



AGENDA
EL SEGUNDO CITY COUNCIL
6:00 PM Regular Session
February 16, 2021

DUE TO THE COVID-19 EMERGENCY, THIS MEETING WILL BE CONDUCTED PURSUANT TO THE GOVERNOR'S EXECUTIVE ORDER N-29-20.
TELECONFERENCE VIA ZOOM MEETING

MEETING ID: 947 6437 2732
PIN: 656607

PUBLIC ADVISORY:
THE CITY COUNCIL CHAMBER WILL NOT BE OPEN TO THE PUBLIC

Drew Boyles, Mayor
Chris Pimentel, Mayor Pro Tem
Carol Pirsztuk, Councilmember
Scot Nicol, Councilmember
Lance Giroux, Councilmember

Tracy Weaver, City Clerk
Matthew Robinson, City Treasurer

Executive Team

Scott Mitnick, City Manager
Barbara Voss, Deputy City Manager
Bill Whalen, Police Chief
Sam Lee, Development Services Director
Elias Sassoon, Public Works Director
Melissa McCollum, Community Services Director

Mark Hensley, City Attorney
Joe Lillio, Chief Financial Officer
Chris Donovan, Fire Chief
Donna Peter, HR Consultant
Charles Mallory, Info. Tech. Director

MISSION STATEMENT:

"Provide a great place to live, work, and visit."

VISION STATEMENT:

"A hub for innovation where big ideas take off."

How Can Members of the Public Observe and Provide Public Comments?

- Residents can watch the meeting live via Spectrum Channel 3 and 22, AT&T U-Verse Channel 99 and/or El Segundo TV at YouTube.com.
- Access remotely via Zoom from a PC, Mac, iPad, iPhone, or Android device or by phone. Use URL <https://zoom.us/j94764372732/> and enter PIN: 656607 or visit www.zoom.us on device of choice, click on “Join a Meeting” and enter meeting ID: 94764372732 and PIN: 656607.
- Join by phone at 1-669-900-9128 and enter meeting ID and PIN.
NOTE: Your phone number is captured by the Zoom software and is subject to the Public Records Act, dial *67 BEFORE dialing in to remain anonymous.
- Note that you will be placed in a “listen only” mode and your video feed will not be shared with City Council or members of the public.
- For Public Communications and comments during Public Hearings, please notify meeting host by raising your virtual hand (see hand icon at bottom of screen) and you will be invited to speak. ***(If you do not wish for your name to appear on the screen, then use the drop-down menu and click on “rename” to rename yourself “anonymous”)***
- Do not simultaneously use a microphone through Zoom and a cellphone/telephone, this combination results in audio problems.
- For electronic public comments on a specific agenda item, submit comments to the following e-mail address, with a limit of 150 words and accepted up until 30 minutes prior to the meeting: PUBLICCOMMUNICATIONS@elsegundo.org ***in subject line please state the meeting date and item number.*** Depending on volume of communications, emails will be read to Council during public communications.
- For Public Hearings: written communications will be accepted via email at PUBLICCOMMUNICATIONS@elsegundo.org both before the meeting and during open period of the Public Hearing.
- All written communication, documents, email addresses of attendees captured by Zoom software will be considered a public document subject to possible posting on the City’s website and are subject to disclosure under the Public Records Act.

Additional Information:

The City Council, with certain statutory exceptions, can only take action upon properly posted and listed agenda items. Any writings or documents given to a majority of City Council regarding any matter on this agenda that the City received after issuing the agenda packet are available for public inspection in the City Clerk’s Office during normal business hours. Such documents may also be posted on the City’s website at www.elsegundo.org and additional copies will be available at the City Council meeting.

Unless otherwise noted in the agenda, the public can only comment on City-related business that is within the jurisdiction of the City Council and/or items listed on the agenda during the Public Communications portions of the Meeting. Additionally, members of the public can comment on any Public Hearing item on the agenda during the Public Hearing portion of such item. The time limit for comments is five (5) minutes per person.

Before speaking to the City Council, please state: your name, residence, and organization/group you represent, if desired. Please respect the time limits.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk’s Office at 310-524-2305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

**REGULAR MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, FEBRUARY 16, 2021 - 6:00 P.M.
REGULAR SESSION**

CALL TO ORDER

INVOCATION – Pastor Rob McKenna, Bridge Church

PLEDGE OF ALLEGIANCE – Mayor Pro Tem Pimentel

ROLL CALL

PUBLIC COMMUNICATION – (Related to City Business Only – 5-minute limit per person, 30-minute limit total) *Individuals who have received value of \$50 or more to communicate to the City Council on behalf of another, and employees speaking on behalf of their employer, must so identify themselves prior to addressing City Council. Failure to do so shall be a misdemeanor and punishable by a fine of \$250. While all comments are welcome, the Brown Act does not allow City Council to take action on any item not on the agenda. City Council and/or City Manager will respond to comments after Public Communications is closed.*

CITY MANAGER FOLLOW-UP COMMENTS

SPECIAL PRESENTATIONS

A. PROCEDURAL MOTIONS

Motion to read all ordinances and resolutions on the agenda by title only.

Recommendation – Approval.

B. CONSENT CALENDAR

1. Regular City Council Meeting Minutes of February 2, 2021

Recommendation – Approval

2. Warrant numbers 3034301 and 3034373 on Register No. 8b in the total amount of \$334,871.99 and wire transfers from 01/18/21 through 01/24/21 in the total amount of \$877,376.98. Warrant numbers 3034374 – 3034443 and 9001827 – 9001827 on Register No. 9a in the total amount of \$259,607.77 and wire transfers from 01/25/21 through 01/31/21 in the total amount of \$471,023.38. Warrant numbers 3034444 – 3034516 and 9001828 – 9001869 in the total amount of \$280,810.01 and wire transfers from 02/01/21 through 02/07/21 in the total amount of \$372,045.73.

Recommendation: Approve Warrant Demand Register and authorize staff to release. Ratify Payroll and Employee Benefit checks; checks released early due to contracts or agreement; emergency disbursements and/or adjustments; and wire transfers.

3. California Green Business Network (CAGBN)

Recommendation: Authorize the City Manager to execute an agreement with California Green Business Network (CAGBN) to secure a \$30,000 grant from the state to start a green business program in El Segundo.

4. Ratify waiver agreement allowing CenterCal additional time to enter into a construction contract regarding the golf course improvements portion of the Topgolf project at the Lakes at El Segundo (400 S. Pacific Coast Highway, El Segundo, CA 90245)

Recommendation: Approve ratification of waiver agreement. (Requirements to construct and complete golf course improvements and be open for business before or concurrently with the opening of the Topgolf Facility/driving range are not altered by this agreement).

C. PUBLIC HEARINGS

5. Proposed City Water and Wastewater Rate Adjustments for Fiscal Year 2020-2021 through Fiscal Year 2024-2025

1) Conduct public hearing related to Proposition 218 majority protest process for proposed City water and wastewater rate adjustments, 2) Received written and verbal testimony in response to proposed City water and wastewater rate adjustments for Fiscal Year 2020-2021 through Fiscal Year 2024-2025, 3) Adopt a resolution certifying the protest ballot results, 4) If a majority protest does not exist, introduce an ordinance setting City water and wastewater rates and charges pursuant to Health and Safety Code § 5471 and El Segundo Municipal Code § 11-1-5

D. STAFF PRESENTATIONS

6. COVID-19 Update & Action Items

Recommendation: 1) Receive and file COVID-19 Update, 2) Ratify January 29, 2021 Amendment to City Administrative Order # 1 to Address COVID-19, 3) Authorize Mayor to sign and send letters of support to allow youth sporting activity and competition to Governor Newsom and Los Angeles County Board of Supervisor, and 4) Adopt resolution designating the first Monday in March as "COVID-19 Memorial Day".

7. Selection of Many Mansions to serve as City's Affordable Housing Services Provider

Recommendation: Authorize City Manager to enter into an Exclusive Negotiating Agreement (ENA) with Many Mansions to serve as City's Affordable Housing Services Provider to develop and manage affordable housing units, services, and programs.

8. Fiscal Year 2019-2020 Citywide Budget Year-End Report

Recommendation: Receive and file.

9. Update Model Floodplain Management Ordinance

Recommendation: Introduce a proposed ordinance amending City's Model Floodplain Management Ordinance and place on the March 2, 2021 City Council agenda for second reading and adoption.

[This ordinance is categorically exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 21000, et seq., "CEQA") and the regulations promulgated thereunder (14 California Code of Regulations §§ 15000, et seq., the "CEQA Guidelines") because it consists of an action taken by the City to ensure the maintenance and protection of the environment. Accordingly, the Ordinance constitutes a Class 8 exemption pursuant to CEQA Guidelines § 15308.]

E. COMMITTEES, COMMISSIONS AND BOARDS PRESENTATIONS

F. REPORTS – CITY CLERK

G. REPORTS – CITY TREASURER

H. REPORTS – COUNCIL MEMBERS

Council Member Giroux –

Council Member Nicol -

Council Member Pirsztuk -

Mayor Pro Tem Pimentel –

Mayor Boyles –

I. REPORTS – CITY ATTORNEY

J. REPORTS/FOLLOW-UP – CITY MANAGER

CLOSED SESSION

City Council may move into a closed session pursuant to applicable law, including the Brown Act (Government Code Section §54960, et seq.) for purposes of conferring with City's Real Property Negotiator; and/or conferring with City Attorney on potential and/or existing litigation; and/or discussing matters covered under Government Code Section §54957 (Personnel); and/or conferring with City's Labor Negotiators.

REPORT OF ACTION TAKEN IN CLOSED SESSION (if required)

MEMORIAL

ADJOURNMENT

POSTED:

DATE: February 12, 2021

BY: Tracy Weaver

TIME: 10:45 AM

**MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, FEBRUARY 2, 2021 – 4:00 PM
CLOSED SESSION**

This meeting was conducted virtually via Zoom conferencing

CALL TO ORDER - Virtually by Mayor Boyles at 4:02 PM

ROLL CALL

Mayor Boyles - Present via teleconferencing
Mayor Pro Tem Pimentel - Present via teleconferencing
Council Member Pirsztuk - Present via teleconferencing
Council Member Nicol - Present via teleconferencing
Council Member Giroux - Present via teleconferencing

PUBLIC COMMUNICATIONS – (Related to City Business Only – 5-minute limit per person, 30-minute limit total) None

SPECIAL ORDER OF BUSINESS:

Mayor Boyles announced that Council would be meeting in closed session pursuant to the items listed on the Agenda.

CLOSED SESSION:

The City Council may move into a closed session pursuant to applicable law, including the Brown Act (Government Code Section §54960, et seq.) for the purposes of conferring with the City's Real Property Negotiator; and/or conferring with the City Attorney on potential and/or existing litigation; and/or discussing matters covered under Government Code Section §54957 (Personnel); and/or conferring with the City's Labor Negotiators; as follows:

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to Government Code §54956.9 (d)(4): -1- matter

ADJOURNMENT at 5:17 PM

Tracy Weaver

City Clerk

REGULAR MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, FEBRUARY 2, 2021 - 6:00 P.M.
This meeting was conducted virtually via Zoom conferencing

CALL TO ORDER - Virtually by Mayor Boyles at 6:00 PM

INVOCATION – The Bridge, Pastor Wes Harding

PLEDGE OF ALLIGENCE – Council Member Nicol

ROLL CALL

Mayor Boyles	-	Present via teleconferencing
Mayor Pro Tem Pimentel	-	Present via teleconferencing
Council Member Pirsztuk	-	Present via teleconferencing
Council Member Nicol	-	Present via teleconferencing
Council Member Giroux	-	Present via teleconferencing

PUBLIC COMMUNICATIONS – (Related to City Business Only – 5-minute limit per person, 30-minute limit total) None

CITY MANAGER FOLLOW-UP COMMENTS – (Related to Public Communications)

SPECIAL PRESENTATIONS:

- a) Proclamation read by Mayor Boyles, proclaiming February as Black History Month. Shad McFadden, DEI Chairperson and several members of the DEI Committee received the Proclamation.
- b) COVID-19 Update given by Fire Chief Donovan

A. PROCEDURAL MOTIONS

Consideration of a motion to read all ordinances and resolutions on the Agenda by title only.

MOTION by Council Member Giroux, SECONDED by Council Member Pirsztuk to read all ordinances and resolutions on the agenda by title only. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

B. CONSENT CALENDAR

1. Approve Regular City Council Meeting Minutes of January 19, 2021.

2. Warrant numbers 3034109 – 3034188 and 9001781 – 9001825 on Register No. 7b in the total amount of \$336,714.46 and wire transfer from 12/28/2020 through 1/03/2021 in the total amount of \$345,455.33. Warrant numbers 3034189 – 3034300 and 90011826 – 9001826 on Register No. 8a in the total amount of \$418,234.29 and wire transfer from 1/04/2021 through 1/10/2021 in the total amount of \$709,943.76 and wire transfer from 1/11/2021 through 1/ in the total amount of \$2,107,415.76. Ratified Payroll and Employee Benefit checks; checks released early due to contracts or agreement; emergency disbursements and/or adjustments; and wire transfers.
3. Approve the proposed Examination Plans for the new Library Manager and Cultural Arts Coordinator positions and approve the proposed Class Specifications for Library Manager and Cultural Arts Coordinator.
(Fiscal Impact: None)
4. Accept Pavement Rehabilitation Project for FY 2019-20, by Hardy and Harper, Inc. as complete and authorize the City Clerk to file a Notice of Completion with the County Recorder's Office. Project No. PW 20-01
(Fiscal Impact: \$362,274.93)
5. PULLED BY MAYOR BOYLES

MOTION by Council Member Giroux, SECONDED by Council Member Nicol, approving Consent Agenda items 1, 2, 3, and 4. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

PULLED ITEM:

5. Waive \$50,000 in permitting fees and associated costs to provide temporary barricades for businesses to allow outdoor dining areas until December 31, 2021.
(Fiscal Impact: \$23,000.00 FY 2020-2021, \$27,000.00 FY 2021-2022 budget)

Scott Mitnick, City Manager, answered Council's questions regarding the item.

Council Discussion

MOTION by Mayor Boyles, SECONDED by Council Member Giroux to waive permitting fees and associated costs for outdoor dining areas until December 31, 2021.

C. PUBLIC HEARINGS: None

D. STAFF PRESENTATIONS:

6. Receive and file the City's fourth annual customer satisfaction survey results that were conducted with residents and businesses utilizing the Net Promoter Score (NPS) methodology.
(Fiscal Impact: \$20,000.00)

Barbara Voss, Deputy City Manager introduced the item.

John Dickey, Quality Solutions, Inc. gave a presentation.

