMINISTRATION FI<br>01-106-0000-4270   | 1,500.00        |
|         |          |                                       |                    |      | <b>Total :</b>  | <b>1,500.00</b> |
| 97265   | 2/6/2012 | 890360 BALLIN, NINAMARIE JULIA        | 121311             |      | COMMISSIONER'S REIMBURSEMENT<br>01-420-0000-4111      | 50.00           |
|         |          |                                       |                    |      | <b>Total :</b>  | <b>50.00</b>    |
| 97266   | 2/6/2012 | 890377 F & F SIGNS                    | 1202               |      | CLASS BANNERS<br>01-420-0000-4300                     | 320.82          |
|         |          |                                       |                    |      | <b>Total :</b>  | <b>320.82</b>   |
| 97267   | 2/6/2012 | 890404 SAN FERNANDO FIRE & RESCUE INC | 18                 |      | POOL PERSONNEL SERVICES W/E 01/<br>01-430-0000-4260   | 5,171.25        |
|         |          |                                       |                    |      | <b>Total :</b>  | <b>5,171.25</b> |
| 97268   | 2/6/2012 | 890406 LILLIO, JOSEPH                 | REIMB.             |      | LEAGUE OF CA CITIES CONFERENCE<br>01-130-0000-4360    | 346.16          |
|         |          |                                       | REIMB.             |      | MILEAGE REIMB - ICFA BOARD MEETIN<br>01-130-0000-4390 | 29.69           |
|         |          |                                       |                    |      | <b>Total :</b>  | <b>375.85</b>   |
| 97269   | 2/6/2012 | 890487 SEA-CLEAR POOLS                | 11-1695            |      | POOL SERVICE CONTRACT<br>01-430-0000-4260             | 4,000.00        |
|         |          |                                       |                    |      | <b>Total :</b>  | <b>4,000.00</b> |
| 97270   | 2/6/2012 | 890488 AGUILA, ISMAEL                 | REIMB.             |      | REIMB OF MARKETING FOR POOL PUE                       |                 |

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| Voucher | Date     | Vendor                  | Invoice     | PO # | Description/Account                                | Amount           |
|---------|----------|-------------------------|-------------|------|--|------------------|
| 97270   | 2/6/2012 | 890488 AGUILA, ISMAEL   | (Continued) |      | 01-420-0000-4260                                   | 274.74           |
|         |          |                         |             |      | <b>Total :</b>                                     | <b>274.74</b>    |
| 97271   | 2/6/2012 | 890561 GCS INC.         | 40629       |      | JANITORIAL SERVICES - JAN 2012<br>01-390-0222-4260 | 4,305.60         |
|         |          |                         |             |      | 01-390-0450-4260                                   | 1,088.36         |
|         |          |                         |             |      | 01-390-0410-4260                                   | 2,607.00         |
|         |          |                         |             |      | 01-390-0460-4260                                   | 3,780.00         |
|         |          |                         |             |      | 01-430-0000-4260                                   | 3,450.00         |
|         |          |                         |             |      | 01-390-0310-4260                                   | 1,214.91         |
|         |          |                         |             |      | <b>Total :</b>                                     | <b>16,445.87</b> |
| 97272   | 2/6/2012 | 890567 PENA, JULIA      | 2000017.001 |      | YOUTH BASKETBALL REFUND<br>17-3770-1328            | 60.00            |
|         |          |                         |             |      | <b>Total :</b>                                     | <b>60.00</b>     |
| 97273   | 2/6/2012 | 890568 MEJIA, ALICIA    | 2000018.001 |      | ZUMBA REFUND<br>17-3770-1341                       | 18.00            |
|         |          |                         |             |      | <b>Total :</b>                                     | <b>18.00</b>     |
| 97274   | 2/6/2012 | 890569 CHAGOLLA, ADRIAN | 2000800124  |      | FACILITY RENTAL REFUND<br>01-3777-0000             | 127.00           |
|         |          |                         |             |      | <b>Total :</b>                                     | <b>127.00</b>    |
| 97275   | 2/6/2012 | 890570 RAMIREZ, SUSANA  | 2000021.001 |      | YOUTH BASKETBALL PARTIAL REFUND<br>17-3770-1328    | 35.00            |
|         |          |                         |             |      | <b>Total :</b>                                     | <b>35.00</b>     |
| 97276   | 2/6/2012 | 890571 BENNETT'S BEST   | 2059        |      | TREE FOR TREE LIGHTING CEREMON<br>04-2385          | 435.00           |
|         |          |                         |             |      | <b>Total :</b>                                     | <b>435.00</b>    |
| 97277   | 2/6/2012 | 890572 COPSPLUS INC     | 425736      |      | DETECTIVE'S EQUIPMENT<br>01-222-0000-4300          | 201.58           |
|         |          |                         |             |      | 01-2030  | -16.22           |
|         |          |                         | 428741      |      | DETECTIVE'S EQUIPMENT<br>01-222-0000-4300          | 178.75           |

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| Voucher    | Date                            | Vendor                        | Invoice     | PO # | Description/Account            | Amount            |
|------------|---------------------------------|-------------------------------|-------------|------|--------------------------------|-------------------|
| 97277      | 2/6/2012                        | 890572 COPSPLUS INC           | (Continued) |      | 01-2030                        | -14.38            |
|            |                                 |                               |             |      | <b>Total :</b>                 | <b>349.73</b>     |
| 97278      | 2/6/2012                        | 890573 AYALA, MICHAEL         | PL1105875   |      | SWAPMEET OCCUPANY REFUND       |                   |
|            |                                 |                               |             |      | 01-3325-0000                   | 25.00             |
|            |                                 |                               |             |      | 01-3719-0154                   | 2.50              |
|            |                                 |                               |             |      | <b>Total :</b>                 | <b>27.50</b>      |
| 97279      | 2/6/2012                        | 890574 HILTON HOTEL - DEL MAR | TRAVEL      |      | MANDATORY ICI DETECTIVE MANAGE |                   |
|            |                                 |                               |             |      | 01-225-0000-4360               | 506.57            |
|            |                                 |                               |             |      | <b>Total :</b>                 | <b>506.57</b>     |
| <b>152</b> | <b>Vouchers for bank code :</b> | <b>bank</b>                   |             |      | <b>Bank total :</b>            | <b>938,724.21</b> |
| <b>152</b> | <b>Vouchers in this report</b>  |                               |             |      | <b>Total vouchers :</b>        | <b>938,724.21</b> |

Voucher Registers are not final until approved by Council.

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**ADMINISTRATION DEPARTMENT****MEMORANDUM**

**TO:** Mayor Mario F. Hernández and Councilmembers

**FROM:** Al Hernández, City Administrator  
Joseph Lillio, Senior Accountant

**DATE:** February 6, 2012

**SUBJECT:** Financial Statement – November and December 2011

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**RECOMMENDATION:**

It is recommended that the City Council receive and file:

- a. Financial Statement for November 2011 (Attachment “A”); and
- b. Financial Statement for December 2011 (Attachment “B”).

**BACKGROUND:**

Fiscal Year Ending June 2012 Budget was approved by City Council on July 18, 2011, reflecting a balanced General Fund.

**ANALYSIS/CONCLUSION:**

The City is on a modified cash basis and financials are reported on an unaudited cash basis.

**BUDGET IMPACT:**

None.

**ATTACHMENT:**

- A. November 2011 Financial Statement
- B. December 2011 Financial Statement



**ATTACHMENT "A"**

City of San Fernando

# Financial Statement

Unaudited – Cash Basis



11.30.11

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### **P & L**

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## Commentary **NOVEMBER 2011**

### GENERAL

The major revenues and expense accounts have been adjusted to reflect seasonal variances.

Also, it is necessary to look at the monthly figures in conjunction with the YTD actuals to get a true picture. As we are on a modified cash basis and we accrued June revenues, the balance of the year is on a cash basis. We need to look at seasonally adjusting all revenues and expenditures in order to better monitor the City's cash flow and more accurately forecast the City's overall fiscal position.

As we expect revenues to continue to be lighter than the previous year, we have kept expenses down during this period. Major Public Works projects have been deferred until later in the current fiscal year include:

- Street maintenance, while in process is the Nitrate System.

### REVENUES

#### General Fund

Property Tax revenues of \$37,415 were \$11,415 greater than budget of \$26,000. This variance is due to an increase in the prior year's property taxes and penalties that were collected and remitted compared to what was budgeted.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$64,037 | \$51,740 | \$21,679 | \$37,415 |

Property Taxes In-Lieu of VLF of \$0 were as budgeted. The In-Lieu of VLF is received in January and May of each year.

Sales & Use Tax revenues of \$225,460 were \$3,460 (+2%) greater than budget of \$222,000; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$246,100 | \$174,900 | \$129,632 | \$225,460 |

Triple Flip of VLF of \$0 was as budgeted. Triple Flip is received in January and May of each year.

Business License Tax of \$8,002 was \$1,248 (-13%) less than budgeted of \$9,250; renewals for the month of November were minimal. Renewals in November are typically for new businesses. Renewal notices for the new year will be going out in December.

## Commentary **NOVEMBER 2011**

Vehicle Tow Franchise Fees of \$30,725 were \$725 (+2%) greater than budget of \$30,000; no major variance.

Admissions of \$0 were \$69,000 (-100%) less than budget of \$69,000; this is due no remittance received. San Fernando Swap Meet did not submit in November & will be submitting their November payment in December. This amount is \$73k.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$48,947 | \$63,505 | \$69,392 | \$0      |

Construction Permits of \$16,851 were \$485 (+3%) greater than budget of \$16,367; no major variance.

Parking Citations of \$55,578 were \$15,256 (-22%) less than budget of \$70,833; this is the result of fewer citations issued compared to same period in prior years. As of July 1, 2011 the San Fernando Courthouse has redirected all traffic related cases/hearings and other civil cases to the Chatsworth Courthouse location. This has had a significant impact on parking citations issued in the Civic Center area.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$90,205 | \$88,028 | \$73,675 | \$55,578 |

Interest and Rental Income of \$17,691 were \$4,358 (33%) greater than budget of \$13,333; this is the result of Mauran Ambulance not paying their lease in October and remitted two payments in November.

RDA & Misc. Reimbursements of \$43,195 were \$3,325 (-7%) less than budget of \$46,520; no major variance.

Charges for Current Services of \$27,749 were \$8,343 (-23%) less than budget of \$36,092; this is the result of vehicle inspection fees (-\$3,352), special police services (-\$3,212), engineering & inspection fees (-\$1,340), and other (-\$439).

Sales of Property & Other Revenues of \$203,672 were \$18,253 (-8%) less than budget of \$221,925; this is due to code enforcement (-\$13,326) being staffed one less person in comparison to prior year, parking meters (-\$5,573), and other (+\$646).

### **Self Insurance Fund**

Worker's compensation premiums (revenue) of \$68,596 were \$22,317 (-25%) less than budget of \$90,914; this variance is due to numerous vacant positions that have occurred since June 2011. These positions have not been filled and were budgeted for in the current year. During the Mid-Year process this budget will be appropriately adjusted.

## Commentary **NOVEMBER 2011**

### Water Fund

Water Service Charges of \$284,166 were \$6,332 (2%) greater than budget of \$277,833; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$245,776 | \$266,700 | \$276,505 | \$284,166 |

### Sewer Fund

Sewer Service Charges of \$272,547 were \$67,964 (+33%) greater than budget of \$204,583; this variance is the result of capital facility charges being assessed to a business converting to a laundry mate.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$199,459 | \$196,890 | \$206,691 | \$272,547 |

### Refuse Disposal

Refuse Disposal revenues of \$102,592 were \$324 (0%) less than budget of \$102,917; no major variance.

| FY 08-09 | FY 09-10  | FY 10-11  | FY 11-12  |
|----------|-----------|-----------|-----------|
| \$98,703 | \$100,581 | \$102,646 | \$102,592 |

### State Gas Tax

Gas Tax revenues of \$113,177 were \$65,311 (-100%) greater than budget of \$47,865; this is the result of the State not disbursing GAS Tax funds to municipalities in October due to State budget deficit. For the month of November the State remitted October's and November's allocation. The State's disbursement of these funds has historically been unpredictable.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12  |
|----------|----------|----------|-----------|
| \$0      | \$0      | \$97,258 | \$113,177 |

### Recreation

Recreation (Fund 17) reimbursements of \$2,899 were \$749 (+35%) greater than budget of \$2,150; this variance is the result of facility attendants (+\$724), youth sports (+\$305), and other revenues (-\$280).

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$57,238 | \$14,355 | \$36,797 | \$2,899  |

### Retirement Fund

Property Tax revenues of \$65,990 were \$5,990 greater than budget of \$60,000; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11 | FY 11-12 |
|-----------|-----------|----------|----------|
| \$185,238 | \$177,960 | \$86,402 | \$65,990 |

## Commentary **NOVEMBER 2011**

### **EXPENDITURES**

#### **General Fund**

City Council expenditures of \$10,235 were \$504 (5%) greater than budget of \$9,731; no major variance.

City Treasurer expenditures of \$11,345 were \$359 (3%) less than budget of \$11,704; no major variance.

City Administration expenditures of \$15,656 were \$999 (6%) less than budget of \$16,655; no major variance.

Personnel Division expenditures of \$17,859 were \$8,263 (32%) less than budget of \$26,122; this is the result of savings in contractual services (\$6,964) related to the Police Chief recruitment & automated time clock system, budgeted benefits such as medical and dental (\$596), the purchase of equipment and supplies (\$345), meetings & subscriptions (\$140), advertising (\$125), and savings in other expenditures (\$93).

City Attorney expenditures of \$39,298 were as \$22,631 (136%) greater than budget of \$16,667; this variance is the result of various ongoing litigation cases and costs incurred due to investigation.

City Clerk expenditures of \$9,505 were \$923 (9%) less than budget of \$10,429; no major variance.

Finance expenditures of \$42,019 were \$3,475 (8%) less than budget of \$45,493; no major variance.

Community Development expenditures of \$44,684 were \$5,745 (15%) greater than budget of \$38,939; this is the result of costs related to Lopez Adobe.

Retirement PERS expenditures of \$147,789 were \$12,211 (8%) less than budget of \$160,000; this variance is due to five vacancies in the P.D. that have not been filled.

Non Departmental expenditures of \$30,858 were \$1,333 (5%) greater than budget of \$29,525; no major variance.

Fire Services (Los Angeles Fire Department) expenditures of \$0 were \$247,261 less than budget of \$247,261; L.A. City Fire has not billed for the months of July - November. These invoices will be paid in a future month.

Police expenditures of \$479,918 were \$10,323 (2%) less than budget of \$490,241; no major variance.

## Commentary **NOVEMBER 2011**

Public Works expenditures of \$148,279 were \$12,096 (8%) less than budget of \$160,375; no major variance.

Recreation & Community Services expenditures of \$168,941 were \$6,604 (4%) greater than budget of \$162,337; no major variance.

### **Self Insurance Fund**

City Attorney expenditures related to the self insurance fund of \$0 were as budgeted.

The Non-Departmental self insurance fund expenditures of \$27,447 were \$10,853 (28%) less than budget of \$38,300; this is the result of various vacant and frozen positions that have occurred during the current fiscal year.

### **Water Department**

Public Works expenditures of \$275,863 were \$22,148 (7%) less than budget of \$298,011; this variance is due to savings in the Nitrate System program. The November lease payment was not paid until December.

### **Sewer Fund**

Public Works expenditures of \$103,802 were \$332,739 (76%) less than budget of \$436,541; this variance is due to postponing payment to the City of L.A for wastewater treatment & disposal charges that were due in November. These invoices will be paid in December.

### **Refuse Disposal Fund**

Public Works expenditures of \$159,798 were \$64,390 (67%) greater than budget of \$95,408; this variance is due to paying October's and November's invoice in the month of November.

### **Gas Tax**

Non Departmental expenditures of \$75,881 were \$823 (1%) less than budget of \$76,704: no major variance.

Public Works expenditures of \$0 were \$6,196 (100%) less than budget of \$6,196; this variance is due to budgeted savings in the North Maclay streetscape project.

### **Recreation**

Non Departmental Recreation & Community Services expenditures of \$0 were as budgeted.

Recreation & Community Services expenditures of \$7,149 were \$2,787 (64%) greater than budget of \$4,363; this is the result of:

|                     |                  |
|---------------------|------------------|
| Salaries & Benefits | <u>\$(2,787)</u> |
| Variance            | \$(2,787)        |

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## Commentary | NOVEMBER 2011

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### **Retirement**

Retirement PERS expenses of \$275,916 were \$15,191 (6%) greater than budget of \$260,725; no major variance.

### **GENERAL**

Year to date (YTD) revenues are down compared to prior year's budget due to the state of the national & local economy; major variances include:

- Property Tax;
- Code Enforcement; and
- Parking Citations.

Property taxes are down due to a decline in assessed values and an increase in prop. 8 appeals. Prop. 8 appeals allow property owners to have their properties reassessed at a lower value. Parking Citations are down due to a higher rate of unpaid citations that are going to collections and fewer citations being issued. We will continue to monitor this account in the coming months. Also, Code Enforcement has forwarded uncollected accounts to the Franchise Tax Board for collections as residences file their annual California tax returns. Finance & PD met with Data Ticket in August 2011 to discuss parking citation revenue. Data Ticket will now be utilizing a 3<sup>rd</sup> party professional collection agency to attempt active collections on over \$1 million in outstanding parking citations.

Budgeted expenditures have been reduced compared to FY 2010-11 expenditures. This is a result of carrying open positions, deferring operating & maintenance expenses where possible, and continued labor negotiations with the various bargaining units.

Major Public Works projects that are expected to either start or continue into in December include:

- Street maintenance, while in process is the Nitrate System.

# Commentary **YTD NOVEMBER 2011**

## REVENUE

### General Fund

Property Tax revenues of \$37,415 were \$11,415 greater than budget of \$26,000. This variance is due to an increase in the prior year's property taxes and penalties that were collected and remitted compared to what was budgeted.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$64,037 | \$51,740 | \$21,679 | \$37,415 |

Property Taxes In-Lieu of VLF of \$0 were as budgeted.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$0      | \$0      | \$0      | \$0      |

Sales & Use Tax revenues of \$585,171 were \$3,079 (-1%) less than budget of \$588,250; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$796,074 | \$598,299 | \$576,323 | \$585,171 |

Triple Flip of VLF of \$0 was as budgeted.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$0      | \$0      | \$0      | \$0      |

Business License Tax of \$41,258 was \$1,992 (-5%) less than budget of \$43,250; no major variance.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$26,527 | \$30,563 | \$31,323 | \$41,258 |

Franchise Fees of \$45,935 were \$565 (-1%) less than budget of \$46,500; no major variance.

Admissions of \$206,261 were \$69,739 (-25%) less than budget of \$276,000; the swap meet did not remit the November admissions tax. Staff has contacted swap meet management and payment will be remitted in December with late fees.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$203,946 | \$240,532 | \$267,946 | \$206,261 |

## Commentary **YTD NOVEMBER 2011**

Construction Permit revenues of \$79,239 were \$1,739 (+2%) greater than budget of \$77,500; no major variance.

Parking Citations of \$228,315 were \$55,018 (-19%) less than budget of \$283,333; this is the result of fewer citations issued compared to same period in prior years. As of July 1, 2011 the San Fernando Courthouse has redirected all traffic related cases/hearings and other civil cases to the Chatsworth Courthouse location. This has had a significant impact on parking citations issued in the Civic Center area.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$390,983 | \$380,519 | \$201,878 | \$228,315 |

Interest and Rental Income of \$56,122 were \$10,543 (-16%) less than budget of \$66,665; this is the result of Mauran Ambulance owing three months rent. Staff has contacted Mauran and we are working on getting Mauran current by the end of December 2011.

RDA & Miscellaneous Reimbursements of \$102,742 were \$395 (-0%) less than budget of \$103,137; no major variance.

Charges for Current Services of \$158,587 were \$6,272 (-4%) less than budget of \$164,858; no major variance.

Sales of Property & Other Revenues of \$601,491 were \$18,410 (-3%) less than budget of \$619,902; no major variance.

### **Self Insurance Fund**

Worker's compensation premiums (revenue) of \$413,541 were \$4,430 (+1%) greater than budget of \$409,111; no major variance.

### **Water Fund**

Water Service Charges of \$905,488 were \$512 (-0%) less than budget of \$906,000; no major variance. The FY 2010-11 revenue included ~\$50k in revenue that should have been accrued to FY 2009-10.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$998,536 | \$869,037 | \$981,214 | \$905,488 |

### **Sewer Fund**

Sewer Service Charges of \$804,056 were \$90,514 (+13%) greater than budget of \$713,542; this variance is due to a sewer capital facility charge related to a Laundromat business conversion and other sewer capital facility charges collected (\$79k), higher than anticipated general sewer service charges (\$10k), and delinquent fees collected (\$1.5k).

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$936,457 | \$731,802 | \$814,286 | \$804,056 |



## Commentary **YTD NOVEMBER 2011**

### Refuse Disposal

Refuse Disposal revenues of \$332,777 were \$1,931 (-1%) less than budget of \$334,708; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$322,654 | \$325,699 | \$376,067 | \$332,777 |

### State Gas Tax

Gas Tax revenues of \$215,802 were \$26,551 (+14%) greater than budget of \$189,251; this is the result of conservative budgeting in light of past trends from the State. In prior years the State has deferred portions of Gas Tax payments to municipalities until March/April.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$207,270 | \$144,684 | \$134,744 | \$215,802 |

### Recreation

Recreation (Fund 17) reimbursements of \$123,239 were \$8,029 (+7%) greater than budget of \$115,210; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$256,355 | \$272,637 | \$247,027 | \$123,239 |

### Retirement Fund

Property Tax revenues of \$127,547 were \$5,547 (+5%) greater than budget of \$122,000; no major variance. The continual downward trend of revenue is reflective of the decline in assessed values occurring in the housing market.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$244,947 | \$245,001 | \$149,403 | \$127,547 |

## Commentary **YTD NOVEMBER 2011**

### EXPENDITURES

#### General Fund

City Council expenditures of \$49,335 were \$1,039 (2%) greater than budget of \$48,296; no major variance.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$29,071 | \$40,332 | \$44,462 | \$49,335 |

City Treasurer expenditures of \$57,237 were \$805 (1%) less than budget of \$58,042; no major variance.

City Administration expenditures of \$78,230 were \$3,192 (4%) less than budget of \$81,422; no major variance.

| FY 08-09  | FY 09-10 | FY 10-11 | FY 11-12 |
|-----------|----------|----------|----------|
| \$124,814 | \$89,779 | \$50,826 | \$78,230 |

Personnel Division expenditures of \$93,292 were \$15,990 (15%) less than budget of \$109,282; this variance is due to savings in contractual services (\$12,509) related to the automated time clock system and the search for a new Police Chief, benefits (\$2,487), and other expenditures (\$994).

| FY 08-09  | FY 09-10 | FY 10-11  | FY 11-12 |
|-----------|----------|-----------|----------|
| \$102,166 | \$95,287 | \$119,946 | \$93,292 |

City Attorney expenditures of \$123,635 were \$56,968 greater than budget of \$66,667; this variance is the result of various ongoing litigation cases.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12  |
|----------|----------|----------|-----------|
| \$69,095 | \$55,774 | \$58,557 | \$123,635 |

City Clerk expenditures of \$49,848 were \$2,296 (4%) less than budget of \$52,143; no major variance.

Finance expenditures of \$200,056 were \$13,592 (6%) less than budget of \$213,648; this variance is due to savings in part-time wages (\$4,964), budgeted benefits (\$4,707), equipment maintenance (\$2,387), subscriptions/dues/memberships/meetings (\$691), and other expenditures (\$843).

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$288,427 | \$204,431 | \$240,753 | \$200,056 |

## Commentary **YTD NOVEMBER 2011**

Community Development Expenditures of \$143,394 were \$8,104 (6%) greater than budget of \$135,290; no major variance.

Retirement PERS expenditures of \$764,630 were \$35,370 (4%) less than budget of \$800,000; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$754,542 | \$798,145 | \$757,135 | \$764,630 |

Non Departmental expenditures of \$97,702 were \$931 (1%) less than budget of \$98,633; no major variance.

Fire Services (Los Angeles Fire Department) expenditures of \$0 were \$247,261 less than budget of \$247,261; L.A. City Fire did not bill for the months of July through November. These bills will be paid in a future month.

Police expenditures of \$2,480,145 were \$52,656 (2%) greater than budget of \$2,427,489; no major variance.

| FY 08-09    | FY 09-10    | FY 10-11    | FY 11-12    |
|-------------|-------------|-------------|-------------|
| \$2,724,761 | \$2,889,231 | \$2,664,950 | \$2,480,145 |

Public Works expenditures of \$617,033 were \$84,490 (12%) less than budget of \$701,523; this is the result of savings in contractual services (\$25,585), activities and programs (\$16,917) is related to savings in refurbishment and upgrades to City buildings such as repainting and carpet replacement, budgeted salaries and benefits (\$21,890), supplies (\$7,183), part-time salaries (\$6,803), O.T. (\$2,713), and savings in other expenditures (\$3,399).

| FY 08-09    | FY 09-10  | FY 10-11  | FY 11-12  |
|-------------|-----------|-----------|-----------|
| \$1,092,532 | \$890,650 | \$669,134 | \$617,033 |

Recreation & Community Services expenditures of \$547,646 were \$23,422 (4%) greater than budget of \$524,224; no major variance.

### **Self Insurance Fund**

City Attorney expenditures related to the self insurance fund of \$0 were as budgeted.

The Non-Departmental self insurance fund expenditures of \$565,321 were \$98,436 greater than budget of \$466,886; this is the result of the City continuing to pay all expenses related to an industrial accident from FY 2010-11. The City has reached its \$500k deductible, however, the City must continue to pay these related expenses out of pocket and get reimbursed quarterly.

| FY 08-09  | FY 09-10  | FY 10-11    | FY 11-12  |
|-----------|-----------|-------------|-----------|
| \$791,239 | \$672,365 | \$1,174,232 | \$565,321 |

## Commentary **YTD NOVEMBER 2011**

### Water Department

Public Works expenses of \$1,070,121 were \$205,968 (16%) less than budget of \$1,276,089; this variance is due to budgeted savings in the Nitrate System program. The anticipated expenditures have been pushed out to later months.

| FY 08-09  | FY 09-10    | FY 10-11  | FY 11-12    |
|-----------|-------------|-----------|-------------|
| \$908,677 | \$1,032,940 | \$994,486 | \$1,070,121 |

### Sewer Fund

Public Works expenditures of \$353,313 were \$337,126 (49%) less than budget of \$690,439; this variance is due to postponing payment to City of L.A. for wastewater treatment and disposal charges.

| FY 08-09  | FY 09-10    | FY 10-11  | FY 11-12  |
|-----------|-------------|-----------|-----------|
| \$858,559 | \$1,031,686 | \$672,165 | \$353,313 |

### Refuse Disposal Fund

Public Works expenditures of \$344,906 were \$17,422 (5%) less than budget of \$362,262 no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$387,860 | \$380,906 | \$377,617 | \$344,906 |

### Gas Tax

Non Departmental expense of \$151,761 were \$1,646 less than budget of \$153,408; no major variance.

Public Works expenses of \$25,102 were \$8,023 (24%) less than budget of \$33,124; this variance is due to no expenses in capital projects.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$167,704 | \$167,204 | \$284,196 | \$176,863 |

### Recreation

Non Departmental Recreation & Community Services expenditures of \$3,687 were \$3,687 greater than budget of \$0; this is the result of charging part-time salaries & O.T. from concert at the pool/park. The budget will be addressed at Mid-Year.

Recreation & Community Services expenses of \$120,264 were \$23,935 greater than budget of \$96,329; this is the result of:

## Commentary **YTD NOVEMBER 2011**

|   |                |
|---|----------------|
| Salaries & Benefits (needs seasonal adjustment) | \$(14,833)     |
| Supplies  | \$ (9,014)     |
| Other   | <u>\$ (88)</u> |
| Variance  | \$(23,935)     |

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$252,326 | \$305,637 | \$229,678 | \$120,264 |

### Retirement

Retirement PERS expenses of \$1,254,369 were \$7,080 (1%) less than budget of \$1,261,450; no major variance.

| FY 08-09    | FY 09-10    | FY 10-11    | FY 11-12    |
|-------------|-------------|-------------|-------------|
| \$1,192,668 | \$1,274,030 | \$1,310,971 | \$1,254,369 |

# Commentary YTD NOVEMBER 2011

## City of San Fernando Income & Expense Report - Summary For Month and YTD November 30, 2011

|                                    | Month to Date    |                  |                  | Year to Date     |                  |             |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|-------------|
|                                    | Actual           | Budget           | Variance         | Actual           | Budget           | %           |
| <b>01 GENERAL FUND</b>             |                  |                  |                  |                  |                  |             |
| <b>Revenue</b>                     |                  |                  |                  |                  |                  |             |
| Property Taxes                     | 37,415           | 26,000           | 11,415           | 37,415           | 26,000           | 44%         |
| Property Taxes In-Lieu of VLF      | 0                | 0                | 0                | 0                | 0                | 0%          |
| Sub-total Property Taxes           | 37,415           | 26,000           | 11,415           | 37,415           | 26,000           | 44%         |
| Sales & Use Taxes                  | 225,460          | 222,000          | 3,460            | 585,171          | 588,250          | (1%)        |
| Triple Flip                        | 0                | 0                | 0                | 0                | 0                | 0%          |
| Sub-total Sales & Use Taxes        | 225,460          | 222,000          | 3,460            | 585,171          | 588,250          | (1%)        |
| Business License Taxes             | 8,002            | 9,250            | (1,248)          | 41,258           | 43,250           | (5%)        |
| Franchise Fees                     | 30,725           | 30,000           | 725              | 45,935           | 46,500           | (1%)        |
| Admissions Taxes                   | 0                | 69,000           | (69,000)         | 206,261          | 276,000          | (25%)       |
| Construction Permits               | 16,851           | 16,367           | 485              | 79,239           | 77,500           | 2%          |
| Parking Citations                  | 55,578           | 70,833           | (15,256)         | 228,315          | 283,333          | (19%)       |
| Interest & Rental Income           | 17,691           | 13,333           | 4,358            | 56,122           | 66,665           | (16%)       |
| RDA & Misc. Reimbursements         | 43,195           | 46,520           | (3,325)          | 102,742          | 103,137          | (0%)        |
| Motor Vehicle In-Lieu (VLF)        | 0                | 0                | 0                | 12,549           | 0                | 0%          |
| Charges for Current Services       | 27,749           | 36,092           | (8,343)          | 158,587          | 164,858          | (4%)        |
| Sales of Property & Other Revenues | 203,672          | 221,925          | (18,253)         | 601,491          | 619,902          | (3%)        |
| Transfers from Other Funds         | 431,219          | 450,062          | (18,843)         | 1,331,490        | 1,371,123        | (3%)        |
| Fees, Permits and Other Revenues   | 826,680          | 954,132          | (127,452)        | 2,822,731        | 3,009,018        | (6%)        |
| <b>Total Revenue Sources</b>       | <b>1,097,558</b> | <b>1,211,382</b> | <b>(113,824)</b> | <b>3,486,575</b> | <b>3,686,518</b> | <b>(5%)</b> |

# Commentary YTD NOVEMBER 2011

## City of San Fernando Income & Expense Report - Summary For Month and YTD November 30, 2011

|   | Month to Date    |                  |                 | Year to Date       |                    |             |
|---|------------------|------------------|-----------------|--------------------|--------------------|-------------|
|   | Actual           | Budget           | Variance        | Actual             | Budget             | %           |
| <b>01 GENERAL FUND</b>                    |                  |                  |                 |                    |                    |             |
| <b>Expenses</b>                           |                  |                  |                 |                    |                    |             |
| City Council                              | 10,235           | 9,731            | (504)           | 49,335             | 48,296             | (2%)        |
| City Treasurer                            | 11,345           | 11,704           | 359             | 57,237             | 58,042             | 1%          |
| City Administration                       | 15,656           | 16,655           | 999             | 78,230             | 81,422             | 4%          |
| Personnel Division                        | 17,859           | 26,122           | 8,263           | 93,292             | 109,282            | 15%         |
| City Attorney                             | 39,298           | 16,667           | (22,631)        | 123,635            | 66,667             | (85%)       |
| City Clerk                                | 9,505            | 10,429           | 923             | 49,848             | 52,143             | 4%          |
|   | <u>103,898</u>   | <u>91,307</u>    | <u>(12,591)</u> | <u>451,576</u>     | <u>415,852</u>     | <u>(9%)</u> |
| City Officials and Administrative Offices |                  |                  |                 |                    |                    |             |
| Finance                                   | 42,019           | 45,493           | 3,475           | 200,056            | 213,648            | 6%          |
| Community Development                     | 44,684           | 38,939           | (5,745)         | 143,394            | 135,290            | (6%)        |
| Retirement - Pers                         | 147,789          | 160,000          | 12,211          | 764,630            | 800,000            | 4%          |
| Non-Departmental                          | 30,858           | 29,525           | (1,333)         | 97,702             | 98,633             | 1%          |
| Fire Services (LAFD)                      | 0                | 247,261          | 247,261         | 0                  | 247,261            | 100%        |
| Police                                    | 479,918          | 490,241          | 10,323          | 2,480,145          | 2,427,489          | (2%)        |
| Public Works                              | 148,279          | 160,375          | 12,096          | 617,033            | 701,523            | 12%         |
| Recreation & Comm Services                | 168,941          | 162,337          | (6,604)         | 547,646            | 524,224            | (4%)        |
| Departmental                              | <u>1,062,488</u> | <u>1,334,171</u> | <u>271,683</u>  | <u>4,850,806</u>   | <u>5,148,067</u>   | <u>6%</u>   |
| <b>Total Expenses</b>                     | <u>1,166,386</u> | <u>1,425,478</u> | <u>259,092</u>  | <u>5,302,182</u>   | <u>5,563,918</u>   | <u>5%</u>   |
| <b>Total GENERAL FUND</b>                 | <u>(68,829)</u>  | <u>(214,097)</u> | <u>145,268</u>  | <u>(1,815,606)</u> | <u>(1,897,400)</u> | <u>(4%)</u> |

# Commentary

## YTD NOVEMBER 2011

City of San Fernando  
Income & Expense Report - Summary  
For Month and YTD November 30, 2011

|   | Month to Date |               |                 | Year to Date |                  |                 |
|---|---------------|---------------|-----------------|--------------|------------------|-----------------|
|   | Actual        | Budget        | Variance        | %            | Actual           | Budget          |
|   |               |               |                 |              |                  | Variance        |
|   |               |               |                 |              |                  | %               |
| <b>06 SELF-INSURANCE FUND</b>             |               |               |                 |              |                  |                 |
| <b>Revenue</b>                            |               |               |                 |              |                  |                 |
| Interest & Rental Income                  | 0             | 0             | 0               | 0%           | 0                | 0               |
| Sales of Property & Other Revenues        | 68,596        | 90,914        | (22,317)        | (25%)        | 413,541          | 409,111         |
|   |               |               |                 |              |                  | 4,430           |
| Fees, Permits and Other Revenues          | 68,596        | 90,914        | (22,317)        | (25%)        | 413,541          | 409,111         |
|   |               |               |                 |              |                  | 4,430           |
| <b>Total Revenue Sources</b>              | <b>68,596</b> | <b>90,914</b> | <b>(22,317)</b> | <b>(25%)</b> | <b>413,541</b>   | <b>409,111</b>  |
|   |               |               |                 |              |                  | <b>4,430</b>    |
|   |               |               |                 |              |                  | <b>1%</b>       |
|   |               |               |                 |              |                  | <b>1%</b>       |
| <b>Expenses</b>                           |               |               |                 |              |                  |                 |
| City Attorney                             | 0             | 0             | 0               | 0%           | 0                | 0               |
|   |               |               |                 |              |                  | 0               |
| City Officials and Administrative Offices | 0             | 0             | 0               | 0%           | 0                | 0               |
|   |               |               |                 |              |                  | 0               |
| Non-Departmental                          | 27,447        | 38,300        | 10,853          | 28%          | 565,321          | 466,886         |
| Police                                    | 0             | 0             | 0               | 0%           | 0                | 0               |
|   |               |               |                 |              |                  | 0               |
| Departmental                              | 27,447        | 38,300        | 10,853          | 28%          | 565,321          | 466,886         |
|   |               |               |                 |              |                  | (98,436)        |
|   |               |               |                 |              |                  | (21%)           |
| <b>Total Expenses</b>                     | <b>27,447</b> | <b>38,300</b> | <b>10,853</b>   | <b>28%</b>   | <b>565,321</b>   | <b>466,886</b>  |
|   |               |               |                 |              |                  | (98,436)        |
|   |               |               |                 |              |                  | (21%)           |
| <b>Total SELF-INSURANCE FUND</b>          | <b>41,149</b> | <b>52,613</b> | <b>(11,464)</b> | <b>(22%)</b> | <b>(151,780)</b> | <b>(57,775)</b> |
|   |               |               |                 |              |                  | <b>(94,005)</b> |
|   |               |               |                 |              |                  | <b>163%</b>     |



# Commentary YTD NOVEMBER 2011

## City of San Fernando Income & Expense Report - Summary For Month and YTD November 30, 2011

|                                    | Month to Date  |                 |               | Year to Date     |                  |              |
|------------------------------------|----------------|-----------------|---------------|------------------|------------------|--------------|
|                                    | Actual         | Budget          | Variance      | Actual           | Budget           | %            |
| <b>70 WATER FUND</b>               |                |                 |               |                  |                  |              |
| <b>Revenue</b>                     |                |                 |               |                  |                  |              |
| Interest & Rental Income           | 0              | 0               | 0             | 0                | 1,500            | (100%)       |
| RDA & Misc. Reimbursements         | 0              | 417             | (417)         | 0                | 1,250            | (100%)       |
| Charges for Current Services       | 0              | 0               | 0             | 0                | 0                | 0%           |
| Sales of Property & Other Revenues | 284,166        | 277,833         | 6,332         | 905,488          | 903,250          | 0%           |
| Transfers from Other Funds         | 0              | 0               | 0             | 0                | 0                | 0%           |
|                                    | <u>284,166</u> | <u>278,250</u>  | <u>5,916</u>  | <u>905,488</u>   | <u>906,000</u>   | <u>(0%)</u>  |
| Fees, Permits and Other Revenues   |                |                 |               |                  |                  |              |
| <b>Total Revenue Sources</b>       | <b>284,166</b> | <b>278,250</b>  | <b>5,916</b>  | <b>905,488</b>   | <b>906,000</b>   | <b>(0%)</b>  |
| <b>Expenses</b>                    |                |                 |               |                  |                  |              |
| Public Works                       | 275,863        | 298,011         | 22,148        | 1,070,121        | 1,276,089        | 16%          |
| Departmental                       | <u>275,863</u> | <u>298,011</u>  | <u>22,148</u> | <u>1,070,121</u> | <u>1,276,089</u> | <u>16%</u>   |
|                                    |                |                 |               |                  |                  |              |
| <b>Total Expenses</b>              | <b>275,863</b> | <b>298,011</b>  | <b>22,148</b> | <b>1,070,121</b> | <b>1,276,089</b> | <b>16%</b>   |
| <b>Total WATER FUND</b>            | <b>8,303</b>   | <b>(19,761)</b> | <b>28,064</b> | <b>(164,633)</b> | <b>(370,089)</b> | <b>(56%)</b> |

# Commentary YTD NOVEMBER 2011

## City of San Fernando Income & Expense Report - Summary For Month and YTD November 30, 2011

|                                    | Month to Date |           |          | Year to Date |         |         |          |        |
|------------------------------------|---------------|-----------|----------|--------------|---------|---------|----------|--------|
|                                    | Actual        | Budget    | Variance | %            | Actual  | Budget  | Variance | %      |
| 72 SEWER FUND                      |               |           |          |              |         |         |          |        |
| Revenue                            |               |           |          |              |         |         |          |        |
| Interest & Rental Income           | 0             | 0         | 0        | 0%           | 0       | 2,500   | (2,500)  | (100%) |
| Sales of Property & Other Revenues | 272,547       | 204,583   | 67,964   | 33%          | 804,056 | 711,042 | 93,014   | 13%    |
| Transfers from Other Funds         | 0             | 0         | 0        | 0%           | 0       | 0       | 0        | 0%     |
| Fees, Permits and Other Revenues   | 272,547       | 204,583   | 67,964   | 33%          | 804,056 | 713,542 | 90,514   | 13%    |
| Total Revenue Sources              | 272,547       | 204,583   | 67,964   | 33%          | 804,056 | 713,542 | 90,514   | 13%    |
| Expenses                           |               |           |          |              |         |         |          |        |
| Public Works                       | 103,802       | 436,541   | 332,739  | 76%          | 353,313 | 690,439 | 337,126  | 49%    |
| Departmental                       | 103,802       | 436,541   | 332,739  | 76%          | 353,313 | 690,439 | 337,126  | 49%    |
| Total Expenses                     | 103,802       | 436,541   | 332,739  | 76%          | 353,313 | 690,439 | 337,126  | 49%    |
| Total SEWER FUND                   | 168,746       | (231,957) | 400,703  | (173%)       | 450,743 | 23,102  | 427,640  | 1,851% |

# Commentary YTD NOVEMBER 2011

City of San Fernando  
Income & Expense Report - Summary  
For Month and YTD November 30, 2011

|                                    | Month to Date   |                |                 | Year to Date  |                 |                 |                |              |
|------------------------------------|-----------------|----------------|-----------------|---------------|-----------------|-----------------|----------------|--------------|
|                                    | Actual          | Budget         | Variance        | %             | Actual          | Budget          | Variance       | %            |
| 73 REFUSE DISPOSAL FUND            |                 |                |                 |               |                 |                 |                |              |
| Revenue                            |                 |                |                 |               |                 |                 |                |              |
| Interest & Rental Income           | 0               | 0              | 0               | 0%            | 0               | 0               | 0              | 0%           |
| Sales of Property & Other Revenues | 102,592         | 102,917        | (324)           | (0%)          | 332,777         | 334,708         | (1,931)        | (1%)         |
| Transfers from Other Funds         | 0               | 0              | 0               | 0%            | 0               | 0               | 0              | 0%           |
|                                    | <u>102,592</u>  | <u>102,917</u> | <u>(324)</u>    | <u>(0%)</u>   | <u>332,777</u>  | <u>334,708</u>  | <u>(1,931)</u> | <u>(1%)</u>  |
| Fees, Permits and Other Revenues   |                 |                |                 |               |                 |                 |                |              |
| Total Revenue Sources              | 102,592         | 102,917        | (324)           | (0%)          | 332,777         | 334,708         | (1,931)        | (1%)         |
| Expenses                           |                 |                |                 |               |                 |                 |                |              |
| Public Works                       | 159,798         | 95,408         | (64,390)        | (67%)         | 344,840         | 362,262         | 17,422         | 5%           |
|                                    | <u>159,798</u>  | <u>95,408</u>  | <u>(64,390)</u> | <u>(67%)</u>  | <u>344,840</u>  | <u>362,262</u>  | <u>17,422</u>  | <u>5%</u>    |
| Departmental                       |                 |                |                 |               |                 |                 |                |              |
| Total Expenses                     | 159,798         | 95,408         | (64,390)        | (67%)         | 344,840         | 362,262         | 17,422         | 5%           |
|                                    | <u>(57,206)</u> | <u>7,508</u>   | <u>(64,714)</u> | <u>(862%)</u> | <u>(12,063)</u> | <u>(27,554)</u> | <u>15,491</u>  | <u>(56%)</u> |
| Total REFUSE DISPOSAL FUND         |                 |                |                 |               |                 |                 |                |              |

# Commentary

## YTD NOVEMBER 2011

City of San Fernando  
Income & Expense Report - Summary  
For Month and YTD November 30, 2011

|                                    | Month to Date  |                 |               | Year to Date   |                |               |
|------------------------------------|----------------|-----------------|---------------|----------------|----------------|---------------|
|                                    | Actual         | Budget          | Variance      | Actual         | Budget         | %             |
| <b>11 STATE GAS TAX FUND</b>       |                |                 |               |                |                |               |
| <b>Revenue</b>                     |                |                 |               |                |                |               |
| Interest & Rental Income           | 0              | 0               | 0             | 0              | 0              | 0%            |
| Sales of Property & Other Revenues | 113,177        | 47,865          | 65,311        | 215,802        | 189,251        | 14%           |
|                                    | <u>113,177</u> | <u>47,865</u>   | <u>65,311</u> | <u>215,802</u> | <u>189,251</u> | <u>14%</u>    |
| Fees, Permits and Other Revenues   |                |                 |               |                |                |               |
| <b>Total Revenue Sources</b>       | <b>113,177</b> | <b>47,865</b>   | <b>65,311</b> | <b>215,802</b> | <b>189,251</b> | <b>14%</b>    |
| <b>Expenses</b>                    |                |                 |               |                |                |               |
| Non-Departmental                   | 75,881         | 76,704          | 823           | 151,761        | 153,408        | 1%            |
| Public Works                       | 0              | 6,196           | 6,196         | 25,102         | 33,124         | 24%           |
| Departmental                       | <u>75,881</u>  | <u>82,900</u>   | <u>7,019</u>  | <u>176,863</u> | <u>186,532</u> | <u>5%</u>     |
| <b>Total Expenses</b>              | <b>75,881</b>  | <b>82,900</b>   | <b>7,019</b>  | <b>176,863</b> | <b>186,532</b> | <b>5%</b>     |
| <b>Total STATE GAS TAX FUND</b>    | <b>37,296</b>  | <b>(35,034)</b> | <b>72,330</b> | <b>38,939</b>  | <b>2,720</b>   | <b>1,332%</b> |

# Commentary YTD NOVEMBER 2011

## City of San Fernando Income & Expense Report - Summary For Month and YTD November 30, 2011

|                                    | Month to Date  |                |                | Year to Date |                |                 |
|------------------------------------|----------------|----------------|----------------|--------------|----------------|-----------------|
|                                    | Actual         | Budget         | Variance       | %            | Actual         | Budget          |
| <b>17 RECREATION</b>               |                |                |                |              |                |                 |
| <b>Revenue</b>                     |                |                |                |              |                |                 |
| RDA & Misc. Reimbursements         | 2,899          | 2,150          | 749            | 35%          | 123,239        | 115,210         |
| Sales of Property & Other Revenues | 0              | 0              | 0              | 0%           | 0              | 0               |
|                                    | <u>2,899</u>   | <u>2,150</u>   | <u>749</u>     | <u>35%</u>   | <u>123,239</u> | <u>115,210</u>  |
| Fees, Permits and Other Revenues   |                |                |                |              |                |                 |
| <b>Total Revenue Sources</b>       | <b>2,899</b>   | <b>2,150</b>   | <b>749</b>     | <b>35%</b>   | <b>123,239</b> | <b>115,210</b>  |
|                                    |                |                |                |              | <b>8,029</b>   | <b>8,029</b>    |
|                                    |                |                |                |              |                | <b>7%</b>       |
| <b>Expenses</b>                    |                |                |                |              |                |                 |
| Non-Departmental                   | 0              | 0              | 0              | 0%           | 3,687          | 0               |
| Recreation & Comm Services         | 7,149          | 4,363          | (2,787)        | (64%)        | 120,264        | 96,329          |
|                                    | <u>7,149</u>   | <u>4,363</u>   | <u>(2,787)</u> | <u>(64%)</u> | <u>123,952</u> | <u>96,329</u>   |
| Departmental                       |                |                |                |              |                |                 |
| <b>Total Expenses</b>              | <b>7,149</b>   | <b>4,363</b>   | <b>(2,787)</b> | <b>(64%)</b> | <b>123,952</b> | <b>96,329</b>   |
|                                    | <b>(4,251)</b> | <b>(2,213)</b> | <b>(2,038)</b> | <b>92%</b>   | <b>(712)</b>   | <b>18,881</b>   |
| <b>Total RECREATION</b>            |                |                |                |              |                |                 |
|                                    |                |                |                |              |                | <b>(27,622)</b> |
|                                    |                |                |                |              |                | <b>(29%)</b>    |
|                                    |                |                |                |              |                | <b>(29%)</b>    |
|                                    |                |                |                |              |                | <b>(104%)</b>   |

# Commentary YTD NOVEMBER 2011

## City of San Fernando Income & Expense Report - Summary For Month and YTD November 30, 2011

|                                    | Month to Date    |                  |                 | Year to Date |                    |                    |
|------------------------------------|------------------|------------------|-----------------|--------------|--------------------|--------------------|
|                                    | Actual           | Budget           | Variance        | %            | Actual             | Budget             |
| <b>18 RETIREMENT FUND</b>          |                  |                  |                 |              |                    |                    |
| <b>Revenue</b>                     |                  |                  |                 |              |                    |                    |
| Property Taxes                     | 65,990           | 60,000           | 5,990           | 10%          | 127,547            | 122,000            |
| Sub-total Property Taxes           | <u>65,990</u>    | <u>60,000</u>    | <u>5,990</u>    | <u>10%</u>   | <u>127,547</u>     | <u>122,000</u>     |
| Interest & Rental Income           | 0                | 0                | 0               | 0%           | 0                  | 0                  |
| Sales of Property & Other Revenues | 0                | 0                | 0               | 0%           | 0                  | 0                  |
| Fees, Permits and Other Revenues   | <u>0</u>         | <u>0</u>         | <u>0</u>        | <u>0%</u>    | <u>0</u>           | <u>0</u>           |
| <b>Total Revenue Sources</b>       | <b>65,990</b>    | <b>60,000</b>    | <b>5,990</b>    | <b>10%</b>   | <b>127,547</b>     | <b>122,000</b>     |
| <b>Expenses</b>                    |                  |                  |                 |              |                    |                    |
| Non-Departmental                   | 275,916          | 260,725          | (15,191)        | (6%)         | 1,254,369          | 1,261,450          |
| Departmental                       | <u>275,916</u>   | <u>260,725</u>   | <u>(15,191)</u> | <u>(6%)</u>  | <u>1,254,369</u>   | <u>1,261,450</u>   |
| <b>Total Expenses</b>              | <b>(209,926)</b> | <b>260,725</b>   | <b>(15,191)</b> | <b>(6%)</b>  | <b>(1,126,823)</b> | <b>1,261,450</b>   |
| <b>Total RETIREMENT FUND</b>       |                  | <b>(200,725)</b> | <b>(9,201)</b>  | <b>5%</b>    | <b>12,627</b>      | <b>(1,139,450)</b> |

**ATTACHMENT "B"**

City of San Fernando

# Financial Statement

Unaudited – Cash Basis



12.31.11

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### **P & L**

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## Commentary **DECEMBER 2011**

### GENERAL

The major revenues and expense accounts have been adjusted to reflect seasonal variances.

Also, it is necessary to look at the monthly figures in conjunction with the YTD actuals to get a true picture. As we are on a modified cash basis and we accrued June revenues, the balance of the year is on a cash basis. We need to look at seasonally adjusting all revenues and expenditures in order to better monitor the City's cash flow and more accurately forecast the City's overall fiscal position.

As we expect revenues to continue to be lighter than the previous year, we have kept expenses down during this period. Major Public Works projects have been deferred until later in the current fiscal year include:

- Street maintenance, while in process is the Nitrate System.

### REVENUES

#### General Fund

Property Tax revenues of \$487,010 were \$25,310 greater than budget of \$461,700. This variance is due to a slight increase in assessed values (+\$13,000) and a decrease in County administrative fees collected/deducted on the December remittance. The overall budget will be increased for the mid-year review based on our consultant's (HdL) estimates. FY 2009-10 had the Prop. 1A shift of taxes (\$175k) into January.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$514,717 | \$300,736 | \$435,098 | \$487,010 |

Property Taxes In-Lieu of VLF of \$0 were as budgeted. The In-Lieu of VLF is received in January and May of each year.

Sales & Use Tax revenues of \$261,556 were \$4,556 (+2%) greater than budget of \$257,000; no major variance. In FY 2009-10 the City was over paid by \$100k due to a reporting error.

| FY 08-09 | FY 09-10  | FY 10-11  | FY 11-12  |
|----------|-----------|-----------|-----------|
| \$91,367 | \$290,829 | \$193,728 | \$261,556 |

Triple Flip of VLF of \$0 was as budgeted. Triple Flip is received in January and May of each year.

Business License Tax of \$5,992 was \$3,258 (-35%) less than budgeted of \$9,250; renewals for the month of December were minimal. Renewals in December are typically low, as most businesses renew in January.

## Commentary **DECEMBER 2011**

Vehicle Tow Franchise Fees of \$0 were as budgeted.

Admissions of \$140,504 were \$71,504 (+104%) greater than budget of \$69,000; this is due no remittance received in November. San Fernando Swap Meet submitted the November and December payment in the month of December.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12  |
|----------|----------|----------|-----------|
| \$59,136 | \$68,469 | \$67,348 | \$140,504 |

Construction Permits of \$21,299 were \$2,932 (+16%) greater than budget of \$18,367; this variance is due to a larger than anticipated revenue in plan check fees.

Parking Citations of \$52,877 were \$17,956 (-25%) less than budget of \$70,833; this is the result of fewer citations issued compared to same period in prior years. As of July 1, 2011 the San Fernando Courthouse has redirected all traffic related cases/hearings and other civil cases to the Chatsworth Courthouse location. This has had a significant impact on parking citations issued in the Civic Center area. This revenue account will be reviewed and appropriately adjusted during the mid-year budget review.

| FY 08-09 | FY 09-10 | FY 10-11  | FY 11-12 |
|----------|----------|-----------|----------|
| \$92,277 | \$41,698 | \$108,916 | \$52,877 |

Interest and Rental Income of \$38,155 were \$178 (0%) less than budget of \$38,333; no major variance.

RDA & Misc. Reimbursements of \$47,562 were \$2,625 (+6%) greater than budget of \$44,937; no major variance.

Charges for Current Services of \$12,466 were \$23,946 (-66%) less than budget of \$36,392; this is the result of special police services (-\$19,569) due to a timing issue on the way this account was budgeted for December versus when the revenue is received in January, vehicle inspection fees (-\$3,512), engineering & inspection fees (-\$302), and other (-\$563).

Sales of Property & Other Revenues of \$275,671 were \$28,329 (+11%) greater than budget of \$247,342; this is due to code enforcement (-\$15,445) being staffed one less person in comparison to prior year, court commitment program (-\$4,620), parking meters (-\$3,880), impounded vehicles (-\$3,109), miscellaneous revenue (+\$42,970) – this is related to the City's annual pass-through payment received from the RDA, swimming pool (+\$12,792) and other (+\$379).

### **Self Insurance Fund**

Worker's compensation premiums (revenue) of \$70,514 were \$4,486 (-6%) less than budget of \$75,000; no major variance.

## Commentary **DECEMBER 2011**

### Water Fund

Water Service Charges of \$197,670 were \$7,420 (+4%) greater than budget of \$190,250; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$220,906 | \$203,927 | \$196,406 | \$197,670 |

### Sewer Fund

Sewer Service Charges of \$207,251 were \$2,668 (+1%) greater than budget of \$204,583; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$230,647 | \$208,891 | \$202,218 | \$207,251 |

### Refuse Disposal

Refuse Disposal revenues of \$84,796 were \$121 (0%) less than budget of \$84,917; no major variance.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$83,266 | \$84,705 | \$86,115 | \$84,796 |

### State Gas Tax

Gas Tax revenues of \$56,270 were \$8,405 (+18%) greater than budget of \$47,865; this is the result of the State not disbursing GAS Tax funds to municipalities in a monthly systematic methodology. The State's disbursement of these funds has historically been unpredictable.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$70,398 | \$1,056  | \$39,787 | \$56,270 |

### Recreation

Recreation (Fund 17) reimbursements of \$15,254 were \$5,829 (+62%) greater than budget of \$9,425; this variance is the result of day camp programs (+\$2,807), karate (+\$1,410), July 4<sup>th</sup> revenue (+\$1,000), adult basketball (+\$275), and other revenues (+\$337).

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$91,152 | \$80,387 | \$54,592 | \$15,254 |

### Retirement Fund

Property Tax revenues of \$1,068,935 were \$28,935 greater than budget of \$1,040,000; no major variance.

| FY 08-09    | FY 09-10    | FY 10-11    | FY 11-12    |
|-------------|-------------|-------------|-------------|
| \$1,143,313 | \$1,043,461 | \$1,010,893 | \$1,068,935 |

## Commentary **DECEMBER 2011**

### **EXPENDITURES**

#### **General Fund**

City Council expenditures of \$10,787 were \$445 (4%) less than budget of \$11,232; no major variance.

City Treasurer expenditures of \$15,792 were \$2,338 (17%) greater than budget of \$13,454; this variance is due to having three payrolls in December and the budget not reflective of this.

City Administration expenditures of \$27,299 were \$2,644 (11%) greater than budget of \$24,655; this variance is due to having three payrolls in December and the budget not reflective of this.

Personnel Division expenditures of \$32,107 were \$4,519 (12%) less than budget of \$36,627; this is the result of savings in contractual services (+\$6,303) related to the Police Chief recruitment & automated time clock system, the purchase of equipment and supplies (+\$388), meetings & subscriptions (+\$135), advertising (+\$150), and payroll expenditures (-\$2,457) due to having three payrolls in December and the budget not reflective of this.

City Attorney expenditures of \$8,164 were as \$8,503 (51%) less than budget of \$16,667; this variance is the result of reclassifying \$20k in attorney fees to the RDA for litigation in LAUSD vs. L.A. County.

City Clerk expenditures of \$13,513 were \$3,084 (30%) greater than budget of \$10,429; this variance is due to having three payrolls in December and the budget not reflective of this and \$464 in overtime.

Finance expenditures of \$65,205 were \$1,371 (2%) greater than budget of \$63,834; no major variance.

Community Development expenditures of \$35,745 were \$6,312 (21%) greater than budget of \$29,433; this variance is due to having three payrolls in December and the budget not reflective of this.

Retirement PERS expenditures of \$227,073 were \$73 (0%) greater than budget of \$227,000; no major variance.