Council Discussion

Council comments/requests regarding the annual customer satisfaction survey results:

- Survey timing was questioned; is the survey conducted during heavy website traffic periods? Is there a peak time to conduct the survey?
- Would like to see the use of transactional surveys conducted and/or surveys conducted at the conclusion of business.
- What is the specific zoning issues, parking requirements, floor area ratio?
- “How has the City improved over last year?” Would like previous year’s data for comparison.
- Review Granicus’s ability to administer transactional surveys.

Council requested to see specific survey’s related to “loss of hometown feel” and “vision and responsiveness of Council” in order to further explore and understand the concepts.

Council Consensus to receive and file the presentation.

7. Receive and file City Broadband Update (Fiscal Impact: None)

Scott Mitnick, City Manager, introduced the item.

Charles Mallory, ITSD Director, gave an introduction and the following reported on the item; Spectrum: Steven Kuznetsky, Stephen Sawyer and James Farbelow, ATT: John Heffernan & Michael Silacci, American Dark Fiber: Dave Daigle and Verizon: Michelle Bower

Council Discussion

Council raised questions of the panel of providers in order to help in moving forward with improved broadband within our Community:

- What is the timeline to fix the current issues: connectivity, speed, availability, quality of service?
- Is the future wireless or wired?
- Why is El Segundo’s broadband poor?
- What is the plan moving forward?
- Providers to give an overview of systemically how level of service to clients is provided.
- Bring to Council benchmarks and diagnostics on a quarterly basis.
- Council seeks to understand the bigger picture in order to come together with providers and together work on improving broadband service to both residential and business customers.

Directed staff to prioritize item during Strategic plan discussion.

Council Consensus to receive and file the presentation.

8. Receive and file overview of "Report an Issue" website feature.
(Fiscal Impact: None)

Scott Mitnick, City Manager, introduced the item.

Charles Mallory, ITSD Director, gave an introduction and Margaret Liu, Senior Project Manager, Consultant, presented the item.

Council Discussion

Council Consensus to receive and file the presentation.

9. 2021 Legislative Platform representing official City positions on proposed regional, state, and federal legislation.
(Fiscal Impact: None)

Barbara Voss, Deputy City Manager introduced the item.

Martha Guzman-Hurtado, Communications and Legislative Affairs Manager, gave a presentation.

Council Discussion

MOTION by Mayor Pro Tem Pimentel, SECONDED by Council Member Giroux, adopting the 2021 Legislative Platform. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

10. 2020 Economic Development Annual Report summarizing the key accomplishments of the City's economic development division.
(Fiscal Impact: None)

Barbara Voss, Deputy City Manager introduced the item.

Cristina Reveles, Economic Development Coordinator, gave a presentation.

Council Discussion

Council Consensus to receive and file the presentation.

- E. COMMITTEES, COMMISSIONS AND BOARDS PRESENTATIONS: None
- F. REPORTS – CITY CLERK – Passed
- G. REPORTS – CITY TREASURER – Not present

H. REPORTS – COUNCIL MEMBERS

Council Member Giroux – Encouraged residents to contact local and state legislators, including the Governor, requesting kids return to pre lockdown activities. For more information and a better understanding of how the pandemic is affecting children, go to Let Them Play CA on Facebook.

Council Member Nicol – Passed

Council Member Pirsztuk – Passed

Mayor Pro Tem Pimentel – Echoed Council Member Giroux’s sentiments and encouraged sending correspondence to the Executive level, as local legislators have been mostly left out of the pandemic orders/process. Thanked Public Works for a successful resurfacing of our streets. Asked all to be mindful of current housing bills and stated Council will continue to advocate daily on behalf of our City. Reminded those who ride electric bikes, that when traveling south on the bike path, electric bike rules will now apply.

Mayor Boyles – Mentioned the South Bay COG will send a letter to LAWA expressing concerns regarding the expansion project. General Assembly will be held virtually on March 18, 2021. Mentioned a 3-year seat on the Metro Service Council is open, if interested, email jacki@southbaycities.com

11. Adopt a resolution opposing proposed housing legislation, Senate Bill 9 (Atkins) and Senate Bill 10 (Weiner).
(Fiscal Impact: None)

Mayor Boyles introduced the item.

Council Discussion

David King, Assistant City Attorney, read by title only:

RESOLUTION NO. 5247

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL SEGUNDO,
CALIFORNIA, EXPRESSING OPPOSITION TO PROPOSED HOUSING
LEGISLATION SENATE BILLS 9 AND 10 AND EXPRESSING SUPPORT FOR
ACTION TO FURTHER STRENGTHEN LOCAL DEMOCRACY, AUTHORITY
AND CONTROL.

MOTION by Council Member Nicol, SECONDED by Council Member Pirsztuk approving Resolution No. 5247. MOTION PASSED BY UNANIMOUS VOICE VOTE.
5/0

I. REPORTS – CITY ATTORNEY – Passed

J. REPORTS/FOLLOW-UP – CITY MANAGER – Commented on upcoming agenda items.

MEMORIAL – None

ADJOURNED at 9:12 PM

Tracy Weaver, City Clerk

CITY OF EL SEGUINDO
WARRANTS TOTALS BY FUND

3034301 - 3034373

DATE OF APPROVAL: AS OF 02/19/21

REGISTER #6

001	GENERAL FUND	203,009.57
104	TRAFFIC SAFETY FUND	-
105	STATE GAS TAX FUND	35.74
106	ASSOCIATED RECREATION ACTIVITIES FUND	-
109	ASSET FORFEITURE FUND	-
111	COMM. DEVEL. BLOCK GRANT	-
112	PROP "A" TRANSPORTATION	-
114	PROP "C" TRANSPORTATION	-
115	AIR QUALITY INVESTMENT PROGRAM	-
116	HOME SOUND INSTALLATION FUND	-
117	HYPERION MITIGATION FUND	55.89
118	TDA ARTICLE 3 - SB 821 BIKEWAY FUND	-
119	MIA GRANT	-
121	FEMA	-
120	C.O.P.S. FUND	4,651.60
122	L.A.W.A. FUND	-
123	PSAF PROPERTY TAX PUBLIC SAFETY	-
124	FEDERAL GRANTS	-
125	STATE GRANT	-
126	AP CLUPA Program Oversight Surcharge	65.00
128	88-1	16,438.54
129	Controlled Access Special Program (CAS)	-
130	AFFORDABLE HOUSING	-
131	COUNTY STORM WATER PROGRAM	720.00
202	ASSESSMENT DISTRICT #73	-
301	CAPITAL IMPROVEMENT FUND	13,735.82
302	INFRASTRUCTURE REPLACEMENT FUND	-
405	FACILITIES MAINTENANCE	-
501	WATER UTILITY FUND	3,088.21
502	WASTEWATER FUND	68,158.30
503	GOLF COURSE FUND	-
504	PARK VISIT	-
505	SOLID WASTE	-
601	EQUIPMENT REPLACEMENT	-
602	LIABILITY INSURANCE	18.78
603	WORKERS COMP. RESERVE/INSURANCE	14.64
701	RETIRED EMP. INSURANCE	2,307.60
702	EXPENDABLE TRUST FUND - DEVELOPER FEES	400.00
703	EXPENDABLE TRUST FUND - OTHER	17,500.00
708	OUTSIDE SERVICES TRUST	2,772.50
TOTAL WARRANTS		<u>\$ 334,871.98</u>

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

Information on actual expenditures is available in the Director of Finance's office in the City of El Segundo.

I certify as to the accuracy of the Demanda and the availability of fund for payment thereof.

For Approval: Regular checks held for City Council authorization to release.

CODES:

R = Computer generated checks for all non-emergency/urgency payments for materials, supplies and services in support of City Operations

For Reconciliation:

A = Payroll and Employee Benefit checks

B - F = Computer generated Early Release disbursements and/or adjustments approved by the City Manager. Such as: payments for utility services, petty cash and employee travel expense reimbursements, various refunds, contract employee services consistent with current contractual agreements, instances where prompt payment discounts can be obtained or late payment penalties can be avoided or when a situation arises that the City Manager approves.

H = Handwritten Early Release disbursements and/or adjustments approved by the City Manager.

FINANCE DIRECTOR

DATE:

Joseph Hsu
1-26-2021

CITY MANAGER

DATE:

Barbara Vess
1-28-21

VOID CHECKS DUE TO ALIGNMENT: N/A

VOID CHECKS DUE TO INCORRECT CHECK DATE: _____

VOID CHECKS DUE TO COMPUTER SOFTWARE ERROR: _____

NOTES _____

**CITY OF EL SEGUNDO
PAYMENTS BY WIRE TRANSFER
01/18/21 THROUGH 01/24/21**

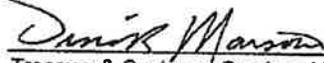
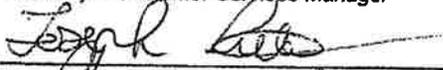
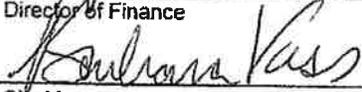
<u>Date</u>	<u>Payee</u>		<u>Description</u>
1/19/2021	IRS	165,937.45	Federal 941 Deposit
1/19/2021	Employment Development	3,506.29	State SDI payment
1/19/2021	Employment Development	35,922.44	State PIT Withholding
1/19/2021	Manufacturers & Traders	140,262.50	457 payment Vantagepoint
1/19/2021	Cal Pers	116,175.00	Replacement Benefit Contributions
1/20/2021	Cal Pers	11,170.20	EFT Retirement Safety-Fire-PEPRA New 25020
1/20/2021	Cal Pers	23,998.17	EFT Retirement Safety-Police-PEPRA New 25021
1/20/2021	Cal Pers	35,632.19	EFT Retirement Misc - PEPRA New 26013
1/20/2021	Cal Pers	47,882.12	EFT Retirement Misc - Classic 27
1/20/2021	Cal Pers	71,771.60	EFT Retirement Safety Police Classic - 1st Tier 28
1/20/2021	Cal Pers	56,232.42	EFT Retirement Safety Fire- Classic 30168
1/20/2021	Cal Pers	11,266.71	EFT Retirement Sfty Police Classic-2nd Tier 30169
1/21/2021	Manufacturers & Traders	68,297.73	457 payment Vantagepoint
1/21/2021	Manufacturers & Traders	1,130.77	401(a) payment Vantagepoint
1/21/2021	Manufacturers & Traders	550.00	IRA payment Vantagepoint
01/11/20-01/17/21	Workers Comp Activity	16,303.94	SCRMA checks issued
01/11/20-01/17/21	Liability Trust - Claims	71,337.45	Claim checks issued
01/11/20-01/17/21	Retiree Health Insurance	0.00	Health Reimbursement checks issued
		<u>877,376.98</u>	

DATE OF RATIFICATION: 01/25/21

TOTAL PAYMENTS BY WIRE:

877,376.98

Certified as to the accuracy of the wire transfers by:

	<u>1/25/2021</u>
Treasury & Customer Services Manager	Date
	<u>1-26-2021</u>
Director of Finance	Date
	<u>1-28-21</u>
City Manager	Date

Information on actual expenditures is available in the City Treasurer's Office of the City of El Segundo.

CITY OF EL SEGUNDO
WARRANTS TOTALS BY FUND

3034374 - 3034443
9001827 - 9001827

DATE OF APPROVAL: AS OF 02/16/2021

REGISTER #9a

001	GENERAL FUND	149,427.19
104	TRAFFIC SAFETY FUND	.
106	STATE GAS TAX FUND	.
108	ASSOCIATED RECREATION ACTIVITIES FUND	.
109	ASSET FORFEITURE FUND	7,566.93
111	COMM. DEVEL. BLOCK GRANT	.
112	PROP "A" TRANSPORTATION	.
114	PROP "C" TRANSPORTATION	50,668.76
115	AIR QUALITY INVESTMENT PROGRAM	.
116	HOME SOUND INSTALLATION FUND	.
117	HYPERION MITIGATION FUND	439.96
118	TDA ARTICLE 3 - SB 921 BIKEWAY FUND	.
119	MTA GRANT	.
121	FEMA	.
120	C.O.P.S. FUND	.
122	L.A.W.A. FUND	.
123	PSAF PROPERTY TAX PUBLIC SAFETY	.
124	FEDERAL GRANTS	18,320.00
125	STATE GRANT	.
126	AP CLIPA Program Oversight Surcharge	.
126	SB-1	.
129	Certified Access Specialist Program (CAS)	.
130	AFFORDABLE HOUSING	.
131	COUNTY STORM WATER PROGRAM	.
202	ASSESSMENT DISTRICT #73	.
301	CAPITAL IMPROVEMENT FUND	387.00
302	INFRASTRUCTURE REPLACEMENT FUND	.
405	FACILITIES MAINTENANCE	.
501	WATER UTILITY FUND	2,125.23
502	WASTEWATER FUND	6,902.94
503	GOLF COURSE FUND	.
504	PARK VISTA	.
505	SOLID WASTE	.
601	EQUIPMENT REPLACEMENT	.
602	LIABILITY INSURANCE	16,271.76
603	WORKERS COMP. RESERVE/INSURANCE	.
701	RETIRED EMP. INSURANCE	.
702	EXPENDABLE TRUST FUND - DEVELOPER FEES	.
703	EXPENDABLE TRUST FUND - OTHER	7,498.00
708	OUTSIDE SERVICES TRUST	.
TOTAL WARRANTS		<u>\$ 259,607.77</u>

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

Information on actual expenditures is available in the Director of Finance's office in the City of El Segundo.

I certify as to the accuracy of the Demands and the availability of fund for payment thereof.

For Approval: Regular checks held for City council authorization to release.

CODES:

R = Computer generated checks for all non-emergency/urgency payments for materials, supplies and services in support of City Operations

For Ratification:

A = Payroll and Employee Benefit checks

B - F * Computer generated Early Release disbursements and/or adjustments approved by the City Manager. Such as: payments for utility services, petty cash and employee travel expense reimbursements, various refunds, contract employee services consistent with current contractual agreements, instances where prompt payment discounts can be obtained or late payment penalties can be avoided or when a situation arises that the City Manager approves.

H = Handwritten Early Release disbursements and/or adjustments approved by the City Manager

FINANCE DIRECTOR

DATE:

Joseph Lillio

Digitally signed by Joseph Lillio
Date: 2021.01.29 12:51:14 -08'00'

Joseph Lillio, CFO

CITY MANAGER

DATE:

Barbara Vais
2/3/21

VOID CHECKS DUE TO ALIGNMENT: N/A

VOID CHECKS DUE TO INCORRECT CHECK DATE: _____

VOID CHECKS DUE TO COMPUTER SOFTWARE ERROR: _____

NOTES: _____

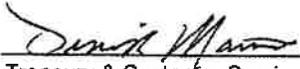
**CITY OF EL SEGUNDO
 PAYMENTS BY WIRE TRANSFER
 01/25/21 THROUGH 01/31/21**

<u>Date</u>	<u>Payee</u>		<u>Description</u>
1/25/2021	IRS	249,526.55	Federal 941 Deposit
1/25/2021	Employment Development	4,485.04	State SDI payment
1/25/2021	Employment Development	55,270.99	State PIT Withholding
1/25/2021	ExpertPay	1,670.75	EFT Child support payment
1/28/2021	Pitney Bowes	10,000.00	Postage for City Hall
1/29/2021	CA Infrastructure Bank	88,655.22	Semi Annual Infrastructure payment
1/28/2021	Lane Donovan Golf Ptr	31,601.81	Payroll Transfer
01/18/20-01/24/21	Workers Comp Activity	29,813.02	SCRMA checks issued
01/18/20-01/24/21	Liability Trust - Claims	0.00	Claim checks issued
01/18/20-01/24/21	Retiree Health Insurance	0.00	Health Reimbursement checks issued
		<u>471,023.38</u>	

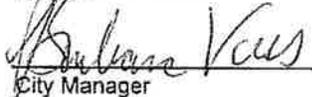
**DATE OF RATIFICATION: 01/29/21
 TOTAL PAYMENTS BY WIRE:**

471,023.38

Certified as to the accuracy of the wire transfers by:


 Treasury & Customer Services Manager
 Date: 1/29/21

Joseph Lillio Digitally signed by Joseph Lillio
 Date: 2021.01.29 20:02:22 -08'00'
 Director of Finance
 Date


 City Manager
 Date: 2/5/21

Information on actual expenditures is available in the City Treasurer's Office of the City of El Segundo.

CITY OF EL SEGUNDO
WARRANTS TOTALS BY FUND

3034444 - 3034916
9001828 - 9001869

DATE OF APPROVAL: AS OF 02/18/2021

REGISTER #18

001	GENERAL FUND	139,216.48
104	TRAFFIC SAFETY FUND	-
106	STATE GAS TAX FUND	-
108	ASSOCIATED RECREATION ACTIVITIES FUND	-
109	ASSET FORFEITURE FUND	757.34
111	COMM. DEVEL. BLOCK GRANT	-
112	PROP "A" TRANSPORTATION	-
114	PROP "C" TRANSPORTATION	-
115	AIR QUALITY INVESTMENT PROGRAM	-
116	HOME SOUND INSTALLATION FUND	-
117	HYPERSON INVESTIGATION FUND	-
118	TDA ARTICLE 2 - SB 821 BIKWAY FUND	-
119	STA GRANT	-
121	FEMA	-
120	C O P S FUND	-
122	L.A.W.A. FUND	-
123	PSAP PROPERTY TAX PUBLIC SAFETY	-
124	FEDERAL GRANTS	-
125	STATE GRANT	-
126	AF CUPA Program Oversight Savings	89.84
128	SB-1	-
129	Certified Access Specialist Program (CAS)	-
130	AFFORDABLE HOUSING	-
131	COUNTY STORM WATER PROGRAM	-
202	ASSESSMENT DISTRICT #73	-
301	CAPITAL IMPROVEMENT FUND	10,826.00
302	INFRASTRUCTURE REPLACEMENT FUND	-
409	FACILITIES MAINTENANCE	-
501	WATER UTILITY FUND	273.18
502	WASTEWATER FUND	1,067.33
503	GOLF COURSE FUND	-
504	PARK M&M	-
505	SOLID WASTE	125,061.50
601	EQUIPMENT REPLACEMENT	-
602	LIABILITY INSURANCE	-
603	WORKERS COMP. RESERVE/INSURANCE	-
701	RETIRED EMP. INSURANCE	-
702	EXPENDABLE TRUST FUND - DEVELOPER FEES	209.18
703	EXPENDABLE TRUST FUND - OTHER	1,500.00
709	OUTSIDE SERVICES TRUST	-
TOTAL WARRANTS		<u>\$ 280,810.01</u>

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

Information on actual expenditures is available in the Director of Finance's office in the City of El Segundo.

I certify as to the accuracy of the Demands and the availability of funds for payment thereof.
For Approval: Regular checks held for City Council authorization to release.

CODES:

R = Computer generated checks for all non-emergency/urgent payments for materials, supplies and services in support of City Operations

For Reallocation:

A = Payroll and Employee Benefit checks

B - P = Computer generated Early Release disbursements and/or adjustments approved by the City Manager. Such as: payments for utility services, petty cash and employee travel expense reimbursements, various refunds, contract employee services consistent with current contractual agreements, instances where prompt payment discounts can be obtained or late payment penalties can be avoided or when a situation arises that the City Manager approves.

H = Handwritten Early Release disbursements and/or adjustments approved by the City Manager.

FINANCE DIRECTOR *Joseph Kelen*
DATE: 2-5-2021

CITY MANAGER *Pauline Vees*
DATE: 2-8-2021

VOID CHECKS DUE TO ALIGNMENT: N/A

VOID CHECKS DUE TO INCORRECT CHECK DATE: _____

VOID CHECKS DUE TO COMPUTER SOFTWARE ERROR: _____

NOTES _____

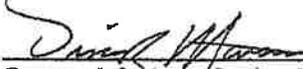
**CITY OF EL SEGUNDO
 PAYMENTS BY WIRE TRANSFER
 02/01/21 THROUGH 02/07/21**

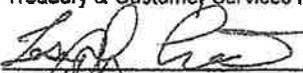
<u>Date</u>	<u>Payee</u>		<u>Description</u>
2/3/2021	Cal Pers	11,170.20	EFT Retirement Safety-Fire-PEPRA New 25020
2/3/2021	Cal Pers	23,998.17	EFT Retirement Safety-Police-PEPRA New 25021
2/3/2021	Cal Pers	43,544.55	EFT Retirement Misc - PEPRA New 26013
2/3/2021	Cal Pers	47,794.43	EFT Retirement Misc - Classic 27
2/3/2021	Cal Pers	64,937.29	EFT Retirement Safety Police Classic - 1st Tier 28
2/3/2021	Cal Pers	54,588.33	EFT Retirement Safety Fire- Classic 30168
2/3/2021	Cal Pers	6,482.25	EFT Retirement Sfty Police Classic-2nd Tier 30169
2/3/2021	California EDD	242.09	Reconciliation payment
2/3/2021	California EDD	116.22	Reconciliation payment
2/4/2021	Manufacturers & Traders	69,598.34	457 payment Vantagepoint
2/4/2021	Manufacturers & Traders	1,130.77	401(a) payment Vantagepoint
2/4/2021	Manufacturers & Traders	550.00	IRA payment Vantagepoint
01/25/20-01/31/21	Workers Comp Activity	47,893.09	SCRMA checks issued
01/25/20-01/31/21	Liability Trust - Claims	0.00	Claim checks issued
01/25/20-01/31/21	Retiree Health Insurance	0.00	Health Reimbursement checks issued
		<u>372,045.73</u>	

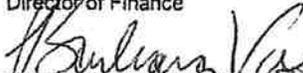
**DATE OF RATIFICATION: 02/04/21
 TOTAL PAYMENTS BY WIRE:**

372,045.73

Certified as to the accuracy of the wire transfers by:

 2/4/21
 Treasury & Customer Services Manager Date

 2-5-2021
 Director of Finance Date

 2-8-2021
 City Manager Date

Information on actual expenditures is available in the City Treasurer's Office of the City of El Segundo.

TITLE:

California Green Business Network (CAGBN)

RECOMMENDATION:

Authorize the City Manager to execute an agreement with California Green Business Network (CAGBN) to secure a \$30,000 grant from the state to start a green business program in El Segundo.

FISCAL IMPACT:

The California Green Business Network (CAGBN) is a non-profit organization which will help the City to apply and obtain a grant from the State for a total amount of \$30,000. The local match for this grant is 50% (\$30,000) which be provided by the City through in-kind services and staff time.

BACKGROUND:

For some time, the Environmental Committee has been researching options for implementing a "Green Business Recognition Program" to encourage sustainable business practices through rewards as opposed to civic mandates. This research has included discussions with other municipalities as well as El Segundo businesses, the El Segundo Chamber of Commerce, and city staff.

The Environmental Committee now recommends to the City Council to consider joining the California Green Business Network (CAGBN), which provides a certification program that helps businesses become more environmentally responsible and offers them marketability for their sustainable practices. Certification in the program includes the implementation of best management practices that address energy efficiency, waste reduction, water conservation, and several other "green" practices that help businesses. Green Business Certification programs are a way for businesses to show their communities that they are committed to environmental values, and to attract like-minded customers.

The CAGBN, under guidance from CalEPA, may have possible funding from the State of California to help up to five new communities start a Green Business Program. These programs do not specifically target disadvantages communities, but instead those that are most willing and able to implement a Green Business Program. Even though, El Segundo is not a Disadvantaged community, but still stands a good chance to secure this grant.

DISCUSSION:

There are many benefits of joining the Green Business Program:

- Meet City/County sustainability goals
- Enhance environmental compliance
- Improve stakeholder relationships
- Possible up to \$30K in funding to start a program and estimated \$15-\$20K in funding for subsequent years (however, not guaranteed)
- Get a plug-and-play platform to run the program

If funds are available and the City of El Segundo is selected, this subcontracted work will provide up to \$30,000 to assist with the establishment of Green Business Programs. The funds will be available to help coordinate outreach to the business community to engage them in the Green Business Program. The following are the eligible expenses:

- Staff and/or consultant time to assist and track businesses through the program.
- Marketing efforts to attract and promote certified Green Businesses.
- Business rebates for purchases required to meet green business standards.
- Material expenses for events such as Green Business Academies and/or recruitment events.
- Community Based Organization engagement

This past year, municipally run Green Business Programs received anywhere from \$15,000 to \$20,000 in funding, based on the number of businesses in their region and their past performance. CAGBN hopes to increase those funding amounts. If additional funding is provided, more funding will be distributed to successfully run local programs. Please note the funding is performance based and not guaranteed.

Annual expenses include an estimated \$5,228 in member dues to CAGBN for use of database, statewide performance standards, marketing, and funding development. First year fees are waived for the new programs that are selected by the CAGBN Board of Directors.

Due to Covid-19 circumstances, the funds for this year are not guaranteed and CAGBN will not know if the State will provide funding until May 2021.

The City Attorney's office has reviewed and approved the attached CAGBN's agreement to form.

CITY STRATEGIC PLAN COMPLIANCE:

Goal 5: Champion Economic Development and Fiscal Sustainability

Objective A: El Segundo promotes community engagement and economic vitality.

PREPARED BY: Jasmine Allen, Senior Management Analyst, on behalf of the Environmental Committee

REVIEWED BY: Elias Sassoon, Public Works Director

APPROVED BY: Scott Mitnick, City Manager 

ATTACHED SUPPORTING DOCUMENTS:

1. CAGBN Presentation
2. CAGBN Contract

GREEN

**CALIFORNIA
GREEN BUSINESS
NETWORK**

2020 New Program Overview

THE **GREEN ECONOMY** STARTS HERE



WHAT WE DO:

1. Provide technical assistance to business
2. Help municipalities reach their goals
3. Provide a green marketplace for consumers



WHY START A PROGRAM:

Powerful
Public/Private
Partnerships

Promotes
Business
Sustainability

Builds resilient
communities

YOU ARE IN GOOD COMPANY

- 42 Green Business Programs
- Over 4,500 recognized businesses
- Over 2,000 interested businesses
- 32 business sectors
- And growing!



CAGBN & GBENN Connected Nationwide



Visit Portal



COMMUNITY CLIMATE COLLABORATIVE

FIND A GREEN BUSINESS TAKE THE GREEN BUSINESS ASSESSMENT

GBENN
NATIONAL GREEN BUSINESS NETWORK

REPORTS START A PROGRAM DIRECTORY PARTICIPATING STATES RESOURCES CONTACT

12,744 BUSINESSES IN 8 STATES HAVE BEEN GREEN CERTIFIED

[FIND A GREEN BUSINESS](#)

DOWNLOAD THE APP
Find a Green Business Online

Available on the App Store and Google Play

WHO WE ARE
Developed by the California Green Business Network in 2009, GBENN is a national nonprofit that aims to provide a model for other states to create green jobs and a path to all-things-green with its Green Business Network. GBENN is supported by the National Science Foundation, National Environmental Education & Administration, and the Department of Energy. Most businesses that have joined the framework to become Certified Green Businesses.

[CONTACT US](#) [HOW IT WORKS](#)

Nevada is brought to you by:



LOOK WHAT WE'VE ACHIEVED

Select which you would like to view

AVERAGE ANNUAL BUSINESS SAVINGS OR ANNUAL SAVINGS FOR ALL BUSINESSES

39 metric tons

[FIND A GREEN BUSINESS](#) [GET RECOGNIZED](#)

226 Total Businesses Certified in Colorado

Make a difference.
Green businesses across WA.

[FIND A GREEN BUSINESS](#) [GET RECOGNIZED](#)

Welcome to the Illinois Green Business Association

Online Certification System Launching Soon!



GBA is honored partner with the California Green Business Network and five other states to launch a national online green business certification database and mobile application to help Illinois businesses easily achieve green accreditation and collect critical environmental impact data.

We're currently seeking businesses that are interested in participating in the pilot launch of the new certification system. Contact us if you're interested in learning more!



Our Impact 2019

Businesses that join our network conserve precious resources, prevent harmful pollution, and enhance their bottom-line.



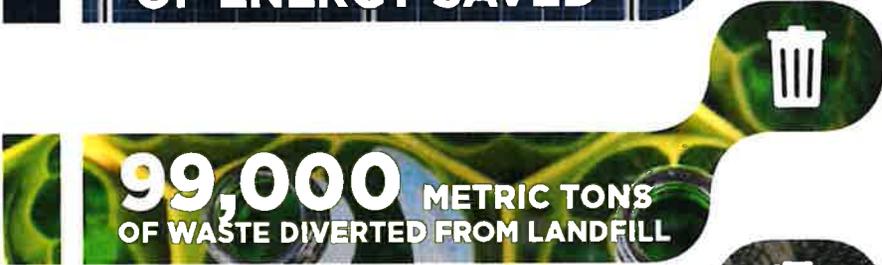
291 MILLION kWh
OF ENERGY SAVED

The infographic bar features a dark blue background with a grid pattern. On the right side, there is a circular icon containing a white silhouette of three wind turbines.



249 MILLION GALLONS
OF WATER SAVED

The infographic bar has a blue background with a water ripple texture. On the right side, there is a circular icon containing a white silhouette of a water droplet.



99,000 METRIC TONS
OF WASTE DIVERTED FROM LANDFILL

The infographic bar has a green background with a pattern of leaves. On the right side, there is a circular icon containing a white silhouette of a trash can.



422,000 METRIC TONS
OF GHG REDUCTIONS

The infographic bar has a green background with a pattern of leaves. On the right side, there is a circular icon containing a white silhouette of a globe with a flame rising from it.