Non Departmental expenditures of \$20,681 were \$11,844 (36%) less than budget of \$35,525; this variance is due to savings unemployment insurance (\$5,500), contractual services (\$5,000) – Aegis, and postage (\$1,344).

Fire Services (Los Angeles Fire Department) expenditures of \$0 were as budgeted; L.A. City Fire has not billed for the months of July - November. These invoices will be paid in a future month.

## Commentary **DECEMBER 2011**

Police expenditures of \$676,959 were \$184,550 (37%) greater than budget of \$492,409; this variance is due to having three payrolls in December and the budget not reflective of this and payouts for uniform allowance.

Public Works expenditures of \$162,282 were \$4,648 (3%) greater than budget of \$157,634; no major variance.

Recreation & Community Services expenditures of \$112,814 were \$23,921 (27%) greater than budget of \$88,893; this variance is due to having three payrolls in December and the budget not reflective of this.

### **Self Insurance Fund**

City Attorney expenditures related to the self insurance fund of \$0 were as budgeted.

The Non-Departmental self insurance fund expenditures of \$32,878 were \$5,078 (18%) greater than budget of \$27,800; this is the result of the City continuing to pay all expenses related to an industrial accident from FY 2010-11. The City has reached its \$500k deductible, however, the City must continue to pay these related expenses out of pocket and get reimbursed quarterly.

### **Water Department**

Public Works expenditures of \$283,599 were \$29,761 (12%) greater than budget of \$253,837; this variance is due to two payments (November + December) made on the lease payment for the Nitrate System and having three payrolls in December and the budget not reflective of this.

### **Sewer Fund**

Public Works expenditures of \$596,530 were \$1,542 (0%) greater than budget of \$595,388; no major variance.

### **Refuse Disposal Fund**

Public Works expenditures of \$98,369 were \$1,330 (1%) greater than budget of \$97,039; no major variance.

### **Gas Tax**

Non Departmental expenditures of \$75,881 were \$823 (1%) less than budget of \$76,704: no major variance.

Public Works expenditures of \$253 were \$76 (24%) less than budget of \$311; no major variance.

### **Recreation**

Non Departmental Recreation & Community Services expenditures of \$0 were as budgeted.

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## Commentary | DECEMBER 2011

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Recreation & Community Services expenditures of \$13,041 were \$5,397 (71%) greater than budget of \$7,644; this is the result of:

|                      |                |
|----------------------|----------------|
| Salaries & Benefits  | (\$4,409)      |
| Contractual Services | <u>(\$988)</u> |
| Variance             | \$ (5,397)     |

### **Retirement**

Retirement PERS expenses of \$355,192 were \$533 (0%) less than budget of \$355,725; no major variance.

## Commentary **YTD DECEMBER 2011**

### GENERAL

Year to date (YTD) revenues are down compared to prior year's budget due to the state of the national & local economy; major variances include:

- Code Enforcement; and
- Parking Citations.

Parking Citations are down due to a higher rate of unpaid citations that are going to collections and fewer citations being issued. A major factor on the issuance of parking citations is the County's decision to move all traffic related hearings from the San Fernando Courthouse to the Chatsworth Courthouse. We will continue to monitor this account in the coming months. Also, Code Enforcement has forwarded uncollected accounts to the Franchise Tax Board for collections as residences file their annual California tax returns. Finance & PD met with DataTicket in August 2011 to discuss parking citation revenue. DataTicket will now be utilizing a 3<sup>rd</sup> party professional collection agency to attempt active collections on over \$1 million in outstanding parking citations.

Budgeted expenditures have been reduced compared to FY 2010-11 expenditures. This is a result of carrying open positions, deferring operating & maintenance expenses where possible, and continued labor negotiations with the various bargaining units.

Major Public Works projects that are expected to either start or continue into in January include:

- Street maintenance, while in process is the Nitrate System.

### REVENUE

#### General Fund

Property Tax revenues of \$524,425 were \$31,975 (+6%) greater than budget of \$492,450; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$583,630 | \$354,173 | \$458,407 | \$524,425 |

Property Taxes In-Lieu of VLF of \$0 were as budgeted.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$0      | \$0      | \$0      | \$0      |

## Commentary **YTD DECEMBER 2011**

Sales & Use Tax revenues of \$846,727 were \$6,477 (+1%) greater than budget of \$840,250; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$887,441 | \$902,333 | \$833,786 | \$846,727 |

Triple Flip of VLF of \$0 was as budgeted.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$0      | \$0      | \$0      | \$0      |

Business License Taxes of \$47,250 were \$5,250 (-10%) less than budget of \$52,500; no major variance.

| FY 08-09  | FY 09-10 | FY 10-11 | FY 11-12 |
|-----------|----------|----------|----------|
| \$125,931 | \$42,851 | \$57,613 | \$47,250 |

Franchise Fees of \$45,935 were \$565 (-1%) less than budget of \$46,500; no major variance.

Admissions of \$346,765 were \$1,765 (+1%) greater than budget of \$345,000; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$263,072 | \$309,001 | \$340,994 | \$346,765 |

Construction Permit revenues of \$100,538 were \$4,671 (+5%) greater than budget of \$95,867; no major variance.

Parking Citations of \$281,193 were \$72,974 (-21%) less than budget of \$354,167; this is the result of fewer citations issued compared to same period in prior years. As of July 1, 2011 the San Fernando Courthouse has redirected all traffic related cases/hearings and other civil cases to the Chatsworth Courthouse location. This has had a significant impact on parking citations issued in the Civic Center area.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$483,260 | \$422,217 | \$310,795 | \$281,193 |

Interest and Rental Income of \$94,277 were \$10,721 (-10%) less than budget of \$104,998; this is the result of Mauran Ambulance owing two months rent. Staff has contacted Mauran and we are working on getting Mauran current by the beginning of January 2012.



## Commentary **YTD DECEMBER 2011**

RDA & Miscellaneous Reimbursements of \$150,304 were \$53 (-0%) less than budget of \$150,358; no major variance.

Charges for Current Services of \$171,033 were \$30,218 (-15%) less than budget of \$201,250; this variance is due to vehicle inspection fees (-\$15,190), special police services (-\$12,585), vehicle admin processing fee (-\$1,875), engineering and inspection fees (-\$1,055), and other (+\$487).

Sales of Property & Other Revenues of \$876,926 were \$29,509 (+3%) greater than budget of \$847,417; no major variance.

### **Self Insurance Fund**

Worker's compensation premiums (revenue) of \$484,055 were \$15,945 (-3%) less than budget of \$500,000; no major variance.

### **Water Fund**

Water Service Charges of \$1,103,158 were \$5,658 (+1%) greater than budget of \$1,097,500; no major variance. The FY 2010-11 revenue included ~\$50k in revenue that should have been accrued to FY 2009-10.

| FY 08-09    | FY 09-10    | FY 10-11    | FY 11-12    |
|-------------|-------------|-------------|-------------|
| \$1,230,333 | \$1,072,963 | \$1,177,620 | \$1,103,158 |

### **Sewer Fund**

Sewer Service Charges of \$1,011,307 were \$93,182 (+10%) greater than budget of \$918,125; this variance is due to a sewer capital facility charge related to a Laundromat business conversion and other sewer capital facility charges collected (\$79k), higher than anticipated general sewer service charges (\$12k), and delinquent fees collected (\$2k).

| FY 08-09    | FY 09-10  | FY 10-11    | FY 11-12    |
|-------------|-----------|-------------|-------------|
| \$1,159,773 | \$940,692 | \$1,016,503 | \$1,011,307 |

### **Refuse Disposal**

Refuse Disposal revenues of \$417,573 were \$2,052 (-0%) less than budget of \$419,625; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$405,921 | \$410,404 | \$462,181 | \$415,573 |

## Commentary **YTD DECEMBER 2011**

### State Gas Tax

Gas Tax revenues of \$272,072 were \$34,955 (+15%) greater than budget of \$237,117; this is the result of conservative budgeting in light of past trends from the State. In prior years the State has deferred portions of Gas Tax payments to municipalities until March/April.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$276,255 | \$145,740 | \$174,530 | \$272,072 |

### Recreation

Recreation (Fund 17) reimbursements of \$138,493 were \$13,283 (+11%) greater than budget of \$125,210; this variance is due to day camp programs (+\$4,262), 4<sup>th</sup> of July (+\$3,357), water aerobics (+\$2,951), senior aerobics (+\$2,340), and other revenues (+\$373).

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$286,032 | \$353,024 | \$301,619 | \$138,493 |

### Retirement Fund

Property Tax revenues of \$1,196,482 were \$34,482 (+3%) greater than budget of \$1,162,000; no major variance.

| FY 08-09    | FY 09-10    | FY 10-11    | FY 11-12    |
|-------------|-------------|-------------|-------------|
| \$1,401,498 | \$1,279,461 | \$1,160,295 | \$1,196,482 |

# Commentary **YTD DECEMBER 2011**

## EXPENDITURES

### General Fund

City Council expenditures of \$60,122 were \$594 (1%) greater than budget of \$59,528; no major variance.

| FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
|----------|----------|----------|----------|
| \$34,807 | \$47,103 | \$52,877 | \$60,122 |

City Treasurer expenditures of \$73,029 were \$1,983 (3%) greater than budget of \$71,046; no major variance.

City Administration expenditures of \$105,529 were \$548 (1%) less than budget of \$106,077; no major variance.

| FY 08-09  | FY 09-10 | FY 10-11 | FY 11-12  |
|-----------|----------|----------|-----------|
| \$151,523 | \$93,738 | \$62,914 | \$105,529 |

Personnel Division expenditures of \$125,399 were \$17,910 (12%) less than budget of \$143,308; this variance is due to savings in contractual services related to the automated time clock system and the search for a new Police Chief.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12 |
|-----------|-----------|-----------|----------|
| \$133,538 | \$118,535 | \$144,245 | \$93,292 |

City Attorney expenditures of \$131,798 were \$48,465 greater than budget of \$83,334; this variance is the result of various ongoing litigation cases.

| FY 08-09  | FY 09-10  | FY 10-11 | FY 11-12  |
|-----------|-----------|----------|-----------|
| \$113,347 | \$101,506 | \$96,757 | \$131,798 |

City Clerk expenditures of \$63,360 were \$788 (1%) greater than budget of \$62,572; no major variance.

Finance expenditures of \$265,261 were \$6,470 (2%) less than budget of \$271,732; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$384,245 | \$273,797 | \$297,995 | \$265,261 |

Community Development Expenditures of \$179,138 were \$14,415 (9%) greater than budget of \$164,723; no major variance.

## Commentary **YTD DECEMBER 2011**

Retirement PERS expenditures of \$991,703 were \$5,297 (1%) less than budget of \$997,000; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$850,028 | \$946,438 | \$910,972 | \$991,703 |

Non Departmental expenditures of \$119,378 were \$11,780 (9%) less than budget of \$131,158; no major variance.

Fire Services (Los Angeles Fire Department) expenditures of \$0 were as budgeted; the budget was seasonally adjusted in December to reflect payments starting in January. L.A. City Fire did not bill for the months of July through December. These bills were received in January and will be paid in the months of January through March to spread out the effects to the City's cash flow.

Police expenditures of \$3,157,104 were \$237,206 (8%) greater than budget of \$2,919,898; this variance is due to having three payrolls in December and the budget not reflective of this, payouts of accrued time of Police personnel that resigned or left the City during the current fiscal year, payouts for uniform allowance, and POA contract concessions that have not been formally agreed to yet but were projected as savings in the current budget.

| FY 08-09    | FY 09-10    | FY 10-11    | FY 11-12    |
|-------------|-------------|-------------|-------------|
| \$3,303,050 | \$3,418,475 | \$3,177,199 | \$3,157,104 |

Public Works expenditures of \$779,315 were \$79,842 (9%) less than budget of \$859,157; no major variance.

| FY 08-09    | FY 09-10    | FY 10-11  | FY 11-12  |
|-------------|-------------|-----------|-----------|
| \$1,307,564 | \$1,080,429 | \$829,616 | \$779,315 |

Recreation & Community Services expenditures of \$660,460 were \$47,343 (8%) greater than budget of \$613,116; this variance is due to salaries and benefits (-\$35k) – mainly in Community Services division (01-422) and utilities (-\$12k).

### **Self Insurance Fund**

City Attorney expenditures related to the self insurance fund of \$0 were as budgeted.

The Non-Departmental self insurance fund expenditures of \$598,200 were \$71,514 (14%) greater than budget of \$526,686; this is the result of the City continuing to pay all expenses related to an industrial accident from FY 2010-11. The City has reached its \$500k deductible, however, the City must continue to pay these related expenses out of pocket and get reimbursed quarterly.

| FY 08-09  | FY 09-10  | FY 10-11    | FY 11-12  |
|-----------|-----------|-------------|-----------|
| \$821,391 | \$779,250 | \$1,205,782 | \$598,200 |

## Commentary **YTD DECEMBER 2011**

### Water Department

Public Works expenses of \$1,353,720 were \$175,863 (11%) less than budget of \$1,529,582; this variance is due to budgeted savings in the Nitrate System program. The anticipated expenditures have been pushed out to later months.

| FY 08-09    | FY 09-10    | FY 10-11    | FY 11-12    |
|-------------|-------------|-------------|-------------|
| \$1,112,038 | \$1,252,903 | \$1,233,033 | \$1,353,720 |

### Sewer Fund

Public Works expenditures of \$949,620 were \$4,195 (0%) greater than budget of \$945,425; no major variance.

| FY 08-09  | FY 09-10    | FY 10-11  | FY 11-12  |
|-----------|-------------|-----------|-----------|
| \$953,062 | \$1,117,434 | \$957,149 | \$949,620 |

### Refuse Disposal Fund

Public Works expenditures of \$443,209 were \$16,092 (4%) less than budget of \$459,302; no major variance.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$481,496 | \$469,328 | \$464,816 | \$443,209 |

### Gas Tax

Non Departmental expense of \$227,642 were \$2,470 (1%) less than budget of \$230,111; no major variance.

Public Works expenses of \$25,337 were \$553 (2%) less than budget of \$25,890; this variance is due to no expenses in capital projects. The budget was adjusted in December to reflect seasonality.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$201,245 | \$200,645 | \$341,035 | \$252,979 |

### Recreation

Non Departmental Recreation & Community Services expenditures of \$3,687 were \$3,687 greater than budget of \$0; this is the result of charging part-time salaries & O.T. from concert at the pool/park. The budget will be addressed at Mid-Year.

## Commentary **YTD DECEMBER 2011**

Recreation & Community Services expenses of \$136,993 were \$33,420 (32%) greater than budget of \$103,573; this is the result of:

|  |                 |
|--|-----------------|
| Salaries & Benefits* (needs seasonal adjustment) | \$(25,898)      |
| Supplies   | \$ (6,256)      |
| Contractual Services                             | \$ (694)        |
| Other Expenditures                               | <u>\$ (572)</u> |
| Variance   | \$(33,420)      |

\*Full-time staff charges will be adjusted and charged to an alternate funding source which has the budget appropriation already in place. This will cause the current deficit to be eliminated by June 30.

| FY 08-09  | FY 09-10  | FY 10-11  | FY 11-12  |
|-----------|-----------|-----------|-----------|
| \$309,533 | \$351,188 | \$355,565 | \$136,993 |

### Retirement

Retirement PERS expenses of \$1,609,561 were \$2,387 (0%) greater than budget of \$1,607,174; no major variance.

| FY 08-09    | FY 09-10    | FY 10-11    | FY 11-12    |
|-------------|-------------|-------------|-------------|
| \$1,437,756 | \$1,487,200 | \$1,573,146 | \$1,609,561 |

# Commentary

## YTD DECEMBER 2011

City of San Fernando  
Income & Expense Report - Summary  
For Month and YTD December 31, 2011

|                                    | Month to Date    |                  |               | Year to Date     |                  |             |
|------------------------------------|------------------|------------------|---------------|------------------|------------------|-------------|
|                                    | Actual           | Budget           | Variance      | Actual           | Budget           | %           |
| <b>01 GENERAL FUND</b>             |                  |                  |               |                  |                  |             |
| <b>Revenue</b>                     |                  |                  |               |                  |                  |             |
| Property Taxes                     | 487,010          | 461,700          | 25,310        | 524,425          | 492,450          | 6%          |
| Property Taxes In-Lieu of VLF      | 0                | 0                | 0             | 0                | 0                | 0%          |
| Sub-total Property Taxes           | 487,010          | 461,700          | 25,310        | 524,425          | 492,450          | 6%          |
| Sales & Use Taxes                  | 261,556          | 257,000          | 4,556         | 846,727          | 840,250          | 1%          |
| Triple Flip                        | 0                | 0                | 0             | 0                | 0                | 0%          |
| Sub-total Sales & Use Taxes        | 261,556          | 257,000          | 4,556         | 846,727          | 840,250          | 1%          |
| Business License Taxes             | 5,992            | 9,250            | (3,258)       | 47,250           | 52,500           | (10%)       |
| Franchise Fees                     | 0                | 0                | 0             | 45,935           | 46,500           | (1%)        |
| Admissions Taxes                   | 140,504          | 69,000           | 71,504        | 346,765          | 345,000          | 1%          |
| Construction Permits               | 21,299           | 18,367           | 2,932         | 100,538          | 95,867           | 5%          |
| Parking Citations                  | 52,877           | 70,833           | (17,956)      | 281,193          | 354,167          | (21%)       |
| Interest & Rental Income           | 38,155           | 38,333           | (178)         | 94,277           | 104,998          | (10%)       |
| RDA & Misc. Reimbursements         | 47,562           | 44,937           | 2,625         | 150,304          | 150,358          | (0%)        |
| Motor Vehicle In-Lieu (VLF)        | 0                | 0                | 0             | 12,549           | 0                | 0%          |
| Charges for Current Services       | 12,446           | 36,392           | (23,946)      | 171,033          | 201,250          | (15%)       |
| Sales of Property & Other Revenues | 275,671          | 247,342          | 28,329        | 876,926          | 847,417          | 3%          |
| Transfers from Other Funds         | 510,502          | 511,762          | (1,259)       | 1,841,992        | 1,846,285        | (0%)        |
| Fees, Permits and Other Revenues   | 1,099,017        | 1,036,965        | 62,052        | 3,921,511        | 3,991,840        | (2%)        |
| <b>Total Revenue Sources</b>       | <b>1,853,575</b> | <b>1,764,915</b> | <b>88,660</b> | <b>5,339,913</b> | <b>5,377,040</b> | <b>(1%)</b> |

## Commentary | YTD DECEMBER 2011

City of San Fernando  
Income & Expense Report - Summary  
For Month and YTD December 31, 2011

|   | Month to Date |           |           | %     | Year to Date |             |           | %     |
|---|---------------|-----------|-----------|-------|--------------|-------------|-----------|-------|
|   | Actual        | Budget    | Variance  |       | Actual       | Budget      | Variance  |       |
| 01 GENERAL FUND                           |               |           |           |       |              |             |           |       |
| Expenses                                  |               |           |           |       |              |             |           |       |
| City Council                              | 10,787        | 11,232    | 445       | 4%    | 60,122       | 59,528      | (594)     | (1%)  |
| City Treasurer                            | 15,792        | 13,454    | (2,338)   | (17%) | 73,029       | 71,046      | (1,983)   | (3%)  |
| City Administration                       | 27,299        | 24,655    | (2,644)   | (11%) | 105,529      | 106,077     | 548       | 1%    |
| Personnel Division                        | 32,107        | 36,627    | 4,519     | 12%   | 125,399      | 143,308     | 17,910    | 12%   |
| City Attorney                             | 8,164         | 16,667    | 8,503     | 51%   | 131,798      | 83,334      | (48,465)  | (58%) |
| City Clerk                                | 13,513        | 10,429    | (3,084)   | (30%) | 63,360       | 62,572      | (788)     | (1%)  |
| City Officials and Administrative Offices | 107,661       | 113,063   | 5,402     | 5%    | 559,237      | 525,865     | (33,372)  | (6%)  |
| Finance                                   | 65,205        | 63,834    | (1,371)   | (2%)  | 265,261      | 271,732     | 6,470     | 2%    |
| Community Development                     | 35,745        | 29,433    | (6,312)   | (21%) | 179,138      | 164,723     | (14,415)  | (9%)  |
| Retirement - Pers                         | 227,073       | 227,000   | (73)      | (0%)  | 991,703      | 997,000     | 5,297     | 1%    |
| Non-Departmental                          | 20,681        | 32,525    | 11,844    | 36%   | 119,378      | 131,158     | 11,780    | 9%    |
| Fire Services (LAFD)                      | 0             | 0         | 0         | 0%    | 0            | 0           | 0         | 0%    |
| Police                                    | 676,959       | 492,409   | (184,550) | (37%) | 3,157,104    | 2,919,898   | (237,206) | (8%)  |
| Public Works                              | 162,282       | 157,634   | (4,648)   | (3%)  | 779,315      | 859,157     | 79,842    | 9%    |
| Recreation & Comm Services                | 112,814       | 88,893    | (23,921)  | (27%) | 660,460      | 613,116     | (47,343)  | (8%)  |
| Departmental                              | 1,300,756     | 1,091,727 | (209,031) | (19%) | 6,152,359    | 5,956,783   | (195,576) | (3%)  |
| Total Expenses                            | 1,408,420     | 1,204,791 | (203,629) | (17%) | 6,711,596    | 6,482,648   | (228,948) | (4%)  |
| Total GENERAL FUND                        | 445,755       | 560,124   | (114,969) | (21%) | (1,371,683)  | (1,105,608) | (266,075) | 24%   |



# Commentary

## YTD DECEMBER 2011

City of San Fernando  
Income & Expense Report - Summary  
For Month and YTD December 31, 2011

|   | Month to Date |               |                | %            | Year to Date     |                 |                 | %            |
|---|---------------|---------------|----------------|--------------|------------------|-----------------|-----------------|--------------|
|   | Actual        | Budget        | Variance       |              | Actual           | Budget          | Variance        |              |
| 06 SELF-INSURANCE FUND                    |               |               |                |              |                  |                 |                 |              |
| Revenue                                   |               |               |                |              |                  |                 |                 |              |
| Interest & Rental Income                  | 0             | 0             | 0              | 0%           | 0                | 0               | 0               | 0%           |
| Sales of Property & Other Revenues        | 70,514        | 75,000        | (4,486)        | (6%)         | 484,055          | 500,000         | (15,945)        | (3%)         |
| Fees, Permits and Other Revenues          | <u>70,514</u> | <u>75,000</u> | <u>(4,486)</u> | <u>(6%)</u>  | <u>484,055</u>   | <u>500,000</u>  | <u>(15,945)</u> | <u>(3%)</u>  |
| Total Revenue Sources                     | 70,514        | 75,000        | (4,486)        | (6%)         | 484,055          | 500,000         | (15,945)        | (3%)         |
| Expenses                                  |               |               |                |              |                  |                 |                 |              |
| City Attorney                             | 0             | 0             | 0              | 0%           | 0                | 0               | 0               | 0%           |
| City Officials and Administrative Offices | <u>0</u>      | <u>0</u>      | <u>0</u>       | <u>0%</u>    | <u>0</u>         | <u>0</u>        | <u>0</u>        | <u>0%</u>    |
| Non-Departmental                          | 32,878        | 27,800        | (5,078)        | (18%)        | 598,200          | 526,686         | (71,514)        | (14%)        |
| Police                                    | 0             | 0             | 0              | 0%           | 0                | 0               | 0               | 0%           |
| Departmental                              | <u>32,878</u> | <u>27,800</u> | <u>(5,078)</u> | <u>(18%)</u> | <u>598,200</u>   | <u>526,686</u>  | <u>(71,514)</u> | <u>(14%)</u> |
| Total Expenses                            | 32,878        | 27,800        | (5,078)        | (18%)        | 598,200          | 526,686         | (71,514)        | (14%)        |
| Total SELF-INSURANCE FUND                 | <u>37,635</u> | <u>47,200</u> | <u>(9,564)</u> | <u>(20%)</u> | <u>(114,145)</u> | <u>(26,686)</u> | <u>(87,459)</u> | <u>328%</u>  |

Commentary **YTD DECEMBER 2011**

| City of San Fernando<br>Income & Expense Report - Summary<br>For Month and YTD December 31, 2011 |                 |                 |                 |              |                  |                  |                |
|--|-----------------|-----------------|-----------------|--------------|------------------|------------------|----------------|
|  | Month to Date   |                 |                 | %            | Year to Date     |                  |                |
|  | Actual          | Budget          | Variance        |              | Actual           | Budget           | Variance       |
| <b>70 WATER FUND</b>   |                 |                 |                 |              |                  |                  |                |
| <b>Revenue</b>   |                 |                 |                 |              |                  |                  |                |
| Interest & Rental Income   | 0               | 0               | 0               | 0%           | 0                | 1,500            | (1,500)        |
| RDA & Misc. Reimbursements   | 0               | 417             | (417)           | (100%)       | 0                | 1,667            | (1,667)        |
| Charges for Current Services   | 0               | 0               | 0               | 0%           | 0                | 0                | 0              |
| Sales of Property & Other Revenues   | 197,670         | 189,833         | 7,837           | 4%           | 1,103,158        | 1,094,333        | 8,825          |
| Transfers from Other Funds   | 0               | 0               | 0               | 0%           | 0                | 0                | 0              |
| Fees, Permits and Other Revenues   | 197,670         | 190,250         | 7,420           | 4%           | 1,103,158        | 1,097,500        | 5,658          |
| <b>Total Revenue Sources</b>   | <b>197,670</b>  | <b>190,250</b>  | <b>7,420</b>    | <b>4%</b>    | <b>1,103,158</b> | <b>1,097,500</b> | <b>5,658</b>   |
| <b>Expenses</b>  |                 |                 |                 |              |                  |                  |                |
| Public Works   | 283,599         | 263,837         | (29,761)        | (12%)        | 1,353,720        | 1,529,582        | 175,863        |
| Departmental   | 283,599         | 253,837         | (29,761)        | (12%)        | 1,353,720        | 1,529,582        | 175,863        |
| <b>Total Expenses</b>  | <b>283,599</b>  | <b>253,837</b>  | <b>(29,761)</b> | <b>(12%)</b> | <b>1,353,720</b> | <b>1,529,582</b> | <b>175,863</b> |
| <b>Total WATER FUND</b>  | <b>(85,928)</b> | <b>(63,587)</b> | <b>(22,341)</b> | <b>35%</b>   | <b>(250,561)</b> | <b>(432,082)</b> | <b>181,521</b> |

# Commentary

## YTD DECEMBER 2011

City of San Fernando  
Income & Expense Report - Summary  
For Month and YTD December 31, 2011

|                                    | Month to Date    |                  |                | %           | Year to Date     |                 |                | %             |
|------------------------------------|------------------|------------------|----------------|-------------|------------------|-----------------|----------------|---------------|
|                                    | Actual           | Budget           | Variance       |             | Actual           | Budget          | Variance       |               |
| 72 SEWER FUND                      |                  |                  |                |             |                  |                 |                |               |
| Revenue                            |                  |                  |                |             |                  |                 |                |               |
| Interest & Rental Income           | 0                | 0                | 0              | 0%          | 0                | 2,500           | (2,500)        | (100%)        |
| Sales of Property & Other Revenues | 207,251          | 204,583          | 2,668          | 1%          | 1,011,307        | 915,625         | 95,682         | 10%           |
| Transfers from Other Funds         | 0                | 0                | 0              | 0%          | 0                | 0               | 0              | 0%            |
|                                    | <u>207,251</u>   | <u>204,583</u>   | <u>2,668</u>   | <u>1%</u>   | <u>1,011,307</u> | <u>918,125</u>  | <u>93,182</u>  | <u>10%</u>    |
| Fees, Permits and Other Revenues   |                  |                  |                |             |                  |                 |                |               |
| <b>Total Revenue Sources</b>       | <b>207,251</b>   | <b>204,583</b>   | <b>2,668</b>   | <b>1%</b>   | <b>1,011,307</b> | <b>918,125</b>  | <b>93,182</b>  | <b>10%</b>    |
| Expenses                           |                  |                  |                |             |                  |                 |                |               |
| Public Works                       | 596,930          | 595,388          | (1,542)        | (0%)        | 949,620          | 945,425         | (4,195)        | (0%)          |
| Departmental                       | <u>596,930</u>   | <u>595,388</u>   | <u>(1,542)</u> | <u>(0%)</u> | <u>949,620</u>   | <u>945,425</u>  | <u>(4,195)</u> | <u>(0%)</u>   |
| <b>Total Expenses</b>              | <b>596,930</b>   | <b>595,388</b>   | <b>(1,542)</b> | <b>(0%)</b> | <b>949,620</b>   | <b>945,425</b>  | <b>(4,195)</b> | <b>(0%)</b>   |
| <b>Total SEWER FUND</b>            | <b>(389,679)</b> | <b>(390,805)</b> | <b>1,126</b>   | <b>(0%)</b> | <b>61,687</b>    | <b>(27,300)</b> | <b>88,987</b>  | <b>(326%)</b> |

## Commentary | YTD DECEMBER 2011

| City of San Fernando<br>Income & Expense Report - Summary<br>For Month and YTD December 31, 2011 |               |          |          |              |          |          |
|--|---------------|----------|----------|--------------|----------|----------|
|  | Month to Date |          |          | Year to Date |          |          |
|  | Actual        | Budget   | Variance | %            | Actual   | Budget   |
| %  |               |          |          |              |          |          |
| <b>73 REFUSE DISPOSAL FUND</b>   |               |          |          |              |          |          |
| <b>Revenue</b>   |               |          |          |              |          |          |
| Interest & Rental Income   | 0             | 0        | 0        | 0%           | 0        | 0        |
| Sales of Property & Other Revenues   | 84,796        | 84,917   | (121)    | (0%)         | 417,573  | 419,625  |
| Transfers from Other Funds   | 0             | 0        | 0        | 0%           | 0        | 0        |
| Fees, Permits and Other Revenues   |               |          |          |              |          |          |
| Total Revenue Sources  | 84,796        | 84,917   | (121)    | (0%)         | 417,573  | 419,625  |
|  |               |          |          |              |          | (2,052)  |
|  |               |          |          |              |          | (0%)     |
| <b>Expenses</b>  |               |          |          |              |          |          |
| Public Works   | 98,369        | 97,039   | (1,330)  | (1%)         | 443,209  | 459,302  |
| Departmental   |               |          |          |              |          |          |
|  | 98,369        | 97,039   | (1,330)  | (1%)         | 443,209  | 459,302  |
|  |               |          |          |              |          | 16,092   |
|  |               |          |          |              |          | 4%       |
| Total Expenses   | 98,369        | 97,039   | (1,330)  | (1%)         | 443,209  | 459,302  |
|  |               |          |          |              |          | 16,092   |
|  |               |          |          |              |          | 4%       |
| Total REFUSE DISPOSAL FUND   | (13,573)      | (12,123) | (1,451)  | 12%          | (25,636) | (39,676) |
|  |               |          |          |              |          | 14,040   |
|  |               |          |          |              |          | (35%)    |

## Commentary | YTD DECEMBER 2011

City of San Fernando  
Income & Expense Report - Summary  
For Month and YTD December 31, 2011

|                                    | Month to Date |          |          | %     | Year to Date |          |          | %      |
|------------------------------------|---------------|----------|----------|-------|--------------|----------|----------|--------|
|                                    | Actual        | Budget   | Variance |       | Actual       | Budget   | Variance |        |
| 11 STATE GAS TAX FUND              |               |          |          |       |              |          |          |        |
| Revenue                            |               |          |          |       |              |          |          |        |
| Interest & Rental Income           | 0             | 0        | 0        | 0%    | 0            | 0        | 0        | 0%     |
| Sales of Property & Other Revenues | 56,270        | 47,865   | 8,405    | 18%   | 272,072      | 237,117  | 34,955   | 15%    |
| Fees, Permits and Other Revenues   | 56,270        | 47,865   | 8,405    | 18%   | 272,072      | 237,117  | 34,955   | 15%    |
| Total Revenue Sources              | 56,270        | 47,865   | 8,405    | 18%   | 272,072      | 237,117  | 34,955   | 15%    |
| Expenses                           |               |          |          |       |              |          |          |        |
| Non-Departmental                   | 75,881        | 76,704   | 823      | 1%    | 227,642      | 230,111  | 2,470    | 1%     |
| Public Works                       | 235           | 311      | 76       | 24%   | 25,337       | 25,890   | 553      | 2%     |
| Departmental                       | 76,116        | 77,015   | 899      | 1%    | 252,979      | 256,001  | 3,023    | 1%     |
| Total Expenses                     | 76,116        | 77,015   | 899      | 1%    | 252,979      | 256,001  | 3,023    | 1%     |
| Total STATE GAS TAX FUND           | (19,846)      | (29,149) | 9,304    | (32%) | 19,093       | (18,885) | 37,978   | (201%) |

# Commentary | YTD DECEMBER 2011

## City of San Fernando Income & Expense Report - Summary For Month and YTD December 31, 2011

|                                    | Month to Date |              |                | Year to Date |                |                |
|------------------------------------|---------------|--------------|----------------|--------------|----------------|----------------|
|                                    | Actual        | Budget       | Variance       | %            | Actual         | Budget         |
|                                    |               |              |                |              |                |                |
| <b>17 RECREATION</b>               |               |              |                |              |                |                |
| <b>Revenue</b>                     |               |              |                |              |                |                |
| RDA & Misc. Reimbursements         | 15,254        | 9,425        | 5,829          | 62%          | 138,493        | 125,210        |
| Sales of Property & Other Revenues | 0             | 0            | 0              | 0%           | 0              | 0              |
|                                    | <u>15,254</u> | <u>9,425</u> | <u>5,829</u>   | <u>62%</u>   | <u>138,493</u> | <u>125,210</u> |
| Fees, Permits and Other Revenues   |               |              |                |              |                |                |
|                                    |               |              |                |              |                |                |
| <b>Total Revenue Sources</b>       | <b>15,254</b> | <b>9,425</b> | <b>5,829</b>   | <b>62%</b>   | <b>138,493</b> | <b>125,210</b> |
| <b>17 RECREATION</b>               |               |              |                |              |                |                |
| <b>Expenses</b>                    |               |              |                |              |                |                |
| Non-Departmental                   | 0             | 0            | 0              | 0%           | 3,687          | 0              |
| Recreation & Comm Services         | 13,041        | 7,644        | (5,397)        | (71%)        | 133,306        | 103,573        |
|                                    | <u>13,041</u> | <u>7,644</u> | <u>(5,397)</u> | <u>(71%)</u> | <u>136,993</u> | <u>103,573</u> |
| Departmental                       |               |              |                |              |                |                |
|                                    |               |              |                |              |                |                |
| <b>Total Expenses</b>              | <b>13,041</b> | <b>7,644</b> | <b>(5,397)</b> | <b>(71%)</b> | <b>136,993</b> | <b>103,573</b> |
|                                    | <u>2,212</u>  | <u>1,781</u> | <u>431</u>     | <u>24%</u>   | <u>1,500</u>   | <u>21,637</u>  |
| <b>Total RECREATION</b>            |               |              |                |              |                |                |

# Commentary YTD DECEMBER 2011

## City of San Fernando Income & Expense Report - Summary For Month and YTD December 31, 2011

|                                    | Month to Date    |                  |               | Year to Date |                  |                  |
|------------------------------------|------------------|------------------|---------------|--------------|------------------|------------------|
|                                    | Actual           | Budget           | Variance      | %            | Actual           | Budget           |
| <b>18 RETIREMENT FUND</b>          |                  |                  |               |              |                  |                  |
| <b>Revenue</b>                     |                  |                  |               |              |                  |                  |
| Property Taxes                     | 1,068,935        | 1,040,000        | 28,935        | 3%           | 1,196,482        | 1,162,000        |
| Sub-total Property Taxes           | <u>1,068,935</u> | <u>1,040,000</u> | <u>28,935</u> | <u>3%</u>    | <u>1,196,482</u> | <u>1,162,000</u> |
| Interest & Rental Income           | 0                | 0                | 0             | 0%           | 0                | 0                |
| Sales of Property & Other Revenues | 0                | 0                | 0             | 0%           | 0                | 0                |
| Fees, Permits and Other Revenues   | <u>0</u>         | <u>0</u>         | <u>0</u>      | <u>0%</u>    | <u>0</u>         | <u>0</u>         |
| <b>Total Revenue Sources</b>       | <b>1,068,935</b> | <b>1,040,000</b> | <b>28,935</b> | <b>3%</b>    | <b>1,196,482</b> | <b>1,162,000</b> |
| <b>18 RETIREMENT FUND</b>          |                  |                  |               |              |                  |                  |
| <b>Expenses</b>                    |                  |                  |               |              |                  |                  |
| Non-Departmental                   | 355,192          | 355,725          | 533           | 0%           | 1,609,561        | 1,607,174        |
| Departmental                       | <u>355,192</u>   | <u>355,725</u>   | <u>533</u>    | <u>0%</u>    | <u>1,609,561</u> | <u>1,607,174</u> |
| <b>Total Expenses</b>              | <b>355,192</b>   | <b>355,725</b>   | <b>533</b>    | <b>0%</b>    | <b>1,609,561</b> | <b>1,607,174</b> |
| <b>Total RETIREMENT FUND</b>       | <b>713,743</b>   | <b>684,275</b>   | <b>29,468</b> | <b>4%</b>    | <b>(413,079)</b> | <b>(445,174)</b> |
|                                    |                  |                  |               |              | <b>32,095</b>    | <b>(7%)</b>      |









## **CITY TREASURER'S OFFICE**

### **MEMORANDUM**

**TO:** Chair Mario F. Hernández and Board Members  
Mayor Mario F. Hernández and Councilmembers

**FROM:** Al Hernández, Executive Director/City Administrator  
By: Margarita Solis, City Treasurer

**DATE:** February 6, 2012

**SUBJECT:** Annual Investment Policy

---

#### **RECOMMENDATION:**

It is recommended that the Successor Agency to the San Fernando Redevelopment Agency and the City Council approve the annual Investment Policy (Attachment "A").

#### **BACKGROUND:**

1. On January 1, 1996, SB 564 went into effect which requires that the City Treasurer render annually to the legislative body for consideration at a public meeting, a statement of investment policy.
2. Since 1996, the Investment Policy has been reviewed annually by the City Administrator, Finance Director and City Treasurer and has been presented to the City Council for approval.
3. The policy was reviewed by City Administrator and Executive Director Al Hernandez, Joseph Lillio, Senior Accountant and City Treasurer Margarita Solis.

#### **ANALYSIS:**

There were no changes made to the Investment Policy from the previous year.

#### **CONCLUSION:**

Approval of the annual Investment Policy by the City Council and the Board will ensure that the City and the Successor Agency comply with the SB 564 requirement.

Annual Investment Policy  
Page 2

**BUDGET IMPACT:**

None.

**ATTACHMENT:**

A. Investment Policy

**ATTACHMENT “A”****CITY OF SAN FERNANDO<sup>1</sup>  
STATEMENT OF INVESTMENT POLICY****PURPOSE**

This statement is intended to provide guidelines for the prudent investment of the City’s temporary idle cash, and outline the policies for maximizing the efficiency of the City’s cash management system. The ultimate goal is to enhance the economic status of the City while protecting its pooled cash.

**OBJECTIVE**

The City’s cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible. The City attempts to earn the highest yield obtainable while keeping within the investment criteria established for the safety and liquidity of public funds.

**POLICY**

San Fernando operates its temporary pooled idle cash investment under the prudent investor standard (i.e., such a trustee must act with the “care, skill, prudence and diligence..that a prudent investor...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”). This affords the City a broad spectrum of investment opportunities as long as the investment is deemed prudent and allowable under current legislation of the State of California (Government Code Section 53600 et seq.)

The Government Code permits, subject to limitations, investments in the following instruments:

- Securities of the U.S. Government, or its agencies
- Small Business Administration Loans
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or Savings and Loan companies.
- Negotiable Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool) Demand Deposits

---

<sup>1</sup> For purposes of this policy, “City” includes the Successor Agency to the San Fernando Redevelopment Agency.

## Investment Policy February 6, 2012

- Repurchase Agreements (Repos)
- Passbook Savings Account Demand Deposits
- Revenue Repurchase Agreements

Criteria for selecting investments and the order of priority are:

1. **SAFETY** – The safety and risk associated with an investment refers to the potential for loss of principal, interest or both. Protection of the public funds entrusted to the Treasurer is the paramount criteria used to evaluate the investment instruments available.
2. **LIQUIDITY** – This refers to the ability to convert an investment to cash at any moment in time with minimal risk of forfeiting a portion of principal or interest. Liquidity is an essential investment requirement especially in light of the City's need to be able to meet emergency financing demands of the community at any time.
3. **YIELD** – Yield is the potential dollar earnings an investment can provide, and sometimes is described as the rate of return. As a general rule, yields tend to mirror the inherent risk and liquidity characteristics of the particular investment and thus can only be evaluated after those investment criteria are satisfied.

### Types of Investments

The City purchases Government and agency paper which are the highest quality investments available in terms of safety and liquidity. Also, Certificates of Deposit that are federally insured or collateralized with Government Securities are purchased. Only Bankers Acceptance eligible for purchase by the Federal Reserve System and direct issue commercial papers with Moody's A-1 rating and Standard & Poor's P-1 rating are purchased.

### Considerations for Investments

The City attempts to obtain the highest yield possible when selecting investments, providing that criteria for safety and liquidity are met. Ordinarily, because investments normally carry a positive yield curve, (i.e., longer term investments have higher rates than shorter maturities), the City attempts to stagger its maturities to meet anticipated cash needs in such a way that new investment money can be placed in maturities that carry a higher rate that is available in the short market of 30 days or under. Furthermore, maturities are selected to anticipate cash needs of the City, thereby obviating the need for forced liquidation.

## **Investment Policy February 6, 2012**

### City Constraints

The Treasurer manages the City's investment portfolio with many State and self-imposed constraints. He/she does not speculate, deal in futures or options, or buy stocks. Longer term investments (i.e., over one year) are limited to maturities of five years or less.

The City strives to maintain the level of investment of all funds as near 100% as possible, through daily and projected cash flow determinations. Idle cash management and investment transactions are the responsibility of the City Treasurer after consultation with the Finance Director.

Other requirements and limitations for specific types of investments are shown in Appendix "A".

The basic premise underlying the City's investment philosophy is, and will continue to be, to insure that money is always safe and available when needed.

The City Treasurer or the Deputy Treasurer and/or Finance Director in the absence of the City Treasurer shall continually review the financial condition of proposed depositories of City funds. The City should demand a copy of the latest financial statements and audit reports prior to investment and any reports issued during the period of the investment.

**Investment Policy  
February 6, 2012**

**APPENDIX "A"**

**CITY OF SAN FERNANDO  
INVESTMENT STRATEGY**

1. When making an investment decision, the purchase of an investment is made with the intent of holding that investment to maturity.
2. Cash flow projections are fully utilized to balance the liquidity needs at all times.
3. At least bi-weekly, economic forecasts are obtained from financial experts in the field through bankers and brokers.
4. Close rapport is maintained with the City Administrator, Finance Director, Public Works and other departments having a significant impact on cash flow.
5. The City will invest all City and Redevelopment funds and the estimated checking accounts float, except for those amounts required by the City's banks to pay for bank services furnished to the City.
6. Depending on market conditions, time deposits are maintained in commercial banks and savings and loan institutions. Particular attention is paid to investment opportunities available from financial institutions within the City of San Fernando so as to contribute to the economic vitality of the community.
7. Safekeeping: Securities purchased from brokers/dealers shall be held in third party safekeeping by the Trust department of Union Bank of California who is the City's third party custodian. Said securities shall be held in the name of the City of San Fernando with the trustee executing investment transactions as directed by the Treasurer.
8. Guidelines for approved types of investments are:

CERTIFICATES OF DEPOSIT: Cash will be invested only in FDIC Insured, Certificates of Deposit or fully collateralized Certificates of Deposit. Collateral for a given investment must be 110% of principal for government securities collateral and 150% of principal for first mortgage collateral. No more than 1% of the portfolio, not to exceed \$1million, shall be invested in any one institution. An institution must meet the following criteria to be considered by the City:

For investments greater than \$100,000 the institution must maintain \$100 million in assets. For investments greater than \$300,000 the institution must maintain at least \$300 million in assets.

The City will not invest in any institution less than five years old.



**Investment Policy  
February 6, 2012**

The institution must maintain a net worth to asset ratio of at least 3% for Savings and Loan, 6% for Banks, and a positive earnings record.

Investments in Certificates of Deposit shall not exceed a term of five years.

Thrift savings institutions shall follow the same requirements as applied to savings and loan investments.

**BANKERS ACCEPTANCES:** The City will only invest through the 15 largest banks in the United States or the 100 largest banks in the world (in terms of assets). Such investments shall not exceed 180 days maturity or 40% of the City's portfolio. The maximum investment with any one institution will not exceed the lesser of \$1 million or 30% of the City's portfolio.

**TREASURY BILLS & NOTES:** The City will require safekeeping documentation of the treasury instrument in Union Bank of California Trust Account in the City's name. Union Bank of California is the third party custodian for the City of San Fernando.

**GOVERNMENT AGENCY SECURITIES:** The City will require physical delivery of these securities to Union Bank of California Trust Account in the City's name. Such securities including Government National Mortgage Assn., Federal National Mortgage Assn., Federal Land Bank and Federal Farm Credit Banks, are permitted with the approval of the City Treasurer and Administrative Services Director. Total investments in these types of documents shall be limited to forty-five (45) percent of the total investment portfolio of the City.

**COMMERCIAL PAPER:** The City will require physical delivery of these securities to Union Bank of California Trust Account in the City's name. Commercial paper will be used solely as a short-term investment not to exceed 15 days. A rating of Standard and Poors A-1 or Moody's P-1 is required. The City will only invest in the largest 15 banks (in terms of total assets) in the United States which meet the requirements of Government Code section 53601(g). The Investment in any one institution will not exceed \$500,000 and purchases of eligible commercial paper may not exceed 15% of the City's portfolio.

**STATE LOCAL AGENCY INVESTMENT FUND:** The investment with the Local Agency Investment Fund may not, by State regulation, exceed \$15 million.

**PASSBOOK SAVINGS ACCOUNTS:** Savings accounts shall be maintained for accounts under \$100,000 that are received too late in the day to invest in other instruments.

9. **Prohibited and Restricted Investments:** The City will not invest in derivative-type investments which are now prohibited by law, viz., inverse floaters, range notes, interest-only strips derived from a mortgage pool, equity linked securities, swaps, margin/leveraging,

**Investment Policy**  
**February 6, 2012**

and any security that could result in zero interest accrual if held to maturity. The City will not invest in reverse repurchase agreements. The City will not engage in speculative buying.

10. The investment plan and strategy are reviewed and updated as needed, and no less often than annually.





**CITY TREASURER'S OFFICE****MEMORANDUM**

**TO:** Mayor Mario F. Hernández and Councilmembers

**FROM:** Al Hernández, City Administrator  
By: Margarita Solis, City Treasurer

**DATE:** February 6, 2012

**SUBJECT:** Resolution Authorizing the City Treasurer and Deputy City Treasurer to Invest Surplus Funds

---

**RECOMMENDATION:**

It is recommended that the City Council adopt a Resolution (Attachment "A") authorizing the City Treasurer and Deputy City Treasurer to Invest Surplus Funds.

**BACKGROUND:**

Pursuant to Government Code Section 53607, the City Council may delegate to the City Treasurer the authority to make investments. The City Council has delegated this authority to the City Treasurer and Deputy City Treasurer in past years. The Government Code requires that, if the City Council wishes to delegate this authority to the Treasurer, this delegation must be readopted annually.

The Resolution would renew for one year the delegation to the City Treasurer and Deputy City Treasurer the authority to invest surplus funds of the City.

**BUDGET IMPACT:**

None.

**ATTACHMENT:**

A. Resolution

**ATTACHMENT "A"****RESOLUTION NO. \_\_\_\_\_****A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
SAN FERNANDO AUTHORIZING THE CITY TREASURER AND  
DEPUTY CITY TREASURER TO INVEST SURPLUS FUNDS**

**WHEREAS**, the City Council of the City of San Fernando has determined that, as a policy and practice of the City, any monies ("Surplus Funds") in a sinking fund of, or surplus money in, its treasury not required for the immediate necessities of the City, may be invested in such a manner as to maximize the return thereof for the benefit of the City, its citizens and its taxpayers;

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN FERNANDO  
DOES HEREBY RESOLVE, FIND, DETERMINE AND ORDER AS FOLLOWS:**

1. Any portion of any Surplus Funds in a sinking fund of, or surplus money in, the City Treasury not required for the immediate necessities of the City may be invested by the City in any investment medium permissible under state law for the investment of the funds of a General law city.
2. The investment of all Surplus Funds shall be made and maintained pursuant to Section 53601 of Title 5, Division 2 of the California Government Code.
3. The authority of the City Council to invest or to reinvest surplus funds of the City, or to sell or exchange securities so purchased, is hereby delegated by the City Council to the Treasurer of the City ("Treasurer") and to the Deputy Treasurer of the City ("Deputy Treasurer"), who both shall assume full responsibility for such transactions until such time as this delegation of authority is revoked, and who shall make monthly reports of any and all such transactions to the City Council.
4. The authority of the City Council is hereby delegated to the Treasurer or Deputy Treasurer to deposit for safekeeping with a federally chartered or state chartered savings and loan association, a trust company or a state or national bank located within the State of California or with the Federal Reserve Bank of San Francisco or any branch thereof within the state, or with any Federal Reserve Bank or with any state or national bank located in any city designated as a reserve city by the Boards of Governors of the Federal Reserve System, the bonds, notes, bills, debentures, obligations, certificates of indebtedness, warrants, or other evidences of indebtedness in which the Surplus Funds of the City is invested pursuant to this Resolution. The Treasurer or Deputy Treasurer shall take from such financial institution a receipt for securities so deposited. The Treasurer or Deputy Treasurer shall not be responsible for securities delivered to and receipted for by a financial institution until they are withdrawn from the financial institution by the Treasurer or Deputy Treasurer.

**PASSED AND ADOPTED** this 6<sup>th</sup> day of February, 2012.

---

Mario F. Hernández, Mayor

**ATTEST:**

---

Elena G. Chávez, City Clerk

**STATE OF CALIFORNIA        )**  
**COUNTY OF LOS ANGELES    ) ss**  
**CITY OF SAN FERNANDO     )**

**I HEREBY CERTIFY** that the foregoing Resolution was approved and adopted at a regular meeting of the City Council held on the 6<sup>th</sup> day of February, 2012, by the following vote to wit:

**AYES:**

**NOES:**

**ABSENT:**

---

Elena G. Chávez, City Clerk









## **PUBLIC WORKS DEPARTMENT**

### **MEMORANDUM**

**TO:** Mayor Mario F. Hernández and Councilmembers

**FROM:** Al Hernández, City Administrator  
By: Ron Ruiz, Public Works Director

**DATE:** February 6, 2012

**SUBJECT:** Approval of New Trolley Route

---

#### **RECOMMENDATION:**

It is recommended that the City Council approve new trolley route (Attachment “A”).

#### **BACKGROUND:**

1. On July 21, 2010, Ryan Snyder Associates presented to the Transportation and Safety Commission the Trolley Bus Plan Update 2010 report with a recommendation to consolidate Trolley Routes A and B.
2. On September 16, 2010, the Public Safety, Veteran Affairs, Technology (PVT) Standing Committee recommended the consultant’s report with the new consolidated trolley route be presented to City Council.
3. On January 18, 2011, the Trolley Plan Update 2010 report was approved by the City Council, and staff was authorized to consolidate Trolley Routes A and B.
4. On August 18, 2011, staff met with the trolley drivers to discuss the proposed consolidated route recommended by the consultant.
5. On August 25, 2011, staff revised the proposed consolidated route recommended by Ryan Snyder Associates based on input from the Transportation and Safety Commission, the PVT Standing Committee and the transit operators.
6. On October 13, 2011, a special joint meeting of the PVT Standing Committee and the Transportation and Safety Commission was held to conduct a test run of the new proposed consolidated trolley route.
7. On November 3, 2011, a second test run was conducted in the late afternoon for City Councilmembers and Commissioners.

## Approval of New Trolley Route

Page 2

8. On November 16, 2011, the Transportation and Safety Commission directed staff to take the proposed consolidated route to City Council for approval.
9. On January 9, 2012, the PVTTC Standing Committee approved the new consolidated route.

## ANALYSIS:

### Trolley Consolidation Route Maps

A Trolley Plan Update was prepared by Ryan Snyder Associates in July 2010 to review the performance of the system since its implementation, collect input from riders, and make future recommendations to enhance service. Based on the survey responses of approximately 366 participants, fieldwork, and the existing data analysis, one of the recommendations included in the report was the consolidation of Trolley Routes A and B. The consultant's recommended map (Route 1) added a stop that serves Las Palmas Park, allows the two buses to run the same route reducing confusion for drop off and pick up stops, and increases bus frequencies to reduce wait time for passengers (Attachment "B").

Before immediately implementing the recommendation, the route consolidation was further vetted in the Transportation and Safety Commission, the PVTTC Standing Committee and with the transit operator. Further discussion ensued regarding effectiveness of the Route 1 stops, and resulted in a new map (Route 2) to include four new stops, one new temporary stop at the Regional Pool Facility (during the summer months), one combined stop and one relocated stop. With these modifications made to the Trolley Plan Update 2010 route map (Route 1), staff was able to enhance the route to cover areas like the Swap Meet, the Sam's Club/Home Depot Shopping Center, and the Valley Regional High School No. 5 (Attachment "C").

Further review also revealed ways to maximize the number of shared stops for use with the Metropolitan Transportation Authority (MTA) transit system to use federal funds for the installation of new bus shelters, and to simplify the trolley stop map signs by using a spatial graphic which identifies the City's retail destinations (Attachment "D"), as well as community service offices.

### Public Input Regarding New Route

The most significant input received was through the 2010 survey with a total of 366 surveys received, consisting of 171 surveys returned with water bill payments and 195 surveys received from trolley riders. In order to get a better survey response rate from riders, City staff, over a one week period was assigned to ride the trolleys with riders to assist them in completing the surveys. The surveys proved very effective in collecting a wide range of community input and ensuring rider input. The surveys were also effective in gaining substantive input from members of the public who may not be able to attend or prefer not to participate in a public meeting.

In addition to the surveys, staff gathered feedback and input from a variety of sources including: conducting test runs with the public, Transportation and Safety Commissioners, PVTTC Standing

## Approval of New Trolley Route

Page 3

Committee members, trolley drivers, and Public Works staff. The trolley drivers, in particular were especially helpful in developing the new Route 2 map, contributing comments based on their daily experience on the trolleys and comments they received from riders over the years. The Commission and Committees were helpful towards synthesizing the additional input and finalizing the new map (Route 2). Through this process, there was consensus by both the Transportation and Safety Commission and the PVTTC Committee to direct staff to bring back the new consolidated trolley route to the City Council for approval.

### **CONCLUSION:**

When the City Council authorized staff to consolidate the Trolley Routes A & B in January, 2011, careful analysis and further input from stakeholders was necessary to develop a new consolidated trolley route. Time was needed to ensure that the new route supports the initial objectives of the trolley service to 1) promote travel to the City's retail destinations, 2) help reduce traffic congestion, 3) provide alternative transit options using clean-fuel buses. If the new consolidated trolley route is approved staff will move forward with the purchase and installation of the new trolley sign maps (Attachment "D") at each of the stops, and will work with the consultants to develop an effective marketing and outreach plan to inform the public of the new consolidated route. Staff will use special funds budgeted this fiscal year for the materials and the outreach program.

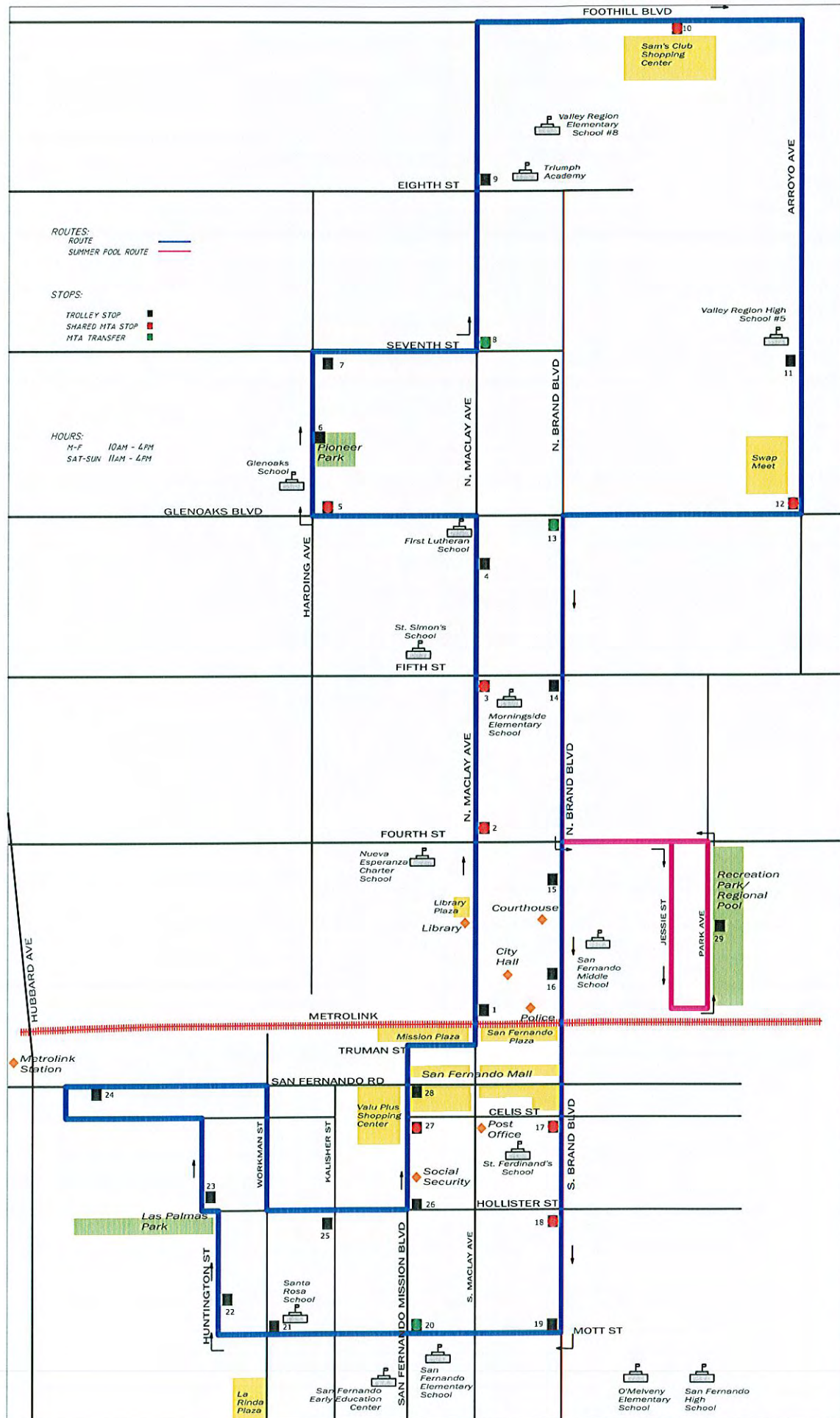
### **BUDGET IMPACT:**

None.