18 MILLION DOLLARS
OF UTILITY BILL SAVINGS

The infographic bar has a dark background with a pattern of US dollar bills. On the right side, there is a circular icon containing a white silhouette of a dollar sign.



GREEN
CALIFORNIA
GREEN BUSINESS
NETWORK

The logo consists of a green square with the word "GREEN" in white bold letters at the top, and "CALIFORNIA GREEN BUSINESS NETWORK" in smaller white letters below it.

What Makes a Green Business?



Reduced Water Use
Low flow toilets and auto-off faucets



Conserve Energy
Upgrade lighting and equipment to save energy



Commute Sustainably
Promote and incentivize alternative transportation for employees



Prevent Pollution
Eliminate and/or properly dispose of harmful chemicals



Use Non-Toxic Cleaners
Use safer, environmentally preferable cleaning chemicals



Avoid Waste
Eliminate unnecessary packaging, printing, and purchasing



Recycle Materials
Divert waste from the landfill through reuse, recycling and composting



Hire Local Vendors
Work with local vendors

Certification Process

STEP 1 - Business Enrollment and Registration

STEP 2 - Green Business Coordinator Initial Walk-Through and Consultation (Free Technical Assistance)

STEP 3 - Audits from Partners (i.e. utilities and water districts)

STEP 4 - Business Implementation of Measures

STEP 5 - Final Site Visit and Verification

STEP 6 - Certification and Business Promotion!

- 6 week certification cycles



Certification Areas of Focus



ENERGY



POLLUTION PREVENTION



SOLID WASTE



TRANSPORTATION



WASTEWATER



WATER



COMMUNITY



Congratulations Fisher's for being the first Green Business certified restaurant in San Benito County!



Business Checklist View

Dashboard Programs ▾ Measures ▾ Resources ▾ Checklists ▾ Tiers Notification ▾ Users ▾ Reports ▾ Video Tutorials California ▾

APPLICATION DETAILS

GENERAL

ENERGY

Awareness & Maintenance
Lighting & Equipment

POLLUTION PREVENTION

SOLID WASTE

TRANSPORTATION

WASTEWATER

WATER

DELETE APPLICATION

BUSINESS LOGIN

PRINT CERTIFIED

Tier is available in view mode only.

MEETING THE REQUIREMENTS

Certified

62 Certified measures completed. A minimum of 62 Certified measures are required.

Lighting & Equipment

SAVE

NEXT

Last saved 26 days ago

CORE MEASURES

1. Use energy efficient lighting. Replace all halogen, incandescent, T-12, high-pressure sodium, and metal halide lighting with LEDs. Below, select the lights you have or what you've recently replaced.

> Lighting Energy Savings [Which fixtures did you retrofit?]

YES NO N/A

FLAG
POST
HELP

CATEGORY PROGRESS

You have completed all measures.

GREEN TIPS
i Measure 2

Programmable and smart thermostats can help your business conserve energy and save on your power bill! There are a variety of



Strong Stakeholder Building

- Air districts
- Wastewater facilities (pretreatment programs)
- Stormwater programs
- Solid waste/recycling/reclamation facilities
- Water districts
- Business Groups (chambers, associations)
- Electric utilities
- Climate/GHG reduction groups
- Transportation agencies
- Environmental Health/CUPAs
- Public Works/Offices of Sustainability
- Economic Development
- Universities, Colleges, Green Job Training Programs



Sustainability Retrofits



- Connect businesses with resources and rebates for retrofits.
- \$500 rebate from CAGBN/State of CA for lighting, HVAC, time of use and demand response, automatic controls, 100% renewable power options, and more.

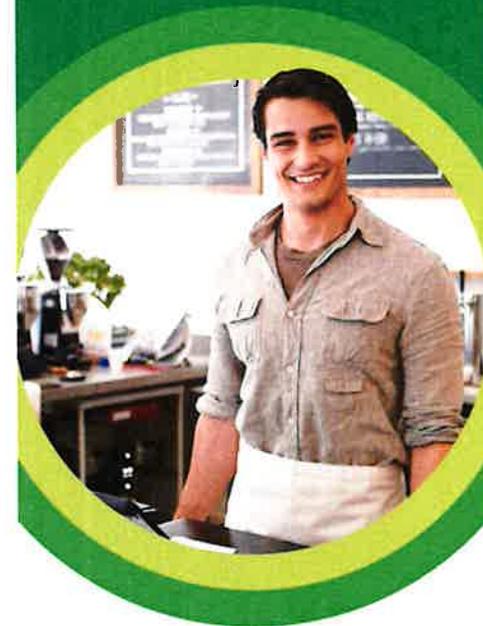


Benefits of a Green Business Program

- Meet City/County sustainability goals
- Enhance environmental compliance
- Improve stakeholder relationships
- Receive \$30k in funding to start a program*
- Get a plug-and-play platform to run the program

**AHORRE DINERO.
SEA UN LÍDER SOSTENIBLE.
CREZCA SU NEGOCIO.**

¡Conviértase en un negocio ecológico!



greenbusinessca.org

Strong Track Record

- CAGBN provides mentorship, resources & support
- 6 New Programs in 2018
- 5 New Programs in 2019
- 2 New Programs and multiple Tribal Regions in 2020
- Hopefully funding for 2021 for at least 2 new programs
- GreenBizTRACKER is a GBP in-a-box
www.greenbusinessca.org
- Process for underserved communities
- The factory is built, we are ready to crank out Green Businesses!

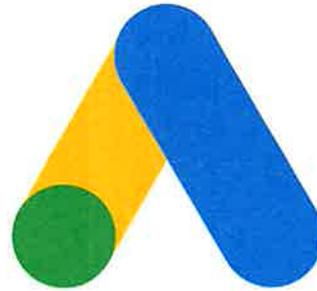


Business Promotion

Shameless Plug



Google Ads



Google Ads

Newsletter



In This Issue

- Climate-Friendly Menus
- 1st Certified Food Manufacturer
- Snow Peak Business Promotion Toolkit
- New Initiator Business

Did You Know?

The USDA and CEE offer grants to help businesses buy efficient food manufacturing equipment. Details here: [Help spread the word!](#)

Keep Up With Us

- Facebook
- Website
- LinkedIn

Climate-friendly Menus



Co-Branding



Business Promotional Toolkit



Award Events



Program Testimonials

"The **San Benito County** Green Business Program has been instrumental in engaging our businesses in waste reduction, recycling, water conservation and efficiency, stormwater pollution prevention, and energy efficiency initiatives. This program helps our County's businesses meet several environmental state mandates, while forming positive relationships between local government staff and the business community."

"Since implementing the Marin Green Business Program in 2002, the **County of Marin** has built a robust network of over 300 Certified Green Businesses which provide a marketplace for the environmentally-minded consumer. These businesses have contributed to the County's climate action goals by taking advantage of the energy efficiency resources that are available to them, and have been key participants in the County's efforts to engage the community around climate action. Cost-saving measures, rebates, and marketing benefits help keep these businesses economically sustainable as well."

"As the former administrator of the **Huntington Beach** Sustainable Business Certification program and now the **Fullerton** Sustainable Business Certification program, I can wholeheartedly say that this program helps businesses become more sustainable not just environmentally but financially as well. Businesses are not used to governments wanting to help them but this program proved to show businesses that City Hall was here to help."

City of Manhattan Beach:



City of Culver City:



Contra Costa County:

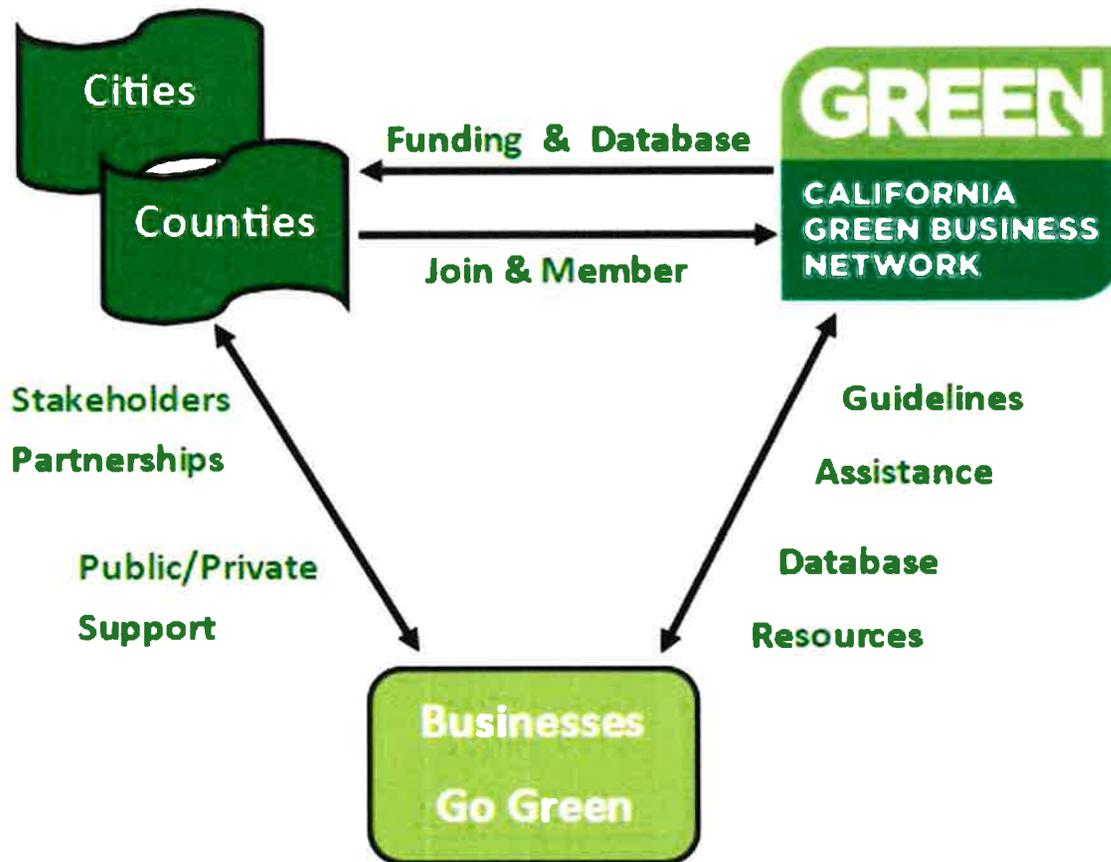


Contact Us

Jo Fleming
Executive Director
info@greenbusinessca.org
Office: (831) 706-7384

Shawn Orgel-Olson
Director, Marketing & Performance Standards
sorgelolson@environmentalin.com
Office: (831) 429-1364





California Green Business Network Services Agreement

This Agreement is entered into by the California Green Business Network, a California non-profit corporation (hereinafter “CAGBN” or “Client”), having an address at 901 Center Street, Santa Cruz, CA 95060, and the PROGRAM NAME HERE (hereinafter “Consultant”), having an address at PROGRAM ADDRESS HERE.

The period of time covered by this Agreement is from June 1, 2020 to June 30, 2021, unless extended by written agreement.

This Agreement is a sub-award under California Air Resources Board Contract with CAGBN. As such, it is subject to the terms and conditions of that contract to the extent they apply to sub-awardees. An excerpt of some of the key requirements are attached as Appendix B. Consultant is required to understand and comply with all applicable flow-down requirements.

Scope of Work and Compensation

Consultant is to perform the services and be entitled to compensation for such services as described in Appendix A Scope of Work and Appendix B Reporting and Deliverables and any future appendices signed by both parties. See details in Appendices A and B.

Relationship of the Parties

Applying its judgment regarding the work to be performed, Consultant is to choose the means and methods of performing the duties described herein. In so doing, Consultant will act as an independent contractor and not as an agent, partner, joint venturer, or employee of CAGBN. As such, Consultant is not eligible for workers compensation or any of the benefits paid to employees of CAGBN. No taxes (including income, payroll or social security taxes) of any jurisdiction shall be withheld or paid by CAGBN on behalf of Consultant. Consultant understands that he/she is responsible for paying his/her income taxes and all other taxes required by law.

Liability and Indemnification

Consultant is solely and exclusively liable to third parties for all expenses incurred by Consultant and for all claims of damages arising out of Consultant’s actions. Consultant agrees to hold CAGBN harmless for any claims arising from, connected to, or caused in whole or in part by any negligent act or omission of the Consultant.

Confidentiality and Publicity

To the extent confidential or proprietary information is revealed to Consultant by the Client or obtained by Consultant on behalf of the Client, Consultant may not use or disclose the information without written approval from the Client. Wherever possible the California Green Business Network and the California Air Resources Board shall be recognized in publicity efforts for their fiscal and in-kind support. The PROGRAM NAME HERE, once accepted into the California Green Business Network shall include the CAGBN logo and a statement of membership on the program website, window clings, and other key marketing collateral.

Intellectual Property; Work Made For Hire

In relation to the performance of this Agreement, Consultant may create certain works for CAGBN, and program partners, all of which will be the property of CAGBN upon creation. To the extent that such works may be copyrighted or copyrightable under the laws of the United States. Consultant will be considered to have created a Work Made for Hire as defined in 17 U.S.C. Section 101 and CAGBN shall have the sole right to the copyright.

Cancellation

This agreement may be cancelled by either party at any time. Upon cancellation by CAGBN, Consultant is entitled to payment for all services performed prior to cancellation. If cancelled by the Contractor, the complete funding amount will be returned.

Failure to Perform

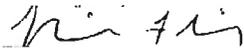
The contract provides an up-front lump sum payment for 50% of the services to be rendered, or \$15,000. Should the Consultant fail to perform all or a portion of the deliverables outlined in Appendix A on the schedule provided, Consultant shall be required to return this initial lump sum fee to Client upon written request. Upon completion of goals, the remaining 50% of funding, an additional \$15,000 will be disbursed.

Entire Agreement; Waiver; Modification

This agreement, including Appendices A, B, and any subsequently added appendices, constitutes the entire agreement between the parties and outlines in full all of the responsibilities each party has to the other. No waiver or modification of its terms shall be valid or binding unless in writing and signed by the parties. The failure of any party to exercise any right or option given to it by this Agreement or to insist upon strict adherence to the terms of this Agreement shall not constitute a waiver of any terms or conditions of this Agreement with respect to any other or subsequent breach.

Miscellaneous

This Agreement shall be construed in accordance with the laws of California applicable to agreements made in California. Section headings used herein are inserted for convenience only and are not part of this Agreement.



Josephine Fleming

Executive Director
California Green Business Network
831-706-7384

Scott Mitnick

Title: City Manager
Organization: City of El Segundo
Phone number: (310) 524-2301

Appendix A

Scope of Work and Compensation

Scope of Work

With this funding of up to \$30,000, the **PROGRAM NAME HERE** will support the certification of 10 or more businesses in the **PROGRAM NAME HERE** in collaboration with their program partners. There can be up to 4 of those businesses in Tier 1 Efficiency and at least 6 businesses in Tier 2 Certified.