### **ATTACHMENTS:**

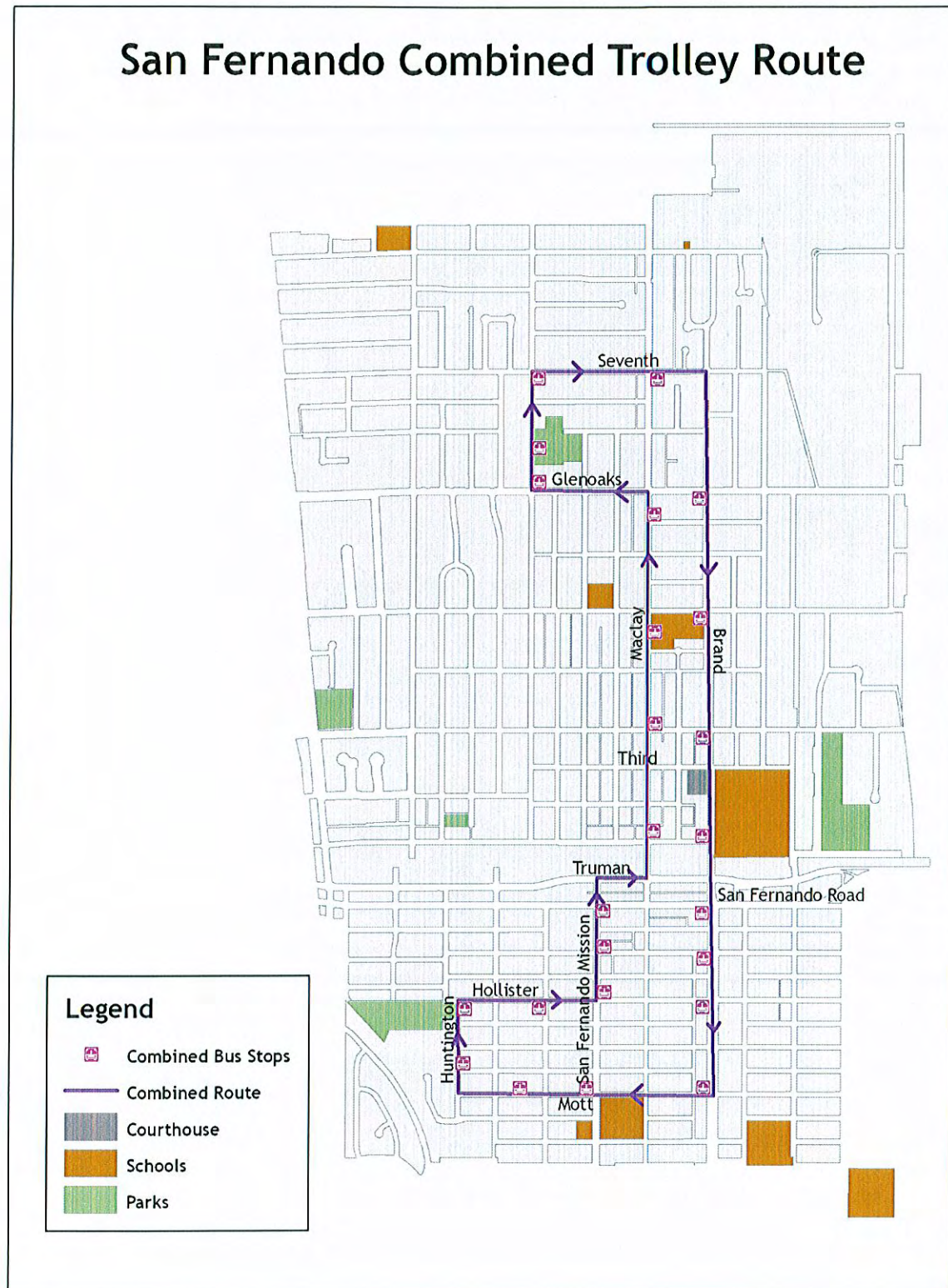
- A. New Consolidated Trolley Map (Route 2)
- B. Trolley Plan Update 2010 Map (Route 1)
- C. List of Trolley Stops
- D. Trolley Map Signs

## ATTACHMENT "A"





## Map 2: Proposed Combined Trolley Route



**ATTACHMENT "C"****LIST OF TROLLEY STOPS****Trolley  
Stop  
#****Stop Street Name****Destination Name**

|    |                               |  |
|----|-------------------------------|--|
| 1  | Maclay Ave and First St       | a. San Fernando City Hall              |
|    |                               | b. San Fernando Police Station         |
|    |                               | c. San Fernando Courthouse             |
|    |                               | d. San Fernando Library                |
|    |                               | e. San Fernando Plaza                  |
|    |                               | f. Mission Plaza                       |
|    |                               | g. Library Plaza                       |
|    |                               |  |
| 2  | Maclay Ave and Fourth St      | a. San Fernando Library                |
|    |                               | b. San Fernando Courthouse             |
|    |                               | c. Nueva Esperanza Charter School      |
|    |                               | d. Library Plaza                       |
|    |                               | e. MTA Shared Stop - Line 234          |
|    |                               |  |
| 3  | Maclay Ave and Fifth St       | a. Morningside Elementary School       |
|    |                               | b. St. Simon School                    |
|    |                               | c. MTA Shared Stop - Line 234          |
|    |                               |  |
| 4  | Maclay Ave and DeGarmo St     | a. First Lutheran School               |
|    |                               |  |
| 5  | Glenoaks Blvd and Harding Ave | a. Glenoaks School                     |
|    |                               | b. Pioneer Park                        |
|    |                               | c. MTA Shared Stop - Line 292          |
|    |                               |  |
| 6  | Harding Avenue                | a. Pioneer Park                        |
|    |                               |  |
| 7  | Seventh St and Harding Ave    | a. Pioneer Park                        |
|    |                               | b. MTA Transfer - Line 234             |
|    |                               |  |
| 8  | Maclay Ave and Seventh St     | a. MTA Transfer - Line 234             |
|    |                               |  |
| 9  | Maclay Ave and Eighth St      | a. Triumph Academy                     |
|    |                               | b. Valley Region Elementary School # 8 |
|    |                               |  |
| 10 | Foothill Boulevard            | a. Sam's Club Shopping Center          |
|    |                               | b. MTA - Line 290                      |
|    |                               |  |
| 11 | Arroyo Blvd and Borden Ave    | a. Valley Region High School #5        |
|    |                               | b. Swap Meet                           |
|    |                               |  |
| 12 | Glenoaks Blvd and Arroyo Ave  | a. Valley Region High School #5        |
|    |                               | b. Swap Meet                           |
|    |                               | c. MTA Transfer - Line 292             |
|    |                               |  |



**Trolley  
Stop  
#**
**Stop Street Name**
**Destination Name**

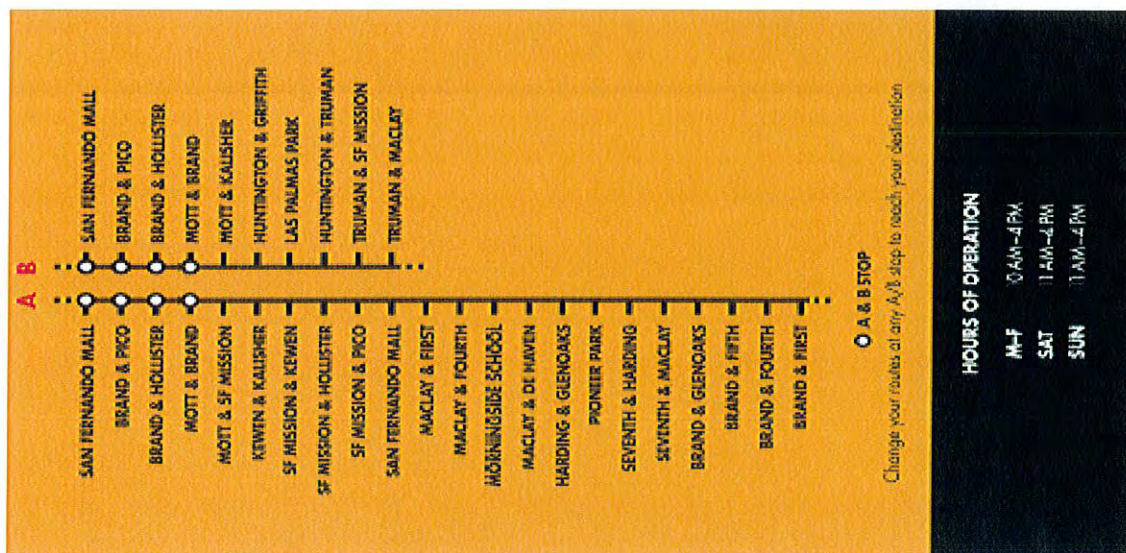
|    |  |  |
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| 13 | Brand Blvd and Glenoaks Blvd               | a. MTA Transfer - Line 292               |
|    |  |  |
| 14 | Brand Blvd and Fifth St                    | a. Morningside Elementary School         |
|    |  |  |
| 15 | Brand Blvd and Third St                    | a. San Fernando Courthouse               |
|    |  | b. San Fernando Middle School            |
| 16 | Brand Blvd and First St                    | a. San Fernando City Hall                |
|    |  | b. San Fernando Police Station           |
|    |  | c. San Fernando Courthouse               |
|    |  | d. San Fernando Middle School            |
|    |  |  |
| 17 | Brand Blvd and Celis St                    | a. San Fernando Mall                     |
|    |  | b. United States Post Office             |
|    |  | c. St. Ferdinand's School                |
|    |  | d. MTA Shared Stop - Line 234            |
|    |  |  |
| 18 | Brand Blvd and Hollister St                | a. MTA Shared Stop - Line 234            |
|    |  |  |
| 19 | Brand Blvd and Mott St                     | a. O'Melveny Elementary School           |
|    |  | b. San Fernando High School              |
|    |  |  |
| 20 | Mott St and San Fernando Mission Blvd      | a. San Fernando Elementary School        |
|    |  | b. San Fernando Early Education Center   |
|    |  | c. MTA Transfer - Line 230               |
|    |  |  |
| 21 | Mott St and Workman Ave                    | a. Santa Rosa School                     |
|    |  | b. La Rinda Plaza                        |
|    |  |  |
| 22 | Huntington St and Griffith St              |  |
|    |  |  |
| 23 | Huntington St and Hollister Ave            | a. Las Palmas Park                       |
|    |  |  |
| 24 | San Fernando Road                          | a. San Fernando-Sylmar Metrolink Station |
|    |  | b. Northeast Valley Health Clinic        |
|    |  |  |
| 25 | Hollister St and Kalisher St               | a. Senior Housing                        |
|    |  |  |
| 26 | San Fernando Mission Blvd and Hollister St | a. Social Security Office                |
|    |  |  |
| 27 | San Fernando Mission Blvd and Celis St     | a. San Fernando Mall                     |
|    |  | b. Social Security Office                |
|    |  | c. United States Post Office             |
|    |  | d. Valu Plus Shopping Center             |
|    |  | e. MTA Shared Stop - Line 230 & 239      |

**Trolley  
Stop  
#****Stop Street Name****Destination Name**

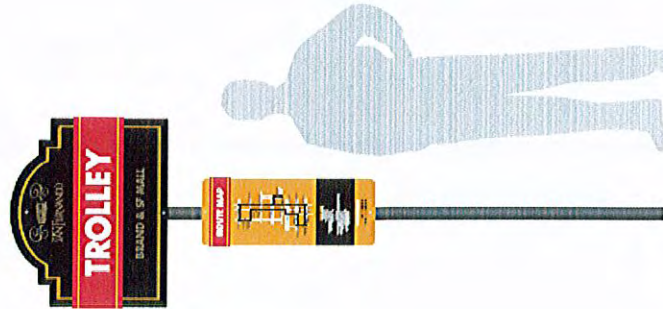
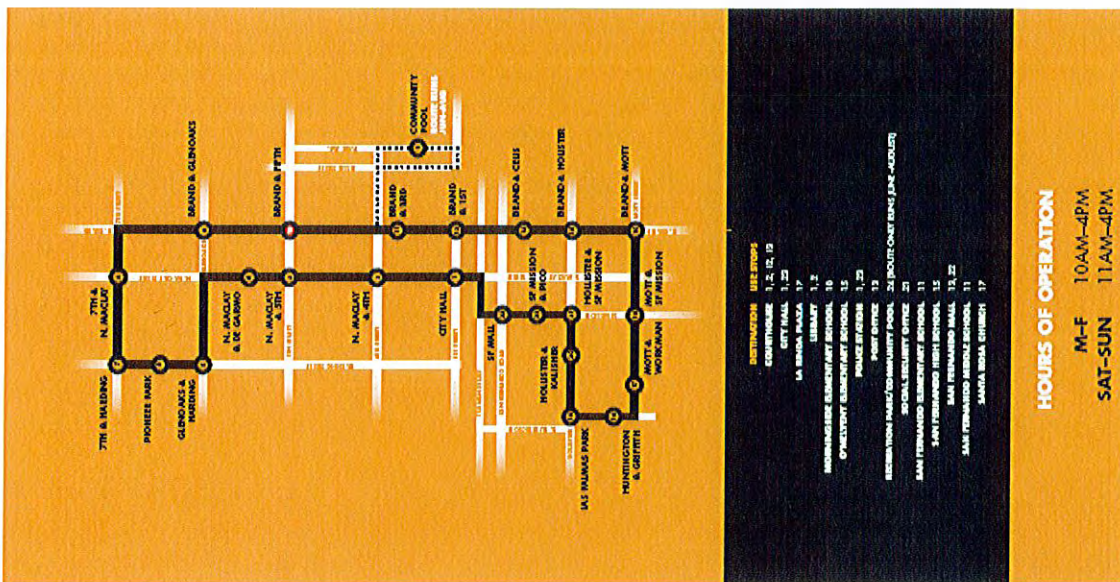
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|    |   |  |
| 28 | San Fernando Mission Blvd and San Fernando Rd | a. San Fernando Mall                   |
|    |   | b. Valu Plus Shopping Center           |
|    |   |  |
| 29 | Park Avenue - <i>SUMMER ONLY</i>              | a. San Fernando Regional Pool Facility |
|    |   | b. Recreation Park                     |
|    |   |  |

## ATTACHMENT "D"

Existing Trolley Map Sign



New Trolley Map Sign









## RECREATION AND COMMUNITY SERVICES DEPARTMENT

### MEMORANDUM

**TO:** Mayor Mario F. Hernández and Councilmembers

**FROM:** Al Hernández, City Administrator  
By: Ismael Aguila, Recreation and Community Services Operations Manager

**DATE:** February 6, 2012

**SUBJECT:** Approval of Facility Use and Transportation Agreement, Including Fee Deferral, with Valley Regional High School No. 5

---

#### **RECOMMENDATION:**

It is recommended that the City Council approve a Facility Use and Transportation Agreement substantially in the form attached to this agenda report (Attachment "A"), which would:

- a. Authorize the swim team from Valley Regional High School No. 5 (VRHS No. 5) to use the San Fernando Regional Pool Facility for swim practices;
- b. Provide for the City to authorize First Transit to make available a trolley to transport the swim team from VRHS No. 5 to the Pool Facility; and
- c. Defer payment of the fees for use of the Pool Facility and allow them to be credited to the City and applied to charges that will be incurred by the City in a pending reciprocal-use agreement (RUA).

#### **BACKGROUND:**

1. On September 16, 2005, the City Council conducted a special meeting with representatives of Los Angeles Unified School District (LAUSD) to discuss joint-use opportunities in reference to the new high school, VRHS No. 5.
2. On October 4, 2005, the City Council scheduled a special joint meeting with the Cultural Arts and Recreation and Community Services (RCS) Commissions (City Council and RCS Commission did not have a quorum) regarding an update on joint-use agreement opportunities for VRHS No. 5.
3. On November 21, 2005, RCS staff received a draft Memorandum of Understanding (MOU) for review and comment.

Approval of Facility Use and Transportation Agreement, Including Fee Deferral, with Valley Regional High School No. 5

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4. On December 5, 2005, RCS staff received official notification requesting the City's participation in the approval of the MOU and initiation of a joint-use agreement.
5. On January 3, 2006, the City Council approved the MOU for the planning and development of a joint-use agreement between the City and LAUSD for the proposed VRHS No. 5.
6. In March 2011, RCS staff met with LAUSD's Asset Management Branch to begin the final process of completing a joint-use agreement.
7. On August 25, 2011, RCS staff began meeting with VRHS No. 5 administrators to discuss potential usage of facilities to be included in a joint-use agreement.
8. In October 2011, RCS staff met with LAUSD Asset Management Branch to draft a document outlining the space that both VRHS No. 5 and the City have available.
9. In November 2011, RCS staff was notified that a joint-use agreement with VRHS No. 5 would not be completed prior to the 2012 swim season. In addition, RCS staff was notified that VRHS No. 5 had no funds available to pay for requested facility usage. Discussion continued regarding the prospective joint-use agreement.
10. From November to December 2011, the RCS Operations Manager continued negotiations with LAUSD that would allow the principal of VRHS No. 5 to disburse funds in preparation of the approaching swim season.
11. In December 2011, LAUSD authorized VRHS No. 5 administration to earmark funds to assemble the VRHS No. 5 swim team, which included funds for uniforms, equipment, and coach salaries. No funds for facility rental were secured.
12. On January 6, 2012, the RCS Operations Manager met with LAUSD to begin drafting a Facility Use and Transportation Agreement between the City and VRHS No. 5 until a proposed RUA (a form of a joint-use agreement) is completed.
13. In January 2012, RCS staff, LAUSD, and the City Attorney began to finalize a Facility Use and Transportation Agreement to allow the VRHS No. 5 swim team access to the San Fernando Regional Pool Facility (Pool Facility) for the 2012 swim season.

**ANALYSIS:**

**Partnership with VRHS No. 5**

Located at 1001 Arroyo Avenue, the newly developed VRHS No. 5, also known as the César Chávez Learning Academies, is the only high school built within City limits to service resident families. The school campus includes athletic baseball and softball fields as well as a football



# Approval of Facility Use and Transportation Agreement, Including Fee Deferral, with Valley Regional High School No. 5

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field complete with a running track. Also included are multiple outdoor basketball courts and a gymnasium with two indoor playing courts. In addition, the facility has a multi-use performance auditorium suitable for live concerts and theatrical presentations.

A RUA (allowing use of these school facilities) will assist the RCS Department to expand programming and target more City residents. City staff is currently working with LAUSD Asset Management Branch and the principals of VRHS No. 5 to draft a RUA agreement which will allow for reciprocal use of school and City facilities. LAUSD will use the Pool Facility and the City will use the school facilities (i.e., gym, athletic fields, and multi-purpose room) as they will be identified in the joint-use agreement. The intent is to have a cost neutral agreement.

The RUA is not expected to be completed prior to the 2012 swim season. Since VRHS No. 5 is in its first year of operation, there is no funding secured to pay for access to the services/resources requested. In order to ensure VRHS No. 5 has a 2012 swim team, a Facility Use and Transportation Agreement was developed by City staff, the City attorney, and LAUSD until a RUA is completed.

## Services/Resources Requested

VRHS No. 5 is requesting access to the Pool Facility to accommodate the school's swim team composed of approximately 25-30 students effective February 13, 2012 and ending May 31, 2012. In addition, VRHS No. 5 is requesting for the City to authorize First Transit to provide one-way transportation for the swim team via the City trolley, from VRHS No. 5 to the Pool Facility.

### Projected Costs for FY 2011-12

| Item Requests  | Direct Costs   | Opportunity Costs | Total Costs    |
|--|----------------|-------------------|----------------|
| Practice swim lanes<br>Date: M, W, F<br>Time: 4:30 – 6:00 p.m.     | \$0            | \$2,700           | \$2,700        |
| Swim meets (2)<br>Date: 4/11/12, 4/18/12<br>Time: 1:00 – 6:00 p.m. | \$400          | \$1,000           | \$1,400        |
| Transportation<br>Date: M, W, F<br>Time: 4:15 p.m.                 | \$1,540        | \$0               | \$1,540        |
| <b>TOTAL COSTS</b>   | <b>\$1,940</b> | <b>\$3,700</b>    | <b>\$5,640</b> |

## Compensation/Method of Payment

The City shall invoice VRHS No. 5 at the completion of the Agreement for the facilities/services provided in the Facility Use and Transportation Agreement. The City will allow Pool Facility fees to be credited to the City and applied to charges that will be incurred by the City in a proposed RUA that is to be negotiated between the City and LAUSD. Some examples of charges

Approval of Facility Use and Transportation Agreement, Including Fee Deferral, with Valley Regional High School No. 5

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may include access to VRHS No.5's gymnasium or performance auditorium for RCS programs. The RUA is to be completed no later than May 31, 2012. If a RUA is not complete prior to that date, LAUSD agrees to pay balance in full no later than June 30, 2012. The total amount to be credited to the City will be \$3,700.00. VRHS No. 5 will be invoiced at the completion of the season for the transportation fees and immediately after each swim meet for pool lane fees for a total amount of \$1,940.00.

### **The Importance of High School Sports**

Participating in high school sports is important to develop motor skills, maintain a healthy exercise program, provide for stress/anger release, and help keep children off the streets. University of Minnesota scholar Dr. Douglas Hartmann, states in a *Report to the LA84 Foundation* "There is strong evidence to support that participation in high school athletics can lead to academic success and enhanced student-athlete social skills." In addition, high school sports improve bonding between children and parents as the result of increased parental attention during skill practices and family support during games.

### **CONCLUSION:**

It is recommended that the City Council approve this Facility Use and Transportation Agreement which would (a) authorize the swim team from VRHS No. 5 to use the Pool Facility for swim practices, (b) provide for the City to authorize First Transit to make available a trolley to transport the swim team from VRHS No. 5 to the Pool Facility, and (c) defer payment of the fees for use of the Pool Facility and allow them to be credited to the City and applied to charges that will be incurred by the City in a pending RUA. This partnership will provide multiple benefits for both parties including the opportunity for VRHS No. 5 to create their first athletic team and expand the department's recreation programming.

### **BUDGET IMPACT:**

There will be no budget impact to the General Fund for the FY 2011-12.

### **ATTACHMENT:**

A. Facility Use and Transportation Agreement

**ATTACHMENT "A"****FACILITY USE AND TRANSPORTATION AGREEMENT****SAN FERNANDO REGIONAL POOL FACILITY**

THIS FACILITY USE AND TRANSPORTATION AGREEMENT (this "**Agreement**") is made and entered into as of February 6, 2012, by and between the CITY OF SAN FERNANDO, a California municipal corporation ("**City**"), and the LOS ANGELES UNIFIED SCHOOL DISTRICT, a public school district organized and existing under and pursuant to the constitution and laws of the State of California ("**District**"), with respect to the following:

**RECITALS:**

**WHEREAS**, City and District are authorized and empowered by California Education Code Section 10900 *et seq* to cooperate with one another in order to promote and provide adequate community recreation and education programs that contribute to the health and general welfare, and otherwise encourage the development of good citizenship and enhance the quality of life, of the residents of City;

**WHEREAS**, District has recently opened Valley Regional High School No. 5 (VRHS No. 5), a District High School located within the City of San Fernando; and

**WHEREAS**, City owns and operates the San Fernando Regional Pool Facility (the "Facility"), located at 208 Park Ave., in the City of San Fernando; and

**WHEREAS**, District desires to use the Facility for recreational purposes, specifically, for practices of the VRHS No. 5 Swim Team (Swim Team); and

**WHEREAS**, District and City contemplate entering into a reciprocal use agreement prior to May 31, 2012, which will authorize City and District to use each other's recreational facilities on an as needed and available basis; and

**WHEREAS**, prior to entering in the contemplated reciprocal use agreement, City is willing to permit use of the Facility by the Swim Team, upon the terms, provisions and conditions hereinafter set forth; and

**WHEREAS**, District has requested that City provide transportation for the Swim Team, to and from the Facility; and

**WHEREAS**, City is willing to provide one-way transportation for the Swim Team, from the VRHS No 5. to the Facility, upon the terms, provisions and conditions hereinafter set forth; and

**AGREEMENT:**

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, City and District do hereby agree as follows:

## 1. **FACILITY.**

1.1 Availability for Swim Team Use. The Facility shall be available to District for use by the VRHS Swim Team, for the period February 13, 2012 through May 31, 2012, as follows:

- City shall provide the VRHS No. 5 Swim Team with access to the Pool Facility Monday, Wednesday, and Friday from 4:30 p.m. to 6:00 p.m. or other mutually agreed upon time.
- City shall provide the Swim Team up to four 25-meter pool lanes for swim use Monday, Wednesday, and Friday from 4:30 p.m. to 6:00 p.m. or mutually agreed upon time. City programs will take priority and may limit the number of lanes that are available.
- City shall provide the Swim Team up to four 25-meter pool lanes for up to two meets, which Swim Meets shall be scheduled for mutually agreeable days and times. City programs will take priority and may limit the number of lanes that are available.
- District will adhere, including causing VRHS No. 5 and the Swim Team to adhere, to all facility rules, including but not limited to the Rental and Usage Terms set forth in Exhibit A, attached hereto and incorporated herein by this reference.
- District shall ensure that the swim coach for the Swim Team is present at the Facility and monitoring the use of the Facility by the Swim Team at all times that members of the Swim Team are present at the Facility pursuant to this Agreement. District shall insure that the swim coach for the Swim Team meets all requirements of California law, including but not limited to California Health & Safety Code Section 1797.182, 116028, and 116045, and California Code of Regulations, Title 22, Regulation 65539.

1.2 Lifeguards. City agrees to provide two lifeguards during each Swim Meet hosted by the Swim Team. For purposes of this Agreement, "Swim Meet" means a competitive event during which the Swim Team competes against swim teams from other schools or organizations. District represents and warrants to City that it will cause a fully qualified lifeguard to be present and supervising the aquatic activities of the Swim Team, at all times during which the Swim Team is using the Facility pursuant to this Agreement. District acknowledges and agrees that, except as set forth in the first sentence of this Section 1.2, City will NOT provide a lifeguard during the periods that the Swim Team is using the Facility pursuant to this Agreement, including but not limited to Swim Meets.

2. **TRANSPORTATION.** City agrees to cause the City Trolley to be available to provide one-way transportation of the members of the Swim Team and their coach from VRHS to the Facility during the term of this Agreement ("Trolley Services"), as follows:

- City shall provide the Swim Team with transportation to the Facility Monday, Wednesday, and Friday from between the 4:00 to 4:20 p.m. or other mutually agreed upon time.

- Transportation shall be provided via the City Trolley (Trolley), which is operated by First Transit to provide public transportation in the City.
- District shall cause the Coach of the Swim Team to ride in the Trolley with the Swim Team; City shall have no obligation to transport the Swim Team if the coach is not present.
- The City will provide the Trolley service at a rate of \$35.00 per day.
- District shall cause all trash, equipment and clothing articles to be removed from the Trolley upon the conclusion of each trip.

### 3. INDEMNIFICATION AND INSURANCE.

3.1 Indemnification. District agrees to protect, indemnify, defend and hold City free and harmless from and against (collectively, “**Indemnify**”) any and all claims, causes of action, demands, damages, liens, liabilities, losses, costs and expenses (including reasonable attorneys’ fees) to which City may be exposed or that City may incur in connection with (a) the use of the Facility by District, or its agents, employees and invitees, (b) transportation of the Swim Team members and coach by the City Trolley, or (c) the failure of District to comply with the terms of this Agreement (collectively, “**Losses**”), to the fullest extent permitted by law. It is the intent of City and District that District shall be liable to Indemnify City under this Section 3.1 irrespective of the cause of the Losses (i.e., regardless of whether or not caused by any act, omission, willful misconduct or negligent conduct (whether active or passive) of District, or otherwise), except to the extent that the Losses are caused by the sole negligence or willful misconduct of City, or its agents, employees and invitees, as determined by final arbitration or court decision or by the agreement of the parties.

3.2 Coverage. District shall obtain and maintain, at its sole cost and expense, comprehensive public liability and property damage coverage, insuring against claims for injuries to persons and property occurring in, upon or about the Facility that has a limit of liability, per occurrence and aggregate, of not less than Two Million Dollars (\$2,000,000) for injuries to person or persons, and not less than One Million Dollars (\$1,000,000) for property damage. Such coverage shall (a) name City as an additional insured, (b) contain a provision that the policy will not be canceled without at least thirty (30) days prior notice to City, (c) provide that coverage afforded thereby will be primary and that any coverage carried by City shall be noncontributing with respect thereto, and (d) contain a waiver of any right of subrogation against City that arises, or might arise, by reason of any payment under such policy or by reason of any act or omission of City.

3.3 Certificate. District shall cause Authority to supply District with a Certificate of Insurance, or reasonable equivalent, of such insurance.

3.4 Waiver. District waives any and all rights of recovery against City for loss of, or damage to, District’s property or the property of others under District’s control.

4. **INDEPENDENT CONTRACTOR.**

4.1 District as Independent Contractor. In connection with this Agreement, District shall at all times be and remain a wholly independent contractor of City. District shall have no power to incur any debt, obligation or liability on behalf of City or otherwise act on behalf of City as an agent of City. District shall not, at any time or in any manner, represent that it or any of its agents or employees are in any manner an agent or employee of City. Except as expressly provided in this Agreement, neither City nor any of its agents or employees shall have any control over the conduct of District or any of its agents, employees or invitees.

5. **TERM OF AGREEMENT.** This Agreement shall be effective from February 13, 2012 through May 31, 2012, inclusive, unless earlier terminated in accordance with this Agreement.

6. **TERMINATION OF AGREEMENT.** Either party may terminate this Agreement with or without cause by providing thirty (30) days prior notice to the other party. In the event of such termination, all fees and charges incurred pursuant to Section 8 of this Agreement shall be paid to City within 30 days of the effective date of termination.

7. **NONDISCRIMINATION.** District shall not discriminate on the basis of race, color, sex, age, religion, national origin or any other basis prohibited by law in its use of the Facility.

8. **FEES AND CHARGES.**

8.1 Fees.

- (a) For each day of entry to the Facility, District shall pay to City the sum of \$10.00 per hour for each lane used by the Swim Team, for a total of 1.5 hours. The total for the swim season is estimated to be \$2,700.00.
- (b) For each Swim Meet hosted by the Swim Team, District shall pay to City the sum of \$10.00 per hour for each lane used for the Swim Meet, for a total of 5 hours per Swim Meet. The total for the two Swim Meets is estimated to be \$1,000.
- (c) For each Swim Meet hosted by the Swim Team, District shall pay to City the sum of \$40 per hour for two lifeguards for a total of 5.0 hours per swim meet. The total for the two Swim Meets is estimated to be \$400.00.
- (d) For each day of Trolley Services, District shall pay to City the sum of \$35.00 per day. The total for transportation is estimated to be \$1,540.00.

District agrees to compensate the City for the Facility use and Trolley Services provided under this Agreement, and District agrees to accept in full satisfaction for such Facility use and Trolley Services, a sum not-to-exceed Five Thousand Six Hundred Forty Dollars (\$5,640).

8.2 Billing. City shall submit to District an invoice, at the completion of the term of the Agreement, for the use of the Facility and Trolley Services provided pursuant to this Agreement. Each invoice shall itemize the facility use and services rendered during the billing period and the amount due. Such itemizations shall include the days services were provided, lanes utilized at the pool facility, and utilization of Trolley Services. Any invoice dispute for facilities/services provided shall be submitted within ten (10) business days of receipt of the invoice.

8.3 Method of Payment.

- (a) The Facility use fees (paragraphs (a) and (b) of Section 8.1) due City pursuant to this Agreement may be credited against any fees City may be obligated to pay District pursuant to the proposed reciprocal-use agreement (RUA) that is to be negotiated between the City and District. The parties anticipate that the RUA will be completed and approved no later than May 31, 2012. If the RUA is not completed and approved by both parties prior to May 31, 2012, District shall pay to City the Facility use fees due City pursuant to this Agreement no later than June 30, 2012.
- (b) District shall pay to City the fees for Trolley services and Swim Meet lifeguard services (paragraphs (c) and (d) of Section 8.1) within 30 days of receiving the invoice from City.

9. **APPLICABLE LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

10. **NOTICE.** Any notice, request, direction, instruction, demand, consent, waiver, approval or other communication required or permitted to be given hereunder shall not be effective unless it is given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by facsimile, or (d) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and addressed to the parties at the addresses stated below, or at such other address as either party may hereafter notify the other in writing as aforementioned:

District: Los Angeles Unified School District  
Los Angeles, California \_\_\_\_\_  
Attention: \_\_\_\_\_  
Facsimile No.:

City: City of San Fernando  
117 Mcneil Street

San Fernando, California 91340  
Attention: Mr. Al Hernández, City Administrator  
Telephone: (818) 898-1202  
Facsimile: (818) 361-7631

Service of any such notice or other communications so made shall be deemed effective on the day of actual delivery (whether accepted or refused) as evidenced by confirmed answerback if by facsimile (provided that if any notice or other communication to be delivered by facsimile is unable to be transmitted because of a problem affecting the receiving party's facsimile machine, the deadline for receiving such notice or other communication shall be extended through the next business day), as shown by the addressee's return receipt if by certified mail, and as confirmed by the courier service if by courier; provided, however, that if such actual delivery occurs after 5:00 p.m. (local time where received) or on a non-business day, then such notice or demand so made shall be deemed effective on the first business day immediately following the day of actual delivery. No communications via electronic mail shall be effective to give any notice, request, direction, demand, consent, waiver, approval or other communications hereunder.

11. **ATTORNEYS' FEES.** In the event that legal action is necessary to enforce the provisions of this Agreement, the parties agree that the prevailing party shall be entitled to recover attorney's fees from the opposing party in any amount determined by the court to be reasonable.

12. **CAPTIONS AND PARAGRAPH HEADINGS.** Captions and paragraph headings used in this Agreement are for convenience of reference only and shall not be used in construing any part of this Agreement.

13. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of City and District.

14. **NO THIRD PARTY BENEFICIARIES.** This Agreement is made solely for the benefit of the parties to this Agreement and their respective successors and assigns, and no other person or entity shall have or acquire any right by virtue of this Agreement.

15. **SEVERABILITY.** The invalidity in whole or in part of any provision of this Agreement shall not void or, affect the validity of any other provision.

16. **WAIVER.** No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any other breach of the same provision or any other provision of this Agreement. Failure of either City or District to enforce at any time, or from time to time; any provision of this Agreement, shall not be construed as a waiver of such provision or breach. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.



17. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between District and City with respect to the subject matter hereof and supersedes all prior offers and negotiations, oral and written. This Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing signed by District and City.

18. **COUNTERPARTS.** This Agreement may be executed in counterparts, each of which so executed shall be deemed an original irrespective of the date of the execution, and such counterparts shall together constitute one and the same agreement.

**IN WITNESS WHEREOF,** the parties have entered into this Agreement for Use of Facility as of the date first written above.

DISTRICT: LOS ANGELES UNIFIED SCHOOL DISTRICT

By: \_\_\_\_\_

CITY: CITY OF SAN FERNANDO

By: \_\_\_\_\_  
Al Hernández, City Administrator

**ATTEST:**

By: \_\_\_\_\_  
Elena G. Chávez, City Clerk

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Michael Estrada, City Attorney

**EXHIBIT "A"****SAN FERNANDO REGIONAL POOL FACILITY****Rental & Usage Terms**

- Forty-eight (48) hour notice must be given in case of cancellation of event.
- No alcohol or smoking is allowed on City of San Fernando property.
- The Aquatic Supervisor reserves the right to reject or cancel any requests for reservation of the San Fernando Regional Pool facility at any time.
- All regularly printed and posted San Fernando Regional Pool Facility rules and regulations apply.
- At the conclusion of your rental, all garbage must be placed in trashcans, the deck left clean and clear, and all equipment put away. There is to be no equipment left in pool.
- Lane lines may only be adjusted, or shifted with the approval of the San Fernando Regional Pool staff on site.
- The City of San Fernando is not responsible for lost or stolen articles.
- The San Fernando Regional Pool Facility is subject to closure, resulting in cancellation of rentals, due to holidays, yearly scheduled maintenance/cleaning, facility repair, published closure dates, inclement weather and/or facility closures or other uncontrollable circumstances.
- No storage is available at the San Fernando Regional Pool Facility unless approved by the Aquatic Supervisor.
- No equipment may be taken from the San Fernando Regional Pool Facility and only equipment approved by the Aquatic Supervisor prior to the event may be brought in.
- The Aquatic Supervisor's office, supplies, equipment, and other items are not available for use.
- Swim Meet dates must be requested no less than 2 months in advance with no less than one meeting to be set up with the Aquatic Supervisor to discuss details of meets, entry numbers, and other logistics.





## COMMUNITY DEVELOPMENT DEPARTMENT

### MEMORANDUM

**TO:** Mayor Mario F. Hernández and Councilmembers

**FROM:** Al Hernández, City Administrator  
By: Fred Ramirez, City Planner

**DATE:** February 6, 2012

**SUBJECT:** California Sustainable Communities Planning Grant Application

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#### **RECOMMENDATION:**

It is recommended that the City Council adopt a Resolution (Attachment “A”) supporting the City’s application to the State of California Strategic Growth Council’s Sustainable Communities Planning Grant and Incentive Program for a grant to complete a comprehensive General Plan and Zoning Code update.

#### **BACKGROUND:**

In November 2011, the State of California’s Strategic Growth Council issued a request for proposals for the Sustainable Communities Planning Grant and Incentive Program (SCPGIP). Project funding is provided by Proposition 84, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, which provides planning grant funds in the amount of \$100,000 (minimum grant amount) and \$1,000,000 (maximum grant amount). The current funding cycle is the second of three rounds with the next round occurring in 2013.

The primary goal of the grant program is to develop and implement land use plans and strategies that will help reduce greenhouse gas emissions consistent with AB 32 (the California Global Warming Solutions Act of 2006) and SB 375 (Steinberg), and achieve the following program objectives:

- Improve air and water quality;
- Promote public health;
- Increase housing affordability;
- Promote infill and compact development;
- Revitalize urban and community centers;
- Protect natural resources and agricultural lands;
- Reduce automobile usage and fuel consumption;

## California Sustainable Communities Planning Grant Application

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- Improve infrastructure systems;
- Promote water conservation;
- Promote energy efficiency and conservation; and
- Strengthen the economy.

These objectives are consistent with the State of California's planning priorities (per Government Code 65041.1) as well as the Strategic Growth Council's objectives (Source: 2011 Solicitation Sustainable Communities Planning Grant and Incentive Program guidelines, Pg. 2).

The current funding cycle requires all prospective grant applications to be submitted by February 15, 2012 at 5:00 pm.

**ANALYSIS:**

**Resolution.** In addition to submitting a complete application with all the requested supporting financial information, the SCPGIP requires the inclusion of a City Council resolution supporting the City's application for SCPGIP funding. Such a resolution must convey that the City is obligated to fully support the project and would assume responsibility for the implementation of the planning grant that includes development of the proposed comprehensive General Plan and Zoning Code update within the anticipated two and half year timeframe. Specifically, the SCPGIP requires that the resolution address the following provisions:

- ✓ Approve the filing of the SCPGIP application for the project that would be funded from Proposition 84;
- ✓ Certify that the City's grant application has or will have sufficient funds to complete the comprehensive General Plan and Zoning Code updates; and
- ✓ Allow the City Administrator to conduct all negotiations, execute and submit all documents, including but not limited to: applications, agreements, and payment request to complete the project.

As discussed at the January 10, 2012, Housing, Community and Economic Development, and Parking (HCEP) Standing Committee meeting, it is staff's assessment that the current round of SCPGIP funding is the opportune time to seek state funding to undertake a comprehensive update of the City's General Plan and Zoning Code. The last comprehensive update of the City's General Plan and Zoning Code were completed in 1987. As part of the City's Fiscal Year (FY) 2011-2012 General Fund and Redevelopment Agency budgets, the City Council and Redevelopment Agency allocated funds to undertake an update and reformatting of the General Plan's seven mandated elements (i.e., land use, circulation, housing, conservation, open space, noise, and safety elements) in order to meet state statutory requirements. In addition, the project would require the preparation of an Environmental Impact Report (EIR) pursuant to the California Environmental Quality Act.

The total project costs were anticipated at \$45,000, which included allocations of \$15,000 from the General Fund and \$30,000 in Agency funds from the redevelopment project areas and the

## California Sustainable Communities Planning Grant Application

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Low-Mod Housing Fund during FY 2011-2012. Based on state legislation in late 2011 that resulted in the dissolution of the Redevelopment Agency and the limitation on the use of former Agency funds to enter into professional services agreement, staff has been actively searching for an alternate funding source to continue with the needed General Plan and Zoning Code updates.

Per SCPGIP funding guidelines, the City staff and consultant costs to prepare the General Plan and Zoning Code updates are considered eligible and reimbursable costs. The costs to prepare the associated environmental impact report are not considered eligible and reimbursable expenses and this expense is not considered as an eligible matching fund.

Table 1 (Attachment "B") notes the sources of anticipated funds that was presented at the January 17, 2012, City Council/Redevelopment Agency meeting by the City Administrator as part of the Community Development Department's list of priority projects (Attachment "C"). As noted, the total project costs are anticipated to cost \$550,000, which includes \$430,000 for the General Plan and Zoning Code updates and \$120,000 for the preparation of the EIR. The actual costs would be determined through one or more requests for proposals that would be undertaken by the City once the grant is awarded by the Strategic Growth Council's grant committee.

It is anticipated that the award of grant and subsequent completion of the contract negotiation process would occur by the end of December 2012. Once the grant agreement is signed, the City will have 36 months to complete the project. As proposed, the General Plan update would take approximate 18 months to complete, which includes a request for proposals process to select one or more consultants to assist City planning staff with the preparation of the planning documents. In addition, the Zoning Code update would take approximately 12 months to complete, resulting in a total project timeframe of 30 months. Therefore, the project is anticipated to be completed by July 2015.

**BUDGET IMPACT:**

Approval of the Resolution would convey the City's intent to provide the funds necessary to complete the EIR and subsequent environmental assessment that would be necessary in order to adopt the proposed comprehensive General Plan and Zoning Code updates, respectively. As previously noted, the anticipated costs to undertake the General Plan EIR and subsequent environmental assessment for the Zoning Code update would total \$120,000. Staff anticipates that these funds would be expended over three fiscal years as follows: 1) FY 2012-2013 approximately \$60,000; 2) FY 2013-2014 approximately \$50,000; and 3) FY 2014-2015 approximately \$10,000.

Per the SCPGIP, the anticipated \$430,000 cost for staff and consultant time to undertake the comprehensive General Plan and Zoning Code updates would be paid by the State grant funds on a reimbursement basis over the 30 month life of the project.

The final budget for the proposed project that will be submitted to as part of the SCPGIP application will be finalized on or before the application deadline of February 15, 2012. If the

## California Sustainable Communities Planning Grant Application

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Strategic Growth Council's grant committee awards a grant to the City, then the City Council will be given the opportunity to review the final project budget prior to the City Administrator's signing of grant agreement/contract with the State. In addition, City planning staff is continuing to work on identifying additional funding sources that may be considered as in-kind contribution toward the project.

**CONCLUSION:**

In light of the analysis above, staff recommends that the City Council adopt this Resolution supporting an application to the State of California's Strategic Growth Council's Sustainable Communities Planning Grant and Incentive Program. City Council approval will allow City planning staff to submit for a planning grant to undertake a comprehensive update of the City's General Plan mandatory elements and Zoning Code consistent with State planning objectives, which seek to: promote infill development and investment within existing communities; protect, preserve and enhance the environment including natural and recreational resources; and, encourage location- and resource-efficient new development. The State funded planning initiatives also provide the City with an opportunity to create a long range community vision that is enhanced through new civic engagement and stakeholder participation in the form of community workshops as well as the creation of a technical advisory group that includes residents, City Commissioners, business owners, public health and smart growth advocates, and the City Council members.

Submittal of an application by February 15, 2012, will allow the City to undertake the long overdue update of its mandatory General Plan elements and associated zoning regulations.

**ATTACHMENTS:**

- A. Resolution
- B. Table of Sources for Funding for General Plan and Zoning Code Update
- C. January 17, 2012 City Council Staff Report



**ATTACHMENT "A"****RESOLUTION NO. \_\_\_\_\_****A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
SAN FERNANDO, CALIFORNIA, AUTHORIZING THE  
APPLICATION FOR SUSTAINABLE COMMUNITIES  
PLANNING GRANT**

**WHEREAS**, The legislature and Governor of the State of California have provided funds for the Sustainable Communities Planning Grant and Incentives Program under the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84); and

**WHEREAS**, the Strategic Growth Council has been delegated the responsibility for the administration of this grant program, establishing necessary procedures; and

**WHEREAS**, said procedures require all award recipients commit to threshold requirements;

**WHEREAS**, said procedures established by the Strategic Growth Council require a resolution certifying the approval of application(s) by the Applicant's governing board before submission of said application(s) to the State; and

**WHEREAS**, the applicant, if selected, will enter into an agreement with the State of California to carry out the development of the proposal.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN FERNANDO DOES HEREBY RESOLVE, FIND, DETERMINE AND ORDER AS FOLLOWS:**

1. Approves the filing of an application for the City of San Fernando General Plan and Zoning Code Update in order to become a more sustainable community; and

2. Certifies that applicant will have sufficient funds to develop the Proposal or will secure the resources to do so; and

3. Certifies that the Proposal will comply with any applicable laws and regulations including being consistent with the State's Planning Priorities identified in Government Code section 65041.1 and summarized below:

- a. Promote infill development and invest in existing communities;
- b. Protect, preserve and enhance agricultural land and natural resources; and
- c. Encourage location and resource efficient new development; and

4. Certifies that threshold requirements outlined in the guidelines, including consideration of Ocean Protection Council Sea Level Rise Guidance will be met; and

5. Agrees to reduce, on as permanent a basis as feasible, greenhouse gas emissions consistent with California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 3850) of the Health and Safety Code); any applicable regional plan; and

6. Agrees to meet the Collaboration Requirements of the focus area applicable to the Proposal; and includes all required documents in the application package; and

7. Appoints the City Administrator, or designee, as agent to conduct all negotiations, execute and submit all documents including, but not limited to applications, agreements, payment requests and so on, which may be necessary for the completion of the aforementioned project(s).

**PASSED APPROVED AND ADOPTED** this 6<sup>th</sup> day of February, 2012.

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Mario F. Hernández, Mayor

**ATTEST:**

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Elena G. Chávez, City Clerk

**STATE OF CALIFORNIA        )**  
**COUNTY OF LOS ANGELES    ) ss**  
**CITY OF SAN FERNANDO     )**

**I HEREBY CERTIFY** that the foregoing Resolution was approved and adopted at a regular meeting of the City Council held on the 6<sup>th</sup> day of February, 2012, by the following vote to wit:

**AYES:**

**NOES:**

**ABSENT:**

---

Elena G. Chávez, City Clerk

**ATTACHMENT “B”**

| <b>Table 1:</b><br><b>General Plan and Zoning Code Update Budget Summary</b>                 |                             |         |                  |            |                 |
|--|-----------------------------|---------|------------------|------------|-----------------|
| Item No.   | Task                        | Funded  | Cost             | Start Date | Completion Date |
| 1  | General Plan Update         | SCPGIP* | \$300,000        | 1/1/2013   | 7/1/2014        |
| 2  | Zoning Code Update          | SCPGIP* | \$130,000        | 7/1/2014   | 7/1/2015        |
| 3  | Environmental Impact Report | City    | <b>\$120,000</b> | 11/1/2013  | 7/1/2014        |
|  |                             |         |                  |            |                 |
|  | Total Costs                 |         | \$550,000        |            |                 |
| <i>*SCPGIP abbreviation for Sustainable Communities Planning Grant and Incentive Program</i> |                             |         |                  |            |                 |

**ATTACHMENT “C”****ADMINISTRATION DEPARTMENT****MEMORANDUM**

**TO:** Chair Mario F. Hernández and Board Members  
Mayor Mario F. Hernández and Councilmembers

**FROM:** Al Hernández, Executive Director/ City Administrator

**DATE:** January 17, 2012

**SUBJECT:** Mid Year Progress Report on City and Agency Priorities

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**RECOMMENDATION:**

It is recommended that the Agency Board and City Council:

- a. Receive and file the Mid Year Progress Report on the Fiscal Year (FY) 2011-12 Priorities (Attachment “A”); and
- b. Review and provide comment on the report, as desired.

**SUMMARY/BACKGROUND:**

- As part of the FY 2011-12 budgetary process, staff and City Council/Agency Board Members provided their priorities for directing resources of the City’s four operating departments and its Redevelopment Agency. Those priorities, presented and finalized on May 2, 2011, were based on a number of factors including project readiness, available funding, and successful completion by June 2012.

Provided by Attachment “A”, the Mid Year Progress Report provides a good indication of positive and continuous results. Only a few priorities remain on-hold, either because of external factors or the need to formalize a specific and measurable work program.

- On December 29, 2011, the California Supreme Court upheld AB X1 26 (the redevelopment “elimination” bill) and struck down AB X1 27 (the bill that would have allowed agencies to continue after making a payment to the State). As a result of the decision, all redevelopment agencies will be dissolved as of February 1, 2012, and cities do not have the option of making remittance payments to enable the continued operation of redevelopment agencies.

Pending dissolution, the agencies’ activities continue to be suspended. For example, agencies may not incur new monetary or legal obligations or extend existing obligations.

**ATTACHMENT:**

- A. Mid Year Progress Report



## Operating Departments FY 2011-12 Mid Year Progress Report

| Project                                    | Project Description   | Estimated Resource Allocation   |      | Obligation   | Anticipated Completion Date  |
|--|---|---|------|--|--|
|  |   | Financial   | FTEs |  |  |
| COMMUNITY DEVELOPMENT DEPARTMENT           |   |   |      |  |  |
| LOPEZ ADOBE PRESERVATION PROJECT: PHASE II | Per current agreement with state, city to select conservator and historian to prepare a conservation plan, coordinate reintroduction of historic artifacts into the Lopez Adobe; select moving company to undertake relocation of artifacts; select contractors and undertake construction of new ancillary facility with restrooms, office & storage facilities to support use of the Adobe as a house museum; use of public works staff for some of required hardscape and landscape improvements.  | \$90,000: Conservator/Historian<br>\$163,000: Ancillary Building Design/Construction<br>\$87,000: Hardscape, Landscape, and Electrical Work<br>\$10,000: Labor Compliance (4% General Fund/ 96 % CCHE Funds)        | .30  | Under Contract-extended by CCHE to June 2012; Time Sensitive | June 2012  |
|  | Status  | Estimated Completion Date   |      |  |  |
|  | 15% complete; RDA funds no longer available; Planning staff has been approved by CCHE to pay for conservator/historian; awaiting CCHE Board review of proposed ancillary building costs in early 2012.  | June 2012   |      |  |  |
| GENERAL PLAN UPDATE/ZONE CODE AMENDMENT    | Seek out grant funds to pay for General Plan update (last comprehensive update in 1987); allowing for all General Plan elements to be incorporated into one source document facilitate city and public review of community goals, policies, and programs; preparation of associated environmental document. Consider additional Health Element as part of General Plan. The General Plan Update would be followed up with associated zone code amendments. General Plan Update and zone code amendments would be a two-three year project; city responsible for environmental assessment. | \$ 550,000<br>(25% General Fund/<br>75% Grant Funds)<br><br><u>Previously allocated Agency funds</u><br><u>no longer available: 12/29/11</u><br><u>Supreme Court Decision impacts</u><br><u>project feasibility</u> | .50  | Comply with State General Plan Law; Time Sensitive           | Grant Submittal:<br>February 2012<br>General Plan Update: June 2013<br>Zone Code Amendment: January 2014 |
|  | Status  | Estimated Completion Date   |      |  |  |
|  | 10% complete; RDA funds no longer available; Planning staff is seeking to apply for 2011 Sustainable Communities Planning Grant & Incentive Program to pay 90% of General Plan and Zone Code Update expense.  | Grant: February 2012<br>General Plan Update: June 2013<br>Zone Code Amendment: January 2014   |      |  |  |









## ADMINISTRATION DEPARTMENT

### MEMORANDUM

**TO:** Mayor Mario F. Hernández and Councilmembers  
**FROM:** Al Hernández, City Administrator  
**DATE:** February 6, 2012  
**SUBJECT:** Dissolving Standing Committees – Pros/Cons

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#### **RECOMMENDATION:**

It is recommended that the City Council consider the following options and direct staff accordingly:

- a. Option No. 1 - Reschedule all Standing Meetings to be quarterly or semi-annually; special meetings may be scheduled to address issues as they arise; and/or
- b. Option No. 2 - Staff Liaison to post special meeting agendas 48 hours in advance (State law requires 24 hours); and/or
- c. Option No. 3 - Staff Liaison to prepare a summary of actions (bullet points) of items that are considered by each Standing Committee which will be submitted to the Chair to provide an update at the next regular City Council meeting; and/or
- d. Option No. 4 - Continue conducting Standing Committee meetings as currently scheduled.

#### **BACKGROUND:**

1. On January 17, 2012, City Council discussed dissolving the Standing Committees and directed staff to provide a list of pros and cons of conducting the five Standing Committees (i.e., Budget, Personnel, and Finance (BPF); Housing, Community and Economic Development, and Parking (HCEP); Natural Resources, Infrastructure, Water, Energy, and Waste Management (NRIW); Public Safety, Veteran Affairs, Technology, and Transportation (PVTt); and Education, Parks, Arts, Health, Youth, and Aging (EPAH)).
2. On January 18, 2012, staff met and discussed the pros and cons of conducting Standing Committee meetings.

## Dissolving Standing Committees – Pros/Cons

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**ANALYSIS:**

Listed below you will find the pros and cons of conducting Standing Committee meetings, as determined by staff:

| <b><u>PROS</u></b>   | <b><u>CONS</u></b>   |
|--|--|
| Provides staff the opportunity to filter ideas and continue to work on projects, thus refining proposals for City Council consideration. | Time consuming for City Council members to attend Standing Committee meetings.                       |
| Less research time for City Council and less surprises at City Council meetings.   | Many times only one Standing Committee member attends.   |
| After Standing Committee review, item would have support at City Council meetings.   | Regularly scheduled monthly meetings are cancelled, thus wasting staff time to notice cancellations. |
| Quick turn-around time for direction; a special meeting can be schedule to move projects along.  | Short meeting notices can be difficult for the public to be aware of all meetings.                   |
| Short meeting notices allow for quick discussion and direction.  | Very little public participation.  |

**CONCLUSION:**

Staff determined that the following options may be considered by City Council:

- Option No. 1: Reschedule all Standing Meetings to be quarterly or semi-annually; special meetings may be scheduled to address issues as they arise.
- Option No. 2: Staff Liaison to post special meeting agendas 48 hours in advance (State law requires 24 hours).
- Option No. 3: Staff Liaison to prepare a summary of actions (bullet points) of items that are considered by each Standing Committee which will be submitted to the Chair to provide an update at the next regular City Council meeting.
- Option No. 4: Continue conducting Standing Committee meetings as currently scheduled.

**BUDGET IMPACT:**

Minimal, Standing Committee meetings are mostly attended by Management employees that are exempt from overtime, with one exception; the PVTT Staff Liaison would incur Compensation Time/Overtime if not conducted during his regular scheduled hours.





**PUBLIC WORKS DEPARTMENT****MEMORANDUM**

**TO:** Mayor Mario Hernández and Councilmembers

**FROM:** Al Hernández, City Administrator  
By: Ron Ruiz, Public Works Director

**DATE:** February 6, 2012

**SUBJECT:** Public Hearing to Increase Water and Sewer Rates

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**RECOMMENDATION:****Public Hearing to Increase Water Rate**

Recommend that the City Council:

- a. Hear a staff presentation pertaining to the Proposed Increase;
- b. Open the Public Hearings and receive any public comment on this item;
- c. Receive all written communications regarding the Proposed Increase; and
- d. Pending public testimony, if protests received do not represent a majority (2,458), adopt Ordinance No. 1610 “An Ordinance of the City of San Fernando Amending Division 3 of the Article III of Chapter 94 of the San Fernando City Code Relating to Water Utility Service Charges” (Attachment “A”).

**Public Hearing to Increase Sewer Rate**

Recommend that the City Council:

- a. Hear a staff presentation pertaining to the Proposed Increase;
- b. Open the Public Hearings and receive any public comment on this item;
- c. Receive all written communications regarding the Proposed Increase; and
- d. Adopt Ordinance No. 1611 “An Ordinance of the City of San Fernando Amending Division 2 of Article II of Chapter 94 of the San Fernando City Code Relating to Sewers and Sewer Disposal Utility Service Charges” (Attachment “B”).