The Program will launch recruitment efforts by **July 30, 2020**. **PROGRAM NAME HERE** in collaboration with their program partners agrees to certify this minimum number of new businesses based on their jurisdiction’s business population, see Appendix D for the latest business populations. The **PROGRAM NAME HERE** will develop a work plan that must be submitted along with this agreement – funding is dependent on an approved work plan from CAGBN.

Half of the payment will be provided initially. The second half is contingent upon meeting the certification goals and providing complete and accurate documentation by the given deadlines. Half of the funds, or \$15,000 will be provided upon signature of this sub-contract. If 40% of the terms of this contract are not met by the progress report date of October 31, 2020, the remaining funding amount of an additional \$15,000 will not be disbursed and instead will be used for another jurisdiction. Regardless of funding amounts, detailed expenses must be kept to track all costs for staff time, expenses and/or materials using the expense tracking forms. The total costs must add up to the total funding amount provided, or exceed it with matched funding.

Task	Output	Behavior Change
Collaborate with program partners to recruit businesses and assist businesses through the Green Business certification process in the PROGRAM NAME HERE .	<ol style="list-style-type: none"> 1. Certify a minimum of 10 new businesses the first year of program operation. 2. Create local environmental partnerships that break down government silos, making it easier for businesses to gain environmental technical assistance. 3. Log business progress and metrics using the CAGBN Database, GreenBizTRACKER. Report outcomes to CAGBN by 10/31/20 and for final report 6/1/21. 4. Complete a questionnaire and join the California Green Business Network and participate on working committees. 	<ol style="list-style-type: none"> 1. Businesses get help and make verified changes to use environmentally preferable products and chemicals, conserve water and energy, and train all employees on environmental awareness. (about 40% of our measures are behavior change, and 60% involve technology retrofit) 2. Government agencies, and community-based organizations have increased collaboration.

Local Match Commitment and Reporting Requirements

See Appendix B.

Appendix B Reporting and Deliverables

The **PROGRAM NAME HERE** shall provide one progress reports October 30, 2020 and one final report due June 11, 2021 reporting on the progress of meeting these deliverables on the following schedule:

EPA Grant Output	Due Date	Deliverable
1. Certify 10+ businesses in the <u>PROGRAM NAME HERE</u> .	<u>6/31/21</u>	10 or more new Green Business certifications (up to 6 certified and up to 4 at Participant level)
2. Log business progress and metrics using the CAGBN Database GreenBizTracker	<u>Ongoing</u>	Administrator will confirm utilization of GreenBizTracker and provide environmental outcomes in update reports.
3. Create a 1-2 page update report that includes: <ul style="list-style-type: none"> a. Status update on working with businesses in <u>CITY/COUNTY NAME HERE</u>. b. Environmental outcomes of working with businesses. c. Obstacles. d. 	<u>10/31/20</u>	1-2 page update report on status of grant implementation overall and on progress with business certification (give specific number of certifications thus far). Note: Show 40%+ of certification target complete at this time to receive the second half of the \$30,000.
4. Create a 2-3 page final report that includes: <ul style="list-style-type: none"> a. Results of working with businesses in <u>CITY/COUNTY NAME HERE</u>. b. Environmental outcomes of working with businesses. c. Success story d. Recommendations on how to proliferate GB certifications in all parts, and especially DACs, of CA. 	<u>6/1/21</u>	2-3 page final report on success of the grant implementation.

Reports shall include digital versions of marketing collateral and links to online collateral. These images and links shall be provided electronically to the CAGBN Executive Director, Josephine Fleming at jofleming@environmentalin.com and cc:ed to CAGBN's Funding Administrator Shawn Orgel-Olson at sorgelolson@environmentalin.com.

Cost and Expense Tracking

Consultant shall utilize the attached “Expense Documentation”, on the following page, to document eligible expenses related to the scope not to exceed the contract amount stated herein (\$30,000). Mileage costs will be reimbursed at the current State and IRS approved rates.

Expense Documentation Instructions:

New Green Business Programs chosen by CAGBN will receive funding for

- 1) in establishing a new program,
- 2) creating partnerships with community-based organizations that will perform outreach to disadvantaged community businesses so that these businesses can become green certified, or
- 3) supporting businesses in these communities to become certified Green Businesses.

As the selected program, Consultant will receive up to **\$30,000** for expenses related to this scope. Expenses that are eligible may include but are not limited to:

- Staff and/or consultant time to assist and track businesses through the program.
- Marketing efforts to attract and promote certified green businesses.
- Business rebates for purchases required to meet green business standards.
- Material expenses for events such as Green Business Academies and/or recruitment events.
- Staff time from a community-based organization, such as a chamber of commerce, business incubator or small business assistance program to assist in business recruitment, language assistance and technical assistance.

Consultant is also committing to \$30,000, or more, in in-kind match expense for the scope noted above.

Please list the items or services that were a cost or expense on the form provided, and include receipts. Email the completed form and receipts along with the required reports to sorgelolson@environmentalin.com and jofleming@environmentalin.com or mail them to Accounting, CAGBN, 901 Center Street, Santa Cruz, CA 95060.

Consultant must ensure that the funding is used only for eligible expenses in the not-to-exceed amount of \$30,000. This will take place after the match documentation is received. Beginning **June 1, 2020** and through **June 30, 2021** Consultant shall submit forms for expenses and anything above the \$30,000 will be tracked as match contribution.

This Expense Documentation will be provided during the Progress Report (due October 31, 2019) and the Final Report (due February 28, 2020).

Program Match Documentation

Consultant shall match the \$30,000 funding disbursement from this contract with additional funding from their municipality, partnering agencies or other sources. Consultant shall document the matched funding in the form below.

Matched Funding Form

Agency Providing Funding	Funding Amount	Task Funding Used For	Program Material Costs (Design and Production)

*Report must include proper documentation of these costs (i.e., invoice from receiving organization or business, copy of the check, justification of cost share, etc.)

NOTE: This sheet should follow the progress report.

Appendix C

A copy of the contract between the California Green Business Network and the California Air Resources Board is attached herein as Appendix C.

Consultant is required to ensure that all sub-awardee requirements are met in delivery and completion of this contract.

See separate pdf document.

TITLE:

Ratify Waiver Agreement allowing CenterCal additional time to enter into a construction contract regarding the golf course improvements portion of the Topgolf project at the Lake at El Segundo (400 S. Pacific Coast Highway, El Segundo, CA 90245).

RECOMMENDATION:

Approve ratification of waiver agreement. (Requirements to construct and complete golf course improvements and be open for business before or concurrently with the opening of the Topgolf Facility/driving range are not altered by this Agreement.)

FISCAL IMPACT:

None

BACKGROUND:

The last day the Lakes at El Segundo golf course will operate is February 14, 2021. Topgolf will take possession of the Lakes facility on February 15, 2021. The Lakes facility will close for fourteen to fifteen months during the construction of the Topgolf facility and the simultaneous improvements to the golf course that will provide an enhanced experience to golfers once completed. While the demolition and construction to the areas adjacent to the golf course will begin in February 2021, the improvements to the golf course will not begin until June 2021. The improvements to the golf course will take several months less to complete than the construction of the Topgolf facilities. The completion of the improvements to the golf course will be done prior to the Spring 2022 opening of the Topgolf facility to the public. Topgolf remains committed to be a community partner and keep the commitments they agreed to in the formal agreement signed with the City. The City's and Topgolf's commitment per the agreement is that the golf course, the new club house, and the Topgolf facility will all be ready to open concurrently in Spring 2022.

DISCUSSION:

CenterCal requested an extension of fulfilling the requirement to provide proof to the City that it has entered into a construction contract related to the improvements to be made to the existing golf course. The Agreement provides the City be shown proof that contracts have been entered into for all of the improvements required of project the prior to CenterCal taking possession of the Golf Course and driving range under the Lease.

CenterCal and Topgolf are working on some potential upgrades to the golf course portion of the property beyond those required by the current Agreement and desires additional

Topgolf Waiver Agreement
February 16, 2021
Page 2 of 2

time to enter into and provide proof to the City regarding this portion of the project. The Agreement provides that the parties may waive certain requirements before transferring possession of the property. This is a temporary waiver and will not slow down the completion of the project as the golf course improvements and its opening must still occur prior to or concurrently with the opening of the Topgolf facility. Staff sees no downside to the City from this temporary waiver and there is a potential benefit if Topgolf enhances the improvements currently required to be made to the golf course and related facilities.

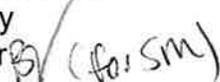
Because of safety concerns, some of which involve state health and safety regulations, while members of the public have expressed the desire to reopen as soon as possible, realistically the facilities will likely open concurrently. Since construction is expected to commence in the next week on the Topgolf course portion of the property, for these same health and safety reasons it was necessary to pause operations at the golf course on February 14th.

The City, Topgolf, and CenterCal are all working towards the same outcome: ultimately providing a unique customer experience and ensuring the golf course remains as a community asset available to the public and El Segundo based youth groups as soon as feasibly possible.

CITY STRATEGIC PLAN COMPLIANCE:

Goal 5: Champion Economic Development and Fiscal Sustainability:

Objective B: El Segundo approaches its work in a financially strategic and responsible way.

PREPARED BY: Joseph Lillio, Chief Financial Officer 
REVIEWED BY: Mark Hensley, City Attorney
APPROVED BY: Scott Mitnick, City Manager  (fo: SM)

ATTACHED SUPPORTING DOCUMENTS:

Waiver Agreement

WAIVER OF CONDITION PRECEDENT

THIS WAIVER OF CONDITION PRECEDENT (the “**Waiver**”) is entered into effective as of February __, 2021 (the “**Effective Date**”) by and between the City of El Segundo, a general law city and municipal corporation (“**Lessor**”), ES Centercal, LLC, a Delaware limited liability company (“**Lessee**”) and Topgolf USA El Segundo LLC, a Delaware limited liability (“**Topgolf**”).

RECITALS

A. Lessor and Lessee entered into that certain Due Diligence and Recreation Ground Lease Agreement dated as of February __, 2021 (the “**Master Lease**”) for the lease by Lessor to Lessee of certain real property located in the City of El Segundo, County of Los Angeles, State of California (the “**Premises**”).

B. Lessee and Topgolf entered into that certain Ground Sublease Agreement dated as of February __, 2021 for the sublease of the Premises.

C. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Master Lease.

D. Lessor desires to provide a waiver of one of the Conditions Precedent to the Premises Turnover Date and commencement of the Basic Term set forth in Section 5.5 of the Master Lease.

NOW THEREFORE, in consideration of the foregoing recitals, the mutual covenants and agreements set forth in this Waiver, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Waiver of Condition Precedent.** The Lessor hereby provides a waiver of the Condition Precedent set forth in subpart (iii) of Section 5.5 of the Master Lease that requires that Lessee has entered into construction contracts consistent with the Master Lease for the completion of the Golf Course Improvements (collectively, the “**Construction Contracts**”) and agrees that satisfaction of such waived condition shall not be a condition precedent to the Premises Turnover Date and commencement of the Basic Term.

2. **Outside Date.** Topgolf covenants and agrees that it will enter into the Construction Contracts by April 15, 2021.

3. **Miscellaneous.**

(a) **Ratification of Master Lease.** Aside from the waiver of the single Condition Precedent described herein, all other terms, conditions, covenants and provisions of the Master Lease remain unchanged.

(b) **Reliance.** Lessor acknowledges and agrees that this Waiver may be relied upon by each of Lessee and Topgolf USA El Segundo LLC, a Delaware limited liability.

(c) Governing Law. This Waiver shall be governed by, and construed, interpreted and enforced in accordance with, the laws of the State of California, without giving effect to the principles of conflicts of laws thereunder which would specify the application of the law of another jurisdiction.

(d) Electronic Signature; Electronic Delivery. This Waiver may be executed by electronic signature. This Waiver, to the extent delivered by means of a facsimile machine or electronic mail in portable document format or similar format, shall be treated in all manners and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

[Signatures on Next Page.]

IN WITNESS WHEREOF, the undersigned have executed this Waiver as of the date first written above.

LESSOR:

THE CITY OF EL SEGUNDO, a general law City and Municipal corporation

By: _____

Name: Scott Mitnick

Title: City Manager

LESSEE:

ES CENTERCAL, LLC, a Delaware limited liability company

By: _____

Name:

Title:

By: _____

Name:

Title:

TOPGOLF:

TOPGOLF USA EL SEGUNDO LLC, a Delaware limited liability company

By: _____

Name:

Title:

[Signature Page to Waiver of Conditions Precedent]

TITLE:

Proposed City Water and Wastewater Rate Adjustments for Fiscal Year 2020-2021 through Fiscal Year 2024-2025

RECOMMENDATION:

1. Conduct public hearing related to Proposition 218 majority protest process for proposed City water and wastewater rate adjustments
2. Received written and verbal testimony in response to proposed City water and wastewater rate adjustments for Fiscal Year 2020-2021 through Fiscal Year 2024-2025.
3. Adopt a resolution certifying the protest ballot results.
4. If a majority protest does not exist, introduce an ordinance setting City water and wastewater rates and charges pursuant to Health and Safety Code § 5471 and El Segundo Municipal Code § 11-1-5

FISCAL IMPACT:

The proposed water and wastewater rate adjustments over the next five years will result in an estimated \$5,726,955 in new Water Fund revenue and \$6,396,262 in new Wastewater Fund revenue to cover rising operating and capital costs associated with maintaining both enterprises (including the pass-through charges from West Basin Municipal Water District and City of Los Angeles Hyperion Treatment Plant). With these rate adjustments, both funds will remain financially self-supportive and sustainable.

BACKGROUND:

Approximately every five years, the City of El Segundo reviews its water and wastewater rates to determine what rates should be adjusted over the next five years to pay for the full cost of providing reliable water and collecting and treating wastewater in an effective and environmentally safe manner. A fundamental policy goal is for the ratepayers to pay for the cost of services provided and for each fund to be self-sustaining.

Water rates were last adjusted in 2019. Wastewater rates were last adjusted in 2016. In anticipation of the need to adjust rates for the next five-year period, staff initiated a water and wastewater "rate study" for each enterprise in the fall of 2019. This study was completed in the fall of 2020 and was presented to City Council on December 15, 2020. This study included presenting a series of water and wastewater rate adjustment options for each fiscal year (FY) from FY 2020-2021 through FY 2024-2025. Please refer to the

Proposed City Water and Wastewater Rate Adjustments
February 16, 2021
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attached copy of the December 15th staff report and rate study for additional details and background information.

At the December 15, 2020 meeting, City Council approved the rate study, selected a water rate structure and wastewater rate structure, and reaffirmed policies and procedures adopted by City Council on September 16, 2014 via Resolution No. 4888 which set forth the procedures required by California State Proposition 218 (the “Right to Vote on Taxes Act” of 1996) to implement new or increased water and wastewater rates for residential and non-residential services. If a majority vote protesting the proposed rate adjustments does not take place by the February 16th deadline, these rates will remain in place for five years and the non pass-through costs will be required to be reaffirmed (with or without future adjustments) through another Proposition 218 protest ballot process in five years.

DISCUSSION:

Proposed Rate Adjustments

As explained in the December 15th staff report and delineated in the attached proposed ordinance, City's water and wastewater rates will be implemented over the next five years as follows:

<u>Utility</u>	<u>FY 20-21</u>	<u>FY 21-22</u>	<u>FY 22-23</u>	<u>FY 23-24</u>	<u>FY 24-25</u>
Water	0%	3%	3%	3%	3%
Wastewater	9%	9%	9.5%	9.5%	9.5%

The water rate adjustments will take place on January 1, 2022, January 1, 2023, January 1, 2024, and January 1, 2025.

The wastewater rate adjustments will take place on April 2, 2021, January 1, 2022, January 1, 2023, January 1, 2024, and January 1, 2025.

The rate adjustments discussed in the in the 2020 Rate Study are designed to fully cover the associated costs incurred by the Water Fund and Wastewater Fund over the next five years. Without the proposed rate adjustments, Water Fund revenues will not cover the rising cost of imported water purchased from West Basin Municipal Water District, operating expenses, or needed capital expenses. With respect to the Wastewater Fund, the adjustments are needed to cover rising costs charged for the City’s cost of using the Los Angeles Hyperion Treatment Plant, planned capital projects, and emergencies.

Proposed City Water and Wastewater Rate Adjustments
February 16, 2021
Page 3 of 5

Proposition 218 Protest Ballots, Public Hearing, and Resolution Certifying Ballot Results

On December 15, 2020, City Council directed staff to administer the Proposition 218 majority protest process and set a public hearing for February 16, 2021 to vote on the proposed water and wastewater rate adjustments. On December 30, 2020, protest ballots were mailed out to the recorded owners of each parcel and each water and wastewater customer (ratepayer) in the City. A sample ballot is attached. This process requires allowing a minimum of 45 days notification prior to the Proposition 218 public hearing. A total of 5,3709 water protest ballots and 5,286 wastewater protest ballots were mailed out. To successfully protest the proposed water and wastewater rate increases, a simple majority of property owners and/or water ratepayers (2,686 or more) and wastewater ratepayers (2,644 or more) must return their ballots as instructed.

Property owners and/or water and wastewater ratepayers may turn in protest ballots (by mail or hand delivery) at any time prior to the close of the public hearing on February 16, 2021. However, only one ballot will be counted for each parcel. At the public hearing, City Council will be presented with a resolution for purposes of verifying the result of the protest process and an ordinance reflecting the proposed water and wastewater adjustments, should there be less than a majority protest for each enterprise fund.

Ordinance Setting New Water and Wastewater Rates

The attached proposed ordinance recommended for introduction reflects the proposed water and wastewater rate adjustments set forth in the notice mailed with the protest ballots. It also allows for a pass-through of wholesale water cost increases to the City from West Basin and other outside sources. The ordinance cannot be introduced and adopted if a majority of the property owners/ratepayers file written protests.

Once introduced by City Council, a second reading of the ordinance will be scheduled for the March 2, 2021 City Council meeting. Rate adjustments, if enacted, will take effect no earlier than April 2, 2021. Passage of the ordinance requires approval by a minimum of four (4) Councilmembers in order to meet the two-third legislative requirement.

The Proposition 218 Process Recap

In November 1996, the California electorate approved Proposition 218 (“Right to Vote on Taxes Act”) that requires certain procedures be followed with regards to “property-related” fee increases imposed by governmental agencies. Initially, case law indicated that these procedures were not applicable to water and wastewater rates. However, a 2006 California Supreme Court decision held proposition 218 fee increase procedures must be followed for any proposed increase to a City’s water and wastewater rates. In short, water and wastewater rate increases are subject to a “majority protest” process that provides that if a majority of the parcels in the City protest adjustment, then the City cannot impose the increase.

Proposed City Water and Wastewater Rate Adjustments
February 16, 2021
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The City took the most conservative approach and sent the protest ballots to both property owners and tenants, if the tenant is the water or wastewater customer. The City is required to count only one protest per parcel. Accordingly, even if both owner and tenant file a protest, only one protest shall be counted for purposes of determining whether there is a "majority protest" as described below.

Proposition 218 requires that the City provide all properties receiving the utility service for which the fee is charged (in this case, water distribution and wastewater treatment rates) with a minimum of 45 days written notice prior to City Council holding a public hearing on the proposed rate adjustments. The property owners and tenants have the ability to "protest" the proposed rate increase until the close of the public hearing. If a majority of the parcels file written protests with the City prior to the close of the public hearing on February 16, 2021, Proposition 218 states that the City cannot implement the proposed rate adjustments. If a majority of the parcels do not protest the proposed increase, City Council will then have the legal authority to implement the proposed rate adjustments.

In accordance with Proposition 218 requirements, several steps have been taken to comply with the law. Notice to parcel owners of a the proposed rate adjustments, a formal "Notice of a Public Hearing" set for February 16, 2021 at 6:00 PM, and a "Schedule of Proposed Water and Wastewater Rate Adjustments" were sent to property owners and water and wastewater users on December 30, 2020. The most current assessor's parcel roll from the Los Angeles County Assessor's office was obtained and direct mailing to each parcel owner within the City was conducted. Likewise, direct mailing was also conducted to each water and wastewater customer utilizing the water/wastewater billing address that the City has on file.

It is interesting to note that private investor owned water and wastewater companies, such as California American Water or California Water, are not subject to Proposition 218 protest ballots. These utilities are regulated by the California Public Utilities Commission. They do not have to obtain input from ratepayers the way municipal utility systems do.

NEXT STEPS:

If a majority of the parcels do not protest the proposed water and wastewater rate adjustments and City Council introduces the ordinance, the second reading and adoption of the ordinance will be scheduled for the March 2, 2021 City Council meeting. Rate adjustments will then go into effect as articulated above, with the first water rate adjustment of 3% taking place on January 1, 2022. The first wastewater rate adjustment of 9% will take place on April 2, 2021.

Proposed City Water and Wastewater Rate Adjustments
February 16, 2021
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CITY STRATEGIC PLAN COMPLIANCE:

Goal 5 -- Champion Economic Development and Fiscal Sustainability:

Objective B -- El Segundo approaches its work in a financially strategic and responsible way

ORIGINATED BY: Joseph Lillio, Chief Financial Officer & Elias Sassoon, PW Director

APPROVED BY: Scott Mitnick, City Manager  (for SM)

ATTACHED SUPPORTING DOCUMENTS:

1. Resolution No. 4888 for Proposition 218 Procedures
2. Resolution Certifying Protest Procedure Results for Water and Wastewater
3. Ordinance Establishing Water and Wastewater Rates
4. December 15, 2020 Water and Wastewater Rate Adjustments Staff Report
5. Water and Wastewater Rate Study
6. Notice and Protest Ballots Mailed to Property Owners

RESOLUTION NO. 4888

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL SEGUNDO ESTABLISHING PROCEDURES FOR INCREASING WATER, WASTEWATER, AND SOLID WASTE FEES IN ACCORDANCE WITH THE REQUIREMENTS OF PROPOSITION 218.

The City Council for the City of El Segundo does resolve as follows:

SECTION 1: The City Council finds and declares as follows:

- A. On July 24, 2006, the California Supreme Court confirmed that charges for water and wastewater services are subject to Proposition 218 procedures (*Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205);
- B. The City Council anticipates that there will be future increases in water, wastewater, and solid waste rates. Adopting the policies and procedures set forth in this Resolution will help implement the requirements set forth in Article XIID of the California Constitution and help ensure that the rights of those persons that are authorized to protest service charges are preserved;
- C. Elections Code § 4000(c)(9) provides that any protest ballot proceeding required or authorized by California Constitution Articles XIIC or XIID may be conducted wholly by mail. In the event a protest ballot process is required, the City Council seeks to achieve higher awareness of those affected by the proposed increase, provide an orderly protest process for both those receiving the ballots and the City, ensure to the extent practicable that there is some verification process regarding the protests received, and to reduce the costs of the protest ballot process; and
- D. Adopting this Resolution is in the public interest for the reasons set forth above and as further stated within Article XIID and the Proposition 218 and state legislation relating to the implementation of Proposition 218.

SECTION 2: The City Council adopts the procedures set forth in this Resolution for conducting all proceedings required by California Constitution Article XIID for utility fee (as defined below) increases. Where no specific procedures are imposed by Article XIID or the Proposition 218 Omnibus Implementation Act (Government Code §§ 53750, *et seq.*), the procedures set forth in this Resolution apply. This Resolution may be referred to as the “Proposition 218 Protest Proceedings Resolution.”

SECTION 3: *Definitions.* Unless the contrary is stated or clearly appears from the context, the following definitions govern the construction of the words and phrases used in this Resolution. Words and phrases not defined by this Resolution will have the

meaning set forth in California Constitution Article XIIIID or the Proposition 218 Omnibus Implementation Act.

- A. “Act” means the Proposition 218 Omnibus Implementation Act found at Government Code §§ 53750, *et seq.*;
- B. “Article 13D” means California Constitution Article XIIIID, § 6;
- C. “Manager” means the City Manager or designee;
- D. “Property owner” has the same meaning set forth in Article 13D and also pursuant to the Act includes tenancies of real property where tenants are directly liable to pay the proposed water or wastewater fee or charge;
- E. “Protest” means a written protest filed with the City Clerk in accordance with Article 13D, the Act, and this Resolution as described in Article 13D, § 6(a)(2);
- F. “Utility fee” means a fee or charge imposed for potable water, wastewater, or solid waste services provided to customers in accordance with the El Segundo Municipal Code (“ESMC”), and other applicable law, by the City of El Segundo.

SECTION 4: *Calculation of the fee and proposed increase.* Utility fees must be calculated in accordance with the recommendations in the latest independent Rate Study report or City’s internal financial analysis.

SECTION 5: *Administration of Proceedings.* The City Manager, or designee, is authorized to implement this Resolution in a manner consistent with the California Constitution and other applicable law.

SECTION 6: *Notice.* Notice of a proposed utility fee increase is provided as follows:

- A. In general, the City will identify the record property owner(s) of each parcel to which the utility fee would be applied from it’s billing system database and/or the latest equalized tax roll produced by Los Angeles County. The City’s Utility Billing database and the equalized tax roll is presumptive evidence of ownership of the land for voting purposes.
- B. If either the City’s Utility Billing Database or Los Angeles County Recorder’s website shows that more than one property owner has an interest in a parcel, all property owners (each property owner) must receive notice at the address shown for the property owner. Both property owners and parties financially responsible for paying the fee will be provided notice. In the event that notice is sent for a utility service for which the City is not currently charging a fee, the notices will be sent to

the property owner based upon the Los Angeles County Recorder's website and to the street address to which the service would be provided if the address is different than the address designated for the property owner on the Los Angeles County Recorder's website.

- C. The notice must be sent by first class mail at least forty-five (45) days before the date set for the public hearing on the utility fee.
- D. The form of the notice of hearing will be approved by the City Council and be on file with the City Clerk.
- E. The notice provided by these procedures, in accordance with Article 13D, supersedes and is in lieu of notice required by any other statutes to levy or increase a utility fee.
- F. The City Clerk, or designee, may certify the proper mailing of notices by an affidavit which constitutes conclusive proof of mailing in the absence of fraud.
- G. Failure of any person to receive notice does not invalidate the proceedings.

SECTION 7: *Protests against Utility Fee Increases.*

- A. The property owner(s) of parcels subject to the proposed fee increase are entitled to a single protest for each parcel. When a parcel is held as community property or in joint tenancy or as a tenancy in common, any spouse or joint tenant or tenant in common is presumed to have authority to cast a protest on behalf of such parcel.
- B. Executors, administrators, and guardians may cast a protest on behalf of the estate represented by them. If such representatives are shown on the latest assessment roll as paying taxes and assessments on behalf of the property owner(s), that fact establishes the right of such representative(s) to cast a protest. If such representatives are not shown on the latest assessment roll, the representatives may file with the City Clerk, at any time before the commencement of the public hearing, or the date of the election, as the case may be, certified copies of the written documentation establishing the legal representation.
- C. The protest of any public or quasi-public corporation, private corporation, or unincorporated association may be signed by any person so authorized in writing by the board of directors or trustees or other managing body thereof.
- D. The Manager is designated as the voting representative with respect to City-owned property.

- E. In any case where the documentation provided to the City Clerk in is ambiguous or unclear, the City Attorney will determine whether the documentation is adequate for the purpose provided.
- F. In the event a property owner loses or misplaces a protest ballot, upon request by the property owner the City will provide a replacement protest ballot unless a properly filled out protest ballot has already been received for the parcel of property.

SECTION 8: *Public Hearing.*

- A. Only protest ballots that (i) were provided by the City to the property owner in the form approved by the Council and (ii) are properly filled out and legibly signed by an eligible property owner is made will be counted as a valid protest. Only one protest shall be counted for each parcel of property regardless of the number of protests filed by property owners for the parcel.
- B. The City Clerk must stamp each written protest the date and time it is filed with the City Clerk for purposes of establishing whether the protest was filed before the close of the public testimony portion of the public hearing. No protest received after the close of the public testimony portion of the public hearing can be counted in determining the amount of protest, but the Council may, in its discretion, consider such protests in making its decision. Written protests may be withdrawn in writing at any time before the conclusion of the public testimony portion of the public hearing.
- C. At the time and place fixed for the hearing, or at any time to which the hearing is adjourned, the Council must:
 1. Hear all persons interested in the matter of the proposed fee increase;
 2. Hear all objections, protests or other written communications from any owner of property subject to the proposed utility fee; and
 3. Take and receive oral and documentary evidence pertaining to the proposed fee increase.
 4. The hearing may be continued from time to time, as the Council determines necessary to complete its consideration of the proposed fee increase.
 5. If the Council determines, at the close of the public testimony portion of the public hearing, that votes were received from

property owners representing a majority of the parcels subject to the proposed fee increase, the Council shall adopt a resolution setting forth the results of the protest ballot process and the proceedings shall then be closed and the utility fee cannot be approved by the City Council.

6. If the Council determines at the close of the public testimony portion of the public hearing that written protests were not received from property owners representing a majority of the parcels subject to the proposed utility fee, the Council shall adopt a resolution setting forth the results of the protest ballot process and then may by Ordinance change the utility fee so long as in an amount that does exceed the amount and methodology set forth in the public notices sent to the property owners.