## Public Hearing to Increase Water and Sewer Rates

Page 2

**BACKGROUND:**

1. On June 19, 2004, the City Council approved water and sewer rate increases.
2. In 2006, discussion occurred with the City Attorney regarding how Proposition 218 (Prop 218) would affect future rate increases.
3. On October 6, 2010, at a Budget, Personnel, and Finance (BPF) Standing Committee meeting, staff presented preliminary notes prepared by a consultant retained by the City, regarding water and sewer rate increases.
4. On October 11, 2010, at a BPF Standing Committee meeting, staff was directed to agendize this matter to a later date in 2011.
5. On April 6, 2011, the BPF Standing Committee resumed discussion regarding potential water and sewer rate increases.
6. In June 2011, staff provided the consultant with new budget information based on the City Council approved Fiscal Year (FY) 2011-2012 budget.
7. In August 2011, staff provided the consultant with additional budget information regarding the costs for a nitrate removal services contract.
8. On July 13, 2011, at a BPF Standing Committee meeting, Committee members requested additional analysis regarding sample rate increases for residential and commercial customers.
9. On July 19, 2011, at a BPF Standing Committee meeting, staff provided the Committee with examples of rate increases for residential and commercial customers.
10. On September 13, 2011, at a BPF Standing Committee meeting, staff was directed to agendize this matter for a future City Council meeting.
11. On November 7, 2011, City Council introduced (for first reading) Ordinance Nos. 1610 and 1611 (pertaining to water utility service charges and sewers and sewer disposal utility service charges) and approved a five-year plan (Attachment "C") to increase water and sewer rates.
12. On December 2, 2011, Notices of Proposed Water and Sewer Charge Increases were distributed via 1<sup>st</sup> Class Mail (Attachment "D").
13. On December 5, 2011, City Council directed staff to keep the bimonthly billing cycle and implement a Voluntary Based Assistance Program to assist low-income water and sewer customers if the City Council approves water and sewer rate increases at a future meeting.
14. On December 13, 2011, Revised Notices of Proposed Water and Sewer Charge Increase were distributed via 1<sup>st</sup> Class Mail (Attachment "E").

**Public Hearing to Increase Water and Sewer Rates**

Page 3

15. On December 21, 2011, the City Attorney's Office recommended to staff that the City Council adopt a Resolution adopting procedures in connection with proposed increases to utility service charges.
16. On January 17, 2012, the City Council approved a Resolution adopting procedures in connection with the proposed increase to utility service charges (Attachment "F").

**ANALYSIS:**

With the approval of Prop 218 by California voters in 1996, all municipalities must adhere to specified limitations and procedures when considering rate increases for water and sewer services. In order to ensure that the City is fully compliant with Prop 218, the City retained a consultant to conduct a rate study for both water and sewer services. The City Attorney has also been involved in discussions with the consultant and staff and has reviewed all documents and procedures regarding the proposed rate increases.

Through the proposed rate increases, the City will be proactive in maintaining the City's water and sewer infrastructure, maintain high water quality levels with the installation and maintenance of a Nitrate Removal System, and ensure that the Enterprise Funds for these utilities remain solvent in the face of rising production costs. A justification and analysis for the rate increases was presented to the City Council on November 7, 2011 (Attachment "C").

Per the process outlined under Prop 218, the City Council has scheduled a Public Hearing on the water rates and a Public Hearing on the sewer rates to hear any public comment and to receive written protests regarding the proposed rate increases. At the close of each Public Hearing, the City Clerk will announce the number of protests received for the proposed water rate increase and the proposed sewer rate increase, respectively. Based on approximately 4,915 current customer accounts (water and sewer services are billed together for each customer account) a majority protest would exist if the City received 2,458 or more written protests. If no majority protest exists for the proposed water rate increase, the City Council may adopt, by a two-thirds vote, the ordinance increasing the water rates. Similarly, if no majority protest exists for the proposed sewer rate increase, the City Council may adopt, by a two-thirds vote, the ordinance increasing the sewer rates.

**CONCLUSION:**

Increases on average are expected at 9% for water residential and commercial customers combined and 7% for sewer residential and commercial customers combined. Per Prop 218, the City Council cannot approve the rate increases if a majority of protests are received. If the rate increases are approved by the City Council, the last day for the City Clerk to publish the Ordinance is February 21, 2012 (within 15 days after adoption). The water and sewer rate effective date will be March 6, 2012 (no earlier than 30 days after adoption). It is important to note that these dates have been revised from the previous timeline submitted.

**Public Hearing to Increase Water and Sewer Rates**

Page 4

If approved, the new rates will still allow the City to offer some of the lowest utility rates in the region.

**BUDGET IMPACT:**

None.

**ATTACHMENTS:**

- A. Ordinance No. 1610
- B. Ordinance No. 1611
- C. Staff Report – November 7, 2011
- D. Notices of Proposed Water and Sewer Rate Increases
- E. Revised Notices of Proposed Water and Sewer Rate Increases
- F. Resolution No. 7462



**ATTACHMENT “A”****ORDINANCE NO. 1610****AN ORDINANCE OF THE CITY OF SAN FERNANDO AMENDING DIVISION 3 OF ARTICLE III OF CHAPTER 94 OF THE SAN FERNANDO CITY CODE RELATING TO WATER UTILITY SERVICE CHARGES**

The City Council of the City of San Fernando does hereby ordain as follows:

**SECTION 1.** Section 94-261 (“Quantity water charges and service charges by meter size”) of Division 3 (“Rates and Charges”) of Article III (“Water”) of Chapter 94 (“Utilities”) of the San Fernando City Code is hereby amended to read as follows:

“Sec. 94-261. – Water service charges.

The following commodity charge and fixed service charge are established and shall be charged and collected by the city for all water sold, supplied, distributed, or transported to or for consumers situated in the city and shall be applicable to all metered water within the city for which no other rate is specified:

*Commodity Charge.* The commodity charge per meter shall be as follows:

| <b>Description</b>               | <b>FY<br/>2011-2012</b> | <b>FY<br/>2012-2013</b> | <b>FY<br/>2013-2014</b> | <b>FY<br/>2014-2015</b> | <b>FY<br/>2015-2016</b> |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Residential                      |                         |                         |                         |                         |                         |
| Block 1 Rate per hcf (0-9 hcf)   | \$ 0.89                 | \$ 1.00                 | \$ 1.11                 | \$ 1.20                 | \$ 1.31                 |
| Block 2 Rate per hcf (10-18 hcf) | 1.81                    | 2.04                    | 2.25                    | 2.45                    | 2.67                    |
| Block 3 Rate per hcf (18+ hcf)   | 2.42                    | 2.72                    | 3.00                    | 3.27                    | 3.56                    |
| Non-Residential                  | 1.62                    | 1.82                    | 2.00                    | 2.18                    | 2.38                    |

Sources: City of San Fernando; Willdan Financial Services.

*Fixed Service Charge.* The commodity charge set forth above shall be added to the fixed service charge set forth below:

|   | FY 2011-12                          | FY 2012-13     | FY 2013-14     | FY 2014-15     | FY 2015-16      |
|---|-------------------------------------|----------------|----------------|----------------|-----------------|
| <b><u>CUSTOMER COSTS</u></b>                      |                                     |                |                |                |                 |
| Total Customer Costs                              | \$ 422,031                          | \$ 474,407     | \$ 522,275     | \$ 574,972     | \$ 632,987      |
| Number of Accts                                   | 4,731                               | 4,779          | 4,826          | 4,875          | 4,923           |
| <b>Monthly Customer Cost Charge per Account</b>   | <b>\$ 7.43</b>                      | <b>\$ 8.27</b> | <b>\$ 9.02</b> | <b>\$ 9.83</b> | <b>\$ 10.71</b> |
| <b><u>METER AND SERVICES COSTS</u></b>            |                                     |                |                |                |                 |
| Total Meter and Services Costs                    | \$ 546,651                          | \$ 614,492     | \$ 676,494     | \$ 744,753     | \$ 819,898      |
| Number of Equivalent Meters                       | 7,416                               | 7,490          | 7,565          | 7,640          | 7,717           |
| <b>Monthly Meter Charge per 5/8" - 3/4" Meter</b> | <b>\$ 6.14</b>                      | <b>\$ 6.84</b> | <b>\$ 7.45</b> | <b>\$ 8.12</b> | <b>\$ 8.85</b>  |
| <u>Meter Size</u>                                 | <u>AWWA Equivalent Meter Factor</u> |                |                |                |                 |
| 5/8", 3/4"  | 1.0                                 | \$ 6.14        | \$ 6.84        | \$ 7.45        | \$ 8.12         |
| 1"  | 2.5                                 | 15.36          | 17.09          | 18.63          | 20.31           |
| 1 1/2"  | 5.0                                 | 30.72          | 34.19          | 37.26          | 40.62           |
| 2"  | 8.0                                 | 49.14          | 54.70          | 59.62          | 64.98           |
| 3"  | 16.0                                | 98.29          | 109.39         | 119.24         | 129.97          |
| 4"  | 25.0                                | 153.58         | 170.93         | 186.31         | 203.08          |
| 6"  | 50.0                                | 307.15         | 341.85         | 372.62         | 406.15          |
| <b><u>TOTAL COMBINED MONTHLY FIXED CHARGE</u></b> |                                     |                |                |                |                 |
| <u>Meter Size</u>                                 | <u>AWWA Equivalent Meter Factor</u> |                |                |                |                 |
| 5/8", 3/4"  | 1.0                                 | \$ 13.58       | \$ 15.11       | \$ 16.47       | \$ 17.95        |
| 1"  | 2.5                                 | 22.79          | 25.37          | 27.65          | 30.14           |
| 1 1/2"  | 5.0                                 | 38.15          | 42.46          | 46.28          | 50.44           |
| 2"  | 8.0                                 | 56.58          | 62.97          | 68.64          | 74.81           |
| 3"  | 16.0                                | 105.72         | 117.67         | 128.26         | 139.80          |
| 4"  | 25.0                                | 161.01         | 179.20         | 195.33         | 212.91          |
| 6"  | 50.0                                | 314.58         | 350.12         | 381.64         | 415.98          |

Sources: City of San Fernando; Willdan Financial Services.

**SECTION 2.** Section 94-262 ("Lifeline rate") of Division 3 ("Rates and Charges") Article III ("Water") of Chapter 94 ("Utilities") of the San Fernando City Code is hereby deleted in its entirety.

**SECTION 3.** Section 94-264 ("Purchased water adjustment") of Division 3 ("Rates and Charges") of Article III ("Water") of Chapter 94 ("Utilities") of the San Fernando City Code is hereby amended to read as follows:

"Sec. 94-264. – Purchased water adjustment.

(a) Beginning July 1, 2012 and for each fiscal year through June 30, 2017, the commodity charges specified in section 94-261 shall be subject to an overriding unit adjustment to be applied to each 100 cubic feet of water sales to reflect changes in the cost of purchased water as defined in this section.

(b) Determination of the overriding unit adjustment shall be made from city accounting records six times yearly for each of the 12-calendar-month periods ending with January 31, March 31, May 31, July 31, September 30, and November 30 as follows: The annual cost of all water purchased for distribution by the city shall be divided by the division's total water sales (in units of one hundred cubic feet HCF) for the same 12-month period. The quotient so obtained shall be expressed to the nearest \$0.0001 per HCF of water and shall be multiplied by all units of one hundred cubic feet of water sales as shown on customer billings for a period of water use regularly scheduled to end within the second and third billing months following the 12-month period used for the unit adjustment computation. The resultant product in each case

shall be expressed to the nearest \$0.01 and, unless otherwise provided therein, shall be the total overriding adjustment to be added to each water service billing.

(c) Cost of purchased water shall include the total cost to the city of all water delivered to the division's system from the metropolitan water district or other suppliers. Reimbursements received by the city for purchased water costs which are or have been included in the calculation of the overriding unit adjustment shall be included as a credit in the determination of the cost of purchased water for the month in which such reimbursement is received."

**SECTION 4.** Section 94-270 ("Annual increase") of Division 3 ("Rates and Charges") of Article III ("Water") of Chapter 94 ("Utilities") of the San Fernando City Code is hereby amended to read as follows:

"Sec. 94-270. – Annual increase.

(a) On July 1, 1993 and on July 1 of each year thereafter, the then-existing rates imposed under this article, sections 94-265, 94-267 and 94-268, shall automatically increase by the percentage increase, if any, in the Consumer Price Index for all Urban Consumers for Los Angeles—Anaheim—Riverside (1982-84 equals 100) as published by the United States Department of Labor, Bureau of Labor Statistics ("index"), rounded to the nearest cent. The increases shall be cumulative. In determining the percentage increase, the index for the month of May immediately preceding the adjustment date shall be compared with the index for the like month of the previous year. In no event, however, shall the rates imposed be adjusted downward to reflect a percentage decrease in the index.

(b) On July 1, 2016, the then-existing rates imposed under this article, section 94-261, shall automatically increase by the percentage increase, if any, in the Consumer Price Index for all Urban Consumers for Los Angeles—Anaheim—Riverside (1982-84 equals 100) as published by the United States Department of Labor, Bureau of Labor Statistics ("index"), rounded to the nearest cent. The increases shall be cumulative. In determining the percentage increase, the index for the month of May immediately preceding the adjustment date shall be compared with the index for the like month of the previous year. In no event, however, shall the rates imposed be adjusted downward to reflect a percentage decrease in the index."

**SECTION 5.** The City Council is taking action only on those fees charges that have been amended. All charges not modified herein shall continue and remain in effect unless and until modified by resolution or other action of the City Council.

**SECTION 6.** If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this ordinance or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one or more subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional, or invalid, or ineffective.

**SECTION 7.** The City Clerk shall certify to the passage of this Ordinance and shall cause this Ordinance to be published or posted as required by law.

**PASSED, APPROVED, and ADOPTED** at a regular meeting held on this 6<sup>th</sup> day of February, 2012.

---

Mario F. Hernández, Mayor

**ATTEST:**

---

Elena G. Chávez, City Clerk

**APPROVED AS TO FORM:**

---

Michael Estrada, City Attorney

**STATE OF CALIFORNIA            )**  
**COUNTY OF LOS ANGELES       ) ss**  
**CITY OF SAN FERNANDO        )**

I, ELENA G. CHÁVEZ, City Clerk of the City of San Fernando, do hereby certify that the foregoing Ordinance was adopted a regular meeting of the City Council held on the 6<sup>th</sup> day of February, 2012 and was carried by the following roll call vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

---

Elena G. Chávez, City Clerk

**ATTACHMENT “B”****ORDINANCE NO. 1611****AN ORDINANCE OF THE CITY OF SAN FERNANDO AMENDING  
DIVISION 2 OF ARTICLE II OF CHAPTER 94 OF THE SAN  
FERNANDO CITY CODE RELATING TO SEWERS AND SEWER  
DISPOSAL UTILITY SERVICE CHARGES**

The City Council of the City of San Fernando does hereby ordain as follows:

**SECTION 1.** Section 94-261 (“Sewer service charges generally”) of Division 2 (“Rates and Charges”) of Article II (“Sewers and Sewage Disposal”) of Chapter 94 (“Utilities”) of the San Fernando City Code is hereby amended to read as follows:

“Sec. 94-66. – Sewer service and use charges.

The following sewer service and use charges are established and shall be charged and collected by the city for all services furnished in connection with its sanitary sewer system. Such sewer service and use charges shall be applied to or for each premises which is connected, directly or indirectly, to the sanitary sewer system or any part thereof for each premises from which any sewage is conveyed or discharged directly or indirectly into the sanitary sewer system. The amount of sewer service and use charges for each premises shall be the sum of the base fee and the unit cost per hundred cubic feet of water used as follows:

| <b>Base Fee</b>      | <b>Base Fee</b> |            |            |            |            |
|----------------------|-----------------|------------|------------|------------|------------|
| Customer Class       | FY 2011/12      | FY 2012/13 | FY 2013/14 | FY 2014/15 | FY 2015/16 |
| Residential          | \$ 28.32        | \$ 31.15   | \$ 32.70   | \$ 32.70   | \$ 32.70   |
| Group II Commercial  | 16.30           | 17.93      | 18.83      | 18.83      | 18.83      |
| Group III Commercial | 16.30           | 17.93      | 18.83      | 18.83      | 18.83      |
| Group IV Commercial  | 16.30           | 17.93      | 18.83      | 18.83      | 18.83      |
| City Property        | 16.30           | 17.93      | 18.83      | 18.83      | 18.83      |
| Industrial           | 16.30           | 17.93      | 18.83      | 18.83      | 18.83      |
| Schools              | 16.30           | 17.93      | 18.83      | 18.83      | 18.83      |
| Higher Education     | 16.30           | 17.93      | 18.83      | 18.83      | 18.83      |

|                               | <b>Unit Cost for (\$/CCF) Water Used</b> |            |            |            |            |
|-------------------------------|--|------------|------------|------------|------------|
| Customer Class                | FY 2011/12                               | FY 2012/13 | FY 2013/14 | FY 2014/15 | FY 2015/16 |
| Group II Commercial           | \$ 1.63                                  | \$ 1.80    | \$ 1.89    | \$ 1.89    | \$ 1.89    |
| Group III Commercial          | 2.63                                     | 2.90       | 3.04       | 3.04       | 3.04       |
| Group IV Commercial           | 3.94                                     | 4.35       | 4.57       | 4.57       | 4.57       |
| City Property                 | 1.25                                     | 1.37       | 1.44       | 1.44       | 1.44       |
| Industrial                    | 1.25                                     | 1.37       | 1.44       | 1.44       | 1.44       |
| Schools <sup>1</sup>          | 1.11                                     | 1.22       | 1.28       | 1.28       | 1.28       |
| Higher Education <sup>1</sup> | 1.11                                     | 1.22       | 1.28       | 1.28       | 1.28       |

<sup>1</sup> Charge per student (ADA).

**SECTION 2.** Section 94-69 (“Annual amendment to charges based on Consumer Price Index”) of Division 2 (“Rates and Charges”) of Article II (“Sewers and Sewage Disposal”) of Chapter 94 (“Utilities”) of the San Fernando City Code is hereby amended to read as follows:

“Sec. 94-69. – Annual increase.

(a) On July 1, 1993 and on July 1 of each year thereafter, the charges imposed under section 94-61 shall automatically increase by the percentage increase, if any, in the Consumer Price Index for all Urban Consumers for Los Angeles—Anaheim—Riverside (1982-84 equals 100) as published by the United States Department of Labor, Bureau of Labor Statistics (“index”), rounded to the nearest cent. The increases shall be cumulative. In determining the percentage increase, the index for the month of May immediately preceding the adjustment date shall be compared with the index for the like month of the previous year. In no event, however, shall the rates imposed be adjusted downward to reflect a percentage decrease in the index.

(b) Commencing On July 1, 2014 and on July 1, 2015 and July 1, 2016, the charges imposed under this article, section 94-69, shall automatically increase by the percentage increase, if any, in the Consumer Price Index for all Urban Consumers for Los Angeles—Anaheim—Riverside (1982-84 equals 100) as published by the United States Department of Labor, Bureau of Labor Statistics (“index”), rounded to the nearest cent. The increases shall be cumulative. In determining the percentage increase, the index for the month of May immediately preceding the adjustment date shall be compared with the index for the like month of the previous year. In no event, however, shall the rates imposed be adjusted downward to reflect a percentage decrease in the index.”

**SECTION 3.** The City Council is taking action only on those fees charges that have been amended. All charges not modified herein shall continue and remain in effect unless and until modified by resolution or other action of the City Council.

**SECTION 4.** If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this ordinance or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this ordinance or any part thereof. The City Council hereby declares that is would have passed each section, subsection, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one or more subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional, or invalid, or ineffective.

**SECTION 5.** The City Clerk shall certify to the passage of this Ordinance and shall cause this Ordinance to be published or posted as required by law.

**PASSED, APPROVED, and ADOPTED** by the City Council of the City of San Fernando at a regular meeting held on this 6<sup>th</sup> day of February, 2012.

---

Mario F. Hernández, Mayor

**ATTEST:**

---

Elena G. Chávez, City Clerk

**APPROVED AS TO FORM:**

---

Michael Estrada, City Attorney

**STATE OF CALIFORNIA            )**  
**COUNTY OF LOS ANGELES       ) ss**  
**CITY OF SAN FERNANDO        )**

I, ELENA G. CHÁVEZ, City Clerk of the City of San Fernando, do hereby certify that the foregoing Ordinance was adopted a regular meeting of the City Council held on the 6<sup>th</sup> day of February, 2012 and was carried by the following roll call vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

---

Elena G. Chávez, City Clerk

**ATTACHMENT "C"****PUBLIC WORKS DEPARTMENT****MEMORANDUM**

**TO:** Mario Hernández and Councilmembers

**FROM:** Al Hernández, City Administrator  
By: Ron Ruiz, Public Works Director

**DATE:** November 7, 2011

**SUBJECT:** Proposal to Increase Water and Sewer Rates

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**RECOMMENDATION:**

It is recommended that the City Council:

- a. Approve a five-year plan to increase water rates; and
- b. Approve a five-year plan to increase sewer rates; and
- c. Introduce for first reading, in title only, and waive further reading of "An Ordinance of the City of San Fernando Amending Division 3 of the Article III of Chapter 94 of the San Fernando City Code Relating to Water Utility Service Charges" (Attachment "A"); and
- d. Introduce for first reading, in title only, and waive further reading of "An Ordinance of The City of San Fernando Amending Division 2 of Article II of Chapter 94 of the San Fernando City Code Relating to Sewers and Sewer Disposal Utility Service Charges" (Attachment "B"); and
- e. Direct staff to give notice of a public hearing on January 16, 2012 regarding water and sewer rate increases; and
- f. Direct staff to further investigate and report back regarding changing the billing cycle from bimonthly to monthly; and
- g. Direct staff to further investigate and report back regarding the development of a voluntary based program to assist low-income water and sewer customers.

**BACKGROUND:**

1. On June 19, 2004, the City Council approved water and sewer rate increases.



## Proposal to Increase Water and Sewer Rates

### Page 2

2. In 2006 discussion occurred with the City Attorney regarding how Proposition 218 would affect future rate increases.
4. On October 6, 2010, at a meeting of the Budget, Personnel, Finance Standing Committee (BPF), staff presented preliminary notes prepared by a consultant retained by the City, regarding water and sewer rate increases.
5. On October 11, 2010, at a BPF Standing Committee meeting, staff was directed to agendize this matter to a later date in 2011.
6. On April 6, 2011, the BPF Standing Committee resumed discussion regarding potential water and sewer rate increases.
7. On June 2011, staff provided the consultant with new budget information based on the City Council approved Fiscal Year (FY) 2011-2012 budget.
8. On August 2011, staff provided the consultant with additional budget information regarding the costs for a nitrate removal services contract.
9. On July 13, 2011, at a meeting of the BPF Standing Committee, committee members requested additional analysis regarding sample rate increases for residential and commercial customers.
10. On July 19, 2011, at a meeting of the BPF Standing Committee, staff provided the committee with examples of rate increases for residential and commercial customers.
11. On September 13, 2011, at a meeting of the BPF Standing Committee, staff was directed to agendize this matter for a future City Council meeting.

### **ANALYSIS:**

With the approval of Proposition 218 (218) by California voters in 1996, all municipalities must adhere to specified limitations and procedures when considering rate increases for water and sewer services. In order to ensure that the City is fully compliant with 218, the City retained a consultant to conduct a rate study for both water and sewer services. The City Attorney has also been involved in discussions with the consultant and staff and has reviewed all documents and procedures included in this report. Through the proposed rate increases, the City will be proactive in maintaining the City's water and sewer infrastructure, maintain high water quality levels with the installation and maintenance of a Nitrate Removal System, and ensure that the Enterprise Funds for these utilities remain solvent in the face of rising production costs.

Proposal to Increase Water and Sewer Rates  
Page 3

**Proposition 218**

Proposition 218 seeks to curb some perceived abuses in the use of assessments and property-related fees, specifically the use of these revenue-raising tools to pay for general governmental services rather than “property-related services.” Proposition 218 requires the City to reject proposed rate increases if written protests are presented by a majority of the affected property owners.

In adherence to 218, the following schedule has been developed to further describe the process to consider the rate increases.

| Day of the Week | Target Date | Activity   |
|-----------------|-------------|--|
| Monday          | 11/7/11     | <b>City Council Meeting:</b> <ul style="list-style-type: none"> <li>• Approve a five-year plan to increase water rates</li> <li>• Approve a five-year plan to increase sewer rates</li> <li>• Introduce for first reading, in title only, and waive further reading of “An Ordinance of the City of San Fernando Amending Division 3 of the Article III of Chapter 94 of the San Fernando City Code Relating to Water Utility Service Charges”.</li> <li>• Introduce for first reading, in title only, and waive further reading of “An Ordinance of The City of San Fernando Amending Division 2 of Article II of Chapter 94 of the San Fernando City Code Relating to Sewers and Sewer Disposal Utility Service Charges”</li> <li>• Presentation of rate analysis by Consultant</li> </ul> |
| Thursday        | 12/1/11     | <ul style="list-style-type: none"> <li>• Mail approximately 5200 notices to water &amp; sewer customer property owners.</li> <li>• Minimum 45 day response period for owners to submit written protests; protest period will close on the January 16, 2011 (12/1/11-1/16/12).</li> </ul>   |
| Monday          | 1/16/12     | <b>City Council Meeting:</b> <ul style="list-style-type: none"> <li>• Hold a Public Hearing pursuant to Proposition 218 requirements.</li> <li>• Adopt Ordinance for rate increases effective on 31<sup>st</sup> day after adoption</li> </ul>   |
| Monday          | 1/30/12     | <ul style="list-style-type: none"> <li>• Last day for City Clerk to publish ordinance (within 15 days after adoption)</li> </ul>   |
| Tuesday         | 2/16/12     | <ul style="list-style-type: none"> <li>• Water and Sewer Rate Effective Date (no earlier than 30 days after adoption)</li> </ul>   |

## Proposal to Increase Water and Sewer Rates

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### **Prior Rate Increases**

In 2004, a rate increase of 8% for water and 18-20% for sewer services was approved by the City Council. The City municipal code was also changed to establish new base line rates. At that time the rates were increased to resolve deficits occurring due to a significant loss of interest revenue. Interest revenue had helped the Enterprise Funds remain solvent and offset water production expenses increases. Per a review of previous reports regarding the 2004 increase, the General Fund was providing approximately \$400,000 annually to keep the Enterprise Funds solvent. For a period of time thereafter and prior to 218, rate increases were based on the Consumer Price Index (CPI).

### **Current Budget Issues**

Although reduced interest income continues to be a factor affecting the solvency of the Enterprise Funds, other factors are also affecting the long term sustainability to provide water and sewer services. Labor, utilities, and water production costs have steadily risen and more stringent regulatory mandates require more frequent and costly water quality testing.

The Enterprise Funds will soon be facing a deficit if future revenues do not increase. While residents and businesses have benefited over the last five-years by having one of the lowest City utility rates in the entire region, these services can no longer be sustained in the long term without a rate increase.

### **Five-Year Plan to Increase Water and Sewer Rates**

Per the analysis prepared by the consultant and included in this report, staff is recommending the approval of a five-year plan to increase water and sewer rates as shown below. The analysis and justification for the proposed rate increases are provided in the attached consultant's report (see Attachments "C" and "D").

It is important to note that the percentages are averages and do not necessarily represent the actual increase per customer. For example, during the first year of the plan, commercial customers are more likely to see a higher increase whereas; residential customers are more likely to see a lower increase. For sewer increases, both residential and commercial accounts will see an increase in the first year.

Based on average consumption, many residential customers will see an increase of \$3.18 during the first year. For the sewer rate, residential customers will have an increase of \$6.75. The combined increase for both utilities for average use is estimated at \$9.93 per month. Additional examples can be found in the attached consultant's reports.

| <b>Five-Year Proposed Water Rate Increase</b> |          |          |          |          |
|---|----------|----------|----------|----------|
| FY 11-12                                      | FY 12-13 | FY 13-14 | FY 14-15 | FY 15-16 |
| 9%  | 9%       | 9%       | 9%       | 9%       |

## Proposal to Increase Water and Sewer Rates

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| <b>Five-Year Proposed Sewer Rate Increase</b> |          |          |                |                |
|---|----------|----------|----------------|----------------|
| FY 11-12                                      | FY 12-13 | FY 13-14 | FY 14-15       | FY 15-16       |
| 7.0%  | 7.0%     | 5.0%     | CPI Adjustment | CPI Adjustment |

To further illustrate typical increases, the following examples are shown below based on an average water consumption of 18 Hundred Cubic Feet (HCF) for single family residential and an average consumption of 31 HCF for commercial customers.

**Proposed Water Rate Increase**

|             |          | HCF | Base     | Commodity | Rate     |
|-------------|----------|-----|----------|-----------|----------|
| Residential | Current  | 18  | \$ 12.68 | \$ 22.08  | \$ 34.76 |
|             | Proposed | 18  | \$ 13.58 | \$ 24.37  | \$ 37.94 |

|            |          | HCF | Base     | Commodity | Rate     |
|------------|----------|-----|----------|-----------|----------|
| Commercial | Current  | 31  | \$ 21.57 | Flat      | \$ 21.57 |
|            | Proposed | 31  | \$ 28.32 | Flat      | \$ 28.32 |

**Proposed Sewer Rate Increase**

|             |          | HCF | Base     | Commodity | Rate     |
|-------------|----------|-----|----------|-----------|----------|
| Residential | Current  | N/A | \$ 21.57 | Flat      | \$ 21.57 |
|             | Proposed | N/A | \$ 28.32 | Flat      | \$ 28.32 |

|            |          |    |          |  |  |
|------------|----------|----|----------|--|--|
| Commercial | Current  | 31 | \$ 35.95 | <i>Rate varies greatly based on volume and class</i> |  |
|            | Proposed | 31 | \$ 16.30 | <i>Rate varies greatly based on volume and class</i> |  |

*HCF = One Hundred Cubic Feet*

**Tiered Rates**

The proposed rate increases are based on a tiered rate structure, whereby customers who have higher water usage will pay a higher rate. Typically higher usage customers pay higher rates since they place a greater demand on the City's water infrastructure. This greater demand generates higher utility costs, and requires more frequent repairs and costly replacements for the City's water infrastructure. Conversely, customers who have lower water usage can expect to pay less since they place less demand on the City's water infrastructure. For customers who seek to reduce their water charges, water conservation methods should be implemented.

Sewer rates are not tiered and instead are based on a flat rate for residential customers. This industry standard is based on the understanding that sewer usage needs are fairly consistent

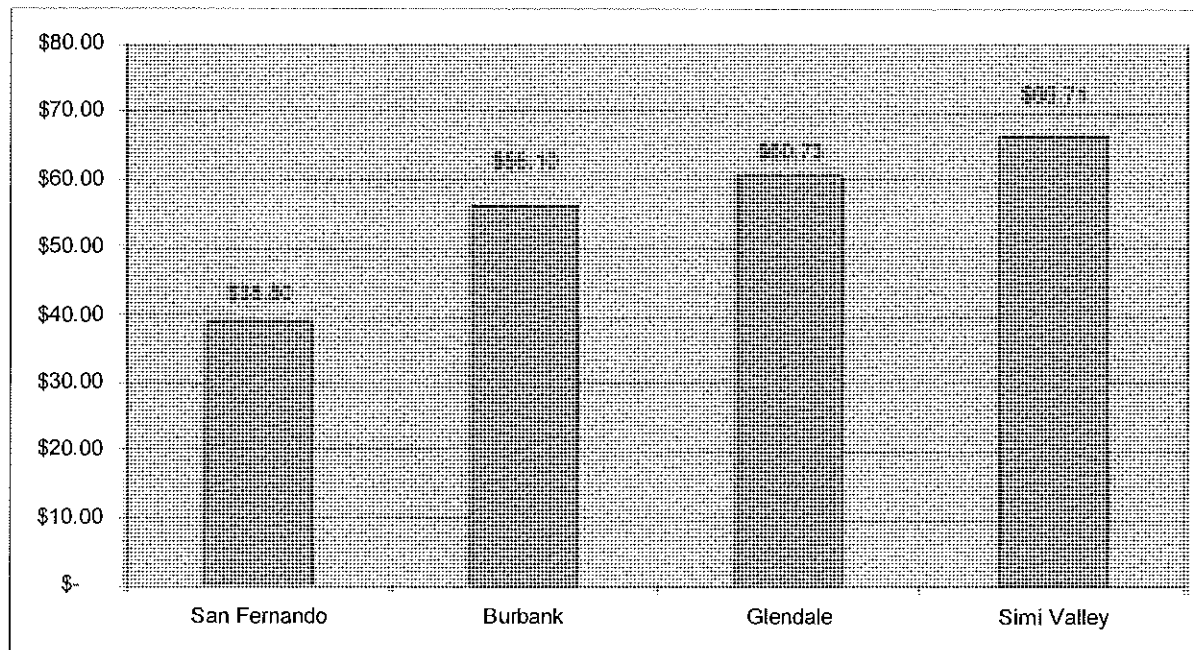
Proposal to Increase Water and Sewer Rates  
Page 6

among residential customers for indoor and outdoor uses. Commercial customer rates are based on type of use and vary greatly. For example, a car wash is likely to have a higher sewer rate charge than a retail store.

### Rate Comparisons

Even with the proposed rate increases the City of San Fernando will continue to provide high quality service with the lowest rates in the region. The City is able to offer low rates due to its adjudicated rights to the Sylmar Basin, which provides over 90% of the water supply for the City. Water was the predominant factor for the City's ability to become an independent City in 1911 and continues to be an invaluable asset ensuring the City's success for the future. If it were not for the City's rights to the basin, the City would have to import water at nearly double the cost that other cities charge and as shown in the chart below.

MONTHLY RATES CONPARISON – YEAR 1  
Based on 18 HCF/Mo



Sewer rates are more comparable to other cities since the City relies on wastewater treatment through the City of Los Angeles. In the long term, sewer rates are expected to rise significantly due to costs incurred by the City of Los Angeles to maintain and expand its wastewater treatment facilities. These costs are then passed on to the City of San Fernando with its annual payment to Los Angeles for waste water treatment.

Proposal to Increase Water and Sewer Rates  
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### **Water and Sewer Production Costs**

Water and Sewer rates are based on revenue requirements needed to meet operating and capital program costs. Descriptions of these costs for both utilities are provided in the consultant's report.

#### ***Water Quality and Nitrates***

One of the more significant reasons for water rate increases over the five-year period are new water production costs associated with a nitrate removal project to decrease nitrate levels in two of the City's wells. In May 2007, the nitrate concentration at Well 7A exceeded the Maximum Contaminant Level (MCL). Well 7A was immediately shut down and continues to remain out of production. On November 13 – 14, 2007, testing was conducted on Well 7A to determine if the nitrate contamination was confined to specific depths within the Basin. The results of the test confirmed that the nitrate contamination was present at all depths.

In November 2009, Well 3 had a nitrate reading in excess of the MCL that also required that it be shut down. As of November 2009, only Wells 2A and 4A continue to operate. These wells have had to run more hours per day to make up for the water Wells 3 and 7A would have normally produced.

During this time Public Works staff consulted with the California Department of Public Health (CDPH), the Upper Los Angeles River Area (ULARA) Watermaster, and other agencies to determine the best approach to address and mitigate the elevated nitrate levels. In 2012, the Public Works Department will install and go live with a state-of-the-art ion-exchange system to remove nitrates and meet the State maximum MCL. The costs associated with this project are in excess of \$1 million in addition to ongoing operating and maintenance costs for many years to come.

In addition, with accumulated reserves through the rate increase, the City will be in a better position to respond to new mandates by the State and the Federal government for more stringent water quality controls. In the next few years, State water quality MCLs for Chromium is expected to be implemented. Similar to the current Nitrate Removal Project, the City may have to install additional water treatment systems in order to address this expected mandate.

#### ***Wastewater Treatment Facilities***

The City of San Fernando, like a number of Southern California cities, share the facility costs in connection with the Hyperion Treatment Plant and other treatment facilities that are owned by the City of Los Angeles. Cities that specifically share infrastructure costs with San Fernando include Beverly Hills, Culver City, Glendale, Burbank, La Canada, El Segundo and some others. Fair share costs are broken down into two basic components: (1) Wastewater effluent quality and (2) Conveyance distance. San Fernando's sewer treatment rates are slightly on the higher end due to our geographic location from the Hyperion Treatment Facility which is located in Playa Del Rey. This factor alone increases the conveyance component of our rate. However, due to

Proposal to Increase Water and Sewer Rates  
Page 8

our lower salary and maintenance and operation costs, the overall effective rate charged to properties is still lower in comparison to other cities. Under the proposed increases, the City would be more in line with the rates charged by neighboring cities and would allow revenues to be more consistent with expenditures.

**Budget, Personnel, Finance Standing Committee (BPF) Recommendations**

The BPF Standing Committee has been actively involved in the development of the proposed rates increases over the last year. The committee has worked diligently to consider various options and scenarios to minimize the impact to customers as much as possible. For example, bonds were discussed as a potential method to reduce the proposed increases. Under this scenario the City would attempt to secure bonding for the water and sewer Enterprise Funds to possibly reduce the amount of revenue needed for the CIP program within the five-year period. However, it was later determined that new debt would not be in the best interest of the City over the long term to maintain sustainability of the Enterprise Funds.

After considerable review of this matter, the BPF Standing Committee gave direction to staff to agendaize this matter for consideration by the City Council. They further stated that the proposed rate increase should also include changes to the billing cycle and the creation of a program to assist qualifying customers in paying the new rate increases. These matters will require further analysis by staff and will be presented to the City Council at a later date for consideration.

***Change Bimonthly Billing to Monthly Billing***

This recommendation is being currently reviewed by both the Public Works and Finance Departments to develop a plan to implement the billing cycle change and also identify any additional resources needed to complete this task. One of the first items to consider is what additional costs will be incurred to change the billing cycle. For example, the Public Works Department will have to more frequently conduct meter readings, whereby the estimated labor hours for water meter readings is likely to double. With more time needed to conduct meter readings, the Public Works Department will have to reassess and perhaps reorganize staffing assignments to conduct the increase meter readings.

***Payment Assistance for Qualifying Customers***

The BPF Standing Committee has also recommended that staff develop a voluntary utility rate assistance program. Alternatives are being considered to assist low-income persons in paying the proposed rate increase.

**CONCLUSION**

The attached consultant's reports provide an analysis and justification for the proposed water and sewer rate increases. Increases on average are expected at 9% for water residential and commercial customers combined and 7% for sewer residential and commercial customers combined. As directed by the BPF Standing Committee, staff has made a diligent effort to keep the rates as low as possible.

Proposal to Increase Water and Sewer Rates  
Page 9

If approved, the new rates will still allow the City to offer some of the lowest utility rates in the region.

It is also important to restate that the rate increase process is being conducted under the guidelines of 218.

**BUDGET IMPACT:**

There are no budget impacts unless rate increases are approved at a future City Council meeting.

**ATTACHMENTS:**

- A. Ordinance Amending Division 3 of the Article III of Chapter 94
- B. Ordinance Amending Division 2 of Article II of Chapter 94
- C. Consultant's Tiered Water Rate Study
- D. Consultant's Sewer Rate Analysis



## ATTACHMENT "A"

## ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY OF SAN FERNANDO AMENDING  
DIVISION 3 OF ARTICLE III OF CHAPTER 94 OF THE SAN  
FERNANDO CITY CODE RELATING TO WATER UTILITY SERVICE  
CHARGES**

The City Council of the City of San Fernando does hereby ordain as follows:

**SECTION 1.** Section 94-261 ("Quantity water charges and service charges by meter size") of Division 3 ("Rates and Charges") of Article III ("Water") of Chapter 94 ("Utilities") of the San Fernando City Code is hereby amended to read as follows:

"Sec. 94-261. – Water service charges.

The following commodity charge and fixed service charge are established and shall be charged and collected by the city for all water sold, supplied, distributed, or transported to or for consumers situated in the city and shall be applicable to all metered water within the city for which no other rate is specified:

*Commodity Charge.* The commodity charge per meter shall be as follows:

| <b>Description</b>               | <b>FY<br/>2011-2012</b> | <b>FY<br/>2012-2013</b> | <b>FY<br/>2013-2014</b> | <b>FY<br/>2014-2015</b> | <b>FY<br/>2015-2016</b> |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Residential                      |                         |                         |                         |                         |                         |
| Block 1 Rate per hcf (0-9 hcf)   | \$ 0.89                 | \$ 1.00                 | \$ 1.11                 | \$ 1.20                 | \$ 1.31                 |
| Block 2 Rate per hcf (10-18 hcf) | 1.81                    | 2.04                    | 2.25                    | 2.45                    | 2.67                    |
| Block 3 Rate per hcf (18+ hcf)   | 2.42                    | 2.72                    | 3.00                    | 3.27                    | 3.56                    |
| Non-Residential                  | 1.62                    | 1.82                    | 2.00                    | 2.18                    | 2.38                    |

Sources: City of San Fernando; Willdan Financial Services.

*Fixed Service Charge.* The commodity charge set forth above shall be added to the fixed service charge set forth in the chart:

|   | FY 2011-12                                 | FY 2012-13     | FY 2013-14     | FY 2014-15     | FY 2015-16      |
|---|--|----------------|----------------|----------------|-----------------|
| <b><u>CUSTOMER COSTS</u></b>                      |  |                |                |                |                 |
| Total Customer Costs                              | \$ 422,031                                 | \$ 474,407     | \$ 522,275     | \$ 574,972     | \$ 632,987      |
| Number of Accts                                   | 4,731                                      | 4,779          | 4,826          | 4,875          | 4,923           |
| <b>Monthly Customer Cost Charge per Account</b>   | <b>\$ 7.43</b>                             | <b>\$ 8.27</b> | <b>\$ 9.02</b> | <b>\$ 9.83</b> | <b>\$ 10.71</b> |
| <b><u>METER AND SERVICES COSTS</u></b>            |  |                |                |                |                 |
| Total Meter and Services Costs                    | \$ 546,651                                 | \$ 614,492     | \$ 676,494     | \$ 744,753     | \$ 819,898      |
| Number of Equivalent Meters                       | 7,416                                      | 7,490          | 7,565          | 7,640          | 7,717           |
| <b>Monthly Meter Charge per 5/8" - 3/4" Meter</b> | <b>\$ 6.14</b>                             | <b>\$ 6.84</b> | <b>\$ 7.45</b> | <b>\$ 8.12</b> | <b>\$ 8.85</b>  |
| <b><u>Meter Size</u></b>                          | <b><u>AWWA Equivalent Meter Factor</u></b> |                |                |                |                 |
| 5/8", 3/4"  | 1.0  | \$ 6.14        | \$ 6.84        | \$ 7.45        | \$ 8.12         |
| 1"  | 2.5  | 15.36          | 17.09          | 18.63          | 20.31           |
| 1 1/2"  | 5.0  | 30.72          | 34.19          | 37.26          | 40.62           |
| 2"  | 8.0  | 49.14          | 54.70          | 59.62          | 64.98           |
| 3"  | 16.0                                       | 98.29          | 109.39         | 119.24         | 129.97          |
| 4"  | 25.0                                       | 153.58         | 170.93         | 186.31         | 203.08          |
| 6"  | 50.0                                       | 307.15         | 341.85         | 372.62         | 406.15          |
| <b><u>TOTAL COMBINED MONTHLY FIXED CHARGE</u></b> |  |                |                |                |                 |
| <b><u>Meter Size</u></b>                          | <b><u>AWWA Equivalent Meter Factor</u></b> |                |                |                |                 |
| 5/8", 3/4"  | 1.0  | \$ 13.58       | \$ 15.11       | \$ 16.47       | \$ 17.95        |
| 1"  | 2.5  | 22.79          | 25.37          | 27.65          | 30.14           |
| 1 1/2"  | 5.0  | 38.15          | 42.46          | 46.28          | 50.44           |
| 2"  | 8.0  | 56.58          | 62.97          | 68.64          | 74.81           |
| 3"  | 16.0                                       | 105.72         | 117.67         | 128.26         | 139.80          |
| 4"  | 25.0                                       | 161.01         | 179.20         | 195.33         | 212.91          |
| 6"  | 50.0                                       | 314.58         | 350.12         | 381.64         | 415.98          |

Sources: City of San Fernando; Willdan Financial Services.

**SECTION 2.** Section 94-262 ("Lifeline rate") of Division 3 ("Rates and Charges") Article III ("Water") of Chapter 94 ("Utilities") of the San Fernando City Code is hereby deleted in its entirety.

**SECTION 3.** Section 94-264 ("Purchased water adjustment") of Division 3 ("Rates and Charges") of Article III ("Water") of Chapter 94 ("Utilities") of the San Fernando City Code is hereby amended to read as follows:

"Sec. 94-264. -- Purchased water adjustment.

(a) Beginning July 1, 2012 and for each fiscal year through June 30, 2016, the commodity charges specified in section 94-261 shall be subject to an overriding unit adjustment to be applied to each 100 cubic feet of water sales to reflect changes in the cost of purchased water as defined in this section.

(b) Determination of the overriding unit adjustment shall be made from city accounting records six times yearly for each of the 12-calendar-month periods ending with January 31, March 31, May 31, July 31, September 30, and November 30 as follows: The annual cost of all water purchased for distribution by the city shall be divided by the division's total water sales (in units of one hundred cubic feet HCF) for the same 12-month period. The quotient so obtained shall be expressed to the nearest \$0.0001 per HCF of water and shall be multiplied by all units of one hundred cubic feet of water sales as shown on customer billings for a period of water use regularly scheduled to end within the second and third billing months following the 12-month period used for the unit adjustment computation. The resultant product in each case

shall be expressed to the nearest \$0.01 and, unless otherwise provided therein, shall be the total overriding adjustment to be added to each water service billing.

(c) Cost of purchased water shall include the total cost to the city of all water delivered to the division's system from the metropolitan water district or other suppliers. Reimbursements received by the city for purchased water costs which are or have been included in the calculation of the overriding unit adjustment shall be included as a credit in the determination of the cost of purchased water for the month in which such reimbursement is received."

**SECTION 4.** Section 94-270 ("Annual increase") of Division 3 ("Rates and Charges") of Article III ("Water") of Chapter 94 ("Utilities") of the San Fernando City Code is hereby amended to read as follows:

"Sec. 94-270. -- Annual increase.

On July 1, 1993 and on July 1 of each year thereafter, the then-existing rates imposed under this article, sections 94-265, 94-267 and 94-268, shall automatically increase by the percentage increase, if any, in the Consumer Price Index for all Urban Consumers for Los Angeles—Anaheim—Riverside (1982-84 equals 100) as published by the United States Department of Labor, Bureau of Labor Statistics ("index"), rounded to the nearest cent. The increases shall be cumulative. In determining the percentage increase, the index for the month of May immediately preceding the adjustment date shall be compared with the index for the like month of the previous year. In no event, however, shall the rates imposed be adjusted downward to reflect a percentage decrease in the index."

**SECTION 5.** The City Council is taking action only on those fees charges that have been amended. All charges not modified herein shall continue and remain in effect unless and until modified by resolution or other action of the City Council.

**SECTION 6.** If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this ordinance or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one or more subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional, or invalid, or ineffective.

**SECTION 7.** The City Clerk shall certify to the passage of this Ordinance and shall cause this Ordinance to be published or posted as required by law.

PASSED, APPROVED AND ADOPTED by the City Council of the City of San Fernando at a regular meeting held on this \_\_\_\_ day of \_\_\_\_\_ 2011.

---

Mario F. Hernández, Mayor

ATTEST:

\_\_\_\_\_  
Elena G. Chávez, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Michael Estrada, City Attorney

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES       ) SS  
CITY OF SAN FERNANDO         )

I, ELENA G. CHÁVEZ, City Clerk of the City of San Fernando, do hereby certify that the foregoing Ordinance was adopted a regular meeting of the City Council held on the \_\_\_\_ day of \_\_\_\_\_ 2011 and was carried by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Elena G. Chávez, City Clerk

## ATTACHMENT "B"

## ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY OF SAN FERNANDO AMENDING  
DIVISION 2 OF ARTICLE II OF CHAPTER 94 OF THE SAN  
FERNANDO CITY CODE RELATING TO SEWERS AND SEWER  
DISPOSAL UTILITY SERVICE CHARGES**

The City Council of the City of San Fernando does hereby ordain as follows:

**SECTION 1.** Section 94-261 ("Sewer service charges generally") of Division 2 ("Rates and Charges") of Article II ("Sewers and Sewage Disposal") of Chapter 94 ("Utilities") of the San Fernando City Code is hereby amended to read as follows:

"Sec. 94-66. – Sewer service and use charges.

The following sewer service and use charges are established and shall be charged and collected by the city for all services furnished in connection with its sanitary sewer system. Such sewer service and use charges shall be applied to or for each premises which is connected, directly or indirectly, to the sanitary sewer system or any part thereof for each premises from which any sewage is conveyed or discharged directly or indirectly into the sanitary sewer system. The amount of sewer service and use charges for each premises shall be the sum of the base fee and the unit cost per hundred cubic feet of water used as follows:

| <b>Base Fee</b>       |                   | <b>Base Fee</b>   |                   |                   |                   |  |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| <b>Customer Class</b> | <b>FY 2011/12</b> | <b>FY 2012/13</b> | <b>FY 2013/14</b> | <b>FY 2014/15</b> | <b>FY 2015/16</b> |  |
| Residential           | \$ 28.32          | \$ 31.15          | \$ 32.70          | \$ 32.70          | \$ 32.70          |  |
| Group II Commercial   | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |
| Group III Commercial  | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |
| Group IV Commercial   | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |
| City Property         | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |
| Industrial            | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |
| Schools               | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |
| Higher Education      | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |

| <b>Unit Cost for (\$/CCF) Water Used</b> |                   |                   |                   |                   |                   |  |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| <b>Customer Class</b>                    | <b>FY 2011/12</b> | <b>FY 2012/13</b> | <b>FY 2013/14</b> | <b>FY 2014/15</b> | <b>FY 2015/16</b> |  |
| Group II Commercial                      | \$ 1.63           | \$ 1.80           | \$ 1.89           | \$ 1.89           | \$ 1.89           |  |
| Group III Commercial                     | 2.63              | 2.90              | 3.04              | 3.04              | 3.04              |  |
| Group IV Commercial                      | 3.94              | 4.35              | 4.57              | 4.57              | 4.57              |  |
| City Property                            | 1.25              | 1.37              | 1.44              | 1.44              | 1.44              |  |
| Industrial                               | 1.25              | 1.37              | 1.44              | 1.44              | 1.44              |  |
| Schools <sup>1</sup>                     | 1.11              | 1.22              | 1.28              | 1.28              | 1.28              |  |
| Higher Education <sup>1</sup>            | 1.11              | 1.22              | 1.28              | 1.28              | 1.28              |  |

<sup>1</sup> Charge per student (ADA).

Sources: City of San Fernando; Willdan Financial Services.

**SECTION 2.** Section 94-69 (“Annual amendment to charges based on Consumer Price Index”) of Division 2 (“Rates and Charges”) of Article II (“Sewers and Sewage Disposal”) of Chapter 94 (“Utilities”) of the San Fernando City Code is hereby amended to read as follows:

“Sec. 94-69. – Annual increase.

(a) On July 1, 1993 and on July 1 of each year thereafter, the charges imposed under section 94-61 shall automatically increase by the percentage increase, if any, in the Consumer Price Index for all Urban Consumers for Los Angeles—Anaheim—Riverside (1982-84 equals 100) as published by the United States Department of Labor, Bureau of Labor Statistics (“index”), rounded to the nearest cent. The increases shall be cumulative. In determining the percentage increase, the index for the month of May immediately preceding the adjustment date shall be compared with the index for the like month of the previous year. In no event, however, shall the rates imposed be adjusted downward to reflect a percentage decrease in the index.

(b) Commencing On July 1, 2014 and on July 1, 2015 and July 1, 2016, the charges imposed under this article, section 94-69, shall automatically increase by the percentage increase, if any, in the Consumer Price Index for all Urban Consumers for Los Angeles—Anaheim—Riverside (1982-84 equals 100) as published by the United States Department of Labor, Bureau of Labor Statistics (“index”), rounded to the nearest cent. The increases shall be cumulative. In determining the percentage increase, the index for the month of May immediately preceding the adjustment date shall be compared with the index for the like month of the previous year. In no event, however, shall the rates imposed be adjusted downward to reflect a percentage decrease in the index.”

**SECTION 3.** The City Council is taking action only on those fees charges that have been amended. All charges not modified herein shall continue and remain in effect unless and until modified by resolution or other action of the City Council.

**SECTION 4.** If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this ordinance or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one or more subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional, or invalid, or ineffective.

**SECTION 5.** The City Clerk shall certify to the passage of this Ordinance and shall cause this Ordinance to be published or posted as required by law.

PASSED, APPROVED AND ADOPTED by the City Council of the City of San Fernando at a regular meeting held on this \_\_\_\_ day of \_\_\_\_\_ 2011.

---

Mario F. Hernández, Mayor

ATTEST:

\_\_\_\_\_  
Elena G. Chávez, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Michael Estrada, City Attorney

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES       ) SS  
CITY OF SAN FERNANDO         )

I, ELENA G. CHÁVEZ, City Clerk of the City of San Fernando, do hereby certify that the foregoing Ordinance was adopted a regular meeting of the City Council held on the \_\_\_\_ day of \_\_\_\_\_ 2011 and was carried by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Elena G. Chávez, City Clerk

**ATTACHMENT "C"**

City of San Fernando  
California



**Final Draft Report  
Tiered Water Rate Study**

**November 3, 2011**



27368 Via Industria, Suite 110  
Temecula, CA 92590  
T: 951.587.3500  
F: 951.587.3510



November 3, 2011

Mr. Ron Ruiz  
Public Works Director  
City of San Fernando  
117 Macneil Street  
San Fernando, CA 91340

Dear Mr. Ruiz,

Willdan Financial Services (Willdan) is pleased to present this report on the tiered water rate study conducted for the City of San Fernando (City).

This report was undertaken as the City is facing several challenges to continuing its operations and financial stability. The focus of this study is to ensure that the utility has sufficient revenues to meet its operational, capital and debt service obligations and that rates are set proportionate to the costs of providing utility service to each customer class. Our report outlines the approach, methodology, findings, and conclusions of this study.

This report has been prepared using generally accepted rate setting techniques. The City's utility accounting, budgeting, and billing records were the primary sources for the data contained within the report. Furthermore, Willdan has worked closely with City staff over the course of this project to confirm the data validity and prudence of assumptions. The conclusions contained within this report present the City with a set of recommendations, which provide stable, reasonable, and technically defensible funding for continued operations.

It was a pleasure working with you, and we wish to express our thanks for your support and cooperation extended throughout the study.

Sincerely,

Willdan Financial Services

Gregg Tobler  
Senior Project Analyst

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# Executive Summary

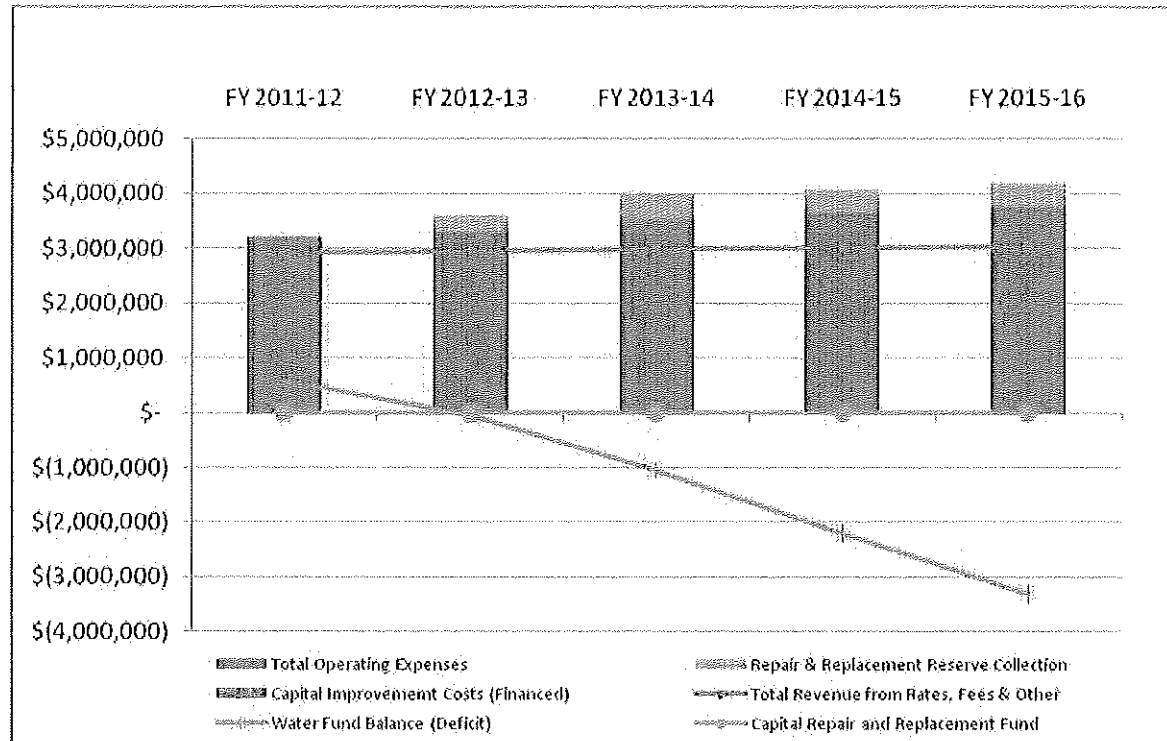
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The City desires rates that fully fund operations, maintenance, and present and future capital costs for, infrastructure rehabilitation and enhancements. The City is facing several challenges to continuing its water utility operations, including inadequate annual water rate revenues to keep pace with increasing operational and capital costs; the implementation of an automated meter reading system to more accurately bill customers and identify potential leaks; reduction in anticipated customer account growth; and the need to meet water conservation objectives while maintaining a self funding water utility enterprise fund.

The City retained Willdan Financial Services (Willdan) to prepare a tiered rate study for the water utility to ensure the utility has sufficient revenues to meet their operational, capital and debt service obligations. Additionally, to confirm that rates are set proportionate to the costs of providing utility service to each customer class in compliance with Proposition 218. Therefore, the intent of the proposed tiered rate study is to provide recommendations on changes to the current utility rate structure to meet these challenges within the appropriate legal confines. As part of this rate study, Willdan facilitated dialogue with City staff during several conference calls. As every City encompasses unique complexities and traits, during these discussions, the City provided suitable recommendations to incorporate into the study. This report documents the findings, analyses and recommendations of the comprehensive rate study effort.

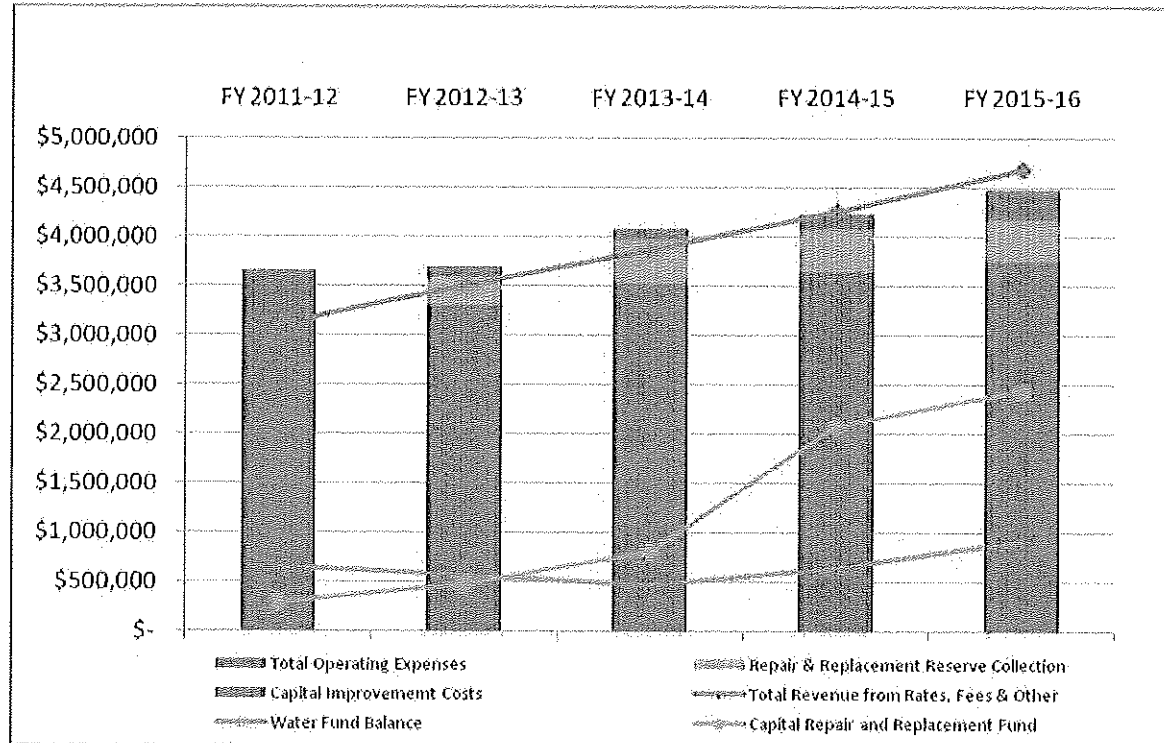
The graph (Figure E-1) below demonstrates the current and projected financial conditions of the water system assuming no rate increases over the next 5 years. As the figure illustrates, holding rates constant will result in depleted reserve funds, potential General Fund subsidy or borrowing, reduced quality of operations or services, and deferred capital projects that are urgently needed due to aging infrastructure.

Figure E-1: Projection Using Current Water Rates



The graph (Figure E-2) below demonstrates the projected financial condition of the water system assuming adoption of a recommended rate increases over the next 5 years. As the figures illustrate, the proposed rate structure and rate increases will enable the City to continue its operations, establish prudent reserve fund levels, and fund capital projects that are urgently needed through a bond financing.

Figure E-2: Projection Using Proposed Water Rates



## Project Background

The City of San Fernando owns and operates a water system for residents and businesses within City limits. As of Fiscal Year 2009/10, the water system provides service to approximately 4,638 residential and non-residential potable water customers. The City operates the water system as a self-supporting enterprise, separate from other enterprises and General Fund activities.

The City's Public Works Department is responsible for water storage and delivery. Additionally, the Department is responsible for water resource management, water policy development, and water conservation programs. The Water Distribution Division of the Public Works Department is responsible for providing water to all City water customers in sufficient quantities to meet demands; and for maintenance water system. The Division also installs new services that are ordered for new structures or demands by land use changes. The City receives the majority of its water from ground water supplies. The remainder of the water the City receives comes from Metropolitan Water District (MWD).

Due to the economic climate and continued cost pressures, the City is facing several challenges to continuing its water utility operations as customer account growth has slowed to a 1.0% annual rate and

utility infrastructure is aging and must be replaced. Additionally, utility rate revenues are not keeping pace with increasing operational and capital renewal and rehabilitation costs.

Due to the existing water rate schedule (rate structure), recent market conditions, and conservation objectives implemented by water purveyors, the current model does not accurately reflect current realities or the revenue stream required for services provided. As the rates have not been updated since FY2005-2006, the City needs rates that fully reflect today's operations, maintenance, existing and future capital costs, and accounts for water conservation goals.

## **Key Financial Plan Objectives**

Several objectives were identified during the study to guide decisions regarding the proposed financial plans and rate structures. The major objectives of the study were:

- Utility rates and fees should generate sufficient revenues to meet operating costs, capital program requirements, debt service obligations, and maintain adequate reserves consistent with sound financial management practices.
- Utility rates should be set proportionate to the cost of providing utility service to each customer to promote fairness and equity and compliance with Proposition 218.
- A financial plan that shifts a majority of future capital funding to a paygo basis to limit the Utility's debt.
- A financial plan that minimizes the need to continually update the water rate structure, do to short-term impacts.
- Conservation objectives of the City, and the State (20x2020) to encourage the efficient and reasonable use of water.
- Utility rate structures should be supported by a financial model that is easy to update should costs and assumptions change in the future beyond what was projected at the time of this report.

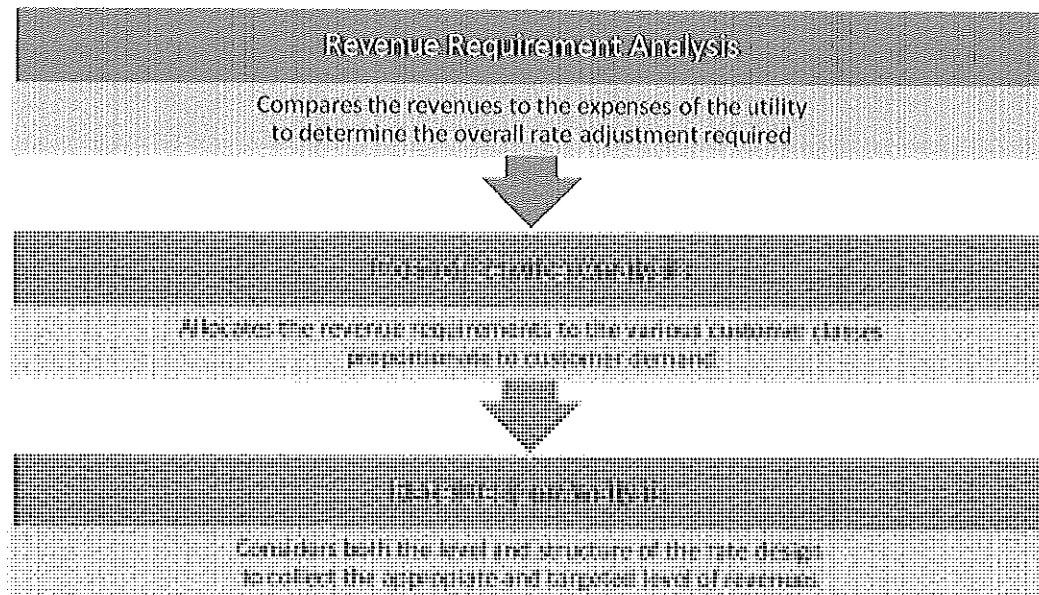
In reviewing the above objectives, it should be noted that the City has limited control over external forces such as growth, consumer behavior, the cost of purchasing water, and system usage. Recognizing these factors, we believe that the recommendations in this study provide a fair, reasonable, and balanced set of proposed rates and fees for the City that, to the extent possible, meets these key objectives.

## **Overview of the Rate Study Process**

The scope of this study included the development of cost-based water user charges through a comprehensive cost of service and rate design analysis. Utility rates must be set at a level where a utility's operating and capital expenses meet the revenues received from customers. This is a significant point, as failure to achieve this level may lead to insufficient funds being available to appropriately maintain the system. A comprehensive rate study typically consists of following three interrelated analyses to develop the accurate funding levels (Figure 1-1 provides an overview of these processes).

- **Financial Planning/Revenue Requirement Analysis:** Create a five-year plan to support an orderly, efficient program of on-going maintenance and operating costs, capital improvement and replacement activities, and suitable leveraging of financial resources (debt load). In addition, the long-term plan should fund and maintain reserve balances to adequate levels based on industry standards and City fiscal policies.
- **Cost of Service Analysis:** Identifies and apportions annual revenue requirements to the different customer classes based on their demand on each utility system.
- **Rate Design:** Develops a fixed/variable schedule of rates for each customer class to proportionately recover the costs attributable to them. Assembly bill 2882 allows other policy objectives to be achieved, such as discouraging wasteful water use through price signaling. The policy objectives are balanced with the cost of service objectives of Prop 218 to maintain the delicate balance between customer equity, financial stability and resource conservation goals.

Figure 1-1: Comprehensive Rate Study Interrelated Analysis





# Rate Setting Principles

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The primary objective of conducting a comprehensive rate study is to 1) determine the adequacy of the existing rates (pricing and structure) and 2) provide the basis for any necessary adjustments to meet the City's operating and capital needs as well as policy objectives, such as efficient water use. The City intends for rate structures to fully fund operations, maintenance, and present and future capital costs. Furthermore, the City desired to maintain or possibly enhance its current rate structure. A tiered rate structure, as currently implemented by the City, encourages efficient use of water by allocating each customer a consumption allotment (block) based on average usage for which they are charged a base rate per hundred cubic foot (hcf). If an account's consumption exceeds its allotment, then the customer is charged an increased rate (block 2) per hcf for the consumption that falls above the allotment.

## Established Principles & Guidelines

Over the past years, many generally accepted principles or guidelines have been established to assist in developing utility rates. The purpose of this section of the report is to provide a general background of the methodology and guidelines used for setting cost based utility rates. This will provide the reader with a higher-level understanding of the general process detailed later in this report.

As a practical matter, there should be a general set of principles to develop rates. The American Water Works Association (AWWA) establishes these principles in the M1 Manual – *Principles of Water Rates, Fees and Charges*. These guiding principles help to ensure there is a consistent global approach that is employed by all utilities in the development of their rates (water and water-related utilities including sewer and reclaimed water).

Below is a summary listing the established guidelines, which public utilities should consider when setting their rates. These closely reflect the City's specified objectives.

- Rates should be cost-based and equitable, and set at a level such that they provide revenue sufficiency.
- Rates and process of allocating costs should conform to generally accepted rate setting techniques.
- Rates should provide reliable, stable and adequate revenue to meets the utility's financial, operation, and regulatory requirements.
- Rate levels should be stable from year to year (limit "rate shocks").
- Rates should be easy to understand and administer.

These guidelines, along with the City's objectives, have been utilized within this study to help develop utility rates that are cost-based and equitable.

## Revenue Requirements

The method used by most public utilities to establish their revenue requirements is called the “cash basis” approach of setting rates. As the name implies, a public utility combines its cash expenditures over a period of time to determine their required revenues from user rates and other forms of income. The figure below presents the “cash basis” methodology.

Figure 2-1: Overview of the “Cash Basis” Design

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+ Operation and Maintenance Expenses  
+ Capital Additions Financed with Rate Revenue  
+ Debt Service (Principal and Interest)  
= Total Revenue Requirements

---

To ensure existing ratepayers are not paying for growth-related capital projects, Willdan reviewed existing, approved/pending, and proposed Capital Improvement Projects (CIPs) with City staff to allocate projects between new (growth) and existing customers (operations and maintenance or “O&M”). Additionally, capital replacement expense is sometimes included to stabilize annual required revenue requirements by spreading the replacement costs of a depreciated asset over the expected life of the asset or through the term of bond issue, when municipal bond financing is used.

Based on the revenue requirement analysis, the utility can determine the overall level of rate adjustment needed in order for the utility to meet its overall expenditure needs.

## Financial Planning

In the development of the revenue requirements, many assumptions are utilized to project future expenditures, customer and consumption growth, and required revenue adjustments. The City’s budget documents are used as the initial starting point; however, assumptions play a necessary role in projecting future required revenue.

Conservative growth assumptions and prudent financial planning are fundamental to ensuring adequate rate revenue and to promote financial stability. The financial model developed appropriately considers the City’s capital improvement needs and operating reserve balances.

## Rate Design

The final element, the rate design process, applies the results from the revenue requirements to develop rates that achieve the general guidelines and objectives of the City. While these objectives must abide by the cost of service principles of Prop 218, the Agency may consider items such as continuity of past rate philosophy, efficient use of water, encouragement of economic development, ease of administration, and legal requirements. While cost-based rates are an important objective, all objectives should be balanced appropriately.

While the general description of the utility rate setting process discussed in this section of the report is simplified and condensed, it does address the underlying fundamentals. One of the key principles for a comprehensive rate study is found in economic theory, which suggests the price of a commodity must roughly equal its cost if equity among customers is to be maintained – i.e. cost-based. For example, capacity-related costs are usually incurred by a water utility to meet peak use requirements. Consequently, the customers causing peak demands should properly pay for the demand-related facilities in proportion to their contribution to maximum demands. Through refinement of costing and pricing techniques, consumers of a product are given a more accurate price point of what the commodity costs to produce and deliver.

The above fundamentals have considerable foundation in economic literature. They also serve as primary guidelines for Proposition 218 compliance and rate design by most utility regulators and administrative agencies. This “price-equals-cost” theory provides the basis for much of the subsequent analysis and comment. This theory is particularly important as the proposed rate structure has been modified to encourage the efficient use of water while maintaining this economic principle.

### **Rate Setting Principles Summary**

This section of the report provides a brief introduction to the general principles, techniques, and economic theory used to set utility rates. These principles, techniques, and economic theory were the starting point for this rate study and the groundwork used to meet the City’s key objectives in analyzing and adjusting their utility rates.

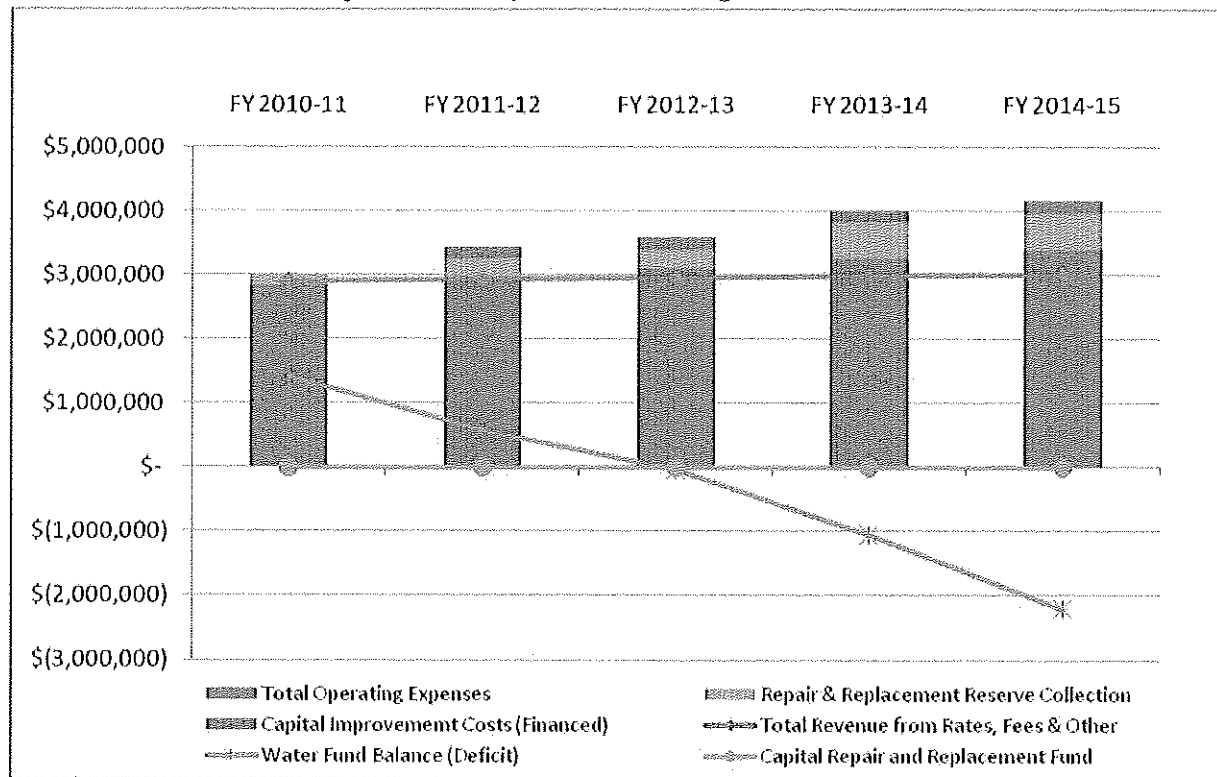
The total cost of serving each customer class is determined by distributing each of the utility cost components among the user classes based upon the respective service requirements of each customer class. Therefore, a true cost of service rate study enables a water utility to adopt rates based on the true costs to each user class. The purposes of this water utility cost of service study include:

- ♦ Proportional allocation of the costs of service to users.
- ♦ Derivation of unit costs to support the development of water rates.

# Water Rate Analysis

The City is facing several challenges to continuing its high-quality operations. Utility revenues are not keeping pace with increasing operational and capital costs. In addition, customer account growth has slowed to a 1.0% rate and utility infrastructure is aging and must be replaced soon. Considering the above variables, Figure 3-1 projects the adequacy of existing rate revenue to support ongoing operations and maintenance.

Figure 3-1: Revenue and Expenditure Projections – Existing Rates



As the water fund balance becomes negative resulting in a deficit, the above figure indicates revenue increases are necessary to operate and maintain the water system. This will be evident as details of the process, data, and methodology utilized in the rate study are presented in this section of the report. Summary figures, outlining much of the analysis are included in this section of the report as well.

## Customer Statistics

During the Fiscal Year 2010, the City provided water service to an estimated 4,638 customers, distributing roughly 1.314 million hundred cubic feet of potable water. Figure 3-2 shows the City's projected water usage and number of accounts by customer class.

Figure 3-2: Accounts and Consumption

| Customer Class   | Accounts | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 |
|------------------|----------|------------|------------|------------|------------|------------|
| Residential      | 3,943    | 930,904    | 930,811    | 930,718    | 940,025    | 949,426    |
| Commercial       | 407      | 196,615    | 196,596    | 196,576    | 198,542    | 200,527    |
| Elementary       | 10       | 7,129      | 7,129      | 7,128      | 7,199      | 7,271      |
| Higher Education | 9        | 15,468     | 15,466     | 15,465     | 15,620     | 15,776     |
| Industrial       | 145      | 132,010    | 131,996    | 131,983    | 133,303    | 134,636    |
| Churches         | 53       | 20,646     | 20,644     | 20,642     | 20,849     | 21,057     |
| City Property    | 71       | 11,797     | 11,796     | 11,795     | 11,913     | 12,032     |
| Total            | 4,638    | 1,314,570  | 1,314,439  | 1,314,307  | 1,327,450  | 1,340,725  |

|                  | Percent of Total |        |        |        |        |        |
|------------------|------------------|--------|--------|--------|--------|--------|
| Residential      | 85.0%            | 70.8%  | 70.8%  | 70.8%  | 70.8%  | 70.8%  |
| Commercial       | 8.8%             | 15.0%  | 15.0%  | 15.0%  | 15.0%  | 15.0%  |
| Elementary       | 0.2%             | 0.5%   | 0.5%   | 0.5%   | 0.5%   | 0.5%   |
| Higher Education | 0.2%             | 1.2%   | 1.2%   | 1.2%   | 1.2%   | 1.2%   |
| Industrial       | 3.1%             | 10.0%  | 10.0%  | 10.0%  | 10.0%  | 10.0%  |
| Churches         | 1.1%             | 1.6%   | 1.6%   | 1.6%   | 1.6%   | 1.6%   |
| City Property    | 1.5%             | 0.9%   | 0.9%   | 0.9%   | 0.9%   | 0.9%   |
| Total            | 100.0%           | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

*Note:*

Assumes a consumption growth rate of 1% after FY 2013-14.

Incorporates a 3% reduction in consumption in FY 2012-13 & FY 2013-14 for price elasticity.

Source: City of San Fernando; Willdan Financial Services.

A projection of customers, usage, and production requirements is necessary in the evaluation of the revenue requirements. This projection is critical for the determination of revenues from rates, escalation of production-related costs, cost-causation, and design of the rates.

Given the current economic climate and review of potential growth, Willdan in conjunction with City staff determined to use a growth rate equal to 1.0%.

## **Revenue Requirements Analysis**

### **Revenue from Existing Rates**

The first step in developing the revenue requirements is to develop a projection of revenues from existing rates. The City expects to receive approximately \$2.9 million in water sales in Fiscal Year 2012. By 2016, assuming the growth discussed above, water sales are projected to increase roughly 5.1% to \$3.05 million. In addition to water sales, the City has a projected average of non-operating revenues approximately equal to twelve thousand dollars, consisting of interest income.

### **Projections of Operation and Maintenance Expenses**

To project Operating and Maintenance (O&M) expenses over the five-year planning horizon, two escalation factors were developed. The operations cost escalator, set at 3.00%, is applied to basic expenditures that the Department incurs: materials, utilities, etc in fiscal years 2012 through fiscal year 2014 and an operations cost escalator of 4.00% in fiscal years 2015 and 2016. The Personnel cost escalator is set at 3.0%. Additionally, the City, as part of its financial policies, has established a reserve policy to provide 25% (90 days) of its annual operating and maintenance expenses in a reserve account.

We are recommending a maximum Operating Fund reserve policy of 90 days. This will ensure a sufficient and reasonable fund to offset any unforeseen or unaccounted financial challenges. Once this maximum is met, the balance will be transferred to a Capital Repair and Replacement Fund. The Capital Repair and Replacement Fund will be funded with the annual amount of depreciation, plus any excess funds from the operating reserve. The Capital Repair and Replacement reserve will provide the necessary capital to pay for future repair and replacement capital improvement projects.

### Capital Improvement Projects

The Department's Capital Improvement Program (CIP) needs for the water utility are summarized in Figure 3-3. Individually, each project was identified by City staff as growth-related, existing needs (O&M) or a percentage of both to determine the appropriate funding mechanism (monthly rates or connection fee). The capital projects are required to meet the Utility's repair and maintenance needs and to maintain the existing quality of the system.

Figure 3-3: Water Capital Projects

| CIP<br>Project<br>No. | PROJECT                | Description   | FY 2011-2012 | FY 2012-2013 | FY 2013-2014 | FY 2014-2015 | FY 2015-2016 |
|-----------------------|------------------------|---|--------------|--------------|--------------|--------------|--------------|
| 1                     | Other Projects         | Nitrate Filter System, Phase 1                          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| 2                     | Other Projects         | Well 4A Rehab & Electrical Panel Upgrade                | -            | -            | -            | -            | -            |
| 3                     | Other Projects         | Nitrate Filter System, Phase 2                          | 395,223      | -            | -            | -            | -            |
| 4                     | Water Main Replacement | Capital Equipment Purchase - Computer Software Upgrades | 32,260       | -            | -            | -            | -            |
| 5                     | Water Main Replacement | Software  | 16,130       | -            | -            | -            | -            |
| 6                     | Other Projects         | Capital Equipment Replacement - Backhoe                 | -            | 105,937      | -            | -            | -            |
| 7                     | Other Projects         | 400 No. Huntington Street.                              | -            | -            | 110,087      | -            | -            |
| 8                     | Other Projects         | 900 Macneil Street.                                     | -            | -            | -            | 110,801      | -            |
| 9                     | Other Projects         | MWD Booster Pump #4 Rehab (#3 done FY 07)               | -            | -            | -            | 23,983       | -            |
| 10                    | Other Projects         | Arroyo Booster Pump #2 Rehab                            | -            | -            | -            | 23,983       | -            |
| 11                    | Other Projects         | Capital Equipment Replacement - Distribution Truck      | -            | -            | -            | -            | 186,526      |
| 12                    | Water Main Replacement | 900-1000 Lucas Street                                   | -            | -            | -            | -            | 111,418      |
| 13                    | Water Main Replacement | Reservoir #4 Reconstruction and Land Purchase           | -            | -            | -            | -            | -            |
|                       | Total                  |   | \$ 443,613   | \$ 105,937   | \$ 110,087   | \$ 158,767   | \$ 297,944   |

#### Notes:

Construction cost estimates were escalated annually by a factor of 3.7%, based on the average annual increase between 2005 and 2010 in the Producer Price Indices for steel and plastic construction materials.

Source: City of San Fernando; Bureau of Labor Statistics; Willdan Financial Services.

### **Summary of Revenue Requirements Analysis**

The above components comprise the foundation of the revenue requirement analysis. During the discussions with the City, City staff made recommendations to assure the accuracy of financial and growth variables used in developing the revenue requirement analysis. Particular emphasis was placed on attempting to minimize rates, yet still encompass adequate funds to support the operational activities and capital projects throughout the study period.

The revenue requirements analysis figure, presented below, provides a basis for evaluating the timing and level of water revenue increases required to meet the projected required revenue for the study period. The percentages shown at the bottom of the figure show the recommended revenue adjustments.



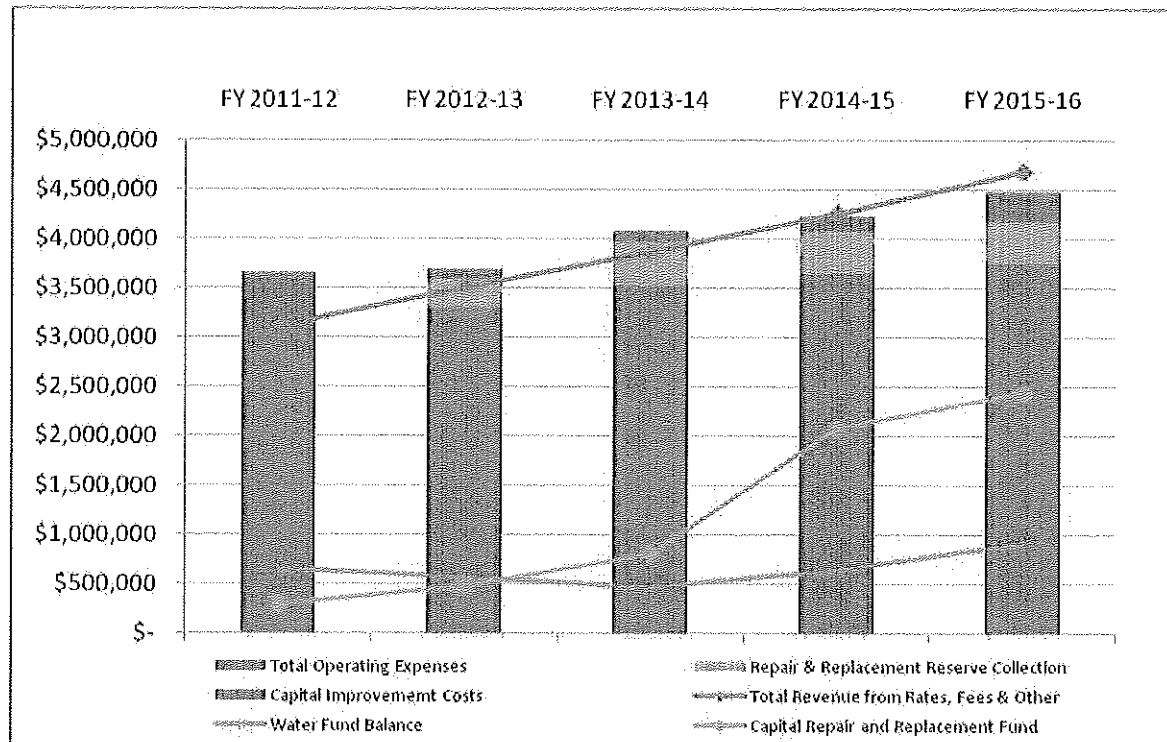
Figure 3-4: Revenue Requirements

| Description                                      | FY 2011-12        | FY 2012-13        | FY 2013-14        | FY 2014-15          | FY 2015-16          |
|--|-------------------|-------------------|-------------------|---------------------|---------------------|
| 1 <b>Projected Customer Growth Rate</b>          | 1.00%             | 1.00%             | 1.00%             | 1.00%               | 1.00%               |
| 2 <b>Estimated Existing Operating Revenue</b>    | 2,929,000         | 2,958,290         | 2,987,873         | 3,017,752           | 3,047,929           |
| 3 Additional Revenue Required                    | 197,708           | 556,454           | 881,509           | 1,242,051           | 1,641,688           |
| Total Operating Revenues                         |                   |                   |                   |                     |                     |
| 4 <b>(Required Revenue)</b>                      | <b>3,126,708</b>  | <b>3,514,744</b>  | <b>3,869,382</b>  | <b>4,259,803</b>    | <b>4,689,617</b>    |
| Revenue Increase                                 | 9.00%             | 9.00%             | 9.00%             | 9.00%               | 9.00%               |
| 5 <b>Operating Expenses</b>                      |                   |                   |                   |                     |                     |
| 6 Personnel Services                             | 1,766,312         | 1,819,301         | 1,873,880         | 1,930,097           | 1,988,000           |
| 7 Utilities                                      | 198,746           | 204,708           | 210,849           | 219,283             | 228,055             |
| 8 Telephone                                      | 4,470             | 4,604             | 4,742             | 4,932               | 5,129               |
| 9 Rents & Leases                                 | 3,090             | 3,183             | 3,278             | 3,409               | 3,546               |
| 10 Contractual Services                          | 128,702           | 132,563           | 136,540           | 142,001             | 147,681             |
| 11 Professional Services                         | 8,755             | 9,018             | 9,288             | 9,660               | 10,046              |
| 12 Office Equipment Maintenance                  | 1,514             | 1,560             | 1,606             | 1,671               | 1,737               |
| 13 Department Supplies                           | 66,435            | 68,428            | 70,481            | 73,300              | 76,232              |
| 14 Equipment and Supplies                        | 10,061            | 10,363            | 10,674            | 11,101              | 11,545              |
| 15 Equipment Maintenance                         | 32,548            | 33,524            | 34,530            | 35,911              | 37,348              |
| 16 Building Maintenance and Repair               | 3,100             | 3,193             | 3,289             | 3,421               | 3,557               |
| 17 Small Tools                                   | 3,605             | 3,713             | 3,825             | 3,978               | 4,137               |
| 18 Personnel Training                            | 3,348             | 3,448             | 3,551             | 3,693               | 3,841               |
| 19 Meetings, Memberships, Licenses, and Training | 3,090             | 3,183             | 3,278             | 3,409               | 3,546               |
| 20 Subscriptions / Dues & Memberships            | 3,966             | 4,084             | 4,207             | 4,375               | 4,550               |
| 21 Fuel and Vehicle Maintenance                  | 23,246            | 23,943            | 24,662            | 25,648              | 26,674              |
| 22 Activities & Programs                         | 11,330            | 11,670            | 12,020            | 12,501              | 13,001              |
| 23 Other Expenses                                | 68,804            | 70,868            | 72,994            | 75,914              | 78,950              |
| 24 Cost Allocation                               | 410,697           | 423,018           | 435,709           | 453,137             | 471,262             |
| 25 Nitrate System Operational Expenses           | 214,608           | 218,608           | 361,456           | 361,456             | 361,456             |
| 26 Interfund Sewer Fund Loan Transfer Repayment  | 75,000            | 75,000            | 75,000            | 75,000              | 75,000              |
| 27 Capital Expenses                              | 111,498           | 114,842           | 118,288           | 123,019             | 127,940             |
| 28 Transfer Accounts                             | 62,830            | 64,715            | 66,656            | 69,323              | 72,096              |
| 29 <b>Total Operating Expenses</b>               | <b>3,215,754</b>  | <b>3,307,538</b>  | <b>3,540,804</b>  | <b>3,646,239</b>    | <b>3,755,329</b>    |
| 30 <b>Net Operating Income</b>                   | <b>(89,046)</b>   | <b>207,206</b>    | <b>328,578</b>    | <b>613,564</b>      | <b>934,288</b>      |
| 31 <b>Non-Operating Revenue</b>                  |                   |                   |                   |                     |                     |
| 32 Investment Earnings                           | 27,966            | 15,008            | 17,126            | 20,751              | 38,298              |
| 33 Operating Transfer In                         | -                 | -                 | -                 | -                   | -                   |
| 34 One-Time Sale of MWD Rights                   | 426,000           | -                 | -                 | -                   | -                   |
| 35 <b>Total Non-Operating Revenue</b>            | <b>453,966</b>    | <b>15,008</b>     | <b>17,126</b>     | <b>20,751</b>       | <b>38,298</b>       |
| 36 <b>Capital Projects Funded by Rates</b>       |                   |                   |                   |                     |                     |
| 37 Repair & Replacement Reserve Collection       | -                 | 289,000           | 433,500           | 433,500             | 433,500             |
| 38 CIP PAYGO - Rate Funded                       | 378,767           | -                 | -                 | -                   | -                   |
| 39 <b>Total Capital Projects Funded by Rates</b> | <b>378,767</b>    | <b>289,000</b>    | <b>433,500</b>    | <b>433,500</b>      | <b>433,500</b>      |
| 40 <b>Net Income (Loss)</b>                      | <b>(41,813)</b>   | <b>(81,794)</b>   | <b>(104,922)</b>  | <b>180,064</b>      | <b>500,788</b>      |
| 41 <b>Water Enterprise Fund</b>                  |                   |                   |                   |                     |                     |
| 42 Beginning Operating Fund Balance              | 700,500           | 658,687           | 576,894           | 471,972             | 652,036             |
| 43 Fund Balance Days of O&M                      | 90                | 90                | 90                | 90                  | 90                  |
| 44 Desired Fund Balance                          | 792,926           | 815,557           | 873,075           | 899,073             | 925,972             |
| 45 Excess (Deficit) O&M / Excess to R&R Fund     | -                 | -                 | -                 | -                   | 226,852             |
| 46 <b>Ending Operating Fund Balance</b>          | <b>\$ 658,687</b> | <b>\$ 576,894</b> | <b>\$ 471,972</b> | <b>\$ 652,036</b>   | <b>\$ 925,972</b>   |
| 47 <b>Capital Repair and Replacement Fund</b>    |                   |                   |                   |                     |                     |
| 48 Beginning Capital R&R Fund Balance            | 364,847           | 300,000           | 483,063           | 806,476             | 2,081,209           |
| 49 Repair & Replacement Reserve Collection       | -                 | 289,000           | 433,500           | 433,500             | 433,500             |
| 50 Potential Grant Money                         | -                 | -                 | -                 | 1,000,000           | -                   |
| 51 Capital Projects - R&R Funded                 | (64,847)          | (105,937)         | (110,087)         | (158,767)           | (297,944)           |
| 52 Excess from O&M Fund                          | -                 | -                 | -                 | -                   | 226,852             |
| 53 <b>Ending Capital R&amp;R Fund Balance</b>    | <b>\$ 300,000</b> | <b>\$ 483,063</b> | <b>\$ 806,476</b> | <b>\$ 2,081,209</b> | <b>\$ 2,443,617</b> |

Sources: City of San Fernando; Willdan Financial Services.

Based upon the revenue requirement analysis, the City will need to adjust the rate revenue by 9% in January 1, 2012, followed by subsequent 9% increases in fiscal year 2012/2013 through fiscal year 2015/2016 which are needed to keep ahead of inflation and to fund future capital rehabilitation needs. This approach will result in a compounded 45% revenue increase over the next five years. Figure 3-5 expands upon the earlier figure (Figure 3-1), to illustrate the positive impact of the revenue increase on the utility's financial condition.

Figure 3-5: Revenue and Expenditure Projections – Proposed Rates



## Cost of Service Analysis

The cost of service analysis is a systematic process by which revenue requirements are used to generate a classification of fair and equitable costs in proportion to the service received for each user class.

## Cost Allocation by Function

The cost of service allocation conducted in this study is established on the base-extra capacity method endorsed by the AWWA. Under this method, revenue requirements are separated between fixed and variable costs and then differentiates variable related costs amongst "Base" and "Max Day (Peak)". The fixed and variable costs are allocated to the different user classes proportionate to the demand they place on the water system. Expenditure allocations are based on average day (base) usage, maximum day (peak) usage, meters and services, and billing and collection. Average day (base) costs detailed below are allocated to customer classes based on the total annual amount of water consumption. Maximum day (peak) usage costs are allocated to customer classes based on the total annual amount of

water consumption adjusted by the peaking factor. Meters and services costs are allocated based on the number of equivalent meters of each customer class. Finally, customer account (billing & services) costs are allocated on the number of accounts of each customer class. Use of this methodology results in an AWWA-accepted cost distribution among customer classes and a means of calculating and designing rates to proportionately recover costs incurred.

Figure 3-6 classifies the major functions of the water system and allocates those related costs to the demand factors average day (base), maximum day (peak) usage, meters and services, and customer accounts.

Figure 3-6: Classification of Water Expenses by Function

| Description                                   | Total               |            | Extra Capacity |                  | Customer Costs    |                       | Basis of Classification |
|---|---------------------|------------|----------------|------------------|-------------------|-----------------------|-------------------------|
|   | Revenue Requirement | Base       | Max Day        | Customer Account | Meters & Services |                       |                         |
| Water Production                              |                     |            |                |                  |                   |                       |                         |
| Personnel Services                            | \$ 566,172          | \$ 333,339 | \$ 232,833     | \$ -             | \$ -              | Avg/Max Day           |                         |
| Utilities                                     | 188,140             | 110,769    | 77,371         | -                | -                 | Avg/Max Day           |                         |
| Telephone                                     | 2,820               | 1,660      | 1,160          | -                | -                 | Avg/Max Day           |                         |
| Rents & Leases                                | 1,500               | 883        | 617            | -                | -                 | Avg/Max Day           |                         |
| Contractual Services                          | 100,100             | 58,935     | 41,165         | -                | -                 | Avg/Max Day           |                         |
| Department Supplies                           | 17,000              | 10,009     | 6,991          | -                | -                 | Avg/Max Day           |                         |
| Equipment and Supplies                        | 4,134               | 2,434      | 1,700          | -                | -                 | Avg/Max Day           |                         |
| Equipment Maintenance                         | 17,000              | 10,009     | 6,991          | -                | -                 | Avg/Max Day           |                         |
| Building Maintenance and Repair               | 3,010               | 1,772      | 1,238          | -                | -                 | Avg/Max Day           |                         |
| Small Tools                                   | 1,000               | 589        | 411            | -                | -                 | Avg/Max Day           |                         |
| Personnel Training                            | 1,000               | 589        | 411            | -                | -                 | Avg/Max Day           |                         |
| Meetings, Memberships, Licenses, and Training | 2,000               | 1,178      | 822            | -                | -                 | Avg/Max Day           |                         |
| Fuel and Vehicle Maintenance                  | 4,200               | 2,473      | 1,727          | -                | -                 | Avg/Max Day           |                         |
| Activities & Programs                         | 2,000               | 1,178      | 822            | -                | -                 | Avg/Max Day           |                         |
| Other Expenses                                | 44,400              | 26,141     | 18,259         | -                | -                 | Avg/Max Day           |                         |
| Capital Expenses                              | 2,500               | 1,472      | 1,028          | -                | -                 | Avg/Max Day           |                         |
| Transfer Accounts                             | 1,000               | 589        | 411            | -                | -                 | Avg/Max Day           |                         |
| Total Water Production                        | \$ 957,976          | \$ 564,018 | \$ 393,958     | \$ -             | \$ -              |                       |                         |
| Water Distribution                            |                     |            |                |                  |                   |                       |                         |
| Personnel Services                            | \$ 410,152          | \$ 136,717 | \$ 136,717     | -                | 136,717           | 33% Base/Max/Meters   |                         |
| Rents & Leases                                | 1,500               | 500        | 500            | -                | 500               | 33% Base/Max/Meters   |                         |
| Contractual Services                          | 11,500              | 3,833      | 3,833          | -                | 3,833             | 33% Base/Max/Meters   |                         |
| Professional Services                         | 2,500               | 833        | 833            | -                | 833               | 33% Base/Max/Meters   |                         |
| Department Supplies                           | 39,000              | 13,000     | 13,000         | -                | 13,000            | 33% Base/Max/Meters   |                         |
| Equipment and Supplies                        | 5,634               | 1,878      | 1,878          | -                | 1,878             | 33% Base/Max/Meters   |                         |
| Equipment Maintenance                         | 3,600               | 1,200      | 1,200          | -                | 1,200             | 33% Base/Max/Meters   |                         |
| Small Tools                                   | 2,500               | 833        | 833            | -                | 833               | 33% Base/Max/Meters   |                         |
| Personnel Training                            | 750                 | 250        | 250            | -                | 250               | 33% Base/Max/Meters   |                         |
| Fuel and Vehicle Maintenance                  | 8,800               | 2,933      | 2,933          | -                | 2,933             | 33% Base/Max/Meters   |                         |
| Capital Expenses                              | 93,500              | 31,167     | 31,167         | -                | 31,167            | 33% Base/Max/Meters   |                         |
| Capital Projects                              | 68,000              | 22,667     | 22,667         | -                | 22,667            | 33% Base/Max/Meters   |                         |
| Depreciation Expenses                         | 578,000             | 192,667    | 192,667        | -                | 192,667           | 33% Base/Max/Meters   |                         |
| Total Water Distribution                      | \$ 1,225,436        | \$ 408,479 | \$ 408,479     | \$ -             | \$ 408,479        |                       |                         |
| Utility Billing                               |                     |            |                |                  |                   |                       |                         |
| Personnel Services                            | \$ 355,455          | \$ -       | \$ -           | \$ 355,455       | \$ -              | 100% Customer Billing |                         |
| Contractual Services                          | 1,500               | -          | -              | 1,500            | -                 | 100% Customer Billing |                         |
| Department Supplies                           | 6,000               | -          | -              | 6,000            | -                 | 100% Customer Billing |                         |
| Equipment Maintenance                         | 7,250               | -          | -              | 7,250            | -                 | 100% Customer Billing |                         |
| Fuel and Vehicle Maintenance                  | 6,514               | -          | -              | 6,514            | -                 | 100% Customer Billing |                         |
| Computer Service Charges                      | -                   | -          | -              | -                | -                 | 100% Customer Billing |                         |
| Capital Expenses                              | 3,000               | -          | -              | 3,000            | -                 | 100% Customer Billing |                         |
| Total Utility Billing (Customer Costs)        | \$ 379,719          | \$ -       | \$ -           | \$ 379,719       | \$ -              |                       |                         |
| Total O & M (\$)                              | \$ 2,563,131        | \$ 972,497 | \$ 802,437     | \$ 379,719       | \$ 408,479        |                       |                         |
| Total O & M (%)                               | 100.00%             | 37.94%     | 31.31%         | 14.81%           | 15.94%            |                       |                         |

Figure 3-6: Classification of Water Expenses by Function Continued

| Description                                   | Total<br>Revenue<br>Requirement | Extra Capacity      |                     | Customer Costs      |                      | Basis of<br>Classification |
|---|---------------------------------|---------------------|---------------------|---------------------|----------------------|----------------------------|
|   |                                 | Base                | Max Day             | Customer<br>Account | Meters &<br>Services |                            |
| <b>Water Administration</b>                   |                                 |                     |                     |                     |                      |                            |
| Personnel Services                            | \$ 383,087                      | \$ 145,350          | \$ 119,933          | \$ 56,753           | \$ 61,051            | % of O&M                   |
| Utilities                                     | 4,817                           | 1,828               | 1,508               | 714                 | 768                  | % of O&M                   |
| Contractual Services                          | 11,853                          | 4,497               | 3,711               | 1,756               | 1,889                | % of O&M                   |
| Office Equipment Maintenance                  | 1,470                           | 558                 | 460                 | 218                 | 234                  | % of O&M                   |
| Department Supplies                           | 2,500                           | 949                 | 783                 | 370                 | 398                  | % of O&M                   |
| Equipment Maintenance                         | 3,750                           | 1,423               | 1,174               | 556                 | 598                  | % of O&M                   |
| Personnel Training                            | 1,500                           | 569                 | 470                 | 222                 | 239                  | % of O&M                   |
| Meetings, Memberships, Licenses, and Training | 1,000                           | 379                 | 313                 | 148                 | 159                  | % of O&M                   |
| Subscriptions / Dues & Memberships            | 3,850                           | 1,461               | 1,205               | 570                 | 614                  | % of O&M                   |
| Fuel and Vehicle Maintenance                  | 3,055                           | 1,159               | 956                 | 453                 | 487                  | % of O&M                   |
| Interest-only Payment to Sewer Fund           | -                               | -                   | -                   | -                   | -                    | % of O&M                   |
| Activities & Programs                         | 9,000                           | 3,415               | 2,818               | 1,333               | 1,434                | % of O&M                   |
| Other Expenses                                | 22,400                          | 8,499               | 7,013               | 3,318               | 3,570                | % of O&M                   |
| Cost Allocation                               | 398,735                         | 151,287             | 124,832             | 59,071              | 63,545               | % of O&M                   |
| Capital Expenses                              | 9,250                           | 3,510               | 2,896               | 1,370               | 1,474                | % of O&M                   |
| Transfer Accounts                             | 60,000                          | 22,765              | 18,784              | 8,889               | 9,562                | % of O&M                   |
| Transfer to Pavement Management Fund          | -                               | -                   | -                   | -                   | -                    | % of O&M                   |
| <b>Total Water Administration</b>             | <b>\$ 916,267</b>               | <b>\$ 347,648</b>   | <b>\$ 288,855</b>   | <b>\$ 135,742</b>   | <b>\$ 146,023</b>    |                            |
| <b>DEBT SERVICE/CAPITAL EXPENDITURES</b>      |                                 |                     |                     |                     |                      |                            |
| Total Loan Payment                            | -                               | -                   | -                   | -                   | -                    | % of O&M                   |
| Total Capital Projects Funded by Rates        | 339,500                         | 113,167             | 113,167             | -                   | 113,167              | 33% Base/Max/Meters        |
| Total Debt Service                            | \$ 339,500                      | \$ 113,167          | \$ 113,167          | \$ -                | \$ 113,167           |                            |
| <b>TOTAL FUNCTIONALIZED COSTS</b>             | <b>\$ 3,818,898</b>             | <b>\$ 1,433,311</b> | <b>\$ 1,202,458</b> | <b>\$ 515,461</b>   | <b>\$ 667,868</b>    |                            |
| <b>FUNCTIONAL COSTS ALLOCATION FACTOR</b>     | <b>100.00%</b>                  | <b>37.53%</b>       | <b>31.49%</b>       | <b>13.50%</b>       | <b>17.48%</b>        |                            |

Sources: City of San Fernando; Willdan Financial Services

The resulting functionalization factors that appear at the bottom of Figure 3-6 are utilized to allocate system operating and capital costs to each customer class based on the each class' demand on the system. As an example, the Residential customer class accounts for 70.8% of the City's water consumption; therefore they are allocated 70.8% of the Total Base Functionalized Costs. Base variable related costs represent 37.53% of Total Revenue Requirements.

## Rate Design Balance

While Prop 218 requires a cost of service nexus, AB 2882 recognizes that water is a scarce resource and provides the ability to discourage wasteful use of water through price signaling and other measures. Willdan balances Prop 218 and AB 2882 in the design of the rate structure to meet the City's rate setting objectives to be consistent with cost of service principles and conservation objectives.

## Rate Design Analysis

The final step of the rate study is the design of the water rates to collect the necessary level of revenue determined in the revenue requirement analysis, while encouraging the efficient use of water. During this analysis, consideration is given to both the level of rates and the structure of the rates. This section reviews the proposed water rate design for the City.

## Criteria and Considerations

In determining the appropriate rate level and structure, Willdan, in conjunction with City staff, analyzed various generated financial scenarios concerning the proposed adjustments and the implications attributed to those decisions.

A simplified list of some of the design considerations that were reviewed is listed:

- Clear and understandable rates
- Easily administered
- Encourage efficient use of water
- Revenue stability (month to month and year to year)
- Efficient allocation of resources
- Capital Improvement Financing (improving the existing system)
- Fair and equitable (cost-based) rates

Every consideration has merit and plays an important role in a comprehensive rate study. When developing the City's proposed rates all of the aforementioned criteria were taken into consideration. Determining the appropriate balance is crucial, as some of the criteria sometime conflict with one another. In designing rates, there will always be a balance between the various objectives; however, we attempt to ensure the proposed rates meet all of the leading objectives of the City.

## Proposed Rate Structure Adjustments

### *Conservation*

In addition to a cost-based approach, a secondary objective of the City is to encourage water conservation through design and implementation of the new rate and structure. Beyond the results from the previous two steps, Willdan and the City discussed changes to the rate structure to disincentivize wasteful water use. The proposed rate structure enables the City to encourage conservation, while reducing the burden on those already conserving. By matching the consumption blocks to consumption levels, The City should be able to achieve their conservation goals. To be consistent with Prop 218 and AB 2882, the first tier consumption allotment is based on an efficient indoor water use of 55 gallons per day per capita. The second tier consumption allotment is 110 gallons per day per capita which is based on double the efficient indoor water use. The third tier covers all consumption above the combined allotments of the first and second tiers. This rate structure provides a reasonable allocation of water and reflects the cost nexus between source of supply and the higher cost associated with greater demand.

### *Summary of Water Rate Study*

Throughout the process of the water rate study, many renditions and scenarios were considered. Presented below is the culmination of numerous analyses and discussions. Figure 3-8 recaps the proposed monthly fixed base charge rate and Figure 3-9 summarizes the variable charges by customer class as designed in this study. The variable commodity charges represent 37.53% (Base Costs) and 31.49% (Max Day Costs) of the total revenue requirements as shown in Figure 3-4. The variable cost is divided by each customer class's projected annual consumption to determine the commodity charge.

In the cost of service analysis, the revenue requirements are separated out between fixed and variable costs. The Monthly Combined Fixed Charge is a combination of the following two charges: The monthly fixed customer charge and the representative fixed monthly meter charge based on the size of the meter. In determining the monthly fixed customer cost charges, customer costs which represent 13.50% of the total revenue requirements are divided by the total number of active customer accounts. In determining the monthly fixed meter charges, meter & services costs which represent 17.48% of the total revenue requirements are divided by the total number of equivalent meters. Similar to variable costs, costs associated with meters and services are spread using meter equivalencies because a bigger meter has a higher capacity and total flow rate. The service demands that bigger meters with higher capacity and total flow rate place on the Utility cause higher maintenance costs. The total number of equivalent meters are determined using AWWA meter equivalency ratios represented in Figure 3-8.

A prerequisite to the calculation of residential tiered commodity charges, is analyzing consumption data to determine the amount that falls into each of the three tiers. A tiered analysis was conducted for the residential customer class as shown in Figure 3-7. Block 1 rates are determined by taking the total base variable cost component of the revenue requirements divided by the amount of projected consumption (based on actual) representative of the tier 1 allotment [(block 1 consumption)]. Block 2 rates are determined by taking the total base and peak variable cost component of the revenue requirements allocated to tier 2 divided by the amount of consumption representative of the tier 2 allotment [(block 2

consumption)). Finally, Block 3 rates are determined by taking the total base and peak variable cost component of the revenue requirements allocated to tier 3 divided by the amount of consumption representative of consumption above the tier 2 allotment [(block 3 consumption)).

Figure 3-7: Residential Tiered Analysis

|   |                      |           |               | Consumption      | 373,163                    | 239,607 | 318,134 |
|---|----------------------|-----------|---------------|------------------|----------------------------|---------|---------|
|   |                      |           |               | % of Consumption | 40%                        | 26%     | 34%     |
|   |                      |           |               | Peak Factor      | 1.00                       | 1.72    | 2.85    |
|   |                      |           |               | Base-Variable    | Residential-Tiers-Variable |         |         |
| Description                                   | Total Water Expenses | Base      | Max Day       | Tier 1           | Tier 2                     | Tier 3  |         |
|   |                      |           |               | 9                | 9                          | 12      |         |
| Residential Share of Variable Cost Components |                      | 26.6%     | 22.6%         |                  |                            |         |         |
| TOTAL ALLOCATION                              | 3,517,816            | 1,340,178 | 1,099,128     | 333,202          | 434,743                    | 770,063 |         |
|   |                      |           | Rate per unit | 0.89             | 1.81                       | 2.42    |         |

The non-residential commodity charges are determined by taking the total base and max day variable cost components divided by the projected annual consumption.

The total cost of serving each customer class is determined by distributing each of the utility cost components among the user classes based upon the respective service requirements (demand) of each customer class. Therefore, a true cost of service rate study enables a water utility to adopt rates based on the true costs to each user class. The purposes of this water utility cost of service study include: 1) The Proportional allocation of the costs of service to users and 2) theDerivation of unit costs to support the development of water rates.

Figure 3-8: Monthly Fixed Water Charge Rates

|   | FY 2011-12                                 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 |          |
|---|--|------------|------------|------------|------------|----------|
| <b><u>CUSTOMER COSTS</u></b>                      |  |            |            |            |            |          |
| Total Customer Costs                              | \$ 422,031                                 | \$ 474,407 | \$ 522,275 | \$ 574,972 | \$ 632,987 |          |
| Number of Accts                                   | 4,731                                      | 4,779      | 4,826      | 4,875      | 4,923      |          |
| Monthly Customer Cost Charge per Account          | \$ 7.43                                    | \$ 8.27    | \$ 9.02    | \$ 9.83    | \$ 10.71   |          |
| <b><u>METER AND SERVICES COSTS</u></b>            |  |            |            |            |            |          |
| Total Meter and Services Costs                    | \$ 546,651                                 | \$ 614,492 | \$ 676,494 | \$ 744,753 | \$ 819,898 |          |
| Number of Equivalent Meters                       | 7,416                                      | 7,490      | 7,565      | 7,640      | 7,717      |          |
| Monthly Meter Charge per 5/8" - 3/4" Meter        | \$ 6.14                                    | \$ 6.84    | \$ 7.45    | \$ 8.12    | \$ 8.85    |          |
| <b><u>Meter Size</u></b>                          | <b><u>AWWA Equivalent Meter Factor</u></b> |            |            |            |            |          |
| 5/8", 3/4"  | 1.0  | \$ 6.14    | \$ 6.84    | \$ 7.45    | \$ 8.12    | \$ 8.85  |
| 1"  | 2.5  | 15.36      | 17.09      | 18.63      | 20.31      | 22.14    |
| 1 1/2"  | 5.0  | 30.72      | 34.19      | 37.26      | 40.62      | 44.27    |
| 2"  | 8.0  | 49.14      | 54.70      | 59.62      | 64.98      | 70.83    |
| 3"  | 16.0                                       | 98.29      | 109.39     | 119.24     | 129.97     | 141.67   |
| 4"  | 25.0                                       | 153.58     | 170.93     | 186.31     | 203.08     | 221.35   |
| 6"  | 50.0                                       | 307.15     | 341.85     | 372.62     | 406.15     | 442.71   |
| <hr/>   |  |            |            |            |            |          |
| <b><u>TOTAL COMBINED MONTHLY FIXED CHARGE</u></b> |  |            |            |            |            |          |
| <b><u>Meter Size</u></b>                          | <b><u>AWWA Equivalent Meter Factor</u></b> |            |            |            |            |          |
| 5/8", 3/4"  | 1.0  | \$ 13.58   | \$ 15.11   | \$ 16.47   | \$ 17.95   | \$ 19.68 |
| 1"  | 2.5  | 22.79      | 25.37      | 27.65      | 30.14      | 31.96    |
| 1 1/2"  | 5.0  | 38.15      | 42.46      | 46.28      | 50.44      | 54.10    |
| 2"  | 8.0  | 56.58      | 62.97      | 68.64      | 74.81      | 80.66    |
| 3"  | 16.0                                       | 105.72     | 117.67     | 128.26     | 139.60     | 151.50   |
| 4"  | 25.0                                       | 161.01     | 179.20     | 195.33     | 212.91     | 231.18   |
| 6"  | 50.0                                       | 314.58     | 350.12     | 381.64     | 415.93     | 452.54   |

Sources: City of San Fernando; Willdan Financial Services.

Figure 3-9: Proposed Commodity Charges

| Description                      | FY<br>2011-2012 | FY<br>2012-2013 | FY<br>2013-2014 | FY<br>2014-2015 | FY<br>2015-2016 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Residential                      |                 |                 |                 |                 |                 |
| Block 1 Rate per hcf (0-9 hcf)   | \$ 0.89         | \$ 1.00         | \$ 1.11         | \$ 1.20         | \$ 1.31         |
| Block 2 Rate per hcf (10-18 hcf) | 1.81            | 2.04            | 2.25            | 2.45            | 2.67            |
| Block 3 Rate per hcf (18+ hcf)   | 2.42            | 2.72            | 3.00            | 3.27            | 3.56            |
| Non-Residential                  | 1.62            | 1.82            | 2.00            | 2.18            | 2.38            |

Sources: City of San Fernando; Willdan Financial Services.



### Impact of Revenue Increase

In Fiscal Year 2011/2012, the proposed 9% increase in required revenue does not directly correlate to a 9% increase in rates. The cost of service analysis and, in residential's case, the restructuring of the consumption blocks dictate the actual adjustments to the rates.