SECTION 9: *Environmental Review.* This Resolution is exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 21000, *et seq.*, “CEQA”) and CEQA regulations (14 California Code of Regulations §§ 15000, *et seq.*) because it establishes rules and procedures to implement government funding mechanisms; does not involve any commitment to a specific project which could result in a potentially significant physical impact on the environment; and constitutes an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. Accordingly, this Resolution does not constitute a “project” that requires environmental review (*see specifically* 14 CCR § 15378(b)(4-5)).

SECTION 10: If any part of this Resolution or its application is deemed invalid by a court of competent jurisdiction, the city council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Resolution are severable.

SECTION 11: The City Clerk is directed to certify the passage and adoption of this Resolution; and cause it to be entered into the City of El Segundo’s book of original Resolutions.

SECTION 12: This Resolution will take effect immediately day following its final passage and adoption.

PASSED AND ADOPTED this 16th day of , 2014.



Suzanne Fuentes, Mayor

ATTEST:



Tracy Weaver, City Clerk

APPROVED AS TO FORM
MARK D. HENSLEY, City Attorney

By: 

Karl H. Berger, Assistant City Attorney

RESOLUTION NO. _____

A RESOLUTION DECLARING THE RESULTS OF THE PROCEEDINGS FOR ADOPTING WATER CHARGES IN ACCORDANCE WITH ARTICLE XIII OF THE CALIFORNIA CONSTITUTION.

The City Council of the city of El Segundo does resolve as follows: SECTION 1: The City Council finds and declares 'as follows:

On February 16, 2021, the City Council held a public hearing to consider the results of protest proceedings conducted in accordance with California Constitution Article XIII, § 6(a)(2) and Resolution No. 4888; and

After receiving documentary and oral testimony, the City Council declared the public hearing closed and considered whether written protests were received from property owners representing a majority of properties subject to the water and wastewater charges.

SECTION 2 The total number of protest ballots mailed or provided to property owners eligible to file a protest ballot was 4,206 for water and 4,155 for wastewater. The number of valid protest ballots received by the City at the end of the February 16, 2021 public hearing was _____ for water and _____ for waste water.

SECTION 3: The number of valid protest ballots required to prevent adoption of the proposed water charges is 2,104 or more and for wastewater charges is 2,079 or more. Because the number of valid protest ballots received by the City [_____ does ___ does not] represent a majority of property owners eligible to protest, the City Council [_____ may _____ may not] adopt the proposed water and wastewater charges.

SECTION 4: The City Clerk will certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

SECTION 5: This Resolution will become effective immediately upon adoption.

PASSED AND ADOPTED this 16^h day of February, 2021

Drew Boyles, Mayor

ATTEST:

Tracy Weaver, City Clerk

APPROVED AS TO FORM:
MARK D. HENSLEY, City Attorney

By: _____ Mark D. Hensley, City Attorney

ORDINANCE NO. _____

AN ORDINANCE SETTING THE AMOUNT OF WATER AND SEWER RATES AND CHARGES PURSUANT TO HEALTH AND SAFETY CODE §5471 AND EL SEGUNDO MUNICIPAL CODE § 11-1-5.

The City Council of the City of El Segundo does ordain as

follows:

SECTION 1: The City Council finds and declares as follows:

- A. The City of El Segundo requires a reliable supply of water meeting current and anticipated water quality standards to protect the public general welfare, health and safety.
- B. The purpose of water rates and charges is to protect the public health, safety and general welfare by providing a reliable and adequate supply of water meeting current and anticipated water quality standards for the residential properties and non-residential properties of the City of El Segundo and to pay for the cost of providing such service.
- C. The purpose of the wastewater rates and charges (sewer charges) is to protect the public health, safety and general welfare by providing a reliable and adequate system for the discharge, transmission and treatment of wastewater from residential and non-residential properties located within the City.
- D. There is a reasonable relationship between the amount of the rates and charges and the cost of services and facilities necessary to deliver water and wastewater service to the residents and non-residential development of the City.
- E. The City Council previously set water rates and established administrative procedures for billing and collecting water rates. These actions are reflected, without limitation, in Ordinance No. 1501 (adopted February 3, 2015).
- F. The City Council previously set wastewater rates and established administrative procedures for billing and collecting sewer rates. These actions are reflected, without limitation, in Ordinance No. 1501 (adopted February 3, 2015).
- G. Notice regarding the water and sewer rates included in this ordinance was provided in accordance with California Constitution Article XIID, § 6(c) and Government Code § 54354.5.

- H. On February 16, 2021, the City Council held a public hearing to consider the results of the protest proceeding and to consider whether to increase the water and sewer rates as proposed.
- I. This Ordinance is exempt from review under the California Environmental Quality Act (Cal. Pub. Res. Code §§ 21000, *et seq.*; "CEQA") and CEQA regulations (Cal. Code Regs. tit. 14, §§ 15000, *et seq.*) because it establishes, modifies, structures, restructures, and approves rates and charges for meeting operating expenses; purchasing supplies, equipment, and materials; meeting financial requirements; and obtaining funds for capital projects needed to maintain service within existing service areas. This Ordinance, therefore, is categorically exempt from further CEQA review under Cal. Code Regs. tit. 14, § 15273.
- J. This ordinance is adopted in accordance with Health and Safety Code § 5471 and El Segundo Municipal Code ("ESMC") § 11-1-5 to establish the City's current water rates and ESCM § 12-7-3 to establish the City's current wastewater rates.
- K. The City Council has considered the evidence and testimony presented at the public hearing. Based in part upon that evidence, and the staff reports presented to the City Council regarding this issue, the City Council believes that it is in the public interest to adopt this Ordinance.

SECTION 2: AMOUNT OF RATES AND CHARGES. Pursuant to ESCM § 11-1-5, the City Council establishes the amount of water rates as set forth in attached Exhibit "A," which is incorporated by reference ("Water Charges"). Pursuant § 12-7-3. The City Council establishes the amount of wastewater rates as set forth in attached Exhibit "B," which is incorporated by reference ("Wastewater Charges").

SECTION 3: COST ESTIMATES. The City Manager, or designee, will periodically, but not less than annually, review the Water and Wastewater Charges to determine whether revenues from such charges are meeting actual cost of services and facilities needed to deliver water service and provide waste collection services to the residents and non-residential developments within the City. If the City Manager determines that revenues do not adequately meet costs, the City Manager will recommend to the City Council a revised rate and charge schedule to be adopted by this City Council by ordinance.

SECTION 4: This Ordinance was adopted to comply with the California Supreme Court decision in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205. To the extent any provision of this Ordinance repeals or supersedes Ordinance No. 1501, such repeal or replacement will not affect any penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before, this Ordinance's effective date. Any such repealed or superseded part of Ordinance No. 1501 will remain in full force and effect for sustaining action or prosecuting violations occurring before

the effective date of this Ordinance.

SECTION 5: If any part of this Ordinance or its application is deemed invalid by a court of competent jurisdiction, the City Council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Ordinance are severable.

SECTION 6: The City Clerk is directed to certify the passage and adoption of this Ordinance; cause it to be entered into the City of El Segundo's book of original ordinances; make a note of the passage and adoption in the records of this meeting; and, within fifteen (15) days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law.

SECTION 7: This Ordinance will become effective on the thirty-first (31st) day following its passage and adoption.

PASSED AND ADOPTED this 2nd day of March, 2021

Drew Boyles, Mayor

ATTEST:

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS CITY OF EL SEGUNDO)

I, Tracy Weaver, City Clerk of the City of El Segundo, California, do hereby verify that the whole number of members of the City Council of said City is five; that the foregoing Ordinance No. was duly introduced by said City Council at a regular meeting held on the 16th day of February, 2021, and was duly passed and adopted by said City Council, approved and signed by the Mayor, and attested to by the City Clerk, all at a regular meeting of said Council held on the 2nd day of March, 2021, and the same was so passed and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tracy Weaver, City Clerk

APPROVED AS TO FORM:

Mark D. Hensley, City Attorney

By:

Mark D. Hensley, City Attorney

Proposed Water Rates

The City proposes to adopt the rates as shown in the following tables. The proposed rate structure includes two components: 1) a fixed monthly charge that is billed regardless of water use and is shown in the first table, and 2) a volumetric charge billed for each unit of metered water use as shown in the second table. The Single-Family Residential class has tiered rates with the tier breakpoints as shown. The volume rate applies to each hundred cubic feet (Ccf) of water use; one hundred cubic feet (Ccf) equals 748 gallons.

METER CHARGES/FIXED MONTHLY CHARGE					
Meter Size (inches)	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
5/8" and 3/4"	\$18.18	\$18.73	\$19.30	\$19.88	\$20.48
1"	\$24.71	\$25.46	\$26.23	\$27.02	\$27.84
1 1/2"	\$41.05	\$42.29	\$43.56	\$44.87	\$46.22
2"	\$60.65	\$62.47	\$64.35	\$66.29	\$68.28
3"	\$122.74	\$126.43	\$130.23	\$134.14	\$138.17
4"	\$214.23	\$220.66	\$227.28	\$234.10	\$241.13
6"	\$433.16	\$446.16	\$459.55	\$473.34	\$487.55
8"	\$923.29	\$950.99	\$979.52	\$1,008.91	\$1,039.18
10"	\$1,380.75	\$1,422.18	\$1,464.85	\$1,508.80	\$1,554.07

As shown in the table below the tier structure in the proposed rates will be changing. For Residential usage, tiers will go from four tier levels to three. For Non-Residential usage, tiers will go from four tier levels to a single uniform rate.

WATER CONSUMPTION/VOLUMETRIC CHARGE ¹	
Volumetric	Monthly Tier Break Points
Residential	
Tier I	0-9
Tier II	10-13
Tier III	14+
Non-Residential	
Chevron	Single Tier

Volumetric	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
Residential					
Tier I	\$2.88	\$2.97	\$3.06	\$3.16	\$3.26
Tier II	\$5.47	\$5.64	\$5.81	\$5.99	\$6.17
Tier III	\$6.86	\$7.07	\$7.29	\$7.51	\$7.74
Non-Residential	\$4.17	\$4.30	\$4.43	\$4.57	\$4.71
Chevron	\$4.90	\$5.05	\$5.21	\$5.37	\$5.54

Recycled Water Rates

Recycled water rates from West Basin will continue to be directly passed through to the customer. The customer will also pay the fixed charge as shown below. Most non-city recycled users will no longer pay a surcharge, and the surcharge to Chevron will increase as shown below.²

Meter Size (inches)	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
Chevron	\$1.01	\$1.05	\$1.09	\$1.13	\$1.17

Meter Size (inches)	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
5/8" and 3/4"	\$18.18	\$18.73	\$19.30	\$19.88	\$20.48
1"	\$24.71	\$25.46	\$26.23	\$27.02	\$27.84
1 1/2"	\$41.05	\$42.29	\$43.56	\$44.87	\$46.22
2"	\$60.65	\$62.47	\$64.35	\$66.29	\$68.28
3"	\$122.74	\$126.43	\$130.23	\$134.14	\$138.17
4"	\$214.23	\$220.66	\$227.28	\$234.10	\$241.13
6"	\$433.16	\$446.16	\$459.55	\$473.34	\$487.55
8"	\$923.29	\$950.99	\$979.52	\$1,008.91	\$1,039.18
10"	\$1,380.75	\$1,422.18	\$1,464.85	\$1,508.80	\$1,554.07

¹Note the water consumption/volumetric charge is based upon current anticipated rate increases from West Basin Municipal Water District. If the District increases or decreases these anticipated rate increases, the charges shown will be increased or decreased consistent with these rate changes by West Basin.

²Direct West Basin recycled rates are not shown in this notice. If the District increases or decreases these rates, the City's charges to the customer will change consistent with these changes by West Basin.

Private Fire Protection Rates

The City proposes to charge private fire protection rates, shown in the following table, to customers with private fire protection connections to cover costs associated with maintaining the capacity to fight fires. This charge only applies to customers with private fire connections.

Meter Size (inches)	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
5/8" and 3/4"	\$8.73	\$9.00	\$9.27	\$9.55	\$9.84
1"	\$9.13	\$9.41	\$9.70	\$10.00	\$10.30
1 1/2"	\$10.56	\$10.88	\$11.21	\$11.55	\$11.90
2"	\$13.03	\$13.43	13.84	\$14.26	\$14.69
3"	\$21.90	\$22.56	\$23.24	\$23.94	\$24.66
4"	\$37.20	\$38.32	\$39.47	\$40.66	\$41.88
6"	\$92.11	\$94.88	\$97.73	\$100.67	\$103.70
8"	\$186.83	\$192.44	\$198.22	\$204.17	\$210.30
10"	\$329.29	\$339.17	\$349.35	\$359.84	\$370.64

Proposed Wastewater Rates

The current wastewater charges include a fixed monthly charge and a volumetric charge. Single family residential customers will be billed a flat rate each month. Other classes will have a minimum fixed charge assuming 9 Ccf, along with additional volumetric charges for usage above the 9 Ccf minimum. The volume rate and minimum bill amount depends on whether the resident is in the west side or east side.¹

Minimum Charge	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
SFR	\$39.07	\$42.60	\$46.65	\$51.09	\$55.95
MFR	\$39.07	\$42.60	\$46.65	\$51.09	\$55.95
Institutional West	\$39.07	\$42.60	\$46.65	\$51.09	\$55.95
Commercial West	\$58.23	\$63.47	\$69.50	\$76.11	\$83.35
Industrial West	\$65.22	\$71.10	\$77.86	\$85.26	\$93.36
Non-Res East	\$14.86	\$16.21	\$17.75	\$19.44	\$21.29
ADU	\$16.02	\$17.47	\$19.13	\$20.95	\$22.95

Volumetric	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
SFR	N/A	N/A	N/A	N/A	N/A
MFR	\$4.01	\$4.37	\$4.79	\$5.25	\$5.75
Institutional West	\$4.01	\$4.37	\$4.79	\$5.25	\$5.75
Commercial West	\$6.13	\$6.69	\$7.33	\$8.03	\$8.80
Industrial West	\$6.91	\$7.54	\$8.26	\$9.05	\$9.91
Non-Res East	\$1.32	\$1.44	\$1.58	\$1.74	\$1.91

¹ Note the wastewater rates are based upon current anticipated treatment rate increases from the City of Los Angeles. If the City of Los Angeles increases or decreases these anticipated rate increases, the charges shown will be increased or decreased consistent with these rate changes by the City of Los Angeles.

TITLE:

Review of water and wastewater rate studies, direct staff to commence with Proposition 218 protest procedures regarding proposed water and sewer rates for FY 2020-2021 through 2024-2025, and set a public hearing to consider an ordinance adjusting water and wastewater rates and fees.