Figure 3-9 details a comparison of the City's existing rates with the proposed single-family rates (rate increase effective January 2012). Based on the State's 2020 goal of 55 gallons per capita per day for indoor usage, the average indoor gallons per day (gpd) for a single-family residential (SFR) home is 223 gallons per day. Given the household density of 4.05, this calculates to be a monthly indoor consumption of 9 hcf for an average single-family residence. The typical average monthly consumption for a San Fernando single-family residence which includes consumption for indoor and irrigation needs is 18 hcf. As revealed in the comparison below, residential customers that are efficient water users are projected to see a slight reduction in their monthly water bill. Figure 3-10 details a comparison of the City's existing rates with the proposed non-residential rates (rate increase effective January 2012).

Figure 3-10: Comparative Water Bills - Residential

|   |             |    |      |
|---|-------------|----|------|
| 2011/12 Proposed Block 1 Consumption Rate per hcf | (0-9 hcf)   | \$ | 0.89 |
| 2011/12 Proposed Block 2 Consumption Rate per hcf | (10-18 hcf) | \$ | 1.81 |
| 2011/12 Proposed Block 3 Consumption Rate per hcf | (18+ hcf)   | \$ | 2.42 |

| Monthly Consumption | Current Monthly Meter Rates | Current Rates Consumption Charge | Total Current Charge | Proposed Monthly Meter Charge | Proposed Block 1 Consumption Charge | Proposed Block 2 Consumption Charge | Proposed Block 3 Consumption Charge | Total Proposed Charge | Increase/ (Decrease) |
|---------------------|-----------------------------|----------------------------------|----------------------|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------|----------------------|
| 9                   | \$ 12.68                    | \$ 10.71                         | \$ 23.39             | \$ 13.58                      | \$ 8.04                             | \$ -                                | \$ -                                | \$ 21.61              | \$ (1.78)            |
| 18                  | 12.68                       | 22.08                            | 34.76                | 13.58                         | 8.04                                | 16.33                               | -                                   | 37.94                 | 3.18                 |
| 25                  | 12.68                       | 31.95                            | 44.63                | 13.58                         | 8.04                                | 16.33                               | 16.94                               | 54.89                 | 10.26                |
| 40                  | 12.68                       | 53.10                            | 65.78                | 13.58                         | 8.04                                | 16.33                               | 53.25                               | 91.19                 | 25.41                |
| 50                  | 12.68                       | 67.20                            | 79.88                | 13.58                         | 8.04                                | 16.33                               | 77.46                               | 115.40                | 35.52                |

Sources: City of San Fernando; Willdan Financial Services.

|   |             |    |      |
|---|-------------|----|------|
| 2012/13 Proposed Block 1 Consumption Rate per hcf | (0-9 hcf)   | \$ | 1.00 |
| 2012/13 Proposed Block 2 Consumption Rate per hcf | (10-18 hcf) | \$ | 2.04 |
| 2012/13 Proposed Block 3 Consumption Rate per hcf | (18+ hcf)   | \$ | 2.72 |

| Monthly Consumption | Current Monthly Meter Rates | Current Rates Consumption Charge | Total Current Charge | Proposed Monthly Meter Charge | Proposed Block 1 Consumption Charge | Proposed Block 2 Consumption Charge | Proposed Block 3 Consumption Charge | Total Proposed Charge | Increase/ (Decrease) |
|---------------------|-----------------------------|----------------------------------|----------------------|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------|----------------------|
| 9                   | \$ 12.68                    | \$ 10.71                         | \$ 23.39             | \$ 15.11                      | \$ 9.03                             | \$ -                                | \$ -                                | \$ 24.14              | \$ 0.75              |
| 18                  | 12.68                       | 22.08                            | 34.76                | 15.11                         | 9.03                                | 18.36                               | -                                   | 42.50                 | 7.74                 |
| 25                  | 12.68                       | 31.95                            | 44.63                | 15.11                         | 9.03                                | 18.36                               | 19.05                               | 61.55                 | 16.92                |
| 40                  | 12.68                       | 53.10                            | 65.78                | 15.11                         | 9.03                                | 18.36                               | 59.87                               | 102.37                | 36.59                |
| 50                  | 12.68                       | 67.20                            | 79.88                | 15.11                         | 9.03                                | 18.36                               | 87.08                               | 129.58                | 49.70                |

Sources: City of San Fernando; Willdan Financial Services.

|   |             |    |      |
|---|-------------|----|------|
| 2013/14 Proposed Block 1 Consumption Rate per hcf | (0-9 hcf)   | \$ | 1.11 |
| 2013/14 Proposed Block 2 Consumption Rate per hcf | (10-18 hcf) | \$ | 2.25 |
| 2013/14 Proposed Block 3 Consumption Rate per hcf | (18+ hcf)   | \$ | 3.00 |

| Monthly Consumption | Current Monthly Meter Rates | Current Rates Consumption Charge | Total Current Charge | Proposed Monthly Meter Charge | Proposed Block 1 Consumption Charge | Proposed Block 2 Consumption Charge | Proposed Block 3 Consumption Charge | Total Proposed Charge | Increase/ (Decrease) |
|---------------------|-----------------------------|----------------------------------|----------------------|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------|----------------------|
| 9                   | \$ 12.68                    | \$ 10.71                         | \$ 23.39             | \$ 16.47                      | \$ 9.95                             | \$ -                                | \$ -                                | \$ 26.42              | \$ 3.03              |
| 18                  | 12.68                       | 22.08                            | 34.76                | 16.47                         | 9.95                                | 20.21                               | -                                   | 46.63                 | 11.87                |
| 25                  | 12.68                       | 31.95                            | 44.63                | 16.47                         | 9.95                                | 20.21                               | 20.97                               | 67.60                 | 22.97                |
| 40                  | 12.68                       | 53.10                            | 65.78                | 16.47                         | 9.95                                | 20.21                               | 65.91                               | 112.54                | 46.76                |
| 50                  | 12.68                       | 67.20                            | 79.88                | 16.47                         | 9.95                                | 20.21                               | 95.88                               | 142.51                | 62.63                |

Sources: City of San Fernando; Willdan Financial Services.

|   |             |    |      |
|---|-------------|----|------|
| 2014/15 Proposed Block 1 Consumption Rate per hcf | (0-9 hcf)   | \$ | 1.20 |
| 2014/15 Proposed Block 2 Consumption Rate per hcf | (10-18 hcf) | \$ | 2.45 |
| 2014/15 Proposed Block 3 Consumption Rate per hcf | (18+ hcf)   | \$ | 3.27 |

| Monthly Consumption | Current Monthly Meter Rates | Current Rates Consumption Charge | Total Current Charge | Proposed Monthly Meter Charge | Proposed Block 1 Consumption Charge | Proposed Block 2 Consumption Charge | Proposed Block 3 Consumption Charge | Total Proposed Charge | Increase/ (Decrease) |
|---------------------|-----------------------------|----------------------------------|----------------------|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------|----------------------|
| 9                   | \$ 12.68                    | \$ 10.71                         | \$ 23.39             | \$ 17.95                      | \$ 10.84                            | \$ -                                | \$ -                                | \$ 28.79              | \$ 5.40              |
| 18                  | 12.68                       | 22.08                            | 34.76                | 17.95                         | 10.84                               | 22.03                               | -                                   | 50.83                 | 16.07                |
| 25                  | 12.68                       | 31.95                            | 44.63                | 17.95                         | 10.84                               | 22.03                               | 22.86                               | 73.69                 | 29.06                |
| 40                  | 12.68                       | 53.10                            | 65.78                | 17.95                         | 10.84                               | 22.03                               | 71.85                               | 122.67                | 56.89                |
| 50                  | 12.68                       | 67.20                            | 79.88                | 17.95                         | 10.84                               | 22.03                               | 104.50                              | 155.33                | 75.45                |

Sources: City of San Fernando; Willdan Financial Services.

|   |             |    |      |
|---|-------------|----|------|
| 2015/16 Proposed Block 1 Consumption Rate per hcf | (0-9 hcf)   | \$ | 1.31 |
| 2015/16 Proposed Block 2 Consumption Rate per hcf | (10-18 hcf) | \$ | 2.67 |
| 2015/16 Proposed Block 3 Consumption Rate per hcf | (18+ hcf)   | \$ | 3.56 |

| Monthly Consumption | Current Monthly Meter Rates | Current Rates Consumption Charge | Total Current Charge | Proposed Monthly Meter Charge | Proposed Block 1 Consumption Charge | Proposed Block 2 Consumption Charge | Proposed Block 3 Consumption Charge | Total Proposed Charge | Increase/ (Decrease) |
|---------------------|-----------------------------|----------------------------------|----------------------|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------|----------------------|
| 9                   | \$ 12.68                    | \$ 10.71                         | \$ 23.39             | \$ 18.68                      | \$ 11.82                            | \$ -                                | \$ -                                | \$ 30.50              | \$ 7.11              |
| 18                  | 12.68                       | 22.08                            | 34.76                | 18.68                         | 11.82                               | 24.01                               | -                                   | 54.52                 | 19.76                |
| 25                  | 12.68                       | 31.95                            | 44.63                | 18.68                         | 11.82                               | 24.01                               | 24.92                               | 79.43                 | 34.80                |
| 40                  | 12.68                       | 53.10                            | 65.78                | 18.68                         | 11.82                               | 24.01                               | 78.31                               | 132.83                | 67.05                |
| 50                  | 12.68                       | 67.20                            | 79.88                | 18.68                         | 11.82                               | 24.01                               | 113.91                              | 168.43                | 88.55                |

Sources: City of San Fernando; Willdan Financial Services.

Figure 3-11: Comparative Water Bills – Non-Residential

| 2011/12 Proposed Consumption Rate per hcf |                             |                                  |                      |                               | 1.62                        |                       |                      |    |        |    |        |    |       |
|---|-----------------------------|----------------------------------|----------------------|-------------------------------|-----------------------------|-----------------------|----------------------|----|--------|----|--------|----|-------|
| Monthly Consumption                       | Current Monthly Meter Rates | Current Rates Consumption Charge | Total Current Charge | Proposed Monthly Meter Charge | Proposed Consumption Charge | Total Proposed Charge | Increase/ (Decrease) |    |        |    |        |    |       |
| 10  | \$                          | 12.68                            | 10.80                | \$                            | 23.48                       | \$                    | 13.58                | \$ | 16.16  | \$ | 29.74  | \$ | 6.26  |
| 16  |                             | 12.68                            | 19.26                |                               | 31.94                       |                       | 13.58                |    | 25.86  |    | 39.43  |    | 7.49  |
| 20  |                             | 12.68                            | 24.90                |                               | 37.58                       |                       | 13.58                |    | 32.32  |    | 45.90  |    | 8.32  |
| 25  |                             | 12.68                            | 31.95                |                               | 44.63                       |                       | 13.58                |    | 40.40  |    | 53.98  |    | 9.35  |
| 40  |                             | 12.68                            | 53.10                |                               | 65.78                       |                       | 13.58                |    | 64.64  |    | 78.22  |    | 12.44 |
| 50  |                             | 12.68                            | 67.20                |                               | 79.88                       |                       | 13.58                |    | 80.80  |    | 94.38  |    | 14.50 |
| 75  |                             | 12.68                            | 102.45               |                               | 115.13                      |                       | 13.58                |    | 121.20 |    | 134.78 |    | 19.65 |

Sources: City of San Fernando; Willdan Financial Services.

| 2012/13 Proposed Consumption Rate per hcf |                             |                                  |                      |                               |                             | 1.82                  |                      |    |        |    |        |    |       |
|---|-----------------------------|----------------------------------|----------------------|-------------------------------|-----------------------------|-----------------------|----------------------|----|--------|----|--------|----|-------|
| Monthly Consumption                       | Current Monthly Meter Rates | Current Rates Consumption Charge | Total Current Charge | Proposed Monthly Meter Charge | Proposed Consumption Charge | Total Proposed Charge | Increase/ (Decrease) |    |        |    |        |    |       |
| 10  | \$                          | 12.68                            | 10.80                | \$                            | 23.48                       | \$                    | 15.11                | \$ | 18.17  | \$ | 33.28  | \$ | 9.80  |
| 16  |                             | 12.68                            | 19.26                |                               | 31.94                       |                       | 15.11                |    | 29.07  |    | 44.18  |    | 12.24 |
| 20  |                             | 12.68                            | 24.90                |                               | 37.58                       |                       | 15.11                |    | 36.34  |    | 51.45  |    | 13.87 |
| 25  |                             | 12.68                            | 31.95                |                               | 44.63                       |                       | 15.11                |    | 45.42  |    | 60.53  |    | 15.90 |
| 40  |                             | 12.68                            | 53.10                |                               | 65.78                       |                       | 15.11                |    | 72.67  |    | 87.78  |    | 22.00 |
| 50  |                             | 12.68                            | 67.20                |                               | 79.88                       |                       | 15.11                |    | 90.84  |    | 105.95 |    | 26.07 |
| 75  |                             | 12.68                            | 102.45               |                               | 115.13                      |                       | 15.11                |    | 136.26 |    | 151.37 |    | 36.24 |

Sources: City of San Fernando; Willdan Financial Services.

| 2013/14 Proposed Consumption Rate per hcf |                             |                                  |                      |                               | 2.00                        |                       |                      |    |        |    |        |    |       |
|---|-----------------------------|----------------------------------|----------------------|-------------------------------|-----------------------------|-----------------------|----------------------|----|--------|----|--------|----|-------|
| Monthly Consumption                       | Current Monthly Meter Rates | Current Rates Consumption Charge | Total Current Charge | Proposed Monthly Meter Charge | Proposed Consumption Charge | Total Proposed Charge | Increase/ (Decrease) |    |        |    |        |    |       |
| 10  | \$                          | 12.68                            | 10.80                | \$                            | 23.48                       | \$                    | 16.47                | \$ | 20.00  | \$ | 36.47  | \$ | 12.99 |
| 16  |                             | 12.68                            | 19.26                |                               | 31.94                       |                       | 16.47                |    | 32.00  |    | 48.47  |    | 16.53 |
| 20  |                             | 12.68                            | 24.90                |                               | 37.58                       |                       | 16.47                |    | 40.01  |    | 56.48  |    | 18.90 |
| 25  |                             | 12.68                            | 31.95                |                               | 44.63                       |                       | 16.47                |    | 50.01  |    | 66.48  |    | 21.85 |
| 40  |                             | 12.68                            | 53.10                |                               | 65.78                       |                       | 16.47                |    | 80.01  |    | 96.48  |    | 30.70 |
| 50  |                             | 12.68                            | 67.20                |                               | 79.88                       |                       | 16.47                |    | 100.01 |    | 116.48 |    | 36.60 |
| 75  |                             | 12.68                            | 102.45               |                               | 115.13                      |                       | 16.47                |    | 150.02 |    | 166.49 |    | 51.36 |

Sources: City of San Fernando; Willdan Financial Services.

**2014/15 Proposed Consumption Rate per hcf****2.18**

| <b>Monthly Consumption</b> | <b>Current Monthly Meter Rates</b> | <b>Current Rates Consumption Charge</b> | <b>Total Current Charge</b> | <b>Proposed Monthly Meter Charge</b> | <b>Proposed Consumption Charge</b> | <b>Total Proposed Charge</b> | <b>Increase/ (Decrease)</b> |
|----------------------------|------------------------------------|---|-----------------------------|--------------------------------------|------------------------------------|------------------------------|-----------------------------|
| 10                         | \$ 12.68                           | 10.80                                   | \$ 23.48                    | \$ 17.95                             | \$ 21.80                           | \$ 39.76                     | \$ 16.28                    |
| 16                         | 12.68                              | 19.26                                   | 31.94                       | 17.95                                | 34.88                              | 52.84                        | 20.90                       |
| 20                         | 12.68                              | 24.90                                   | 37.58                       | 17.95                                | 43.61                              | 61.56                        | 23.98                       |
| 25                         | 12.68                              | 31.95                                   | 44.63                       | 17.95                                | 54.51                              | 72.46                        | 27.83                       |
| 40                         | 12.68                              | 53.10                                   | 65.78                       | 17.95                                | 87.21                              | 105.16                       | 39.38                       |
| 50                         | 12.68                              | 67.20                                   | 79.88                       | 17.95                                | 109.02                             | 126.97                       | 47.09                       |
| 75                         | 12.68                              | 102.45                                  | 115.13                      | 17.95                                | 163.52                             | 181.48                       | 66.35                       |

Sources: City of San Fernando; Willdan Financial Services.

**2015/16 Proposed Consumption Rate per hcf****2.38**

| <b>Monthly Consumption</b> | <b>Current Monthly Meter Rates</b> | <b>Current Rates Consumption Charge</b> | <b>Total Current Charge</b> | <b>Proposed Monthly Meter Charge</b> | <b>Proposed Consumption Charge</b> | <b>Total Proposed Charge</b> | <b>Increase/ (Decrease)</b> |
|----------------------------|------------------------------------|---|-----------------------------|--------------------------------------|------------------------------------|------------------------------|-----------------------------|
| 10                         | \$ 12.68                           | 10.80                                   | \$ 23.48                    | \$ 18.68                             | \$ 23.77                           | \$ 42.45                     | \$ 18.97                    |
| 16                         | 12.68                              | 19.26                                   | 31.94                       | 18.68                                | 38.02                              | 56.71                        | 24.77                       |
| 20                         | 12.68                              | 24.90                                   | 37.58                       | 18.68                                | 47.53                              | 66.21                        | 28.63                       |
| 25                         | 12.68                              | 31.95                                   | 44.63                       | 18.68                                | 59.41                              | 78.10                        | 33.47                       |
| 40                         | 12.68                              | 53.10                                   | 65.78                       | 18.68                                | 95.06                              | 113.74                       | 47.96                       |
| 50                         | 12.68                              | 67.20                                   | 79.88                       | 18.68                                | 118.83                             | 137.51                       | 57.63                       |
| 75                         | 12.68                              | 102.45                                  | 115.13                      | 18.68                                | 178.24                             | 196.92                       | 81.79                       |

Sources: City of San Fernando; Willdan Financial Services.

**ATTACHMENT "D"**

**City of San Fernando  
California**



**Final Draft Report  
Sewer Rate Analysis**

**October 28, 2011**



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Temecula, CA 92591  
T: 951.587.3500  
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November 3, 2011

Mr. Ron Ruiz  
Public Works Director  
City of San Fernando  
117 Macneil Street  
San Fernando, CA 91340

Dear Mr. Ruiz,

Willdan Financial Services (Willdan) is pleased to present this draft report on the Sewer Rate Analysis conducted for the City of San Fernando (City).

This report was undertaken as the City is facing several challenges to continuing its operations and financial stability. The focus of this study is to ensure that the utility has sufficient revenues to meet its operational and capital expenses and that rates are set proportionate to the costs of providing utility service to each customer class. Our report outlines the approach, methodology, findings, and conclusions of this study.

This report has been prepared using generally accepted rate setting techniques. The City's utility accounting, budgeting, and billing records were the primary sources for the data contained within the report. Furthermore, Willdan has worked closely with City staff over the course of this project to confirm the data validity and prudence of assumptions. The conclusions contained within this report present the City with a set of recommendations which provide stable, reasonable, and technically defensible funding for continued operations.

It was a pleasure working with you and other staff members at the City for your support and cooperation extended throughout the study.

Sincerely,

Willdan Financial Services

Gregg Tobler  
Senior Project Analyst

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# Executive Summary

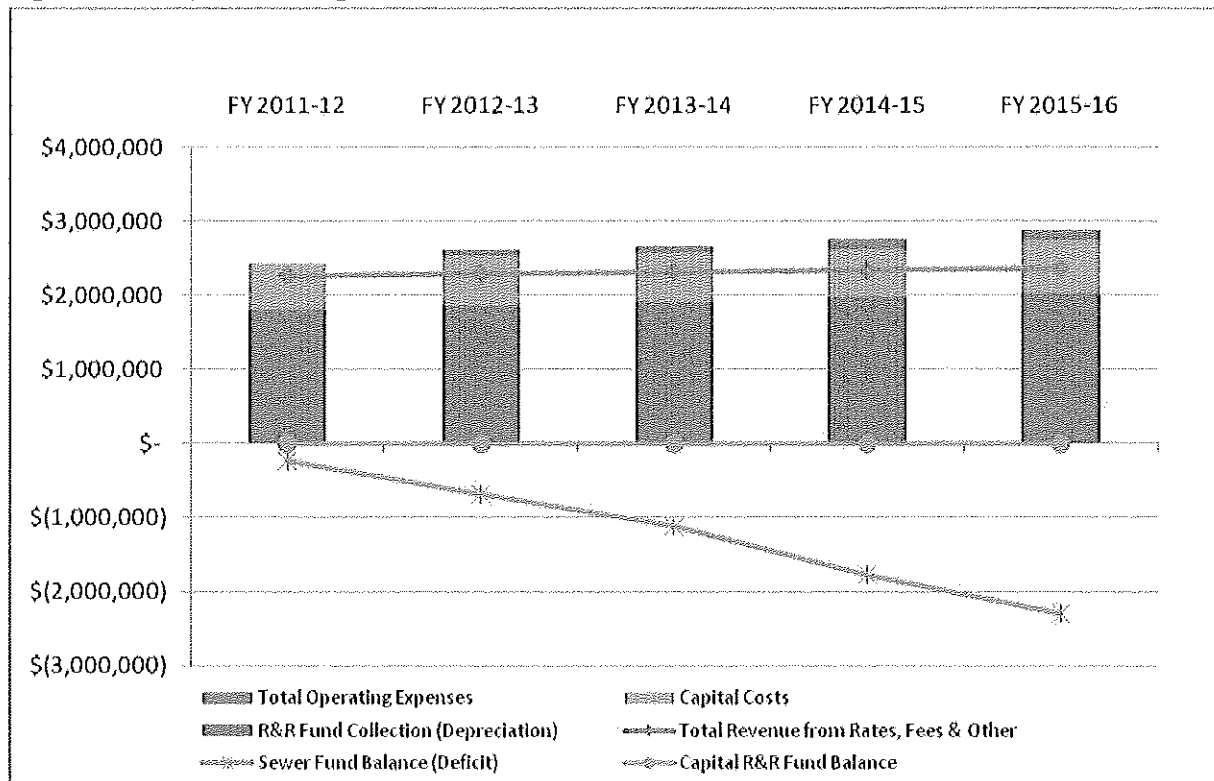
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The City retained Willdan Financial Services (Willdan) to prepare a sewer rate analysis update to ensure the utility continues to have sufficient revenues to meet their operational and capital obligations. In addition, confirm those rates are set proportionate to the costs of providing utility service to each customer class. This report documents the findings, analyses and recommendations of the sewer rate study effort.

The City desires rates that fully fund operations, maintenance, and present and future capital costs. Therefore, the purpose of the sewer rate study is to provide recommendations on changes to the current utility rate structure. Additionally, to confirm that rates are set proportionate to the costs of providing utility service to each customer class in compliance with Proposition 218. Therefore, the intent of the proposed tiered rate study is to provide recommendations on changes to the current utility rate structure to meet these challenges within the appropriate legal confines. As part of this rate study, Willdan facilitated dialogue with City staff during several conference calls. As every City encompasses unique complexities and traits, during these discussions, the City provided suitable recommendations to incorporate into the study. This report documents the findings, analyses and recommendations of the comprehensive rate study effort.

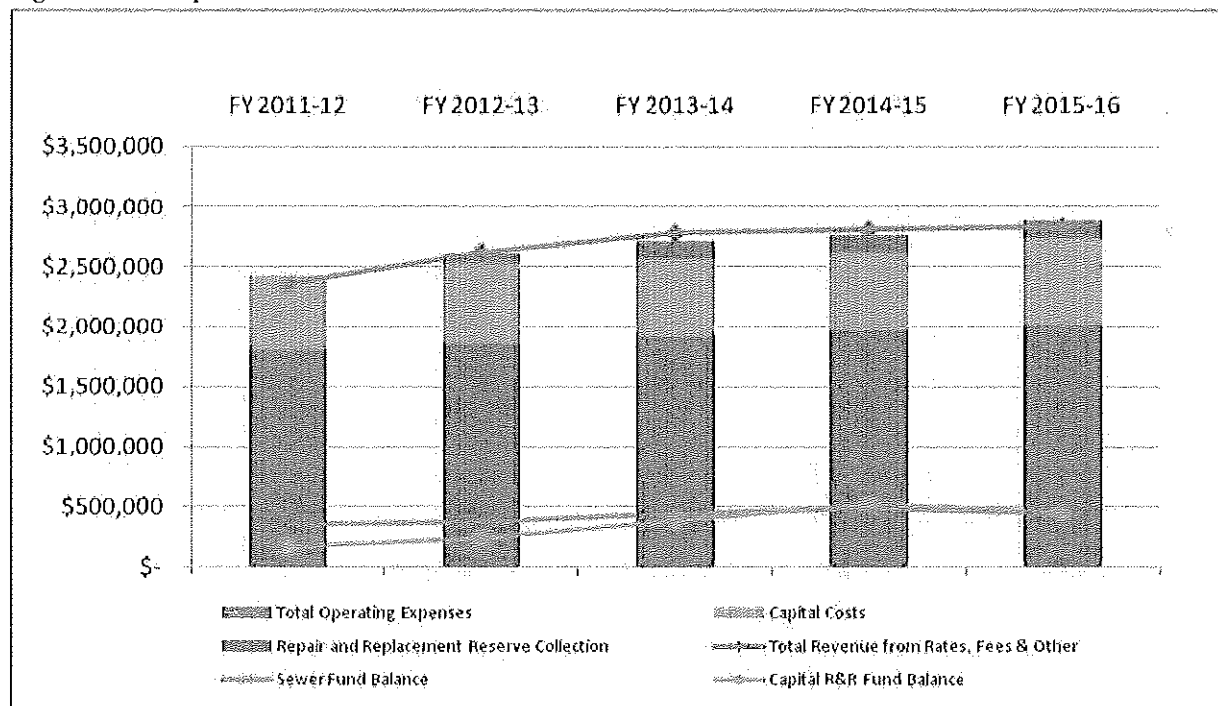
The graph (Figure E-1) below demonstrates the current and projected financial conditions of the sewer system assuming no rate increases over the next 5 years. As the figure illustrates, holding rates constant will result in depleted reserve funds, potential General Fund subsidy or borrowing, reduced quality of operations or services, and deferred capital projects that are urgently needed due to aging infrastructure.

Figure E-1: Projection Using Current Sewer Rates



The graph (Figure E-2) below demonstrates the projected financial condition of the sewer system assuming adoption of a recommended rate increases over the next 5 years. As the figures illustrate, the proposed rate structure and rate increases will enable the City to continue its operations, establish prudent reserve fund levels, and fund capital projects.

Figure E-2: Proposed Sewer Rate Structure



# Project Background

---

Due to the economic climate and continued cost pressures, the City is facing several challenges to continuing its sewer utility operations as customer account growth has slowed to a 1.0% annual rate and utility infrastructure is aging and must be replaced. Additionally, utility rate revenues are not keeping pace with increasing operational and capital renewal and rehabilitation costs.

Due to the existing sewer rate schedule (rate structure) and recent market conditions, the current model does not accurately reflect current realities or the revenue stream required for services provided. As the rates have not been updated since FY2005-2006, the City needs rates that fully reflect today's operations, maintenance, and existing and future capital costs.

## Key Financial Plan Objectives

Several objectives were identified during the study to guide decisions regarding the proposed financial plans and rate structures. The major objectives of the study were:

- Utility rates and fees should generate sufficient revenues to meet operating costs, capital program requirements, debt service obligations, and maintain adequate reserves consistent with sound financial management practices.
- Utility rates should be set proportionate to the cost of providing utility service to each customer to promote fairness and equity and compliance with Proposition 218.
- A financial plan that shifts a majority of future capital funding to a debt financing to mitigate the impact on rates that the City's customers pay.
- A financial plan that minimizes the need to continually update the sewer rate structure, do to short-term impacts.
- Utility rate structures should be supported by a financial model that is easy to update should costs and assumptions change in the future beyond what was projected at the time of this report.

In reviewing the above objectives, it should be noted that the City has limited control over external forces such as growth, consumer behavior, and system usage. Recognizing these factors, we believe that the recommendations in this study provide a fair, reasonable, and balanced set of proposed rates and fees for the City that, to the extent possible, meets these key objectives.

## Overview of the Rate Study Process

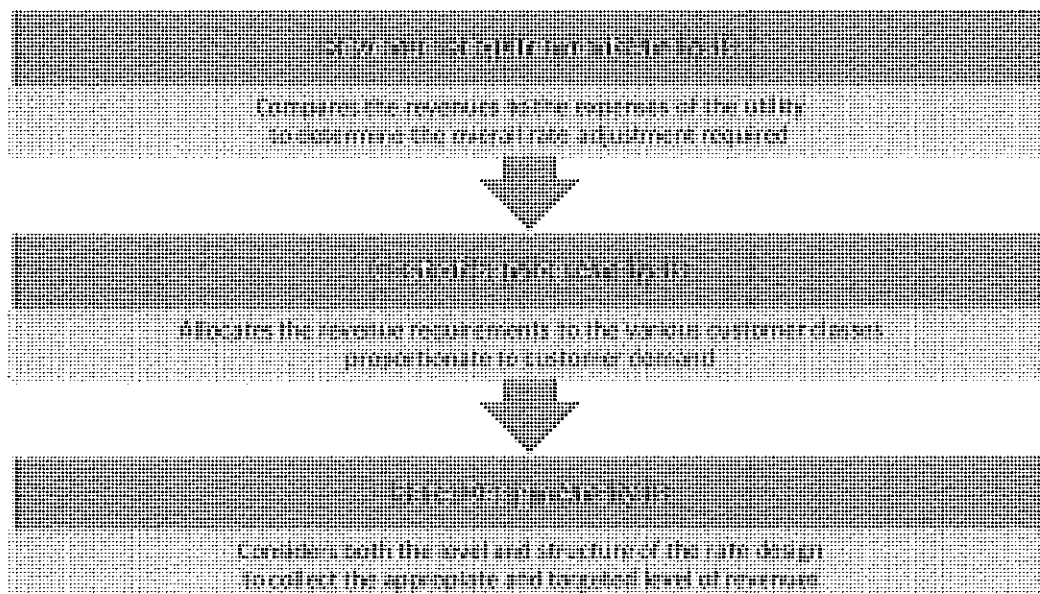
The rate study efforts were conducted in coordination with City staff. During the course of the project, Willdan facilitated discussions with City staff to review, explore and analyze rate setting principles and utility financial, operational and capital issues. The discussions consisted of reviewing information and data related to the City's utility revenue needs, capital improvement plans, current rate structures, and other relevant rate and financial issues. This process enabled City staff and Willdan to develop a multi-

faceted understanding of financing planning issues, and to develop a broad consensus on a number of policy items and rate recommendations.

The scope of the study resulted in the development of cost-based sewer user charges through a comprehensive cost of service and rate design analysis process. Utility rates must be set at a level where a utility's operating and capital expenses meet the revenues received from customers. This is a significant point, as failure to achieve this level may lead to insufficient funds being available to appropriately maintain the system. To evaluate the adequacy of the City's existing rates, a comprehensive rate study was completed. A comprehensive rate study typically consists of following three interrelated analyses to develop the accurate funding levels (Figure 1-1 provides an overview of these processes):

- Financial Planning/Revenue Requirement Analysis: Create a five-year plan to support an orderly, efficient program of on-going maintenance and operating costs, capital improvement and replacement activities, and suitable leveraging of financial resources (debt load). In addition, the long-term plan should fund and maintain reserve balances to adequate levels based on industry standards and City fiscal policies.
- Cost of Service Analysis: Identifies and apportions annual revenue requirements to the different customer classes based on their demand on each utility system.
- Rate Design: Develops a fixed/variable schedule of rates for each customer class to proportionately recover the costs attributable to them. This is also, where other policy objectives can be achieved. The policy objectives are balanced with the cost of service objectives to maintain the delicate balance between customer equity, financial stability and resource conservation goals.

Figure 1-1: Comprehensive Rate Study Interrelated Analysis



# Rate Setting Principles

---

The primary objective of conducting a comprehensive rate study is to 1) determine the adequacy of the existing rates (pricing and structure) and 2) provide the basis for any necessary adjustments to meet the City's operating and capital needs as well as policy objectives. The City intends for rate structures to fully fund operations, maintenance, and present and future capital costs.

Over the past years, many generally accepted principles or guidelines have been established to assist in developing utility rates. The purpose of this section of the report is to provide a general background of the methodology and guidelines used for setting cost-based utility rates. This will provide the reader with a higher-level understanding of the general process detailed later in this report.

## Established Principles & Guidelines

As a practical matter, there should be a general set of principles to develop rates. The American Water Works Association (AWWA) establishes these principles in the M1 Manual – *Principles of Water Rates, Fees and Charges*. These guiding principles help to ensure there is a consistent global approach that is employed by all utilities in the development of their rates (water and water-related utilities including sewer).

Provided below is a short summary listing the established guidelines around which public utilities should consider when setting their rates. These closely reflect the City's specified objectives.

- Rates should be cost-based and equitable, and set at a level such that they provide revenue sufficiency.
- Rates and process of allocating costs should conform to generally accepted rate setting techniques.
- Rates should provide reliable, stable and adequate revenue to meet the utility's financial, operation, and regulatory requirements.
- Rate levels should be stable from year to year (limit "rate shocks").
- Rates should be easy to understand and administer.

These guidelines, along with the City's objectives, have been utilized within this study to help develop utility rates that are cost-based and equitable.

## Revenue Requirements

The method used by most public utilities to establish their revenue requirements is called the "cash basis" approach to setting rates. As the name implies, a public utility combines its cash expenditures over a period of time to determine their required revenues from user rates and other forms of income. The figure below presents the "cash basis" methodology.

Figure 2-1: Overview of the “Cash Basis” Design

---

+ Operation and Maintenance Expenses  
 + Capital Additions Financed with Rate Revenue  
 + Debt Service (Principal and Interest)  
 = Total Revenue Requirements

---

To ensure existing ratepayers are not paying for growth-related capital projects, Willdan reviewed the Capital Improvement Projects (CIPs). Additionally, capital replacement expense was included to stabilize annual required revenue requirements by spreading the replacement costs of a depreciated asset over the expected life of the asset.

Based on the revenue requirement analysis, the utility can determine the aggregate level of rate adjustment needed in order for the utility to meet its overall expenditure needs.

## Financial Planning

In the development of the revenue requirements, many assumptions are utilized to project future expenditures, customer and consumption growth, and required revenue adjustments. The City’s budget documents are used as the starting point; however, assumptions play a necessary role in projecting future required revenue.

Conservative growth assumptions and prudent financial planning are fundamental to ensuring adequate rate revenue and to promote financial stability. The financial model developed appropriately by Willdan considers the City’s existing operating reserve balances.

### Assumptions

To project future revenues and expenditures, numerous discharge assumptions are estimated, in an attempt to reasonably project the overall demands and therefore needs and costs of the sewer system. As sewer flow is not directly tied to water usage, Figure 2-2 outlines generally accepted discharge characteristics to project future sewer flow.

Figure 2-2: Discharge Assumptions

|   |      |
|---|------|
| Commercial, as a % of Water Usage                 | 90%  |
| Residential, as a % of Water Usage                | 80%  |
| Primary and Secondary Schools (per ADA)           | 10.0 |
| Junior college, college, and university (per ADA) | 11.0 |

## **Projected Growth**

1. The assumed customer growth rate is one percent (1%) throughout the study period.
2. An inflation factor of three percent (3%) was used to project future expenses in fiscal years FY 2011/2012 through FY 2013/2014. The inflation factor was determined by reviewing historical growth in expenses and discussions with City staff.
3. An inflation factor of four percent (4%) was used to project future expenses in FY 2014/2015 and FY 2015/2016. The inflation factor was determined by reviewing historical growth in expenses and discussions with City staff.
4. An inflation factor of three percent (3%) was used to project future personnel costs.

## **Financial Factors**

The adopted budget for fiscal year ending (FYE) June 30, 2012 was used as the base year.

1. The operating reserve covers or is equal to 3 months (or 90 days) of expenditures.
2. The ending operating fund balance for FY 2009/2010 is roughly \$220 thousand (including reserves) was used to estimate the beginning operating cash fund balance for FY 2011/2012.

## **Findings**

This section presents the findings of the sewer rate analysis.

1. Existing rates do not adequately fund system replacement costs.
2. Existing rates do not adequately fund reserve fund balances.
3. The enterprise's operating fund balance is projected to become negative without a rate increase.

## **Rate Design**

The final element, the rate design process, applies the results from the revenue requirements to develop rates that achieve the general guidelines and objectives of the City. While these objectives must abide by the cost of service principles of Prop 218, the Agency may consider items such as ability to pay, continuity of past rate philosophy, conservation, encouragement of economic development, ease of administration, and legal requirements. While cost-based rates are an important objective, all objectives should be balanced appropriately.

While the general description of the utility rate setting process discussed in this section of the report is simplified and condensed, it does address the underlying fundamentals. One of the key principles for a



comprehensive rate study is found in economic theory, which suggests the price of a commodity must roughly equal its cost if equity among customers is to be maintained.

The above fundamentals have considerable foundation in economic literature. They also serve as primary guidelines for Proposition 218 compliance and rate design by most utility regulators and administrative agencies. This “price-equals-cost” theory provides the basis for much of the subsequent analysis and comment.

### **Rate Setting Principles Summary**

This section of the report provides a brief introduction to the general principles, techniques, and economic theory used to set utility rates. These principles, techniques, and economic theory were the starting point for this rate study and the groundwork used to meet the City’s key objectives in analyzing and adjusting their utility rates.

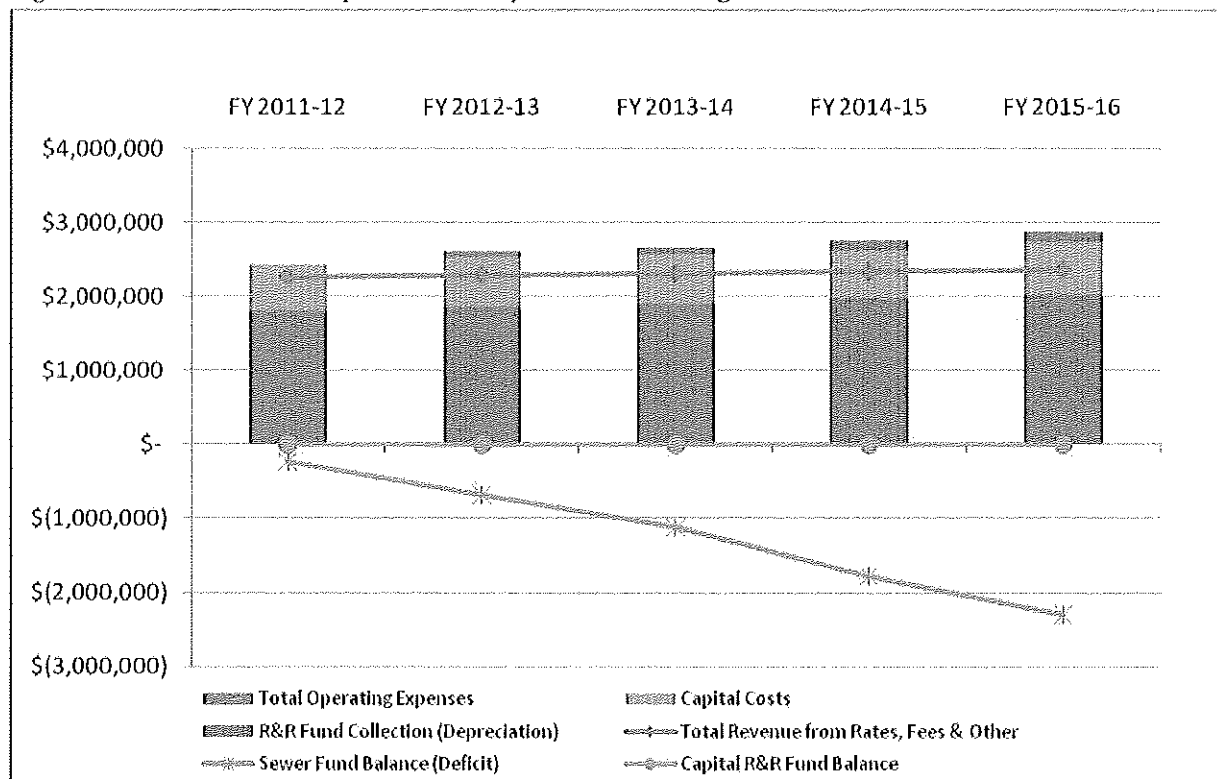
The total cost of serving each customer class is determined by distributing each of the utility cost components among the user classes based upon the respective service requirements of each customer class. Therefore, a true cost of service rate study enables a sewer utility to adopt rates based on the true costs to each user class. The purposes of this sewer utility cost of service study include:

- ♦ Proportional allocation of the costs of service to users.
- ♦ Derivation of unit costs to support the development of sewer rates.

# Sewer Rate Analysis

The sewer utility is in need to a revenue increase to remain financially sound as indicated in the figure below. Figure 3-1, below, projects the adequacy of existing rate revenue.

Figure 3-1: Revenue and Expenditure Projections – Existing Rates



As the above figure indicates, rate revenue (blue line) is below the bars (cost). Ideally, with cost-based rates, the blue line would set directly on top of the cost bars. However, due to the utility's rate funded capital projects, this goal may not always be achievable. The light blue line, the utility's operating fund balance, increases or decreases by the distance between the blue line and the top of the bars.

Details of the process, data, and methodology utilized in the rate study are presented in this section of the report. Summary figures, outlining much of the analysis are included in this section of the report as well, while technical figures, which provide a greater level of detail and breadth, are provided in the Technical Appendix.

## Customer Statistics

During the Fiscal Year 2009, the City provided sewer service to an estimated 4,638 accounts, discharging over 683 thousand hundred cubic feet annually. A projection of accounts, discharge, and loading

strengths is necessary in the evaluation of the revenue requirements. This projection is critical for the determination of revenues from rates, escalation of treatment-related costs, and design of the rates. Given the current economic climate and review of potential growth, City staff used a conservative growth rate of 1%. In terms of accounts, the City is projected to see 47 new accounts annually over the next five years.

## Revenue Requirements Analysis

### Revenue from Existing Rates

The first step in developing the revenue requirements is to develop a projection of revenues from existing rates. The City expects to receive approximately \$2.267 million in sewer related charges in Fiscal Year 2011/12. By Fiscal Year 2015/16, assuming the growth discussed above, sewer charges are projected to increase roughly 4.1% to \$2.359 million.

### Projections of Operation, Maintenance, and Debt Service Expenses

To project Operating and Maintenance (O&M) expenses over the ten-year planning horizon, three escalation factors were developed. The operations cost escalator, set at 3% in fiscal years 2011/2012 through 2013/14 and set at 4% in fiscal years 2014/15 and 2015/2016, is applied to basic expenditures that the Department incurs: materials, utilities, etc. A personnel cost escalator of 3% accounts for labor and benefit expenditures. Additionally, the City, as part of its financial policies, has established a reserve policy to maintain 25% (90 days) of its annual operating and maintenance expenses.

### Capital Replacement Costs

The Department's capital replacement costs, which represent an increasing percentage up to 100% of the sewer utility's annual depreciation, are summarized in Figure 3-2. The capital replacement costs are collected to maintain, repair, and replace existing system components.

Figure 3-2: Sewer Capital Replacements Costs

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| Description                        | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 |
|------------------------------------|------------|------------|------------|------------|------------|
| Capital Replacement (Depreciation) | \$ -       | \$ 70,626  | \$ 84,751  | \$ 141,252 | \$ 141,252 |

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Sources: City of San Fernando; Willdan Financial Services.

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### Capital Improvement Projects

The Department's Capital Improvement Program (CIP) needs for the sewer utility are summarized in Figure 3-3. Individually, each project was identified by City staff as growth-related, existing needs (O&M) or a percentage of both to determine the appropriate funding mechanism (bi-monthly rates or connection fee). The capital projects are required to meet the Utility's projected growth and to maintain the existing quality of the system.

Figure 3-3: Sewer Capital Projects

| Description  | FY 2011-12        | FY 2012-13        | FY 2013-14        | FY 2014-15        | FY 2015-16        |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Payment to L.A. City for construction of Wastewater Treatment Facilities | \$ 502,610        | \$ 502,610        | \$ 502,610        | \$ 502,610        | \$ 502,610        |
| CIP PAYGO Projects   | 124,439           | 175,766           | 153,887           | 147,091           | -                 |
| <b>Total Capital Projects Funded by Rates</b>                            | <b>\$ 627,049</b> | <b>\$ 678,376</b> | <b>\$ 656,497</b> | <b>\$ 649,701</b> | <b>\$ 502,610</b> |

Sources: City of San Fernando; Willdan Financial Services.

| CIP Project No. | Project Category       | PROJECT  | FY 2011-2012 | FY 2012-2013 | FY 2013-2014 | FY 2014-2015 | FY 2015-2016 | Total      |
|-----------------|------------------------|--|--------------|--------------|--------------|--------------|--------------|------------|
| 1               | Other Projects         | Capital projects and equipment deferred pending plan preparation           | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       |
| 2               | Other Projects         | Sewer management plan with citywide video survey inspection                | 124,439      | -            | -            | -            | -            | 124,439    |
| 3               | Sewer Main Replacement | 120 Macneil, east side at Court parking lot                                | -            | 39,895       | -            | -            | -            | 39,895     |
| 4               | Sewer Main Replacement | 1111 Hollister to Carlisle, currently lined due to 1994 earthquake repairs | -            | 135,870      | -            | -            | -            | 135,870    |
| 5               | New Sewer Main         | 117 Macneil, alley to First  | -            | -            | 53,526       | -            | -            | 53,526     |
| 6               | Other Projects         | Capital Equipment Replacement - Backhoe and attachments                    | -            | -            | 100,361      | -            | -            | 100,361    |
| 7               | New Sewer Main         | First, alley to Brand  | -            | -            | -            | 147,091      | -            | 147,091    |
| 8               | Other Projects         | Capital Equipment Replacement - Utility Truck                              | -            | -            | -            | -            | 35,974       | -          |
| 9               | Water Main Replacement | Additional sites to be determined after survey and plan preparation        | -            | -            | -            | -            | 179,872      | -          |
|                 | Total                  |  | \$ 124,439   | \$ 175,766   | \$ 153,887   | \$ 147,091   | \$ 215,847   | \$ 601,183 |

#### Notes:

Construction cost estimates were escalated annually by a factor of 3.7%, based on the average annual increase between 2004 and 2009 in the Producer Price Indices for steel and plastic construction materials.

Source: City of San Fernando; Bureau of Labor Statistics; Willdan Financial Services.

### **Summary of Revenue Requirements Analysis**

The preceding components comprise the foundation of the revenue requirement analysis. Given the current economic climate, Willdan facilitated discussions with City staff to assure the accuracy of financial and growth variables in developing the revenue requirement analysis. Particular emphasis was placed on attempting to minimize rates, yet still generating adequate funds to support the operational activities and capital projects throughout the study period.

The revenue requirements analysis figure, presented in the following figure, provides a basis for evaluating the timing and level of sewer revenue adjustments needed to meet the projected required revenue for the study period. The percentages shown at the bottom of the figure identify the recommended revenue adjustments.

We are recommending the formation of a Capital Repair and Replacement Fund, which will be funded with the annual amount of depreciation, plus any excess funds from the operating reserve. The Capital Repair and Replacement reserve will provide the necessary capital to pay for future repair and replacement capital improvement projects.

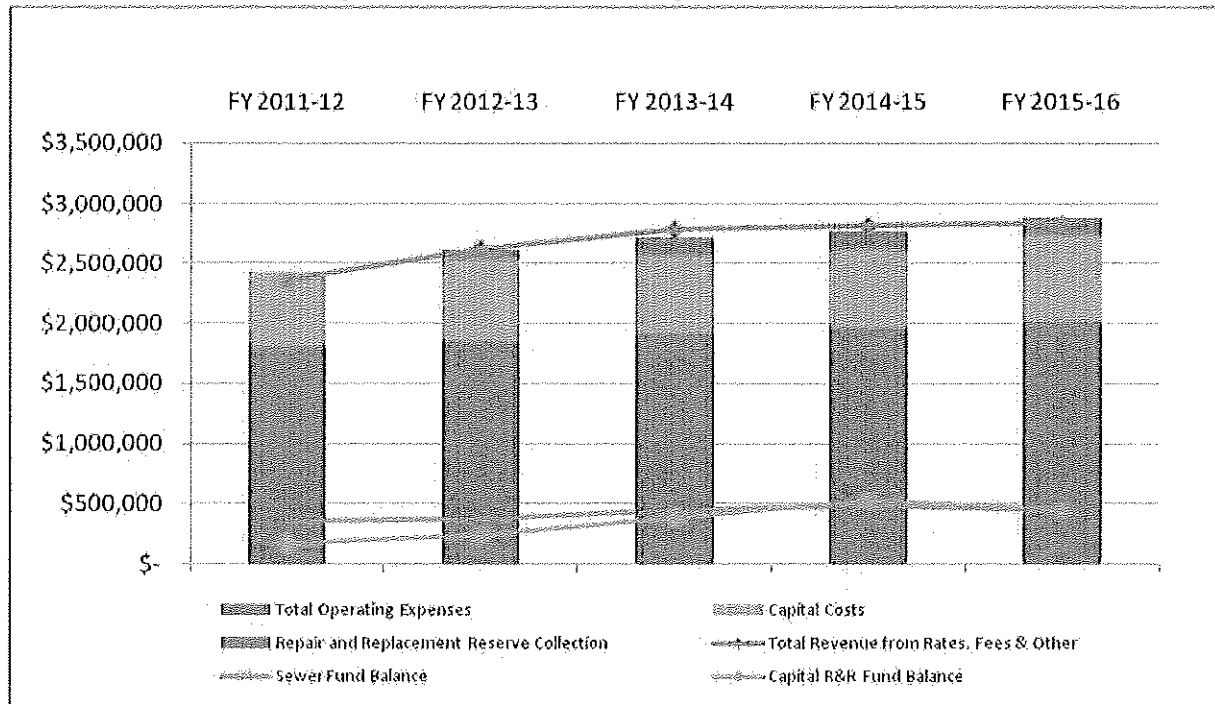
Figure 3-4: Summary of Sewer Revenue Requirements

| Description |   | FY 2011-12        | FY 2012-13        | FY 2013-14        | FY 2014-15        | FY 2015-16        |
|-------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| 1           | <b>Projected Customer Growth Rate</b>         | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             |
| 2           | <b>Estimated Existing Operating Revenue</b>   | 2,267,000         | 2,289,670         | 2,312,567         | 2,335,692         | 2,359,049         |
| 3           | Additional Revenue Required                   | 92,569            | 331,773           | 467,474           | 472,149           | 476,870           |
|             | Total Operating Revenues                      |                   |                   |                   |                   |                   |
| 4           | <b>(Required Revenue)</b>                     | <b>2,359,569</b>  | <b>2,621,443</b>  | <b>2,780,040</b>  | <b>2,807,841</b>  | <b>2,835,919</b>  |
|             | Revenue Increase                              | 7.00%             | 7.00%             | 5.00%             | 0.00%             | 0.00%             |
| 5           | <b>Operating Expenses</b>                     |                   |                   |                   |                   |                   |
| 6           | Personnel Services                            | 612,552           | 630,929           | 649,857           | 669,352           | 669,352           |
| 7           | Utilities - 25% of 120 Macneil Street         | 4,846             | 4,992             | 5,142             | 5,296             | 5,296             |
| 8           | Telephone                                     | 1,030             | 1,060             | 1,092             | 1,125             | 1,170             |
| 9           | Rents and Leases                              | 884               | 911               | 938               | 966               | 1,005             |
| 10          | Contractual Services                          | 730,233           | 758,320           | 781,069           | 804,501           | 836,681           |
| 11          | Professional Services                         | 8,788             | 9,052             | 9,323             | 9,603             | 9,987             |
| 12          | Department Supplies                           | 9,880             | 10,176            | 10,482            | 10,796            | 11,228            |
| 13          | Equipment and Supplies                        | 5,855             | 6,031             | 6,212             | 6,398             | 6,654             |
| 14          | Department Equipment Maintenance              | 3,640             | 3,749             | 3,862             | 3,978             | 4,137             |
| 15          | Small Tools                                   | 520               | 536               | 552               | 568               | 591               |
| 16          | Personnel Training                            | 2,340             | 2,410             | 2,483             | 2,557             | 2,659             |
| 17          | Activities & Programs                         | 45,240            | 46,597            | 47,995            | 49,435            | 51,412            |
| 18          | Vehicle O&M and Fuel                          | 7,540             | 7,766             | 7,999             | 8,239             | 8,569             |
| 19          | Cost Allocation                               | 298,212           | 307,158           | 316,373           | 325,864           | 338,899           |
| 20          | Transfer Out                                  | 62,400            | 64,272            | 66,200            | 68,186            | 70,914            |
| 21          | <b>Total Operating Expenses</b>               | <b>1,803,080</b>  | <b>1,857,172</b>  | <b>1,912,887</b>  | <b>1,970,274</b>  | <b>2,022,099</b>  |
| 22          | <b>Net Operating Income</b>                   | <b>556,489</b>    | <b>764,271</b>    | <b>867,153</b>    | <b>837,567</b>    | <b>813,820</b>    |
| 23          | <b>Non-Operating Revenue</b>                  |                   |                   |                   |                   |                   |
| 24          | Investment Earnings                           | 3,300             | 8,963             | 7,905             | 9,193             | 6,953             |
| 25          | Operating Transfer In                         | -                 | -                 | -                 | -                 | -                 |
| 26          | <b>Total Non-Operating Revenue</b>            | <b>3,300</b>      | <b>8,963</b>      | <b>7,905</b>      | <b>9,193</b>      | <b>6,953</b>      |
| 27          | <b>Capital Projects Funded by Rates</b>       |                   |                   |                   |                   |                   |
| 28          | Repair & Replacement Reserve Collection       | -                 | 70,626            | 141,252           | 141,252           | 141,252           |
| 29          | Payment to L.A. City for construction of      | 502,610           | 502,610           | 502,610           | 502,610           | 502,610           |
| 30          | CIP PAYGO Projects                            | 124,439           | 175,766           | 153,887           | 147,091           | 215,847           |
| 31          | <b>Total Capital Projects Funded by Rates</b> | <b>627,049</b>    | <b>749,002</b>    | <b>797,749</b>    | <b>790,953</b>    | <b>859,709</b>    |
| 32          | <b>Net Income (Loss)</b>                      | <b>(70,559)</b>   | <b>15,269</b>     | <b>69,404</b>     | <b>46,614</b>     | <b>(45,888)</b>   |
| 33          | <b>Sewer Enterprise Fund</b>                  |                   |                   |                   |                   |                   |
| 34          | Beginning Operating Fund Balance              | 426,112           | 355,553           | 370,822           | 440,226           | 486,840           |
| 35          | <b>Subtotal</b>                               | <b>355,553</b>    | <b>370,822</b>    | <b>440,226</b>    | <b>486,840</b>    | <b>440,952</b>    |
| 36          | Fund Balance Days of O&M                      | 90                | 90                | 90                | 90                | 90                |
| 37          | Desired Fund Balance                          | 444,595           | 457,933           | 471,671           | 485,821           | 498,600           |
|             | Maximum Fund Balance (90 days) <sup>1</sup>   | 444,595           | 457,933           | 471,671           | 485,821           | 498,600           |
| 38          | Excess (Deficit) O&M / Excess to R&R Fund     | -                 | -                 | -                 | 1,019             | -                 |
| 39          | <b>Ending Operating Fund Balance</b>          | <b>\$ 355,553</b> | <b>\$ 370,822</b> | <b>\$ 440,226</b> | <b>\$ 485,821</b> | <b>\$ 440,952</b> |
| 40          | <b>Capital Repair and Replacement Fund</b>    |                   |                   |                   |                   |                   |
| 41          | Beginning Capital R&R Fund Balance            | 171,440           | 171,440           | 242,066           | 383,318           | 525,589           |
| 42          | Deposit                                       | -                 | 70,626            | 141,252           | 141,252           | 141,252           |
| 43          | Capital Projects - Repair & Maintenance Costs | -                 | -                 | -                 | -                 | 215,847           |
| 44          | Excess from O&M Fund                          | -                 | -                 | -                 | 1,019             | -                 |
| 45          | <b>Ending Capital R&amp;R Fund Balance</b>    | <b>\$ 171,440</b> | <b>\$ 242,066</b> | <b>\$ 383,318</b> | <b>\$ 525,589</b> | <b>\$ 450,995</b> |

Sources: City of San Fernando; Willdan Financial Services.

Based upon the revenue requirement analysis, the City will need to adjust the rate revenue by 7% January 1, 2012, followed by a subsequent 7% increase in fiscal year 2012/2013, followed by a 5% increase in fiscal year 2013/2014. Figure 3-5 expands upon the earlier figure (Figure 3-1), to illustrate the impact of the proposed revenue increase on the utility's financial condition.

Figure 3-5: Revenue and Expenditure Projections – Proposed Rates



## Cost of Service Analysis

This section of the report discusses the allocation of operating and capital costs to the Base, Flow, Suspended Solids (SS) and Biochemical Oxygen Demand (BOD) parameters, the determination of unit rates, and the calculation of user class cost responsibility.

## Cost Allocation by Function

The cost of service allocation conducted in this study is established on the flow and strength characteristics method, which is endorsed by the Water Environmental Federation (WEF). Under this method, revenue requirements are allocated to the different user classes proportionate to their use of the sewer system. Allocations are based on flow volume, SS, BOD, and customer accounts. Use of this methodology results in a generally accepted cost distribution among customer classes and a means of calculating and designing rates to proportionately recover those costs.

## Cost Allocation Procedure

The cost of service study for the City of San Fernando is performed in three basic steps.

1. The first step is called functionalization, which categorizes cost data in terms of functions performed by a sewer utility system. The functions identified in this study include operating costs, capital projects to be funded by rates, debt service, and reserve requirements.
2. The second step classifies operating and non-operating expenses of the utility to the cost components of base cost and flow and strength of sewer effluent. The cost components are defined as follows:
  - ♦ Base Costs: Base costs represent the fixed expenditures of a Utility, such as personnel costs and overhead costs. A certain base level of most costs of a Utility, can be classified as fixed.
  - ♦ Flow Costs: Volume or flow related costs vary with the discharge of sewer by users over a specified period of time, typically a year.
  - ♦ Strength Costs: Strength costs vary with the quality of sewer discharged as measured by the biochemical oxygen demand (BOD) and suspended solids (SS) content of the discharged sewage.
3. The final step in this analysis allocates costs of service to each customer class. This step is accomplished through the development of volume and strength related allocation factors for each customer class.

For compliance with State and Proposition 218 guidelines, a sewer utility is required to utilize a cost allocation approach that fairly allocates costs among customers. This is accomplished by allocating costs into the treatment parameters of flow and strength. These costs are to be allocated in proportion to the percentage that each cost component represents.

When divided by the sewer loadings of each user class, unit costs of service are obtained. All costs incurred by a sewer utility system can be allocated to one or more cost components. The allocation of each cost item between flow, BOD, and SS is based on industry standards of treatment parameter data.

Figure 3-6 and Figure 3-7 present the classification of sewer expenses and loading calculations used to determine the allocation factors (shown in Figure 3-8). The allocation factors are computed by multiplying the functionalization factors (39.1% for Base, 19.3% for Flow, 17.5% for BOD, and 24.1% for SS, shown at the bottom of Figure 3-6) by the loading percentages of each customer class. For example, the Residential Class has a Flow Allocation Factor of 10.2%, which is the product of the Residential Flow Loading Factor of 53.0% and the Flow Functionalization Factor of 19.3%. This means that the flow generated by the Residential Class contributes to 8.4% of the total revenue requirements. When coupled with their Base, Flow, BOD and SS allocation factors (33.3%, 10.2%, 6.0% and 8.4%, respectively), 57.9% of the total revenue requirements can be allocated to the Residential Class based on their flow and strength characteristics. The required revenue allocations for each customer class are shown below in Figure 3-9.



Figure 3-6: Classification of Sewer Expenses by Function

| Description                           | Classification |      |     |     |        | FYE 2010 to 2015 Average |            |            |            |              |
|---------------------------------------|----------------|------|-----|-----|--------|--------------------------|------------|------------|------------|--------------|
|                                       | Base           | Flow | BOD | SS  | Total  | Base                     | Flow       | BOD        | SS         | Total        |
| <b>Operating Expenses</b>             |                |      |     |     |        |                          |            |            |            |              |
| Personnel Services                    | 100%           | 0%   | 0%  | 0%  | 100.0% | \$ 523,215               | \$ -       | \$ -       | \$ -       | \$ 523,215   |
| Utilities - 25% of 120 Macneil Street | 0%             | 50%  | 25% | 25% | 100.0% | -                        | 2,494      | 1,247      | 1,247      | 4,987        |
| Telephone                             | 25%            | 50%  | 0%  | 25% | 100.0% | 265                      | 530        | -          | 265        | 1,059        |
| Rents and Leases                      | 10%            | 80%  | 0%  | 10% | 100.0% | 91                       | 728        | -          | 91         | 910          |
| Contractual Services                  | 0%             | 0%   | 40% | 60% | 100.0% | -                        | -          | 303,043    | 454,565    | 757,608      |
| Professional Services                 | 25%            | 50%  | 0%  | 25% | 100.0% | 2,261                    | 4,522      | -          | 2,261      | 9,043        |
| Department Supplies                   | 25%            | 50%  | 0%  | 25% | 100.0% | 2,542                    | 5,083      | -          | 2,542      | 10,167       |
| Equipment and Supplies                | 25%            | 50%  | 0%  | 25% | 100.0% | 1,506                    | 3,013      | -          | 1,506      | 6,025        |
| Department Equipment Maintenance      | 25%            | 50%  | 0%  | 25% | 100.0% | 986                      | 1,873      | -          | 986        | 3,746        |
| Small Tools                           | 25%            | 50%  | 0%  | 25% | 100.0% | 134                      | 268        | -          | 134        | 535          |
| Personnel Training                    | 25%            | 50%  | 0%  | 25% | 100.0% | 602                      | 1,204      | -          | 602        | 2,408        |
| Activities & Programs                 | 0%             | 50%  | 25% | 25% | 100.0% | -                        | 23,277     | 11,638     | 11,638     | 46,553       |
| Vehicle O&M and Fuel                  | 25%            | 50%  | 0%  | 25% | 100.0% | 1,940                    | 3,879      | -          | 1,940      | 7,759        |
| Cost Allocation                       | 100%           | 0%   | 0%  | 0%  | 100.0% | 306,870                  | -          | -          | -          | 306,870      |
| Capital Expenses                      | 0%             | 50%  | 25% | 25% | 100.0% | -                        | 1,605      | 803        | 803        | 3,211        |
| Capital Projects                      | 0%             | 50%  | 25% | 25% | 100.0% | -                        | 32,106     | 16,053     | 16,053     | 64,212       |
| Depreciation Expense                  | 10%            | 80%  | 0%  | 10% | 100.0% | 38,205                   | 305,641    | -          | 38,205     | 382,051      |
| Transfer Out                          | 10%            | 80%  | 0%  | 10% | 100.0% | -                        | -          | -          | -          | -            |
| Total Operating Expenses              |                |      |     |     |        | \$ 984,566               | \$ 396,221 | \$ 332,784 | \$ 532,787 | \$ 2,236,356 |
| <b>Non-Operating Expenses</b>         |                |      |     |     |        |                          |            |            |            |              |
| CIP Projects                          | 25%            | 25%  | 25% | 25% | 100.0% | 194,407                  | 194,407    | 194,407    | 194,407    | 777,630      |
| Total Non-Operating Expenses          |                |      |     |     |        | \$ 194,407               | \$ 194,407 | \$ 194,407 | \$ 194,407 | \$ 777,630   |
| <b>Total Expenses</b>                 |                |      |     |     |        | \$ 1,178,973             | \$ 590,628 | \$ 527,191 | \$ 727,194 | \$ 3,013,987 |
| <b>Classification Factor</b>          |                |      |     |     |        | 39.12%                   | 19.26%     | 17.49%     | 24.13%     | 100.00%      |

Sources: City of San Fernando; Willdan Financial Services.

Sources: City of San Fernando; Willdan Financial Services.

Figure 3-7: Loading and Unit Rate Calculations

| Customer Class   | Number of Accounts | Base Account Factor | Projected Discharges to the Sewer System | Flow Factor   |             | Concentration |                  | Calculated Loading |                  |
|------------------|--------------------|---------------------|--|---------------|-------------|---------------|------------------|--------------------|------------------|
|                  |                    |                     |  | Flow Factor   | Flow Factor | BOD (mg/l)    | SS (mg/l)        | BOD (lb/yr)        | SS (lb/yr)       |
| Residential      | 4,022              | 85.3%               | 503,204                                  | 53.0%         | 175         | 175           | 549,351          | 34.2%              | 549,351          |
| Commercial       | 469                | 9.9%                | 230,171                                  | 24.3%         | 500         | 600           | 717,942          | 44.6%              | 861,530          |
| City Property    | 72                 | 1.5%                | 28,722                                   | 3.0%          | 200         | 200           | 35,835           | 2.2%               | 35,835           |
| Industrial       | 148                | 3.1%                | 136,981                                  | 14.4%         | 310         | 120           | 264,905          | 16.5%              | 102,544          |
| Schools          | 5                  | 0.1%                | 33,545                                   | 3.5%          | 130         | 100           | 27,205           | 1.7%               | 20,927           |
| Higher Education | 1                  | 0.0%                | 16,426                                   | 1.7%          | 130         | 100           | 13,321           | 0.8%               | 10,247           |
| <b>Total</b>     | <b>4,718</b>       | <b>100.0%</b>       | <b>949,049</b>                           | <b>100.0%</b> |             |               | <b>1,608,558</b> | <b>100.0%</b>      | <b>1,580,433</b> |

Sources: City of San Fernando; Willdan Financial Services.

Figure 3-8: Flow and Allocation Factors

| Customer Class            | Factors     |             |            |           |
|---------------------------|-------------|-------------|------------|-----------|
|                           | Base Factor | Flow Factor | BOD Factor | SS Factor |
|                           | 1           | 2           | 3          | 4         |
| Residential               | 85.3%       | 53.0%       | 34.2%      | 34.8%     |
| Commercial                | 9.9%        | 24.3%       | 44.6%      | 54.5%     |
| City Property             | 1.5%        | 3.0%        | 2.2%       | 2.3%      |
| Industrial                | 3.1%        | 14.4%       | 16.5%      | 8.5%      |
| Schools                   | 0.1%        | 3.5%        | 1.7%       | 1.3%      |
| Higher Education          | 0.0%        | 1.7%        | 0.8%       | 0.6%      |
| Functionalization Factors | 39.1%       | 19.3%       | 17.5%      | 24.1%     |

| Customer Class   | Allocation Factors |             |            |           |
|------------------|--------------------|-------------|------------|-----------|
|                  | Base Factor        | Flow Factor | BOD Factor | SS Factor |
|                  | 1                  | 2           | 3          | 4         |
| Residential      | 33.3%              | 10.2%       | 6.0%       | 8.4%      |
| Commercial       | 3.9%               | 4.7%        | 7.8%       | 13.2%     |
| City Property    | 0.6%               | 0.6%        | 0.4%       | 0.5%      |
| Industrial       | 1.2%               | 2.8%        | 2.9%       | 1.6%      |
| Schools          | 0.0%               | 0.7%        | 0.3%       | 0.3%      |
| Higher Education | 0.0%               | 0.3%        | 0.1%       | 0.2%      |

Sources: City of San Fernando; Willdan Financial Services.

Figure 3-9: Allocation of Revenue Requirements

|                  | 1           | 2           | 3          | 4          | 5            |
|------------------|-------------|-------------|------------|------------|--------------|
|                  | Base Factor | Flow Factor | BOD Factor | SS Factor  | Total        |
| Residential      | 786,883     | 241,015     | 140,952    | 197,886    | 1,366,737    |
| Commercial       | 91,800      | 110,243     | 184,209    | 310,339    | 696,591      |
| City Property    | 14,169      | 13,757      | 9,195      | 12,909     | 50,029       |
| Industrial       | 28,937      | 65,609      | 67,969     | 36,938     | 199,453      |
| Schools          | 998         | 16,067      | 6,980      | 7,538      | 31,583       |
| Higher Education | 200         | 7,867       | 3,418      | 3,691      | 15,176       |
| Total            | \$ 922,986  | \$ 454,558  | \$ 412,724 | \$ 569,301 | \$ 2,359,569 |

Sources: City of San Fernando; Willdan Financial Services.

## Rate Design Analysis

The final step of the rate study is the design of the sewer rates to collect the necessary level of revenue determined in the revenue requirement analysis. During this analysis, consideration is given to both the level of rates and the structure of the rates. This section reviews the proposed sewer rate design for the City.

## Criteria and Considerations

In conjunction with City staff, Willdan analyzed various generated financial scenarios concerning the proposed adjustments and the resulting implications to the Utility's financial and operational health attributed to those decisions..

Listed below is a simplified list of the design considerations that were reviewed:

- Clear and understandable rates
- Easily administered
- Outdoor water usage
- Revenue stability (month to month and year to year)
- Efficient allocation of resources
- Fair and equitable (cost-based) rates

When developing the City's proposed rates all of the aforementioned criteria were taken into consideration. Determining the appropriate balance is crucial, as certain criteria can conflict with one another, i.e. the customer's ability to pay and cost-based rates or charges. In designing rates, there will always be concessions between the various objectives; however, the proposed rates meet all leading objectives of the City.

As sewer discharge is not calculated separately from total water demand, in developing sewer rates for residential customers a distinction must be made between water discharged to the sewer system versus that for irrigation needs. It is assumed, that sewer discharge has a direct relationship to indoor water use for a residential account. Consistent with industry standards of the State Water Resource Control Board, indoor consumption is assumed to be 75 gallons per capita per day. Provided the residential population density of 4.05 from the U.S. Census Bureau, sewer discharge is assumed as 9 units per month per residential account.

As indoor water demand is consistent throughout the year, a residential account's peak usage does not directly affect sewer discharge. When consideration is given to these unique characteristics, developing a flat sewer rate for the residential customers is the most appropriate rate structure.

Alternatively, the majority of non-residential water use is for business needs and has a direct relationship to the amount of sewer discharge. It is assumed that only 10% of a commercial account's water demand is for irrigable needs. As such non-residential customers' peak usage impacts sewer discharge. Additionally, the commercial strength characteristics vary dramatically by type of business operation (i.e., restaurant versus business office). When consideration is given to these unique characteristics, developing a fixed base charge plus variable charge per unit of water use is an appropriate rate structure for the non-residential customers.

## Overview of Existing Rate Structure

The City's existing bi-monthly sewer rate structure has a flat rate for residential and a base plus variable for the remaining customer classes, based on the amount of metered water less irrigation deduction. Figure 3-10 shows the City's existing rate structure and rates.

Figure 3-10: Existing Sewer Discharge Rates by Customer Class

| Use Charges per Premise        | Base Fee      |               | Unit Cost for (\$/CCF) Water Used |             |
|--------------------------------|---------------|---------------|-----------------------------------|-------------|
|                                | FY2004-2005   | FY2005-2006   | FY2004-2005                       | FY2005-2006 |
| Single Family                  | \$ 41.40      | \$ 43.14      | Flat Rate                         | Flat Rate   |
| Multiple-family                | 41.40 x units | 43.14 x units | 1.58/2                            | 1.65/2      |
| Other Residential              | 41.40 x units | 43.14 x units | 1.58/2                            | 1.65/2      |
| Group II Commercial            | 34.50         | 35.95         | 1.58                              | 1.65        |
| Group III Commercial           | 34.50         | 35.95         | 2.52                              | 2.63        |
| Group IV Commercial            | 34.50         | 35.95         | 3.91                              | 4.07        |
| Group V Institutional Schools* | 34.50         | 35.95         | 1.58                              | 1.65        |
| a. Elementary, \$/ADA          | 0.81          | 0.84          |                                   |             |
| b. Other, \$/ADA               | 1.23          | 1.28          |                                   |             |

Source: City of San Fernando.

### Proposed Rate Adjustments

Figure 3-11 recaps the proposed variable rates by customer class as designed in this study.

Figure 3-11: Proposed Monthly Sewer Discharge Rates by Customer Class

| Customer Class       | Base Fee   |            |            |            |            |
|----------------------|------------|------------|------------|------------|------------|
|                      | FY 2011/12 | FY 2012/13 | FY 2013/14 | FY 2014/15 | FY 2015/16 |
| Residential          | \$ 28.32   | \$ 31.15   | \$ 32.70   | \$ 32.70   | \$ 32.70   |
| Group II Commercial  | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |
| Group III Commercial | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |
| Group IV Commercial  | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |
| City Property        | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |
| Industrial           | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |
| Schools              | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |
| Higher Education     | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |

| Customer Class                | Unit Cost for (\$/CCF) Water Used |            |            |            |            |
|-------------------------------|-----------------------------------|------------|------------|------------|------------|
|                               | FY 2011/12                        | FY 2012/13 | FY 2013/14 | FY 2014/15 | FY 2015/16 |
| Group II Commercial           | \$ 1.63                           | \$ 1.80    | \$ 1.89    | \$ 1.89    | \$ 1.89    |
| Group III Commercial          | 2.63                              | 2.90       | 3.04       | 3.04       | 3.04       |
| Group IV Commercial           | 3.94                              | 4.35       | 4.57       | 4.57       | 4.57       |
| City Property                 | 1.25                              | 1.37       | 1.44       | 1.44       | 1.44       |
| Industrial                    | 1.25                              | 1.37       | 1.44       | 1.44       | 1.44       |
| Schools <sup>1</sup>          | 1.11                              | 1.22       | 1.28       | 1.28       | 1.28       |
| Higher Education <sup>1</sup> | 1.11                              | 1.22       | 1.28       | 1.28       | 1.28       |

<sup>1</sup> Charge per student (ADA).

Sources: City of San Fernando; Willdan Financial Services.

### Impact of Revenue Reduction

In Fiscal Year 2012, the proposed 7% increase in required revenue does not directly correlate to a 7% increase in rates. The cost of service analysis redistributes the required revenue proportionate to each customer class' demand on the system. Thus, the proposed rate adjustments may vary between customer classes.

Figure 3-12 details a comparison of the City's existing rates with the proposed residential rates (rate increase effective January 2012). Figure 3-13 details a comparison of the City's existing rates with the proposed non-residential rates (rate increase effective January 2012).

Figure 3-12: Proposed Comparative Sewer Bills - Residential

| <u>Fiscal Year 2011/12</u>                                 |  |                                 | <u>Fiscal Year 2012/13</u>                                 |  |                                 |
|--|--|---------------------------------|--|--|---------------------------------|
| <u>Current Monthly<br/>Sewer Rates</u>                     | <u>Proposed Monthly<br/>Sewer Charge</u> | <u>Increase/<br/>(Decrease)</u> | <u>Current Monthly<br/>Sewer Rates</u>                     | <u>Proposed Monthly<br/>Sewer Charge</u> | <u>Increase/<br/>(Decrease)</u> |
| \$ 21.57   | \$ 28.32                                 | \$ 6.75                         | \$ 21.57   | \$ 31.15                                 | \$ 9.58                         |
| Sources: City of San Fernando; Willdan Financial Services. |  |                                 | Sources: City of San Fernando; Willdan Financial Services. |  |                                 |

| <u>Fiscal Year 2013/14</u>                                 |  |                                 |
|--|--|---------------------------------|
| <u>Current Monthly<br/>Sewer Rates</u>                     | <u>Proposed Monthly<br/>Sewer Charge</u> | <u>Increase/<br/>(Decrease)</u> |
| \$ 21.57   | \$ 32.70                                 | \$ 11.13                        |
| Sources: City of San Fernando; Willdan Financial Services. |  |                                 |

Figure 3-13: Proposed Comparative Sewer Bills – Non-Residential

| FY 2011/12     |                   |                            |                             |                      |                              |                        |                       |                      |
|----------------|-------------------|----------------------------|-----------------------------|----------------------|------------------------------|------------------------|-----------------------|----------------------|
| Customer Class | Monthly Discharge | Current Monthly Base Rates | Current Rates Volume Charge | Total Current Charge | Proposed Monthly Base Charge | Proposed Volume Charge | Total Proposed Charge | Increase/ (Decrease) |
| Group II       | 10                | \$ 35.95                   | -                           | \$ 35.95             | \$ 16.30                     | \$ 16.28               | \$ 32.59              | \$ (3.36)            |
| Group II       | 20                | 35.95                      | -                           | 35.95                | 16.30                        | 32.57                  | 48.87                 | 12.92                |
| Group II       | 50                | 35.95                      | 42.90                       | 78.85                | 16.30                        | 81.42                  | 97.73                 | 18.88                |
| Group III      | 10                | 35.95                      | -                           | 35.95                | 16.30                        | 26.28                  | 42.58                 | 6.63                 |
| Group III      | 20                | 35.95                      | 10.52                       | 46.47                | 16.30                        | 52.55                  | 68.85                 | 22.38                |
| Group III      | 50                | 35.95                      | 89.42                       | 125.37               | 16.30                        | 131.38                 | 147.68                | 22.31                |
| Group IV       | 10                | 35.95                      | -                           | 35.95                | 16.30                        | 39.41                  | 55.72                 | 19.77                |
| Group IV       | 20                | 35.95                      | 40.70                       | 76.65                | 16.30                        | 78.83                  | 95.13                 | 18.48                |
| Group IV       | 50                | 35.95                      | 162.80                      | 198.75               | 16.30                        | 197.07                 | 213.37                | 14.62                |

Sources: City of San Fernando; Willdan Financial Services.

| FY 2012/13     |                   |                            |                             |                      |                              |                        |                       |                      |
|----------------|-------------------|----------------------------|-----------------------------|----------------------|------------------------------|------------------------|-----------------------|----------------------|
| Customer Class | Monthly Discharge | Current Monthly Base Rates | Current Rates Volume Charge | Total Current Charge | Proposed Monthly Base Charge | Proposed Volume Charge | Total Proposed Charge | Increase/ (Decrease) |
| Group II       | 10                | \$ 35.95                   | -                           | \$ 35.95             | \$ 17.93                     | \$ 17.97               | \$ 35.90              | \$ (0.05)            |
| Group II       | 20                | 35.95                      | -                           | 35.95                | 17.93                        | 35.93                  | 53.88                 | 17.91                |
| Group II       | 50                | 35.95                      | 42.90                       | 78.85                | 17.93                        | 89.83                  | 107.76                | 28.91                |
| Group III      | 10                | 35.95                      | -                           | 35.95                | 17.93                        | 28.99                  | 46.92                 | 10.97                |
| Group III      | 20                | 35.95                      | 10.52                       | 46.47                | 17.93                        | 57.97                  | 75.91                 | 29.44                |
| Group III      | 50                | 35.95                      | 89.42                       | 125.37               | 17.93                        | 144.94                 | 162.87                | 37.50                |
| Group IV       | 10                | 35.95                      | -                           | 35.95                | 17.93                        | 43.48                  | 61.41                 | 25.46                |
| Group IV       | 20                | 35.95                      | 40.70                       | 76.65                | 17.93                        | 86.96                  | 104.89                | 28.24                |
| Group IV       | 50                | 35.95                      | 162.80                      | 198.75               | 17.93                        | 217.40                 | 235.34                | 36.59                |

Sources: City of San Fernando; Willdan Financial Services.

Figure 3-13: Proposed Comparative Sewer Bills – Non-Residential Continued

| FY 2013/14     |                   |                            |                             |                      |                              |                        |                       |                      |
|----------------|-------------------|----------------------------|-----------------------------|----------------------|------------------------------|------------------------|-----------------------|----------------------|
| Customer Class | Monthly Discharge | Current Monthly Base Rates | Current Rates Volume Charge | Total Current Charge | Proposed Monthly Base Charge | Proposed Volume Charge | Total Proposed Charge | Increase/ (Decrease) |
| Group II       | 10                | \$ 35.95                   | -                           | \$ 35.95             | \$ 18.83                     | \$ 18.86               | \$ 37.69              | \$ 1.74              |
| Group II       | 20                | 35.95                      | -                           | 35.95                | 18.83                        | 37.73                  | 56.56                 | 20.61                |
| Group II       | 50                | 35.95                      | 42.90                       | 78.85                | 18.83                        | 94.32                  | 113.15                | 34.30                |
| Group III      | 10                | 35.95                      | -                           | 35.95                | 18.83                        | 30.44                  | 49.27                 | 13.32                |
| Group III      | 20                | 35.95                      | 10.52                       | 46.47                | 18.83                        | 60.87                  | 79.70                 | 33.23                |
| Group III      | 50                | 35.95                      | 89.42                       | 125.37               | 18.83                        | 152.18                 | 171.01                | 45.64                |
| Group IV       | 10                | 35.95                      | -                           | 35.95                | 18.83                        | 45.65                  | 64.48                 | 28.53                |
| Group IV       | 20                | 35.95                      | 40.70                       | 76.65                | 18.83                        | 91.31                  | 110.14                | 33.49                |
| Group IV       | 50                | 35.95                      | 162.80                      | 198.75               | 18.83                        | 228.27                 | 247.10                | 48.35                |

Sources: City of San Fernando; Willdan Financial Services.

## ATTACHMENT "D"



**CITY OF SAN FERNANDO  
NOTICE OF PROPOSED SEWER CHARGE INCREASE  
and of  
PUBLIC HEARING**

**CITY OF SAN FERNANDO GIVES NOTICE THAT:**

1. City of San Fernando is proposing to increase its sewer service charges effective February 25, 2012, July 1, 2012, and July 1, 2013 and to impose an annual inflation adjustment on July 1 of each year thereafter through July 1, 2016. The purpose of the proposed increase is to finance the on-going operation, repairs and maintenance of the City's facilities.

**A. Basis upon which the Sewer Service Charge is Calculated** - The City imposes a bi-monthly charge for sewer services.

For residential customers, the charge is a flat rate. The flat rate recovers fixed costs of providing sewer service to residential customers, which are allocated based on the number of customer accounts. The flat rate also recovers variable costs of providing sewer service to residential customers, which are also based on the amount of discharge and the strength characteristics (BOD & SS) of the sewer discharge.

For other customers, the charge is the sum of a base sewer service fee plus a variable rate based on the amount of water used, measured in hundreds of cubic feet (CCF). The base sewer service fee recovers fixed costs of providing sewer service for non residential customers, which are allocated based on the amount of customer accounts. The charge per CCF recovers variable costs of providing sewer service for nonresidential customers, which are also allocated based on the amount of discharge and the strength characteristics (BOD & SS) of the sewer discharge.

The City proposes modify its rate structure by eliminating the variable rate for multi-family and other residential properties and imposing a flat rate sewer service charge for all residential property.

**B. Reason for Sewer Service Charge** – The City conducted a rate study to determine the cost of providing sewer service to the City's customers. The rate study recommended that the City increase its current sewer service charges to meet the sewer service system's operating costs, capital program requirements, debt service obligations and reasonable reserve requirements.

**C. Amount of Charge** – The attached table provides the proposed sewer service charge increase for all customers, by class. The City also proposes to approve an annual inflation adjustment beginning July 1, 2014, on July 1, 2015 and July 1, 2016.

If you need assistance determining the amount of your sewer service charge, you may contact the Public Works Department by calling 818-898-1222, by emailing [ProposedRateIncrease@sfcity.org](mailto:ProposedRateIncrease@sfcity.org) or by visiting City Hall at 117 Macneil Street, San Fernando, California, 91340.

2. Before taking final action on the proposed rate increase, the City Council ("the Council") will hold a **PUBLIC HEARING on January 17, 2012, at 6 p.m., in City**

**Council Chambers, 117 Macneil Street, San Fernando, California, 91340.** At the Public Hearing, the City Council will hear public testimony and receive written protests on the proposed sewer service charge increase. The Council may continue the hearing from time-to-time without further written notice.

3. Any Property Owner (the term "Property Owner" as used in this Notice includes any person or entity that has a right to lawful possession and/or occupancy of property and who is responsible for payment of sewer service charges) may appear at the Public Hearing and orally protest the proposed increase, or submit to the City Clerk, at any time before the end of the Public Hearing, a written protest against the proposed increase. The protest must identify the property, the Property Owner, and be signed by the Property Owner. Any written protests may be hand-delivered or mailed to the City Clerk at 117 Macneil Street, San Fernando, California 91340, or may be submitted at the time of the Public Hearing. To be counted, any written protest must be received by the City Clerk not later than the end of the Public Hearing specified above. Written protests that are mailed or delivered to the City Hall must arrive at City Hall by 12:00 p. m. Noon on January 17, 2012 to be counted.

A majority protest to the proposed increase will exist if, at the end of the Public Hearing, there are written protests submitted by a majority of owners of the properties subject to the proposed increase. A majority protest will result in the rate increase not being imposed. Note that no more than one written protest per parcel, submitted by the owner or tenant of the parcel, will be counted in calculating a majority protest.

4. Detailed information about the proposed sewer charges may be reviewed at City of San Fernando, 117 Macneil Street, San Fernando, California, 91340 during regular business hours.





**CIUDAD DE SAN FERNANDO  
AVISO DEL PROPUESTO INCREMENTO  
AL COBRO DEL SERVICIO DE ALCANTARILLADO  
y de la  
AUDIENCIA PÚBLICA**

**LA CIUDAD DE SAN FERNANDO NOTIFICA QUE:**

1. La Ciudad de San Fernando está proponiendo incrementar el cobro del servicio de alcantarillado efectivo el 25 de febrero del 2012, 1 de julio del 2012 y el 1 de julio del 2013 e imponer un ajuste de inflación anual comenzando el 1 de julio de cada año y en adelante hasta el 1 de julio del 2016. El propósito del incremento propuesto es el de financiar la operación, reparos y mantenimiento de las instalaciones.

**A. Bases por la cual el Cobro del Servicio de Alcantarillado es Calculado** – La ciudad impone un cobro bimensual del servicio de alcantarillado.

Para clientes residenciales, el cobro es fijo. El cobro fijo recupera costos fijos de proveer servicio de alcantarillado a clientes residenciales los cuales son adjudicados basados en el número de cuentas. El cobro fijo también recupera costos variables de proveer servicio de alcantarillado a clientes residenciales que son basados en la cantidad vertida y en la fuerza de la descarga del alcantarillado.

Para otros clientes, el cobro es la suma de una cobro base del servicio de alcantarillado más una tarifa basada en la cantidad de agua usada medida en cientos de pies cuadrados (siglas en ingles CCF). El cobro base del servicio del alcantarillado recupera costos fijos de proveer servicio de alcantarillado a clientes no-residentes, los cuales son adjudicados basados en el numero de cuentas. El cobro por CCF recupera costos variables de proveer servicio de alcantarillado a clientes no-residentes el cual también es adjudicado basado en la cantidad vertida y en la fuerza de la descarga del alcantarillado.

La Ciudad propone modificar la estructura de la tarifa eliminando el cobro variable de propiedades multi-familiares y otras propiedades residenciales e imponiendo una tarifa fija del servicio de alcantarillado para todas las propiedades residenciales.

**B. Razón para el Cobro de Servicio de Alcantarillado** - La Ciudad llevó acabo un estudio para determinar el costo de proveer servicio de alcantarillado a los clientes de la ciudad. El estudio recomendó que la ciudad aumentará el cobro del servicio de alcantarillado para poder cumplir con los gastos de operación del sistema, necesidades del programa capital, obligaciones del servicio de deudas y requisitos de reserva.

**C. Cantidad del Cobro** – La tabla adjunta provee por clase el propuesto incremento para todos los clientes. La Ciudad también propone aprobar un ajuste de inflación anual comenzando el 1 de julio del 2014, el 1 de julio del 2015 y el 1 de julio del 2016.

Si necesita asistencia en determinar la cantidad de su cobro del servicio de alcantarillado, puede contactar al Departamento de Obras Publicas llamando al (818) 898-1222, por correo electrónico al [ProposedRateIncrease@sfcity.org](mailto:ProposedRateIncrease@sfcity.org) o visitando la Alcaldía al 117 Macneil Street, San Fernando, California, 91340.

2. Antes de tomar acción final sobre el propuesto incremento, el Concilio de la Ciudad ("el Concilio") tendrá una AUDIENCIA PÚBLICA el 17 de enero del 2012 a las 6 p.m. en la Cámara del Concejo, 117 Macneil Street, San Fernando, California, 91340. La audiencia pública será para escuchar testimonio público y recibir protestas por escrito sobre el propuesto incremento al servicio de alcantarillado. El Concilio podrá continuar con la audiencia de vez en cuando sin previo aviso por escrito.

3. Cualquier dueño de propiedad (el termino "Dueño de Propiedad" usado en éste aviso incluye a cualquier persona o entidad que tiene el derecho legal de poseer y/o ocupar la propiedad y que es responsable de los pagos del servicio de alcantarillado) puede comparecer en la Audiencia Pública y oralmente protestar el incremento propuesto o en cualquier momento antes de que termine la audiencia pública puede entregarle su protesta por escrito a la Secretaria Municipal. La protesta debe de identificar la propiedad, el dueño de la propiedad y ser firmada por el mismo. Cualquier protesta por escrito puede ser entregada personalmente o por correo a la Secretaria de La Municipalidad al 117 Macneil Street, San Fernando, California, 91340, o puede ser entregada durante la Audiencia Pública. Para ser considerada, cualquier protesta escrita debe de ser recibida por la Secretaria de la Municipalidad a no más tardar a el final de la audiencia pública mencionada anteriormente. Protestas por escrito, por correo o entregadas a la alcaldía deben de ser recibidas para las 12 del medio día del 17 de enero del 2012 para poder ser tomadas en cuenta.

Habrà una mayoría de protestas al incremento propuesto si al final de la audiencia pública hay protestas por escrito entregadas por dueños de la mayoría de las propiedades sujetas al propuesto incremento. Una mayoría de protestas resultará en que el incremento no se lleve acabo. No más de una protesta por escrito por lote entregada por el dueño o inquilino de un lote será contada para calcular la mayoría de la protesta.

4. Información detallada sobre los propuestos incrementos puede ser repasada en La Ciudad de San Fernando, 117 Macneil Street, San Fernando, California, 91340 durante horas laborales.

## PROPOSED NEW SEWER CHARGES

| Base Fee             | Base Fee   |            |            |            |            |
|----------------------|------------|------------|------------|------------|------------|
| Customer Class       | FY 2011/12 | FY 2012/13 | FY 2013/14 | FY 2014/15 | FY 2015/16 |
| Residential          | \$ 28.32   | \$ 31.15   | \$ 32.70   | \$ 32.70   | \$ 32.70   |
| Group II Commercial  | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |
| Group III Commercial | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |
| Group IV Commercial  | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |
| City Property        | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |
| Industrial           | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |
| Schools              | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |
| Higher Education     | 16.30      | 17.93      | 18.83      | 18.83      | 18.83      |

|                               | Unit Cost for (\$/CCF) Water Used |            |            |            |            |
|-------------------------------|-----------------------------------|------------|------------|------------|------------|
| Customer Class                | FY 2011/12                        | FY 2012/13 | FY 2013/14 | FY 2014/15 | FY 2015/16 |
| Group II Commercial           | \$ 1.63                           | \$ 1.80    | \$ 1.89    | \$ 1.89    | \$ 1.89    |
| Group III Commercial          | 2.63                              | 2.90       | 3.04       | 3.04       | 3.04       |
| Group IV Commercial           | 3.94                              | 4.35       | 4.57       | 4.57       | 4.57       |
| City Property                 | 1.25                              | 1.37       | 1.44       | 1.44       | 1.44       |
| Industrial                    | 1.24                              | 1.37       | 1.44       | 1.44       | 1.44       |
| Schools <sup>1</sup>          | 1.11                              | 1.22       | 1.28       | 1.28       | 1.28       |
| Higher Education <sup>1</sup> | 1.11                              | 1.22       | 1.28       | 1.28       | 1.28       |

<sup>1</sup> Charge per student (ADA).

Sources: City of San Fernando; Willdan Financial Services.



**CITY OF SAN FERNANDO  
NOTICE OF PROPOSED WATER CHARGE INCREASE  
and of  
PUBLIC HEARING**

**CITY OF SAN FERNANDO GIVES NOTICE THAT:**

1. City of San Fernando is proposing to increase its water service charges effective February 25, 2012, and on July 1 of each year thereafter through July 1, 2016. In addition, beginning July 1, 2012 and for each Fiscal Year through June 30, 2017, the City proposes to pass through increases in the City's cost of purchasing wholesale water. The purpose of the proposed increases is to finance the on-going operation, repairs and maintenance of the City's facilities.

**A. Basis upon which the Water Service Charge Is Calculated** – The City imposes a monthly charge for water services. The charge is the sum of a fixed monthly service charge and a commodity charge per unit of water used. The fixed monthly service charge recovers fixed costs of providing water services, which are allocated based on the size of a customer's water meter. The commodity charge recovers variable costs of providing water service, which are allocated based on the demand (amount of base & peak usage) that each customer places on the water utility. Base usage is defined as the consistent level of water use by a customer throughout the year. Peak usage is defined as the increase or spike in water use at certain intervals throughout the year (i.e., irrigation needs during the summer).

**B. Reason for Water Service Charge** – The City conducted a rate study to determine the cost of providing water service to the City's customers. The rate study recommended that the City increase its water service charge to meet the water service system's operating costs, capital program requirements, debt service obligations and reasonable reserve requirements.

**C. Amount of Charge** – The attached table provides the proposed water charge increase for all customers, by class, on February 25, 2012, and on July 1 of each year through July 1, 2015. The rates in effect as of July 1, 2015 are subject to an annual adjustment for inflation on July 1, 2016. In addition, beginning July 1, 2012 and for each Fiscal Year through June 30, 2017, the City proposes to pass through increases in the City's cost of purchasing wholesale water.

If you need assistance determining the amount of your water service charge, you may contact the Public Works Department by calling 818-898-1222, by emailing [ProposedRateIncrease@sfcity.org](mailto:ProposedRateIncrease@sfcity.org) or by visiting City Hall at 117 Macneil Street, San Fernando, California, 91340.

2. Before taking final action on the proposed rate increase, the City Council ("the Council") will hold a **PUBLIC HEARING on January 17, 2012, at 6 p.m., at City Council Chambers, 117 Macneil Street, San Fernando, California, 91340.** The Public Hearing will be for hearing public testimony and receiving written protests on the proposed water rate increase. The Council may continue the hearing from time-to-time without further written notice.

3. Any Property Owner (the term "Property Owner" as used in this Notice includes any person or entity that has a right to lawful possession and/or occupancy of property and who is responsible for payment of water service charges) may appear at the Public Hearing and orally protest the proposed rate increases, or submit to the City Clerk, at any time before the end of

the Public Hearing, a written protest against the proposed rate increase. The protest must identify the property, the Property Owner, and be signed by the Property Owner. Any written protests may be hand-delivered or mailed to the City Clerk at 117 Macneil Street, San Fernando, California, 91340 or may be submitted at the time of the Public Hearing. To be counted, any written protest must be received by the City Clerk not later than the end of the Public Hearing specified above. Written protests that are mailed or delivered to City Hall must arrive at City Hall by 12:00 p.m. Noon on January 17, 2012. A majority protest to the proposed rate increases will exist if, at the end of the Public Hearing, there are written protests submitted by owners of a majority of the properties subject to the proposed rate increase. A majority protest will result in the rate increase not being imposed. Note that no more than one written protest per parcel, submitted by the owner or tenant of the parcel, will be counted in calculating a majority protest.

4. Detailed information about the proposed water rates may be reviewed at City of San Fernando, 117 Macneil Street, San Fernando, California, 91340 during regular business hours.



**CIUDAD DE SAN FERNANDO  
AVISO DEL PROPUESTO INCREMENTO  
A LA TARIFA DEL AGUA  
y de la  
AUDIENCIA PÚBLICA**

**LA CIUDAD DE SAN FERNANDO NOTIFICA QUE:**

1. La Ciudad de San Fernando está proponiendo incrementar la tarifa del servicio del agua comenzando el 25 de febrero 2012, y de allí en adelante el 1 de julio de cada año hasta el 1 de Julio del 2016. Además, comenzando el 1 de julio del 2012 y en cada año fiscal hasta el 30 de junio del 2017, la Ciudad propone incluir incrementos en el costo de comprar agua. El propósito del incremento propuesto es el de financiar operaciones continuas, reparaciones y mantenimiento de las instalaciones.

**A. Base por la cual la Tarifa del Servicio del Agua es Calculada** – La Ciudad impone un cobro mensual del servicio del agua. El cobro es la suma de un cobro fijo de servicio mensual y cobro de productos básicos por unidad de agua usada. El cobro fijo de servicio mensual recupera los costos de proveer servicio de agua que son adjudicados basados en el tamaño del medidor de agua del cliente. El cobro por productos básicos recupera los costos variables de proveer servicio de agua los cuales son adjudicados basado en la demanda (cantidad básica y máxima) que cada cliente da al servicio de agua. Uso base es definido como el nivel consistente de agua usado por un cliente durante el año. Uso máximo es definido como el incremento o salto en el uso del agua a ciertos intervalos durante el año, (i.e., regar durante el verano)

**B. Razón para el Cobro del Servicio de Agua** – La Ciudad llevó acabo un estudio para determinar el costo de proveer servicio de agua a los clientes de la Ciudad. El estudio recomendó que la ciudad aumentara el cobro del servicio de agua para cumplir con los costos de operar el sistema del servicio de agua, necesidades del programa capital, obligaciones del servicio de deudas y requisitos de reserva.

**C. Cantidad del Cobro** – La tabla adjunta provee por clase el propuesto incremento en la tarifa del agua comenzando el 25 de febrero del 2012 y el 1 de julio de cada año hasta el 1 de julio del 2015 para todos los clientes. También comenzando el 1 de julio del 2012 y cada año fiscal hasta el 30 de Junio del 2017 la ciudad propone incluir incrementos en el costo de comprar agua.

Si necesita asistencia en determinar la cantidad del cobro del servicio de agua, puede contactar al Departamento de Obras Públicas llamando al 818-898-1222, por correo electrónico al [ProposedRateIncrease@sfcity.org](mailto:ProposedRateIncrease@sfcity.org) o visitando la Alcaldía al 117 Macneil Street, San Fernando, California, 91340.

2. Antes de tomar acción final sobre el propuesto incremento, el Concilio de La Ciudad ("el Concilio") tendrá una **AUDIENCIA PÚBLICA el 17 de enero del 2012 a las 6 p.m. en la Cámara del Concejo, 117 Macneil Street, San Fernando, California, 91340**. La Audiencia Pública será para escuchar testimonio público y recibir protestas por escrito sobre el propuesto incremento. El Concilio podrá continuar con la audiencia de vez en cuando sin previo aviso por escrito.

3. Cualquier Dueño de Propiedad (el término "Dueño de Propiedad" usado en éste aviso incluye a cualquier persona o entidad que tiene el derecho legal de poseer y/o ocupar la

propiedad y que es responsable de los pagos del servicio de agua) puede comparecer en la Audiencia Pública y oralmente protestar el incremento propuesto o en cualquier momento antes de que termine la Audiencia Pública puede entregarle a la Secretaría de la Municipalidad por escrito una protesta al incremento propuesto. La protesta debe de identificar la propiedad, el dueño de propiedad y ser firmada por el mismo. Cualquier protesta por escrito puede ser entregada personalmente o por correo a la Secretaría de la Municipalidad al 117 Macneil Street, San Fernando, California, 91340 o puede ser entregada durante la Audiencia Pública. Para ser considerada, cualquier protesta por escrito debe de ser recibida por la Secretaría de la Municipalidad no más tarde de al final de la Audiencia Pública especificada anteriormente. Protestas por escrito que sean mandadas por correo o entregadas personalmente tendrán que ser recibidas en la Alcaldía a más tardar las 12:00 p.m del medio día el 17 de enero del 2012 para ser contadas. Habrá una mayoría de protestas al incremento propuesto si al final de la Audiencia Pública hay protestas por escrito entregadas por dueños de la mayoría de las propiedades sujetas al propuesto incremento. Una mayoría de protestas resultara en que el incremento no se lleve a cabo. No más de una protesta por escrito por lote entregada por el propietario o inquilino será contada al calcular una mayoría de protestas.

4. Información detallada sobre los propuestos incrementos puede ser repasada en La Ciudad de San Fernando, 117 Macneil Street, San Fernando, California, 91340 durante horas laborales.

## PROPOSED NEW WATER RATES

|   |                                     |    | <u>FY 2011-12</u> | <u>FY 2012-13</u> | <u>FY 2013-14</u> | <u>FY 2014-15</u> | <u>FY 2015-16</u> |
|---|-------------------------------------|----|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b><u>TOTAL COMBINED MONTHLY FIXED CHARGE</u></b> |                                     |    |                   |                   |                   |                   |                   |
| <u>Meter Size</u>                                 | <u>AWWA Equivalent Meter Factor</u> |    |                   |                   |                   |                   |                   |
| 5/8", 3/4"  | 1.0                                 | \$ | 13.58             | \$ 15.11          | \$ 16.47          | \$ 17.95          | \$ 18.68          |
| 1"  | 2.5                                 |    | 22.79             | 25.37             | 27.65             | 30.14             | 31.96             |
| 1 1/2"  | 5.0                                 |    | 38.15             | 42.46             | 46.28             | 50.44             | 54.10             |
| 2"  | 8.0                                 |    | 56.58             | 62.97             | 68.64             | 74.81             | 80.66             |
| 3"  | 16.0                                |    | 105.72            | 117.67            | 128.26            | 139.80            | 151.50            |
| 4"  | 25.0                                |    | 161.01            | 179.20            | 195.33            | 212.91            | 231.18            |
| 6"  | 50.0                                |    | 314.58            | 350.12            | 381.64            | 415.98            | 452.54            |

Sources: City of San Fernando; Willdan Financial Services.

## Monthly Commodity Rates

| <u>Description</u>               | <u>FY</u><br><u>2011-2012</u> | <u>FY</u><br><u>2012-2013</u> | <u>FY</u><br><u>2013-2014</u> | <u>FY</u><br><u>2014-2015</u> | <u>FY</u><br><u>2015-2016</u> |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Residential                      |                               |                               |                               |                               |                               |
| Block 1 Rate per hcf (0-9 hcf)   | \$ 0.75                       | \$ 0.84                       | \$ 0.92                       | \$ 1.01                       | \$ 1.10                       |
| Block 2 Rate per hcf (10-18 hcf) | 1.49                          | 1.68                          | 1.85                          | 2.01                          | 2.20                          |
| Block 3 Rate per hcf (18+ hcf)   | 2.24                          | 2.52                          | 2.77                          | 3.02                          | 3.29                          |
| Non-Residential                  | 1.51                          | 1.73                          | 1.89                          | 2.06                          | 2.24                          |

Sources: City of San Fernando; Willdan Financial Services.



## ATTACHMENT "E"



\*\*\*\*REVISED\*\*\*\*

**CITY OF SAN FERNANDO  
NOTICE OF PROPOSED SEWER CHARGE INCREASE  
and of  
RESCHEDULED PUBLIC HEARING**

**CITY OF SAN FERNANDO GIVES NOTICE THAT:**

1. The City Council will hold **A RESCHEDULED PUBLIC HEARING** on **February 6, 2012, at 6 p.m., in the City Council Chambers, 117 Macneil Street, San Fernando, California, 91340** to consider adoption of a proposed sewer charge increase. The hearing was originally scheduled to be held on January 17, 2012. The City Council will not hold a public hearing to consider the adoption of proposed sewer charge increase on January 17, 2012.

2. The City of San Fernando is proposing to increase its sewer service charges effective March 25, 2012, July 1, 2012, and July 1, 2013 and to impose an annual inflation adjustment on July 1 of each year thereafter through July 1, 2016.

**A. Basis upon which the Sewer Service Charge is Calculated** - The City imposes a monthly charge for sewer services.

For residential customers, the charge is a flat rate. The flat rate recovers fixed costs of providing sewer service to residential customers, which are allocated based on the number of customer accounts. The flat rate also recovers variable costs of providing sewer service to residential customers, which are also based on the amount of discharge and the strength characteristics (BOD & SS) of the sewer discharge.

For other customers, the charge is the sum of a base sewer service fee plus a variable rate based on the amount of water used, measured in hundreds of cubic feet (CCF). The base sewer service fee recovers fixed costs of providing sewer service for non residential customers, which are allocated based on the amount of customer accounts. The charge per CCF recovers variable costs of providing sewer service for nonresidential customers, which are also allocated based on the amount of discharge and the strength characteristics (BOD & SS) of the sewer discharge.

The City proposes to modify its rate structure by eliminating the variable rate for multi-family and other residential properties and imposing a flat rate sewer service charge for all residential property.

**B. Reason for Sewer Service Charge** - The City conducted a rate study to determine the cost of providing sewer service to the City's customers. The rate study recommended that the City increase its current sewer service charges to meet the sewer service system's operating costs, capital program requirements, debt service obligations and reasonable reserve requirements.

**C. Amount of Charge** – The attached table provides the proposed sewer service charge increase for all customers, by class. The City also proposes to approve an annual inflation adjustment on July 1, 2014, July 1, 2015 and July 1, 2016.

If you need assistance determining the amount of your sewer service charge, you may contact the Public Works Department by calling 818-898-1222, by emailing [ProposedRateIncrease@sfcity.org](mailto:ProposedRateIncrease@sfcity.org) or by visiting City Hall at 117 Macneil Street, San Fernando, California, 91340.

3. Before taking final action on the proposed sewer charge increase, the City Council will hold a **RESCHEDULED PUBLIC HEARING on February 6, 2012, at 6 p.m., in the City Council Chambers, 117 Macneil Street, San Fernando, California, 91340.** The Public Hearing will be for hearing public testimony and receiving written protests on the proposed sewer charge increase. The City Council may continue the hearing from time-to-time without further mailed notice.

4. Any Property Owner (the term "Property Owner" as used in this Notice includes any person or entity that has a right to lawful possession and/or occupancy of property and who is responsible for payment of sewer service charges) may appear at the Public Hearing and orally protest the proposed sewer charge increase and/or submit to the City Clerk a written protest against the proposed sewer charge increase.

You may mail or hand-deliver your written protest to the City Clerk at 117 Macneil Street, San Fernando, California, 91340. Written protests that are mailed or delivered to the City Clerk at City Hall before the rescheduled Public Hearing must arrive at City Hall by 4:00 p.m. on February 6, 2012. You may also submit your written protest to the City Clerk at the rescheduled Public Hearing prior to the end of the hearing.

To be counted, a written protest must identify the property and the Property Owner, and be signed by the Property Owner. A majority protest to the proposed sewer charge increase will exist if, at the end of the Public Hearing, there are written protests submitted by owners of a majority of the properties subject to the proposed rate increase. A majority protest will result in the increase not being imposed. Note that no more than one written protest per parcel will be counted in calculating a majority protest.

5. Detailed information about the proposed sewer charges may be reviewed at City of San Fernando, 117 Macneil Street, San Fernando, California, 91340 during regular business hours.



### \*\*\*MODIFICACION\*\*\*

**CIUDAD DE SAN FERNANDO  
AVISO DEL PROPUESTO INCREMENTO  
AL COBRO DEL SERVICIO DE ALCANTARILLADO  
y de la  
AUDIENCIA PÚBLICA REPROGRAMADA**

**LA CIUDAD DE SAN FERNANDO NOTIFICA QUE:**

1. La AUDIENCIA PÚBLICA con el Concilio a sido REPROGRAMADA para el 6 de febrero del 2012 a las 6 p.m., en la Cámara del Concejo, 117 Macneil Street, San Fernando, California 91340 para considerar adoptar el propuesto incremento al cobro del servicio del alcantarillado. La audiencia estaba originalmente programada para el 17 de enero del 2012. El concilio no tendrá la audiencia pública el 17 de enero del 2012 para considerar la adopción del propuesto incremento.

2. La Ciudad de San Fernando esta proponiendo incrementar el cobro del servicio de alcantarillado efectivo el 25 de marzo del 2012, 1 de julio del 2012 y el 1 de julio del 2013 e imponer un ajuste de inflación anual comenzando el 1 de julio de cada año y en adelante hasta el 1 de julio del 2016.

**A. Base por la cual el Cobro del Servicio del Alcantarillado es Calculado** – La ciudad impone un cobro mensual del servicio de alcantarillado.

Para clientes residenciales, el cobro es fijo. El cobro fijo recupera costos fijos de proveer servicio de alcantarillado a clientes residenciales los cuales son adjudicados basados en el número de cuentas. El cobro fijo también recupera costos variables de proveer servicio de alcantarillado a clientes residenciales que son basados en la cantidad vertida y en la fuerza de la descarga del alcantarillado.

Para otros clientes, el cobro es la suma de una cobro base del servicio de alcantarillado más una tarifa basada en la cantidad de agua usada medida en cientos de pies cuadrados (siglas en ingles CCF). El cobro base del servicio del alcantarillado recupera costos fijos de proveer servicio de alcantarillado a clientes no-residenciales, los cuales son adjudicados basados en el numero de cuentas. El cobro por CCF recupera costos variables de proveer servicio de alcantarillado a clientes no-residentes el cual también es adjudicado basado en la cantidad vertida y en la fuerza de la descarga del alcantarillado.

La Ciudad propone modificar la estructura de la tarifa eliminando el cobro variable de propiedades multi-familiares y otras propiedades residenciales e imponiendo una tarifa fija del servicio de alcantarillado para todas las propiedades residenciales.

**B. Razón para el Cobro de Servicio de Alcantarillado** - La Ciudad llevó a cabo un estudio para determinar el costo de proveer servicio de alcantarillado a los clientes de la ciudad. El estudio recomendó que la ciudad aumentará el cobro del servicio de alcantarillado para poder cumplir con los gastos de operación del sistema, necesidades del programa capital, obligaciones del servicio de deudas y requisitos de reserva.

**C. Cantidad del Cobro** – La tabla adjunta provee por clase el propuesto incremento para todos los clientes. La Ciudad también propone aprobar un ajuste de inflación anual comenzando el 1 de julio del 2014, el 1 de julio del 2015 y el 1 de julio del 2016.

Si necesita asistencia en determinar la cantidad de su cobro del servicio de alcantarillado, puede contactar al Departamento de Obras Públicas llamando al (818) 898-1222, por correo electrónico al [ProposedRateIncrease@sfcity.org](mailto:ProposedRateIncrease@sfcity.org) o visitando la Alcaldía al 117 Macneil Street, San Fernando, California, 91340.

3. Antes de tomar acción final sobre el propuesto incremento, el Concilio a **REPROGRAMADO LA AUDIENCIA PÚBLICA para el 6 de febrero del 2012 a las 6 p.m., en la Cámara del Consejo, 117 Macneil Street, San Fernando, California, 91340.** La Audiencia Pública será para escuchar testimonio público y recibir protestas por escrito sobre el propuesto incremento. El concilio podrá continuar la audiencia de vez en cuando sin más notificación.

4. Cualquier Dueño de Propiedad (el termino "Dueño de Propiedad" usado en este aviso incluye a cualquier persona o entidad que tiene el derecho legal de poseer y/o ocupar la propiedad y que es responsable de los pagos del servicio de alcantarillado) puede comparecer en la Audiencia Pública y oralmente protestar el incremento y/o presentar a la Secretaria de la Municipalidad su protesta al aumento por escrito.

Usted puede mandar o entregar personalmente su protesta por escrito a la Secretaria de la Municipalidad al 117 Macneil Street, San Fernando, California, 91340. Protestas por escrito que sean enviadas por correo o entregadas personalmente a la Secretaria de la Municipalidad en el Alcaldía antes de la Audiencia Pública reprogramada deben de llegar a la Alcaldía a más tardar las 4:00 p.m. el 6 de febrero del 2012. También puede entregar su protesta por escrito a la Secretaria de la Municipalidad durante la Audiencia Pública reprogramada antes de que se termine la Audiencia Pública.

Para ser contada, la protesta por escrito debe de identificar la propiedad, al dueño de propiedad, y ser firmada por el mismo. Habrá una mayoría de protesta al incremento si al final de la Audiencia Pública hay protestas por escrito entregadas por dueños de la mayoría de las propiedades sujetas al propuesto incremento. Una mayoría de protestas resultara en que el incremento no se lleve a cabo. No más de una protesta por escrito por lote será contada al calcular la mayoría de protestas.

5. Información detallada sobre el propuesto aumento puede ser repasada en la Ciudad de San Fernando, 117 Macneil Street, San Fernando, California, 91340 durante horas laborales.

## PROPOSED NEW SEWER CHARGES

| <b>Base Fee</b>       |                   | <b>Base Fee</b>   |                   |                   |                   |  |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| <b>Customer Class</b> | <b>FY 2011/12</b> | <b>FY 2012/13</b> | <b>FY 2013/14</b> | <b>FY 2014/15</b> | <b>FY 2015/16</b> |  |
| Residential           | \$ 28.32          | \$ 31.15          | \$ 32.70          | \$ 32.70          | \$ 32.70          |  |
| Group II Commercial   | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |
| Group III Commercial  | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |
| Group IV Commercial   | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |
| City Property         | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |
| Industrial            | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |
| Schools               | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |
| Higher Education      | 16.30             | 17.93             | 18.83             | 18.83             | 18.83             |  |

| <b>Unit Cost for (\$/CCF) Water Used</b> |                   |                   |                   |                   |                   |  |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| <b>Customer Class</b>                    | <b>FY 2011/12</b> | <b>FY 2012/13</b> | <b>FY 2013/14</b> | <b>FY 2014/15</b> | <b>FY 2015/16</b> |  |
| Group II Commercial                      | \$ 1.63           | \$ 1.80           | \$ 1.89           | \$ 1.89           | \$ 1.89           |  |
| Group III Commercial                     | 2.63              | 2.90              | 3.04              | 3.04              | 3.04              |  |
| Group IV Commercial                      | 3.94              | 4.35              | 4.57              | 4.57              | 4.57              |  |
| City Property                            | 1.25              | 1.37              | 1.44              | 1.44              | 1.44              |  |
| Industrial                               | 1.24              | 1.37              | 1.44              | 1.44              | 1.44              |  |
| Schools <sup>1</sup>                     | 1.11              | 1.22              | 1.28              | 1.28              | 1.28              |  |
| Higher Education <sup>1</sup>            | 1.11              | 1.22              | 1.28              | 1.28              | 1.28              |  |

<sup>1</sup> Charge per student (ADA).

Sources: City of San Fernando; Willdan Financial Services.



**\*\*\*\*REVISED\*\*\*\***

**CITY OF SAN FERNANDO  
NOTICE OF PROPOSED WATER CHARGE INCREASE  
and of  
RESCHEDULED PUBLIC HEARING**

**CITY OF SAN FERNANDO GIVES NOTICE THAT:**

1. The City Council will hold **A RESCHEDULED PUBLIC HEARING on February 6, 2012, at 6 p.m., in the City Council Chambers, 117 Macneil Street, San Fernando, California, 91340** to consider adoption of a proposed water charge increase. The hearing was originally scheduled to be held on January 17, 2012. The City Council will not hold a public hearing to consider the adoption of proposed water charge increase on January 17, 2012.

2. The City of San Fernando is proposing to increase its water charges effective March 25, 2012, and on July 1 of each year thereafter through July 1, 2016. In addition, beginning July 1, 2012 and for each Fiscal Year through June 30, 2017, the City proposes to pass through increases in the City's cost of purchasing wholesale water.

**A. Basis upon which the Water Service Charge Is Calculated** – The City imposes a monthly charge for water services. The charge is the sum of a fixed monthly service charge and a commodity charge per unit of water used. The fixed monthly service charge recovers fixed costs of providing water services, which are allocated based on the size of a customer's water meter. The commodity charge recovers variable costs of providing water service, which are allocated based on the demand (amount of base & peak usage) that each customer places on the water utility. Base usage is defined as the consistent level of water use by a customer throughout the year. Peak usage is defined as the increase or spike in water use at certain intervals throughout the year (i.e., irrigation needs during the summer).

**B. Reason for Water Service Charge** – The City conducted a rate study to determine the cost of providing water service to the City's customers. The rate study recommended that the City increase its water service charge to meet the water service system's operating costs, capital program requirements, debt service obligations and reasonable reserve requirements.

**C. Amount of Charge** – The attached table provides the proposed water charge increase for all customers, by class, on March 25, 2012, and on July 1 of each year through July 1, 2015. The rates in effect as of July 1, 2015 are subject to an annual adjustment for inflation on July 1, 2016. In addition, beginning July 1, 2012 and for each Fiscal Year through June 30, 2017, the City proposes to pass through increases in the City's cost of purchasing wholesale water.

If you need assistance determining the amount of your water service charge, you may contact the Public Works Department by calling 818-898-1222, by emailing [ProposedRateIncrease@sfcity.org](mailto:ProposedRateIncrease@sfcity.org) or by visiting City Hall at 117 Macneil Street, San Fernando, California, 91340.

3. Before taking final action on the proposed water charge increase, the City Council will hold a **RESCHEDULED PUBLIC HEARING on February 6, 2012, at 6 p.m., in the City Council Chambers, 117 Macneil Street, San Fernando, California, 91340**. The Public

Hearing will be for hearing public testimony and receiving written protests on the proposed water charge increase. The City Council may continue the hearing from time-to-time without further mailed notice.

4. Any Property Owner (the term "Property Owner" as used in this Notice includes any person or entity that has a right to lawful possession and/or occupancy of property and who is responsible for payment of water service charges) may appear at the Public Hearing and orally protest the proposed water charge increase and/or submit to the City Clerk a written protest against the proposed water charge increase.

You may mail or hand-deliver your written protest to the City Clerk at 117 Macneil Street, San Fernando, California, 91340. Written protests that are mailed or delivered to the City Clerk at City Hall before the rescheduled Public Hearing must arrive at City Hall by 4:00 p.m. on February 6, 2012. You may also submit your written protest to the City Clerk at the rescheduled Public Hearing prior to the end of the hearing.

To be counted, a written protest must identify the property and the Property Owner, and be signed by the Property Owner. A majority protest to the proposed water charge increase will exist if, at the end of the Public Hearing, there are written protests submitted by owners of a majority of the properties subject to the proposed rate increase. A majority protest will result in the increase not being imposed. Note that no more than one written protest per parcel will be counted in calculating a majority protest.

5. Detailed information about the proposed water charges may be reviewed at City of San Fernando, 117 Macneil Street, San Fernando, California, 91340 during regular business hours.

**\*\*\*\*MODIFICACION\*\*\*\***

**CIUDAD DE SAN FERNANDO  
AVISO DEL PROPUESTO INCREMENTO  
A LA TARIFA DEL AGUA  
y de la  
AUDIENCIA PÚBLICA REPROGRAMADA**

**LA CIUDAD DE SAN FERNANDO NOTIFICA QUE:**

1. La audiencia pública con el Concilio a sido reprogramada para el 6 de febrero del 2012 a las 6 p.m. en la Cámara del Concejo, 117 Macneil Street, San Fernando, California 91340 para considerar la adopción del propuesto incremento al cobro del agua. La audiencia fue originalmente programada para el 17 de enero del 2012. El concilio no tendrá la audiencia pública el 17 de enero del 2012, para considerar la adopción del propuesto incremento al cobro del agua.

2. La Ciudad de San Fernando esta proponiendo incrementar la tarifa del servicio del agua comenzando el 25 de marzo del 2012 y de allí en adelante el 1 de Julio de cada año hasta el 1 de julio del 2016. Además, comenzando el 1 de julio del 2012 y en cada año fiscal hasta el 30 de junio del 2017 la Ciudad propone incluir incrementos en el costo de comprar el agua.

**A. Base por la cual la Tarifa del Servicio del Agua es Calculada** – La Ciudad impone un cobro mensual del servicio del agua. El cobro es la suma de un cobro fijo de servicio mensual y cobro de productos básicos por unidad de agua usada. El cobro fijo de servicio mensual recupera los costos de proveer servicio de agua que son adjudicados basados en el tamaño del medidor de agua del cliente. El cobro por productos básicos recupera los costos variables de proveer servicio de agua los cuales son adjudicados basado en la demanda (cantidad básica y uso máximo) que cada cliente da al servicio de agua. Uso base es definido como el nivel consistente de agua usada por un cliente durante el año. Uso máximo es definido como el incremento a salto en uso del agua a ciertos intervalos durante el año, (i.e. regar durante el verano).

**B. Razón para el Cobro del Servicio de Agua** – La Ciudad llevó acabo un estudio para determinar el costo de proveer servicio de agua a los clientes de la Ciudad. El estudio recomendó que la ciudad aumentara el cobro del servicio de agua para cumplir con los costos de operar el sistema del servicio del agua, necesidades del programa capital, obligaciones del servicio de deudas y requisitos de reserva.

**C. Cantidad de Cobro** – La tabla adjunta provee por clase el propuesto incremento en la tarifa del agua comenzando el 25 de marzo del 2012 y el 1 de julio de cada año hasta el 1 de julio del 2015 para todos los clientes. Las tarifas en efecto apartir del 1 de julio del 2015 son sujetas a un ajuste anual por inflación el 1 de julio del 2016. Además, comenzando el 1 de julio del 2012 y por cada Año Fiscal hasta el 30 de junio del 2017, la Ciudad propone incluir incrementos en el costo de comprar agua.



Si necesita asistencia en determinar la cantidad del cobro del servicio del agua, puede contactar al Departamento de Obras Publicas llamando al 818-898-1222, por correo electrónico al [ProposedRateIncrease@sfcity.org](mailto:ProposedRateIncrease@sfcity.org) o visitando la Alcaldía al 117 Macneil Street, San Fernando, California, 91340.

3. Antes de tomar acción final sobre el propuesto incremento, el Concilio a **REPROGRAMADO LA AUDIENCIA PÚBLICA para el 6 de febrero del 2012 a las 6 p.m. en la Cámara del Consejo, 117 Macneil Street, San Fernando, California, 91340.** La Audiencia Publica será para escuchar testimonio público y recibir protestas por escrito sobre el propuesto incremento. El concilio podrá continuar la audiencia de vez en cuando sin más notificación.

4. Cualquier Dueño de Propiedad (el termino "Dueño de Propiedad" usado en este aviso incluye a cualquier persona o entidad que tiene el derecho legal de poseer y/o ocupar la propiedad y que es responsable de los pagos del servicio del agua) puede comparecer en la Audiencia Publica y oralmente protestar el incremento y/o presentar a la Secretaria de la Municipalidad su protesta al aumento por escrito.

Usted puede mandar o entregar personalmente su protesta por escrito a la Secretaria de la Municipalidad al 117 Macneil Street, San Fernando, California, 91340. Protestas por escrito que sean enviadas por correo o entregadas personalmente a la Secretaria de la Municipalidad en el Alcaldía antes de la Audiencia Pública reprogramada deben de llegar a la Alcaldía a más tardar las 4:00 p.m. el 6 de febrero del 2012. También puede entregar su protesta por escrito a la Secretaria de la Municipalidad durante la Audiencia Pública reprogramada antes de que se termine la audiencia.

Para ser contada, la protesta por escrito debe de identificar la propiedad, al dueño de propiedad, y ser firmada por el mismo. Habrá una mayoría de protesta al incremento si al final de la Audiencia Publica hay protestas por escrito entregadas por dueños de la mayoría de las propiedades sujetas al propuesto incremento. Una mayoría de protestas resultara en que el incremento no se lleve acabo. No más de una protesta por escrito por lote será contada al calcular la mayoría de protestas.

5. Información detallada sobre el propuesto aumento puede ser repasada en la Ciudad de San Fernando, 117 Macneil Street, San Fernando, California, 91340 durante horas laborales.

## PROPOSED NEW WATER RATES

|   |                                     |    | <u>FY 2011-12</u> | <u>FY 2012-13</u> | <u>FY 2013-14</u> | <u>FY 2014-15</u> | <u>FY 2015-16</u> |
|---|-------------------------------------|----|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b><u>TOTAL COMBINED MONTHLY FIXED CHARGE</u></b> |                                     |    |                   |                   |                   |                   |                   |
| <u>Meter Size</u>                                 | <u>AWWA Equivalent Meter Factor</u> |    |                   |                   |                   |                   |                   |
| 5/8", 3/4"  | 1.0                                 | \$ | 13.58             | \$ 15.11          | \$ 16.47          | \$ 17.95          | \$ 18.68          |
| 1"  | 2.5                                 |    | 22.79             | 25.37             | 27.65             | 30.14             | 31.96             |
| 1 1/2"  | 5.0                                 |    | 38.15             | 42.46             | 46.28             | 50.44             | 54.10             |
| 2"  | 8.0                                 |    | 56.58             | 62.97             | 68.64             | 74.81             | 80.66             |
| 3"  | 16.0                                |    | 105.72            | 117.67            | 128.26            | 139.80            | 151.50            |
| 4"  | 25.0                                |    | 161.01            | 179.20            | 195.33            | 212.91            | 231.18            |
| 6"  | 50.0                                |    | 314.58            | 350.12            | 381.64            | 415.98            | 452.54            |

Sources: City of San Fernando; Willdan Financial Services.

## Monthly Commodity Rates

| <u>Description</u>               | <u>FY</u><br><u>2011-2012</u> | <u>FY</u><br><u>2012-2013</u> | <u>FY</u><br><u>2013-2014</u> | <u>FY</u><br><u>2014-2015</u> | <u>FY</u><br><u>2015-2016</u> |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Residential                      |                               |                               |                               |                               |                               |
| Block 1 Rate per hcf (0-9 hcf)   | \$ 0.89                       | \$ 1.00                       | \$ 1.11                       | \$ 1.20                       | \$ 1.31                       |
| Block 2 Rate per hcf (10-18 hcf) | 1.81                          | 2.04                          | 2.25                          | 2.45                          | 2.67                          |
| Block 3 Rate per hcf (18+ hcf)   | 2.42                          | 2.72                          | 3.00                          | 3.27                          | 3.56                          |
| Non-Residential                  | 1.62                          | 1.82                          | 2.00                          | 2.18                          | 2.38                          |

Sources: City of San Fernando; Willdan Financial Services.

## ATTACHMENT "F"

## RESOLUTION NO. 7462

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY  
OF SAN FERNANDO ADOPTING PROCEDURES IN  
CONNECTION WITH PROPOSED INCREASES TO  
UTILITY SERVICE CHARGES**

**WHEREAS**, Article XIII D of the California Constitution and the Proposition 218 Omnibus Implementation Act (Government Code Section 53750, *et seq.*) (the "Implementation Act") impose certain procedural and substantive requirements for imposing new or increased property-related fees and charges, as defined in Article XIII D ("Charges"), including the requirement to conduct a public hearing and majority protest proceedings for consideration of Charges; and


**WHEREAS**, neither Article XIII D of the California Constitution nor the Implementation Act provide specific guidance for the conduct of the public hearing and majority protest proceedings; and

**WHEREAS**, City Council desires to adopt procedures for the conduct of its public hearings and majority protest proceedings for consideration of Charges which are consistent with Article XIII D and the Implementation Act.

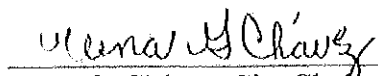
**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN FERNANDO, CALIFORNIA DOES HEREBY RESOLVE, FIND, DETERMINE, AND ORDER AS FOLLOWS:**

**Section 1.** In accordance with Article XIII D and the Implementation Act, the City Council hereby approves the Procedures for the Conduct of a Public Hearing Relating to a Proposed Increase to Utility Service charges as set forth in (Exhibit "A"), attached hereto and incorporated herein by reference (the "Procedures"). "

**PASSED, APPROVED, and ADOPTED** this 17<sup>th</sup> day of January, 2012.

  
Mario F. Hernández, Mayor

**ATTEST:**

  
Elena G. Chávez, City Clerk

STATE OF CALIFORNIA           )  
COUNTY OF LOS ANGELES    ) ss  
CITY OF SAN FERNANDO       )

I HEREBY CERTIFY that the foregoing Resolution was approved and adopted at a regular meeting of the City Council held on the 17<sup>th</sup> day of January, 2012 by the following vote to wit:

**AYES:**           Hernández, Esqueda, Ballin, De La Torre, Lopez -- 5

**NOES:**           None

**ABSENT:**       None

  
\_\_\_\_\_  
Elena G. Chávez, City Clerk

**EXHIBIT "A"**

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**PROCEDURES FOR THE CONDUCT OF A  
PUBLIC HEARING RELATING TO A PROPOSED INCREASE  
TO UTILITY SERVICE CHARGES**

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*The following Procedures have been adopted by the City Council of the City of San Fernando for the purpose of conducting a public hearing required by Article XIII D of the California Constitution for consideration of the imposition of a proposed increase to the Utility Service charges.*

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A. Definitions

1. "Customer of Record" means the person whose name appears on the City's records as the person who contracted for, and became obligated to pay for, Utility Service for the Identified Parcel.
2. "Identified Parcel" means the parcel to which the Proposed Increase will apply.
3. "Proposed Increase" means a proposed increase to a charge for Utility Service.
4. "Record Owner" means the owner of an Identified Parcel whose name and address appears on the last Los Angeles County equalized secured property tax assessment roll (the "Assessment Roll"), or in the case of any public entity, the State of California, or the United States, means the representative of that public entity at the address of that entity known to the City.
5. "Utility Service" means a service for which the City imposes a fee or charge subject to Article XIID of the California Constitution.

B. Notice of the Public Hearing on the Proposed Increase

1. Notice of the public hearing on the Proposed Increase shall be sent, postage prepaid, by first class mail at least forty-five (45) days prior to the date set for the public hearing to the Customer of Record.
2. Each mailed notice shall contain all of the following:
  - The amount of the Proposed Increase to be imposed upon the Identified Parcel covered by the notice;
  - The basis upon which the amount of the Proposed Increase was calculated;
  - The reason for the Proposed Increase;
  - The effect of a majority protest; and
  - The date, time and location of a public hearing on the Proposed Increase.
3. The City Clerk, or the designee of the City Clerk, may certify the proper mailing of notices by an affidavit, which shall constitute conclusive proof of mailing in the absence of fraud.
4. Failure of any person to receive notice shall not invalidate the proceedings on the Proposed Increase.

C. Eligibility to File a Protest

1. Any Customer of Record or Record Owner may file a written protest against the Proposed Increase.
2. If the owner of any Identified Parcel is not shown on the Assessment Roll, such owner may file a protest for such parcel by filing with the City Clerk a proxy from

the Record Owner in a form satisfactory to the City Attorney or evidence of ownership satisfactory to the City Attorney. Any such proxy or evidence must be received by the City Clerk prior to the conclusion of the public hearing.

3. When an Identified Parcel is held by a partnership, as community property, in joint tenancy, or as a tenancy in common, any partner, spouse, joint tenant, or tenant in common, as the case may be, may file a protest for such parcel.
4. An executor, administrator, or guardian may file a protest for an Identified Parcel on behalf of the estate it represents. If such representative is shown on the Assessment Roll as paying taxes and assessments levied against the parcel, that fact shall establish the right of such representative to file the protest. If such representative is not shown on the Assessment Roll, the representative must file with the City Clerk written documentation satisfactory to the City Attorney establishing the legal representation. Any such documentation must be filed with the City Clerk prior to the conclusion of the public hearing.
5. When the Customer of Record is, or an Identified Parcel is held by, a corporation or unincorporated association, a protest may be filed by any person authorized in writing by the board of directors or trustees or other managing body thereof to take such actions. The corporation or unincorporated association must file with the City Clerk written authorization satisfactory to the City Attorney. Any such written authorization must be filed with the City Clerk prior to the conclusion of the public hearing.

D. Submission of Written Protests

1. Written protests may be mailed (via U.S. mail) to the City Clerk at City Hall or delivered in person to the City Clerk at City Hall or at the public hearing.
2. To be counted, each written protest must: (i) clearly state opposition to the Proposed Increase, (ii) identify the property covered by the protest and (iii) be signed by the Customer of Record or Record Owner that is filing the written protest with respect to the Identified Parcel.
3. No protest received after the close of the public hearing shall be counted in determining the existence of a majority protest. The last pick up by the City Clerk of protests mailed or delivered to City Hall will occur at 4:00 p.m. on the date scheduled for the public hearing. To ensure that protests which are mailed or delivered to City Hall are received by the City Clerk prior to the close of the public hearing, such protests must be received by the City Clerk at City Hall prior to 4:00 p.m. on the date scheduled for the public hearing. The City Clerk shall endorse on each written protest the date it is filed with the City. The City Clerk shall identify any protests which are received after the close of the public hearing.
4. Written protests may be withdrawn in writing at any time before the conclusion of the public hearing by the person who submitted the written protest.

5. For purposes of determining whether a majority protest exists, only one protest for each Identified Parcel will be counted.
6. Prior to the commencement of the public hearing, all written protests submitted shall be kept secret and confidential.
7. After the City Council opens the public hearing, all written protests shall be considered public records.

E. Conduct of the Public Hearing; Determination of a Majority Protest

1. At the time, date and place fixed for the public hearing, the City Council shall:
  - (i) **Hear a staff presentation pertaining to the Proposed Increase;**
  - (ii) **Hear all persons interested in the matter of the Proposed Increase;**  
**and**
  - (iii) **Receive all written communications regarding the Proposed Increase.**
2. The public hearing may be continued from time to time, as the City Council determines is necessary to complete its consideration of the Proposed Increase.
3. If the City Council determines at the close of the public hearing that written protests have been presented, and not withdrawn, by the Record Owners or Customers of Record of a majority of the Identified Parcels (i.e., a majority protest exists), the City Council shall not approve the Proposed Increase.
4. If the City Council determines at the close of the public hearing that a majority protest does not exist, the City Council may adopt an Ordinance imposing the Proposed Increase.



**PLEASE REFER TO**

**CITY COUNCIL**

**ITEM #10**

**FOR FULL REPORT**







**CITY COUNCIL****MEMORANDUM**

**TO:** Mayor Mario F. Hernández and Councilmembers

**FROM:** Councilmember Sylvia Ballin

**DATE:** February 6, 2011

**SUBJECT:** Motion to Censure Mayor Hernández for Conduct During the November 21, 2011, City Council Meeting

---

I have placed this on the agenda for City Council consideration.

**ATTACHMENT:**

A) (My) Council Comments at the January 17, 2012, City Council meeting

**ATTACHMENT "A"****Council Comments**

By Sylvia Ballin

January 17, 2012

2011 was a very difficult year for our residents and our great city. The year was filled with hardships that can be expected from the worst economic recession since the Great Depression. San Fernando was never a city of tremendous economic wealth. We are a people of simple, proud and modest means. Where we lack in economic wealth, we are abundant in human spirit. We closed the year with incidents that assaulted our collective spirit as a City and left in its wake a doubt in the leadership of our city.

I have great sympathy when individuals experience personal turmoil. I struggle to balance that sympathy and empathy when personal matters get in the way of city leadership. As we closed the 2011 year, we witnessed examples of this in our city. Personal matters should be personal; however, I must speak up as a representative of this city when these matters interfere with city business.

While I do not wish to rehash the details of our November 21, 2011, council meeting, I do feel the ethical responsibility to ensure that San Fernando and its good people do not fall victim to its consequences. Therefore, in the best interest of the City, I am formally requesting that Mayor Hernandez step down immediately. That is the most decent and right thing to do, given the fact that San Fernando's confidence in him has been shattered. Also given the fact that San Fernando's every step is being watched. What we do going forward to recover will determine whether San Fernando falls or rises.

By the Mayor's own admission, he has pressing personal issues to resolve which I believe are too distracting to serve the City effectively. I request that for San Fernando's sake, and the future of San Fernando, that you step down and take time to resolve your issues, so that the business of San Fernando can be managed in a healthy way. I know you care, Mr. Mayor, as much as I do about the City. My request is for the sake of the City, the residents, the businesses, and the stakeholders.

I also ask that the council officially censure the Mayor for his comments and actions during the meeting of November 21, 2011. If we do not publicly take a position on such, we are complicit. We cannot be guilty of willfully



tarnishing the City by way of association. Procedurally, an official censure by this Council body is a rebuke and condemnation of the Mayor's actions and words. It can appear symbolic; however, I submit to you that a majority of this Council must take this action to begin the process of healing and restoring the public's confidence in its leadership. We owe it to our residents, businesses, and investors. We owe it to ourselves, so that we can continue to lead this city with dignity. While we cannot require the Mayor to step down from his elected position as a councilmember, we can take the proactive steps of censuring his public conduct during a public meeting and removing him as Mayor.

#### **Motion #1**

Therefore, I make the motion to censure Mayor Hernandez for his conduct during the meeting of November 21, 2011. I look to my colleagues for a second.

#### **Motion #2:**

"I make the motion to relieve Mayor Hernandez from his duties as presiding officer of this Council. I would appreciate a second."

#### **Motion #3:**

"I make the motion to nominate Councilmember Lopez to serve as Mayor of San Fernando. He is a man of morals & ethics; he is dedicated and makes decisions based on putting the city's interest first. May I have a second?"

At the Budget & Finance Committee on February 26, 2011, April 6, 2011 and October 26, 2011, the Mayor & council woman De La Torre worked on the City's anti-fraternization policy. Their work on the anti-fraternization policy was inappropriate because their actions at the time were violating the very policy they would be recommending to Council.

The Mayor was entrusted by the council to represent us on the management negotiating team to settle on a viable MOU with the Police Officers Association. He was at the negotiating table from May - November 2011; however, he was not at the negotiating table to finalize the months of hard work by both sides on Friday, December 16, 2011. Instead he had Council woman De La Torre at the table to tie the bow on the hard work done by both sides. Why would he delegate the most minute changes to Council woman De La Torre & and not follow-through on his responsibility? This is an example of the Mayor needing to take care of his personal issues.

**“Once again, I make the motion to nominate Councilmember Lopez to serve as Mayor of San Fernando. He is a man of morals & ethics; he is dedicated and makes decisions based on putting the city's interest first. May I have a second?”**







**CITY COUNCIL****MEMORANDUM**

**TO:** Mayor Mario F. Hernández and Councilmembers

**FROM:** Councilmember Sylvia Ballin

**DATE:** February 6, 2011

**SUBJECT:** Remove Councilmember Hernández as Mayor and Elect Councilmember Lopez as Mayor

---

At the January 17, 2012, City Council meeting, I made the following motions:

- 1) Relieve Mayor Hernández from his duties as presiding officer of this Council; and
- 2) Nominate Councilmember Lopez to serve as Mayor of San Fernando. He is a man of morals and ethics; he is dedicated and makes decision based on putting the City's interest first.

At this meeting, the City Attorney stated that these motions must be agendized.







## **CITY COUNCIL**

### **MEMORANDUM**

**TO:** City Councilmembers  
**FROM:** Mayor Mario F. Hernández  
**DATE:** February 6, 2012  
**SUBJECT:** Motion to Censure Councilmember Ballin

---

I have placed this on the agenda for City Council discussion and consideration.









**CITY COUNCIL****MEMORANDUM**

**TO:** Mayor Mario F. Hernández and Councilmembers  
**FROM:** Councilmember Sylvia Ballin  
**DATE:** February 6, 2011  
**SUBJECT:** Termination of City Administrator's Employment Agreement

---

I have placed this on the agenda for City Council consideration.

Per the terms of the Employment Agreement, the City may terminate the agreement upon ninety (90) days written notice.

February 6, 2012, will be the official notification date (May 5, 2012 will be last date of employment with the City).

**ATTACHMENTS:**

- A) Contract No. 1659
- B) Contract No. 1659(a) - Amendment

**ATTACHMENT "A"**  
**CONTRACT NO. 1655****CITY ADMINISTRATOR****EMPLOYMENT AGREEMENT**

This employment agreement ("Agreement") is entered into this 21<sup>st</sup> day of March, 2011, for the purpose of the City of San Fernando ("City") employing the services of Alfonso Hernández ("Hernández") as City Administrator (hereinafter collectively "parties").

In consideration of the mutual terms, covenants and conditions herein, the parties agree as follows:

**SECTION 1. General**

City engages Hernández on a full time basis as City Administrator of City to perform the functions and duties specified in the San Fernando Municipal Code, Chapter 2, Article III, Division 2, and to perform such other legally permissible duties and functions as the City Council may from time to time assign.

**SECTION 2. Term**

A. The term of this Agreement shall be at-will, commencing on March 21, 2011. The Agreement may be terminated by either party at any time subject to the notification and termination provisions below.

B. Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of Hernández to voluntarily terminate or resign at any time from his position with the City. Hernandez agrees to provide the City with thirty (30) days notice before voluntarily terminating or resigning his position with the City.

**SECTION 3. Termination**

The City may terminate this Agreement at any time, with or without cause, upon ninety (90) days written notice to Hernández, with the exception that the City shall not provide notice of termination within ninety (90) days after the date of a general municipal election.

**SECTION 4. Compensation**

City agrees to pay Hernández for his services rendered pursuant hereto an annual base compensation of ONE HUNDRED FORTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$147,500) payable in installments at the same time other employees of the City are paid. For so long as Hernández satisfies the City's standard criteria for Bi-Lingual pay, he shall be paid an additional ONE THOUSAND TWO HUNDRED DOLLARS (\$1,200) per year, for a TOTAL of ONE HUNDRED FORTY-EIGHT THOUSAND SEVEN HUNDRED DOLLARS (\$148,700). The City Council may consider a salary increase in conjunction with the agreed upon annual performance evaluations.

**SECTION 5. Hours of Work**

A. Hernández is an exempt employee but is expected to engage in those hours of work that are necessary to fulfill the obligations of the City Administrator position. The City Administrator is expected to be available at all times.

B. It is recognized that Hernández must devote a great deal of time to the business of the City outside of the City's customary office hours, and to that end his schedule of work each day and week shall vary in accordance with the work required to be performed. Hernández shall spend sufficient hours on site to perform the City Administrator's duties. Nevertheless, Hernández shall be entitled to a 9/80 work schedule, consistent with that available to the City's managers and directors.

**SECTION 6. Additional Benefits and Coverage**

A. In addition to compensation, Hernández shall receive the following:

B. Management Leave of one hundred twenty (120) hours annually, accrued in the same manner as all other management employees. The City shall compensate Hernández for unused Management Leave at the end of each calendar year.

C. P.E.R.S. retirement two percent (2%) at fifty-five (55) with employee contribution paid by the City.

D. Social Security and Medi Care coverage as required by law.

E. Full (100%) paid medical, dental and vision (including family coverage).

F. Long term disability program on terms offered to other management employees.

G. Annual Leave program (sick and vacation combined), of twenty (20) days (160 hours).

H. Twelve holidays per year the same as all other employees.

I. Training allowance of up to Three Thousand Dollars (\$3,000) per year for courses and seminars that are necessary for his professional development and for the good of the City, subject to City Council approval.

**SECTION 7. Expenses**

A. City agrees to budget and to pay the professional dues and subscriptions of Hernández necessary for his continuation and participation in national, State and local associations and organizations necessary and desirable for his continued professional participation, growth, and advancement or for the good of the City, all of which may be subject to review and approval by City from time to time.

B. City hereby agrees to budget and to pay the travel and subsistence expenses of Hernández for official travel, meetings, and occasions adequate to continue the professional development of Hernández and to adequately pursue necessary official and other functions for the City, including but not limited to national, State and local conferences, governmental groups and committees in which Hernández serves as a member, all of which may be subject to review and approval by City from time to time. Travel out of state requires the prior approval of the City Council.

#### **SECTION 8. Performance Evaluation**

A. Annual performance evaluations are an important way for the City Council and Hernández to ensure effective communications about expectations and performance. The City Council recognizes that for Hernández to respond to its needs and to grow in the performance of his job, Hernández needs to know how the City Council evaluates his performance.

B. To assure that the City Administrator receives this feedback, the City Council shall conduct an evaluation of Hernández's performance at least once each year. The first performance evaluation shall take place on or about June 1, 2011, and thereafter on or about June 1 of each year. Hernández shall establish a mutually convenient time, and timely agendaize all such performance evaluations.

C. The annual review and evaluation shall be in accordance with specific criteria developed jointly by the City Council and Hernández. Such criteria may be added to or deleted as the City Council may from time to time determine and advise Hernández. The City Council and Hernández shall define such goals and performance objectives as they mutually determine are necessary for the proper operation of the City for the attainment of the City Council's policy objectives, and the City Council and Hernández shall further establish a relative priority among those goals and performance objectives.

#### **SECTION 9. ICMA Code of Ethics**

A. Hernández agrees to become a member of the International City Management Association ("ICMA"). The Parties mutually desire that Hernández be subject to and comply with the ICMA Code of Ethics (Exhibit "A").

B. Hernández agrees to comply with the ICMA Code of Ethics.

C. The City and the City Council agree that neither the City Council nor any of its members will give Hernández any order, direction, or request that would require Hernández to violate the ICMA Code of Ethics.

#### **SECTION 10. Conflict of Interest**

A. Hernández shall not engage in any business or transaction or have a financial or other personal interest or association, direct or indirect, which is in conflict with the proper discharge of official duties or would tend to impair independence of judgment or action in the performance of official duties. Personal as distinguished from financial interest includes an interest arising from blood or marriage relationships or close business, personal, or political relationships or

associations. This section shall not serve to prohibit independent acts or other forms of enterprise during those hours not covered by active City employment, providing such acts do not constitute a conflict of interest as defined herein.

B. Hernández shall also be subject to the conflict of interest provisions of the California Government Code and any conflict of interest code applicable to his City employment.

C. Hernández is responsible for submitting to the City Clerk the appropriate Conflict of Interest Statements at the time of appointment, annually thereafter, and at the time of separation from his position.

#### **SECTION 11. Other Terms and Conditions of Employment**

The City Council may fix any such other terms and conditions of employment as it may determine from time to time, relating to the performance of Hernández, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement or the general laws of the City.

#### **SECTION 12. General Provisions**

A. This Agreement constitutes a single integrated contract expressing the entire agreement of the parties thereto. There are no other agreements, written or oral, express or implied, between Hernández and the City, except the agreements set forth in this Agreement.

B. If any provision, or any portion hereof, contained in this Agreement, is held to be unconstitutional, invalid, or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable and shall not be affected and remain in full force and effect.

C. This Agreement is executed and delivered in the State of California and the rights and obligations of the parties herein shall be construed and enforced in accordance with the laws of the State of California.

D. In the event of any inconsistencies between the rules, policies and regulations of the City, this Agreement shall govern.

E. This Agreement cannot be amended, modified or supplemented in any respect except by written agreement entered into by Hernández and City.

F. This Agreement shall not be construed against any one party, but shall be construed as if jointly prepared by Hernández and City. Any uncertainty or ambiguity shall not be construed against any one party.

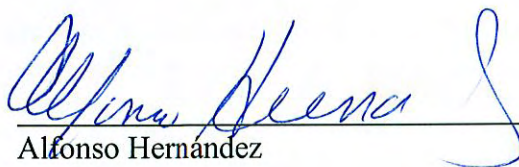
G. Each of the parties acknowledges that it has been represented by independent counsel of its choice throughout all negotiations preceding this Agreement and that it has executed this Agreement with consent and upon the advice of such counsel.



**IN WITNESS WHEREOF**, the City of San Fernando has caused this Agreement to be signed and executed in its behalf by the Mayor, and Hernández has signed and executed this Agreement, both in duplicate, the day and year first above written.

**CITY OF SAN FERNANDO**

  
\_\_\_\_\_  
Mario F. Hernández, Mayor


  
\_\_\_\_\_  
Alfonso Hernandez

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Michael Estrada, City Attorney

  
\_\_\_\_\_  
Counsel for Hernández

**ATTEST:**

  
\_\_\_\_\_  
Elena G. Chávez, City Clerk



## EXHIBIT "A"

## ICMA Code of Ethics With Guidelines

**The ICMA Code of Ethics was adopted by the ICMA membership in 1924, and most recently amended by the membership in May 1998. The Guidelines for the Code were adopted by the ICMA Executive Board in 1972, and most recently revised in July 2004.**

The mission of ICMA is to create excellence in local governance by developing and fostering professional local government management worldwide. To further this mission, certain principles, as enforced by the Rules of Procedure, shall govern the conduct of every member of ICMA, who shall:

1. Be dedicated to the concepts of effective and democratic local government by responsible elected officials and believe that professional general management is essential to the achievement of this objective.
2. Affirm the dignity and worth of the services rendered by government and maintain a constructive, creative, and practical attitude toward local government affairs and a deep sense of social responsibility as a trusted public servant.

### *Guideline*

**Advice to Officials of Other Local Governments.** When members advise and respond to inquiries from elected or appointed officials of other local governments, they should inform the administrators of those communities.

3. Be dedicated to the highest ideals of honor and integrity in all public and personal relationships in order that the member may merit the respect and confidence of the elected officials, of other officials and employees, and of the public.

### *Guidelines*

**Public Confidence.** Members should conduct themselves so as to maintain public confidence in their profession, their local government, and in their performance of the public trust.

**Impression of Influence.** Members should conduct their official and personal affairs in such a manner as to give the clear impression that they cannot be improperly influenced in the performance of their official duties.

**Appointment Commitment.** Members who accept an appointment to a position should not fail to report for that position. This does not preclude the possibility of a member considering several offers or seeking several positions at the same time, but once a *bona fide* offer of a position has been accepted, that commitment should be honored. Oral acceptance of an employment offer is considered binding unless the employer makes fundamental changes in terms of employment.

**Credentials.** An application for employment or for ICMA's Voluntary Credentialing Program should be complete and accurate as to all pertinent details of education, experience, and personal history. Members should recognize that both omissions and inaccuracies must be avoided.

**Professional Respect.** Members seeking a management position should show professional respect for persons formerly holding the position or for others who might be applying for the same position. Professional respect does not preclude honest differences of opinion; it does preclude attacking a person's motives or integrity in order to be appointed to a position.

**Reporting Ethics Violations.** When becoming aware of a possible violation of the ICMA Code of Ethics, members are encouraged to report the matter to ICMA. In reporting the matter, members may choose to go on record as the complainant or report the matter on a confidential basis.

**Confidentiality.** Members should not discuss or divulge information with anyone about pending or completed ethics cases, except as specifically authorized by the Rules of Procedure for Enforcement of the Code of Ethics.

**Seeking Employment.** Members should not seek employment for a position having an incumbent administrator who has not resigned or been officially informed that his or her services are to be terminated.

4. Recognize that the chief function of local government at all times is to serve the best interests of all of the people.

### *Guideline*

**Length of Service.** A minimum of two years generally is considered necessary in order to render a professional service to the local government. A short tenure should be the exception rather than a recurring experience. However, under special circumstances, it may be in the best interests of the local government and the member to separate in a shorter time. Examples of such circumstances would include refusal of the appointing authority to honor commitments



concerning conditions of employment, a vote of no confidence in the member, or severe personal problems. It is the responsibility of an applicant for a position to ascertain conditions of employment. Inadequately determining terms of employment prior to arrival does not justify premature termination.

5. Submit policy proposals to elected officials; provide them with facts and advice on matters of policy as a basis for making decisions and setting community goals; and uphold and implement local government policies adopted by elected officials.

#### *Guideline*

**Conflicting Roles.** Members who serve multiple roles—working as both city attorney and city manager for the same community, for example—should avoid participating in matters that create the appearance of a conflict of interest. They should disclose the potential conflict to the governing body so that other opinions may be solicited.

6. Recognize that elected representatives of the people are entitled to the credit for the establishment of local government policies; responsibility for policy execution rests with the members.
7. Refrain from all political activities which undermine public confidence in professional administrators. Refrain from participation in the election of the members of the employing legislative body.

#### *Guidelines*

**Elections of the Governing Body.** Members should maintain a reputation for serving equally and impartially all members of the governing body of the local government they serve, regardless of party. To this end, they should not engage in active participation in the election campaign on behalf of or in opposition to candidates for the governing body.

**Elections of Elected Executives.** Members should not engage in the election campaign of any candidate for mayor or elected county executive.

**Running for Office.** Members shall not run for elected office or become involved in political activities related to running for elected office. They shall not seek political endorsements, financial contributions or engage in other campaign activities.

**Elections.** Members share with their fellow citizens the right and responsibility to vote and to voice their opinion on public issues. However, in order not to impair their effectiveness on behalf of the local governments they serve, they shall not participate in political activities to support the candidacy of individuals running for any city, county, special district, school, state or federal offices. Specifically,

they shall not endorse candidates, make financial contributions, sign or circulate petitions, or participate in fund-raising activities for individuals seeking or holding elected office.

**Elections in the Council-Manager Plan.** Members may assist in preparing and presenting materials that explain the council-manager form of government to the public prior to an election on the use of the plan. If assistance is required by another community, members may respond. All activities regarding ballot issues should be conducted within local regulations and in a professional manner.

**Presentation of Issues.** Members may assist the governing body in presenting issues involved in referenda such as bond issues, annexations, and similar matters.

8. Make it a duty continually to improve the member's professional ability and to develop the competence of associates in the use of management techniques.

#### *Guidelines*

**Self-Assessment.** Each member should assess his or her professional skills and abilities on a periodic basis.

**Professional Development.** Each member should commit at least 40 hours per year to professional development activities that are based on the practices identified by the members of ICMA.

9. Keep the community informed on local government affairs; encourage communication between the citizens and all local government officers; emphasize friendly and courteous service to the public; and seek to improve the quality and image of public service.

10. Resist any encroachment on professional responsibilities, believing the member should be free to carry out official policies without interference, and handle each problem without discrimination on the basis of principle and justice.

#### *Guideline*

**Information Sharing.** The member should openly share information with the governing body while diligently carrying out the member's responsibilities as set forth in the charter or enabling legislation.

11. Handle all matters of personnel on the basis of merit so that fairness and impartiality govern a member's decisions, pertaining to appointments, pay adjustments, promotions, and discipline.



**Guideline**

**Equal Opportunity.** All decisions pertaining to appointments, pay adjustments, promotions, and discipline should prohibit discrimination because of race, color, religion, sex, national origin, sexual orientation, political affiliation, disability, age, or marital status.

It should be the members' personal and professional responsibility to actively recruit and hire a diverse staff throughout their organizations.

12. Seek no favor; believe that personal aggrandizement or profit secured by confidential information or by misuse of public time is dishonest.

**Guidelines**

**Gifts.** Members should not directly or indirectly solicit any gift or accept or receive any gift—whether it be money, services, loan, travel, entertainment, hospitality, promise, or any other form—under the following circumstances: (1) it could be reasonably inferred or expected that the gift was intended to influence them in the performance of their official duties; or (2) the gift was intended to serve as a reward for any official action on their part.

It is important that the prohibition of unsolicited gifts be limited to circumstances related to improper influence. In *de minimis* situations, such as meal checks, some modest maximum dollar value should be determined by the member as a guideline. The guideline is not intended to isolate members from normal social practices where gifts among friends, associates, and relatives are appropriate for certain occasions.

**Investments in Conflict with Official Duties.** Member should not invest or hold any investment, directly or indirectly, in any financial business, commercial, or other private transaction that creates a conflict with their official duties.

In the case of real estate, the potential use of confidential information and knowledge to further a member's personal interest requires special consideration. This guideline recognizes that members' official actions and decisions can be influenced if there is a conflict with personal investments. Purchases and sales which might be interpreted as speculation for quick profit ought to be avoided (see the guideline on "Confidential Information").

Because personal investments may prejudice or may appear to influence official actions and decisions, members may, in concert with their governing body, provide for disclosure of such investments prior to accepting their position as local government

administrator or prior to any official action by the governing body that may affect such investments.

**Personal Relationships.** Member should disclose any personal relationship to the governing body in any instance where there could be the appearance of a conflict of interest. For example, if the manager's spouse works for a developer doing business with the local government, that fact should be disclosed.

**Confidential Information.** Members should not disclose to others, or use to further their personal interest, confidential information acquired by them in the course of their official duties.

**Private Employment.** Members should not engage in, solicit, negotiate for, or promise to accept private employment, nor should they render services for private interests or conduct a private business when such employment, service, or business creates a conflict with or impairs the proper discharge of their official duties.

Teaching, lecturing, writing, or consulting are typical activities that may not involve conflict of interest, or impair the proper discharge of their official duties. Prior notification of the appointing authority is appropriate in all cases of outside employment.

**Representation.** Members should not represent any outside interest before any agency, whether public or private, except with the authorization of or at the direction of the appointing authority they serve.

**Endorsements.** Members should not endorse commercial products or services by agreeing to use their photograph, endorsement, or quotation in paid or other commercial advertisements, whether or not for compensation. Members may, however, agree to endorse the following, provided they do not receive any compensation: (1) books or other publications; (2) professional development or educational services provided by nonprofit membership organizations or recognized educational institutions; (3) products and/or services in which the local government has a direct economic interest.

Members' observations, opinions, and analyses of commercial products used or tested by their local governments are appropriate and useful to the profession when included as part of professional articles and reports.

**ATTACHMENT "B"**  
**CONTRACT NO. 1655(a)**

**CITY ADMINISTRATOR**

**AMENDMENT TO EMPLOYMENT AGREEMENT**

This amendment to employment agreement ("Amendment") is dated May 2, 2011 for reference purposes only, and is between the City of San Fernando ("City") and Alfonso Hernández ("Hernández").

A. The City and Hernandez previously entered into that certain Employment Agreement dated March 21, 2011 (the "Agreement"), pursuant to which the City designated Hernandez as City Administrator.

B. The parties desire to clarify the terms of the Agreement

The parties therefore agree as follows:

1. Paragraph A of Section 2 of the Agreement is hereby revised to read as follows:

"The term of this Agreement shall be at-will, commencing on April 1, 2011. The Agreement may be terminated by either party at any time subject to the notification and termination provisions below."

2. Paragraph E of Section 6 of the Agreement is hereby revised to read as follows:

"Full (100%) City paid medical, dental and vision insurance (including family coverage), not limited to HMO maximums."

3. Section 6 of the Agreement is hereby amended to add Paragraphs J and K, as follows:

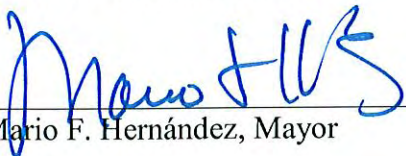
"J. City paid \$50,000 Basic Life and AD & D insurance policy at no cost to the employee."

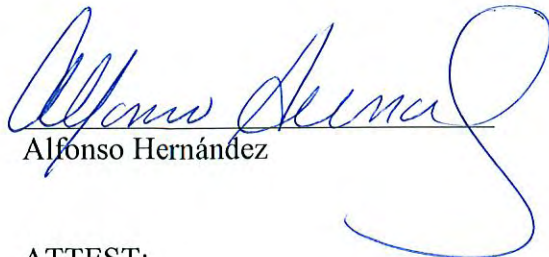
"K. City shall continue to pay the full cost of medical insurance premiums for Hernández and eligible dependents upon Hernández' retirement from the City. The medical insurance shall be at the same level as provided to Hernández while an active employee."

4. Except as amended by this Amendment, the Agreement shall remain in full force and effect.


The parties are signing this Amendment on the date stated in the introductory clause.

CITY OF SAN FERNANDO


  
Mario F. Hernández, Mayor

  
Alfonso Hernández

APPROVED AS TO FORM:

  
Michael Estrada, City Attorney

ATTEST:

  
Elena G. Chávez, City Clerk

**At the request of  
Councilmember Ballin,  
attached are the  
September 19, 2011  
City Council Minutes**

**Closed Session Material**



**SAN FERNANDO CITY COUNCIL  
MINUTES**

**SEPTEMBER 19, 2011 – 6:00 P.M.  
REGULAR MEETING**

City Hall Council Chambers  
117 Macneil Street  
San Fernando, CA 91340

**CALL TO ORDER/ROLL CALL**

Mayor Mario F. Hernández called the meeting to order at 6:10 p.m.

Present:

Council: Mayor Mario F. Hernández, Mayor Pro Tem Brenda Esqueda and Councilmembers Maribel De La Torre, Sylvia Ballin, and Antonio Lopez

Staff: City Administrator Al Hernández, City Attorney Michael Estrada, and City Clerk Elena G. Chávez

**PLEDGE OF ALLEGIANCE**

Mayor Hernández

**PRESENTATION**

The following presentations were made:

- A) CUTS FOR CANCER – RECOGNITION OF CONTRIBUTORS
- B) RECOGNITION OF POLICE LIEUTENANT JEFF ELEY
- C) RECOGNITION OF VOLUNTEERS/ DR. STEVEN LOY

**RECESS (6:51 P.M.)**

Mayor Hernández called for a recess to continue with the Redevelopment Agency meeting.

**RECONVENE (7:00 P.M.)**

**SAN FERNANDO CITY COUNCIL****MINUTES – September 19, 2011****Page 2****APPROVAL OF AGENDA**

Motion by Mayor Pro Tem Esqueda, seconded by Councilmember De La Torre, to approve the agenda. By consensus, the motion carried.

**PUBLIC STATEMENTS – WRITTEN/ORAL**

Mike Majors, 1648 San Fernando Road (business), talked about his concerns regarding the following: liability issues regarding bringing back the Police Chief; a possible Brown Act violation; an incident on Orange Grove Ave.; and the City of San Fernando possibly no longer contracting with the City of Los Angeles Fire Department.

**CONSENT CALENDAR**

Councilmember Ballin pulled the minutes (Item No. 2) for discussion.

Motion by Councilmember Lopez, seconded by Councilmember Ballin, to approve the remaining Consent Calendar Items:

- 1) APPROVAL OF WARRANT REGISTER NO. 11-092
- 3) FINANCIAL STATEMENT – JUNE 2011
- 4) FINANCIAL STATEMENT – JULY 2011

By consensus, the motion carried.

**Items Removed for Further Discussion:**

- 2) APPROVAL OF MINUTES OF:
  - a) JUNE 27, 2011 – SPECIAL MEETING

Councilmember Ballin stated (for the record) that a motion was made by Mayor Pro Tem Esqueda (was seconded by Councilmember Lopez) to approve a one-month contract extension for Acting Police Chief Tony Ruelas. Because the motion failed, she said she wanted to clarify that he then became Police Lieutenant.

- b) AUGUST 1, 2011 – REGULAR MEETING



**SAN FERNANDO CITY COUNCIL****MINUTES – September 19, 2011****Page 3**

Councilmember Ballin stated (for the record) that she made several motions in Closed Session to not move forward with a contract with Ruelas - all of which failed.

*At this time, Mayor Pro Tem Esqueda stepped away from the dais.*

c) AUGUST 15, 2011 – REGULAR MEETING

Councilmember Ballin stated (for the record) that she made several motions in Closed Session to not move forward with a contract with Ruelas - all of which failed.

Councilmember Lopez stated that he also made a motion in Closed Session to not to move forward with a contract with Ruelas and his motion failed.

Councilmember Ballin stated (for the record) that it disturbs her that there are motions made in Closed Sessions that are not reported, government should be transparent, and it is unacceptable that we are picking and choosing which motions to record in the minutes.

d) SEPTEMBER 6, 2011 – REGULAR MEETING

Councilmember Ballin stated (for the record) the following:

- Not only did she make a motion to not move forward with the contract with Ruelas, but said she made it clear (when the original 4-1 vote was made) that the Police Chief (in this temporary position) was not to demote/promote/reassign/retaliate (against) any employees that may have supported, or not supported, him;
- When the contract with Ruelas was approved, he was *promoted* from Lieutenant to Police Chief (not to *Acting* Police Chief);
- Read her motion of August 29, 2011 (which failed and was not included in the minutes): *I move that the City does not accept the contract and take Ruelas off administrative leave before September 30, 2011 to allow Ruelas to use his accrued leave time until exhausted and allow Ruelas to resign once his leave is exhausted;*
- Mayor Hernández made the motion to move the contract forward with Ruelas.

Councilmember Ballin believes she needs to clarify (for the record) as to what occurred and inform residents what the motions were.

*At this time, Mayor Pro Tem Esqueda returned to the dais.*

**SAN FERNANDO CITY COUNCIL****MINUTES – September 19, 2011****Page 4**

Councilmember Lopez asked for clarification regarding adding agenda items at a meeting (i.e., September 6, 2011).

In response, City Attorney Estrada stated that there are two ways to do so. The first is under an emergency situation. The second (procedure used on September 6, 2011) is two findings need to be made (by two-thirds vote of the Councilmembers present): 1) the need to act arose after the agenda was posted; and 2) there is a need to act before the next regularly scheduled meeting.

Motion by Councilmember De La Torre, seconded by Mayor Pro Tem Esqueda, to table the minutes until Councilmembers review Councilmember Ballin's suggested corrections and make certain that what is being said is factual.

*At this time discussion ensued and the above motion was not voted on.*

Councilmember Ballin stated that she was making comments for the record and not necessarily asking that the minutes be revised.

In response to Councilmember De La Torre's request for clarification (for the record), City Attorney Estrada reported that the Brown Act specifies what is reportable action (there is a distinction between reportable actions and all motions made). To the best of his recollection, the minutes have always reflected whether there is reportable action and the City Council has fully complied with the Brown Act by disclosing such.

In response to Mayor Pro Tem Esqueda's question, City Attorney Estrada explained the general premise of the Brown Act is that City business be conducted in open session but there are exceptions (per State legislature) to conduct business behind closed doors in order to protect the interest of the City (i.e., discussion of potential litigation, settlement of litigation, litigation strategy, real estate negotiations, personnel or labor negotiations). Everything that has been agendized for Closed Session discussion has been properly authorized by the Brown Act.

In response to Mayor Hernández' question/concern, City Attorney Estrada stated that items discussed in Closed Session should be kept confidential (unless it's reportable action) and should not be disclosed.

Motion by Councilmember De La Torre, seconded by Mayor Pro Tem Esqueda, to approve the minutes as agendized (no revisions):

- a) JUNE 27, 2011 – SPECIAL MEETING
- b) AUGUST 1, 2011 – REGULAR MEETING
- c) AUGUST 15, 2011 – REGULAR MEETING
- d) SEPTEMBER 6, 2011 – REGULAR MEETING

The motion carried with the following vote:

**SAN FERNANDO CITY COUNCIL****MINUTES – September 19, 2011****Page 5**

AYES: De La Torre, Esqueda, Hernández – 3  
NOES: Ballin, Lopez – 2  
ABSENT: None

*Mayor Hernández requested that the following item be moved up on the agenda.*

**CITY COUNCIL ITEMS****8) APPOINTMENT TO TRANSPORTATION AND SAFETY COMMISSION**

Motion by Mayor Hernández, seconded by Councilmember Ballin, to appoint Cecilia Martinez as his representative to the Transportation and Safety Commission. By consensus, the motion carried.

**PUBLIC HEARING**

**5) ADOPTION OF RESOLUTION AND INTRODUCTION OF ORDINANCE (1<sup>ST</sup> READING) REGARDING ESTABLISHING CERTAIN POOL FACILITY USER FEES, INCORPORATING ALL CURRENT FEES FOR CITY SERVICES INTO AN ANNUAL FEE SCHEDULE, AMENDING CERTAIN FEES AND CHARGES, REPEALING ALL PARTS OF RESOLUTIONS IN CONFLICT THEREWITH, AND AMENDING CERTAIN WATER FEE AND CHARGES**

Senior Accountant Joseph Lillio gave the agenda report. He reported that it was a collaborative effort to compile multiple fee schedules from prior years and gave special recognition to Executive Assistant to the City Administrator Julie Fernandez for her time, effort, and creativity.

Mayor Hernández declared the Public Hearing open.

Mayor Hernández called for public testimony either in favor or opposition. There being no comments, he closed the public comment portion of the Hearing.

Motion by Councilmember De La Torre, seconded by Councilmember Ballin, to adopt Resolution No. 7453 Establishing Certain San Fernando Regional Pool Facility Outdoor Pool Area User Fees, Incorporating All Current Fees for City Services Authorized by Law and Adopted by City Council Ordinance Number 1550, this Resolution and Resolution Numbers 6111, 6122, 6451, 6503, 6509, 6900, 6991, 6992, 7273, 7304, 7332, 7334, 7359, 7385, 7395 and 7410 into an Annual Fee Schedule, Amending Fees and Charges Relating to Utility Services, Public Works Personnel Professional Services, and Public Works Equipment and Material Rates, and Repealing All Parts of Resolutions in Conflict Therewith. By consensus, the motion carried.

**SAN FERNANDO CITY COUNCIL****MINUTES – September 19, 2011****Page 6**

Motion by Councilmember De La Torre, seconded by Councilmember Ballin, to introduce for first reading in title only, and waive further reading of Ordinance No. 1607 “An Ordinance of the City of San Fernando Amending Section 94-263 of Division 3 of Article III of Chapter 94 of the San Fernando City Code Relating to Utility Fees and Charges”. By consensus, the motion carried.

6) **ORDINANCE (1<sup>ST</sup> READING) ESTABLISHING A RESIDENTIAL PROPERTY PRE-SALE INSPECTION PROGRAM**

Mayor Hernández declared the Public Hearing open.

City Planner Fred Ramirez presented the staff report and responded to questions from Councilmembers.

Mayor Hernández called for public testimony either in favor or opposition.

Richard Hopp distributed a memorandum to Council regarding secondhand dealer law.

City Attorney Estrada stated that the letter is a request for a meeting and not related to the information at hand.

There being no comments, Mayor Hernández closed the public comment portion of the Hearing.

Motion by Councilmember De La Torre, seconded by Councilmember Ballin, to introduce for first reading, in title only, and waive further reading of “An Ordinance of the City Council of the City of San Fernando Adding Article VIII to Chapter 18 of the San Fernando City Code Establishing a Comprehensive Residential Property Pre-sale Inspection and Report Program”. By consensus, the motion carried.

Motion by Councilmember De La Torre, seconded by Councilmember Ballin, that the following (additional) regulations be incorporated into the City’s Building Codes (by June 30, 2012):

- 1) Implementation of water conservation measures that would require low-flow shower heads, toilet flush reduction devices on aerators and faucets;
- 2) Verification of adequate heating and ventilation systems;
- 3) Installation of one or more portable fire extinguishers; and
- 4) Installation of security lighting on residential properties containing two or more dwelling units.

By consensus, the motion carried.

**SAN FERNANDO CITY COUNCIL****MINUTES – September 19, 2011****Page 7****NEW BUSINESS****7) ADOPTION OF RESOLUTION AMENDING SECTION 7.3 OF THE CITY COUNCIL PROCEDURAL MANUAL, REGARDING FAILURE TO VOTE**

City Attorney Estrada gave the staff report and responded to questions from Councilmembers.

Motion by Councilmember De La Torre, seconded by Councilmember Ballin, to adopt Resolution No. 7454 amending Section 7.3 of the City Council Procedural Manual, regarding failure to vote in the form attached in the agenda report and as recommended by the City Attorney. By consensus, the motion carried.

**STANDING COMMITTEE UPDATES****No. 1 Budget, Personnel and Finance (BPF)**

Mayor Hernández – met and discussed various items including June financials, water and sewer fees increase, CDC Loan, and the Black & White Towing Services Contract.

**No. 2 Housing, Community & Economic Development and Parking (HCEP)**

Councilmember De La Torre – City Planner Ramirez reported there are upcoming items that may need to be discussed by this committee (may schedule a special meeting soon).

**No. 3 Natural Resources, Infrastructure, Water, Energy and Waste Management (NRIW)**

Councilmember Ballin – Public Works Director Ron Ruiz reported that items discussed at the last meeting included water rates, nitrate system, and shopping carts.

**No. 4 Public Safety, Veteran Affairs, Technology and Transportation (PVTT)**

Councilmember Lopez – met and discussed the potential new trolley route, trolley shelters, and Veterans Day memorial banners.

**No. 5 Education, Parks, Arts, Health and Aging (EPAH)**

Mayor Pro Tem Esqueda – a meeting is scheduled for next Tuesday.

**GENERAL COUNCIL COMMENTS**

Councilmember De La Torre said she was shocked when she recently observed City of L.A. (Station 75) fire vehicles responding to a call in the vicinity of Reseda Blvd. and Devonshire St.

**SAN FERNANDO CITY COUNCIL****MINUTES – September 19, 2011****Page 8**

She asked Councilmembers to keep LAFD response time issues in mind when it comes to San Fernando.

In response to Councilmember Ballin's question, City Administrator Hernández stated that the Police Officers' Association's concerns/questions regarding contracting with San Fernando Fire & Rescue (SFFR) are being addressed.

In response to an earlier public comment, Mayor Pro Tem Esqueda reported that Police Sgt. Alvaro Castellon is the Neighborhood Watch Coordinator for Orange Grove Ave. and she said it is not fair that that people are trying to tear down an officer that is trying to help out the neighborhoods.

Mayor Hernández asked that, as we get closer to negotiating the contract with SFFR, everyone think about what is best for the City and he expressed his dissatisfaction with the service that LAFD has provided San Fernando.

Councilmember Lopez thanked the Kiwanis Club for their bike trail clean-up efforts last Saturday.

**STAFF COMMUNICATION**

None.

**RECESS TO CLOSED SESSION (8:26 P.M.)**

By consensus, Councilmembers recessed to the following Closed Session, thereafter to adjourn.

A) CONFERENCE WITH LABOR NEGOTIATOR  
G.C. 54957.6

City Negotiator: City Administrator Al Hernandez  
Employee Organizations: San Fernando Management Group (SEIU, Local 721)  
San Fernando Public Employees' Association (SEIU, Local 721)  
San Fernando Police Officers Association  
San Fernando Police Civilian Association (SEIU, Local 721)  
San Fernando Part-time Employees' Association (SEIU, Local 721)

No reportable action. No motions.

B) CONFERENCE WITH REAL PROPERTY NEGOTIATOR  
G.C. 54956.8

**SAN FERNANDO CITY COUNCIL****MINUTES – September 19, 2011****Page 9**

Property: 1211 First Street  
City Negotiator: City Administrator Al Hernandez  
Negotiating Parties: San Fernando Fire and Rescue

No reportable action. No motions.

*I do hereby certify that the foregoing is a true and correct copy of the minutes of September 19, 2011 meeting as approved by the San Fernando City Council.*

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*Elena G. Chávez*  
*City Clerk*