RECOMMENDATION:

1. Receive potable water and recycled water rate study presentation and proposed potable and recycled water rate adjustments
2. Receive wastewater rate study presentation and proposed wastewater rate adjustments
3. Direct staff to implement Proposition 218 protest ballot procedures for proposed potable water, recycled water, and wastewater rate adjustments
4. Adopt a resolution establishing procedures for mailing, handling and counting Proposition 218 ballots
5. Set a Public Hearing on February 16, 2021 for Council consideration of the proposed water, recycled water, and wastewater rate adjustments.

FISCAL IMPACT:

As proposed, water and wastewater rates will be adjusted over the next five fiscal years as follows:

Utility	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Water	0%	3%	3%	3%	3%
Wastewater	9%	9%	9.5%	9.5%	9.5%

Water rates are proposed to adjust on January 1 of each year from January 1, 2022 to January 1, 2025. Wastewater rates are proposed to adjust on April 1, 2021 and then on January 1 of each year from January 1, 2022 to January 1, 2025.

These proposed adjustments are necessary to ensure that the operating budgets of both the Water Fund and Wastewater Fund remain balanced in each fiscal year. The Wastewater Fund will not be structurally balanced until the end of FY 2024-25.

BACKGROUND:

The City of El Segundo owns and operates its own water and wastewater collection systems. These operations are set up as separate business enterprise funds, which are distinctly separate (financially) from the City's General Fund. As an enterprise, each operation is responsible for covering its own expenses and likewise generates its own income, making each self-sustaining. However, California's Proposition 218 (the "Right to Vote on Taxes Act" of 1996) governs how municipalities can raise water/wastewater rates to cover the expenses associated with operating each enterprise. Per Proposition 218, rates may be established for up to five years. Thereafter, a new Prop 218 process would be required. The last time the City initiated a Prop 218 protest ballot process for water and wastewater rates was in 2014. The ability to raise water and wastewater rates any further has expired. Thus, in order to establish new water and wastewater rates for the next five years, the City must now conduct a new Proposition 218 protest ballot process.

Water Fund Financial Plan

The revenue calculated for each fiscal year in the Financial Plan is a function of the number of accounts, account growth, water use trends, and existing rates. Based on discussions with City staff. The Financial Plan assumes a conservative 0% growth in customer accounts and per capita water usage.

Table 1 shows the estimated FY 2019-2020 number of accounts and water use by customer class. The number of accounts and water use are based on FY 2018-2019 account and water use data and the assumption of no growth. The number of accounts in Table 1 does not include Fire Protection accounts.

Table 1: Water Use in Ccf by Customer Class - FY 2019

Class	Accounts	Consumption	% of	
			Accounts	Consumption
SFR	2,998	361,251	60.7%	5.0%
Non-Residential/Multi-Family	1,878	1,184,820	38.0%	16.3%
Chevron		1,559,501		21.4%
Recycled	66	4,174,777	1.3%	57.3%
Total	4,942	7,280,349	100.0%	100.0%

To ensure future Operating and Maintenance (O&M) costs are reasonably projected, informed assumptions about inflationary factors, water costs, and water use were identified. Table 2 shows the inflationary categories used to escalate the City’s FY 2019-2020 O&M expense budget, which is part of the Financial Plan. The inflationary factors in Table 2 reflect long-term averages for general and capital (construction) inflation and energy prices.

Table 2: Inflationary Assumptions

Expense Escalation Categories	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
1 Salaries	3.0%	3.0%	3.0%	3.0%	3.0%
2 Benefits	8.0%	8.0%	8.0%	8.0%	8.0%
3 Supplies	3.0%	3.0%	3.0%	3.0%	3.0%
4 Electricity	5.0%	5.0%	5.0%	5.0%	5.0%
5 Fuel	3.0%	3.0%	3.0%	3.0%	3.0%
6 Contractual	3.0%	3.0%	3.0%	3.0%	3.0%
7 Purchased Water - Potable	6.0%	6.0%	6.0%	6.0%	6.0%
8 Purchased Water - Reclaimed	6.0%	6.0%	6.0%	6.0%	6.0%
9 Equipment	3.0%	3.0%	3.0%	3.0%	3.0%
10 General	3.0%	3.0%	3.0%	3.0%	3.0%
11 Sewage Treatment	6.0%	6.0%	6.0%	6.0%	6.0%
12 Capital Projects	3.1%	3.1%	3.1%	3.1%	3.1%

The data and assumptions shown in Table 2 were used to develop the City’s Water Financial Plan. The plan uses projected annual operating expenses and revenues, capital expenditures, and reserve fund balances to estimate the amount of additional rate revenue needed each year. The following sub-sections provide a discussion of O&M expenses, Capital Improvement Plan (CIP), reserve funding, projected revenue under existing rates, and revenue adjustments needed to ensure the fiscal sustainability and solvency of the Water Enterprise.

The total expenses related to operating a municipal water department can be broken down into three basic categories, which have certain associated costs. These include:

- Purchase of the actual commodity – potable and recycled water
- O&M (staff salaries/benefits, utilities, maintenance, supplies, insurance/ claims,)
- Capital Program (infrastructure improvements and replacements)

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Each of these categories are further described below.

Table 3 shows the City’s O&M budget by fiscal year. The O&M budget incorporates the inflationary factors in Table 2, using the FY 2020 budget as the base year. Approximately 84% of the O&M budget is water purchase costs, which are not directly controlled by the City.

Table 3: Projected O&M Expenses

Water Operating Expenses	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
1 Salaries	\$ 1,160,791	\$ 1,195,615	\$ 1,231,483	\$ 1,268,428	\$ 1,306,480	\$ 1,345,675
2 Benefits	649,147	701,079	757,165	817,738	883,157	953,810
3 Supplies	248,800	256,264	263,952	271,870	280,027	288,427
4 Utilities	31,800	33,366	35,010	36,735	38,545	40,445
5 Potable Water	10,573,713	11,166,623	11,836,620	12,546,818	13,299,627	14,097,604
6 Recycled Water	13,227,296	13,574,090	14,388,535	15,251,848	16,166,958	17,136,976
7 Service Charges	2,445,867	2,519,243	2,594,820	2,672,665	2,752,845	2,835,430
8 Total: Water Operating Expenses	\$ 28,337,414	\$ 29,446,280	\$ 31,107,586	\$ 32,866,101	\$ 34,727,639	\$ 36,698,368

Table 4 summarizes the City’s five-year Capital Improvement Plan (CIP). The City is funding capital investment through rate revenue and reserve funds (also known as PAY-GO funding) rather than issuing debt.

Table 4: CIP

Water Projects	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
1 Water Main Improvement on Grand Ave.	\$1,500,000	-	-	-	-	-
2 Water Infrastructure Replacement	-	2,300,000	3,000,000	3,000,000	3,000,000	3,000,000

Debt Service

The City does not currently have any outstanding utility debt and the Financial Plan does not propose issuing any bonds in the study period.

Reserve Policies

City Council previously discussed reserve policies for the Water Enterprise. Based on City Council direction, the City should maintain the following in reserves:

- Operating Reserve equal to four months of O&M expenses Capital Reserve equal to the average annual forecasted capital spending of the next 10 years. Rate Stabilization Reserve equal to 25% of annual potable and surcharge revenue

The water utility currently has sufficient cash to fully fund each of these reserves.

A Financial Plan was developed using projected operating and capital expenses, revenues, and resulting yearly cash balances for the Financial Plan study period - from FY 2020-2021 to FY 2024- 2025. The Financial Plan is used to determine the overall revenue adjustments required to ensure water enterprise financial stability. Revenue adjustments represent the average increase in rates as a whole; rate changes for individual classes will depend on the cost of service – since a cost of service analysis allocates costs to each customer class. Therefore, the revenue adjustment may not be the same as the average bill impact for each customer class. This study establishes rates for FY 2020-2021 through FY 2024-2025.

The proposed revenue adjustments will help ensure adequate revenue to fund operating expenses, capital expenditures, and compliance with any bond covenants. Financial Plan modelling assumes revenue adjustments will occur in January of each year. The proposed revenue adjustments would enable the City to cover operating expenses and execute the CIP shown in Table 4.

Table 5 shows the proposed revenue adjustments selected by the City. The rates presented are based on these revenue adjustments.

Table 5: Proposed Rate Adjustments

	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Effective Month	January 1				
Water Revenue Adjustment	0.0%	3.0%	3.0%	3.0%	3.0%

Table 6 shows the City’s cash flow projection over the study period assuming the revenue adjustments shown in Table 5. Line 1 shows water rate revenue, including the fixed monthly capacity charge and volume charge. Line 2 shows the revenue from the surcharge applied to recycled water by the City. Line 3 shows the additional revenue from the revenue adjustments. Revenue on line 4 shows the charges from West Basin the City passes through and collects from recycled customers; this revenue equals the expense on line 6 of Table 3.

Line 11 shows the yearly ending cash flow after subtracting operating and capital expenses from total revenue (in line 6). Non-Rate revenue includes meter installations, interest income, and other miscellaneous items. Balances for each of the reserve funds are tracked in lines 12 to 14.

Table 6: Five-Year Water Operating Cash Flow

Operating Cash Flow	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Revenues						
1 Fixed Monthly	\$ 16,456,948	\$ 16,456,948	\$ 16,456,948	\$ 16,456,948	\$ 16,456,948	\$ 16,456,948
2 Recycled Surcharge	4,168,194	4,161,513	4,161,513	4,161,513	4,161,513	4,161,513
3 Additional Revenue	-	-	463,915	1,096,387	1,747,832	2,418,821
4 Recycled Pass-through	13,227,296	13,574,090	14,388,535	15,251,848	16,166,958	17,136,976
5 Non-Rate Revenue	171,360	141,985	130,777	135,826	139,316	140,827
6 Total: Revenue	\$ 34,023,798	\$ 34,334,536	\$ 35,601,689	\$ 37,102,521	\$ 38,672,567	\$ 40,315,085
7 Revenue Adjustment		0.00%	3.00%	3.00%	3.00%	3.00%
Expenses						
8 O&M	\$ 28,337,414	\$ 29,446,280	\$ 31,107,586	\$ 32,866,101	\$ 34,727,639	\$ 36,698,368
9 Capital	4,750,000	2,650,000	3,350,000	3,400,000	3,500,000	3,600,000
10 Total: Expenses	\$ 33,087,414	\$ 32,096,280	\$ 34,457,586	\$ 36,266,101	\$ 38,227,639	\$ 40,298,368
11 Op. Surplus/(Deficit)	\$ 936,384	\$ 2,238,257	\$ 1,144,103	\$ 836,420	\$ 444,928	\$ 16,717
12 Op. Reserve	22,685,032	20,443,420	21,453,127	22,151,119	22,453,466	22,323,325
13 RS. Reserve	-	4,479,869	4,614,265	4,752,693	4,895,274	5,042,132
14 Cap. Reserve	3,250,000	3,528,930	3,690,666	3,803,884	3,915,540	4,022,497
15 Total Reserve	\$ 25,935,032	\$ 28,452,219	\$ 29,758,058	\$ 30,707,696	\$ 31,264,280	\$ 31,387,954
16 Target Balance	17,027,569	17,648,839	18,511,590	19,341,568	20,213,075	21,128,369
17 CIP (Uninflated)	1,500,000	2,300,000	3,000,000	3,000,000	3,000,000	3,000,000

Proposed Water Rates – Fixed Charge and Volumetric Rates

Table 7 shows the derivation of the monthly fixed service charge by meter size in column A, which is the addition of columns D through G. The water supply, meters, and public fire charges increase in proportion to AWWA Capacity ratios (shown in column B), while the customer charge is the same at each meter size (column F).

Table 7: Monthly Service Charge Derivation by Meter Size

Meter Size	AWWA Ratio	No. of Accounts	Water Supply	Meters	Customer	Public Fire	Total Proposed
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1 5/8" and 3/4"	1.00	3,152	\$ 1.25	\$ 3.91	\$ 8.37	\$ 4.63	\$ 18.17
2 1"	1.67	859	2.09	6.52	8.37	7.72	24.71
3 1 1/2"	3.33	359	4.18	13.05	8.37	15.45	41.04
4 2"	5.33	350	6.69	20.87	8.37	24.71	60.65
5 3"	11.67	83	14.64	45.66	8.37	54.06	122.73
6 4"	21.00	42	26.35	82.19	8.37	97.31	214.23
7 6"	43.33	29	54.38	169.61	8.37	200.80	433.15
8 8"	93.33	1	117.12	365.31	8.37	432.50	923.29
9 10"	140.00	1	175.67	547.96	8.37	648.74	1,380.75

Table 8 shows the proposed monthly Fixed Service Charge for the next five fiscal years. They are derived by applying the revenue adjustments shown in Table 5 to the service charges for FY 2020 shown in Table 7. Charges are rounded up to the nearest whole penny and may not match the unrounded values in Table 7.

Table 8: Five Year Fixed Service Charges

Meter Size	Current FY 19-20	March 1 FY 20-21	Jan 1 FY 21-22	Jan 1 FY 22-23	Jan 1 FY 23-24	Jan 1 FY 24-25
5/8" and 3/4"	\$ 11.95	\$ 18.18	\$ 18.73	\$ 19.30	\$ 19.88	\$ 20.48
1"	27.10	24.71	25.46	26.23	27.02	27.84
1 1/2"	33.94	41.05	42.29	43.56	44.87	46.22
2"	62.90	60.65	62.47	64.35	66.29	68.28
3"	141.61	122.74	126.43	130.23	134.14	138.17
4"	251.25	214.23	220.66	227.28	234.10	241.13
6"	469.74	433.16	446.16	459.55	473.34	487.55
8"	823.49	923.29	950.99	979.52	1,008.91	1,039.18
10"	1,288.35	1,380.75	1,422.18	1,464.85	1,508.80	1,554.07

Table 9 shows the proposed five-year volumetric rates by escalating the volumetric rates derived in Table 10, which have been rounded to the nearest whole penny, by the proposed revenue adjustments shown in Table 5.

Table 9: Five-Year Volumetric Rates

Class	Current FY 19-20	March 1 FY 20-21	Jan 1 FY 21-22	Jan 1 FY 22-23	Jan 1 FY 23-24	Jan 1 FY 24-25
Residential						
Tier 1	\$ 2.82	\$ 2.88	\$ 2.97	\$ 3.06	\$ 3.16	\$ 3.26
Tier 2	5.19	5.47	5.64	5.81	5.99	6.17
Tier 3	5.90	6.86	7.07	7.29	7.51	7.74
Non-Residential	\$ 3.43	\$ 4.17	\$ 4.30	\$ 4.43	\$ 4.57	\$ 4.71
Chevron	\$ 3.43	\$ 4.90	\$ 5.05	\$ 5.21	\$ 5.37	\$ 5.54

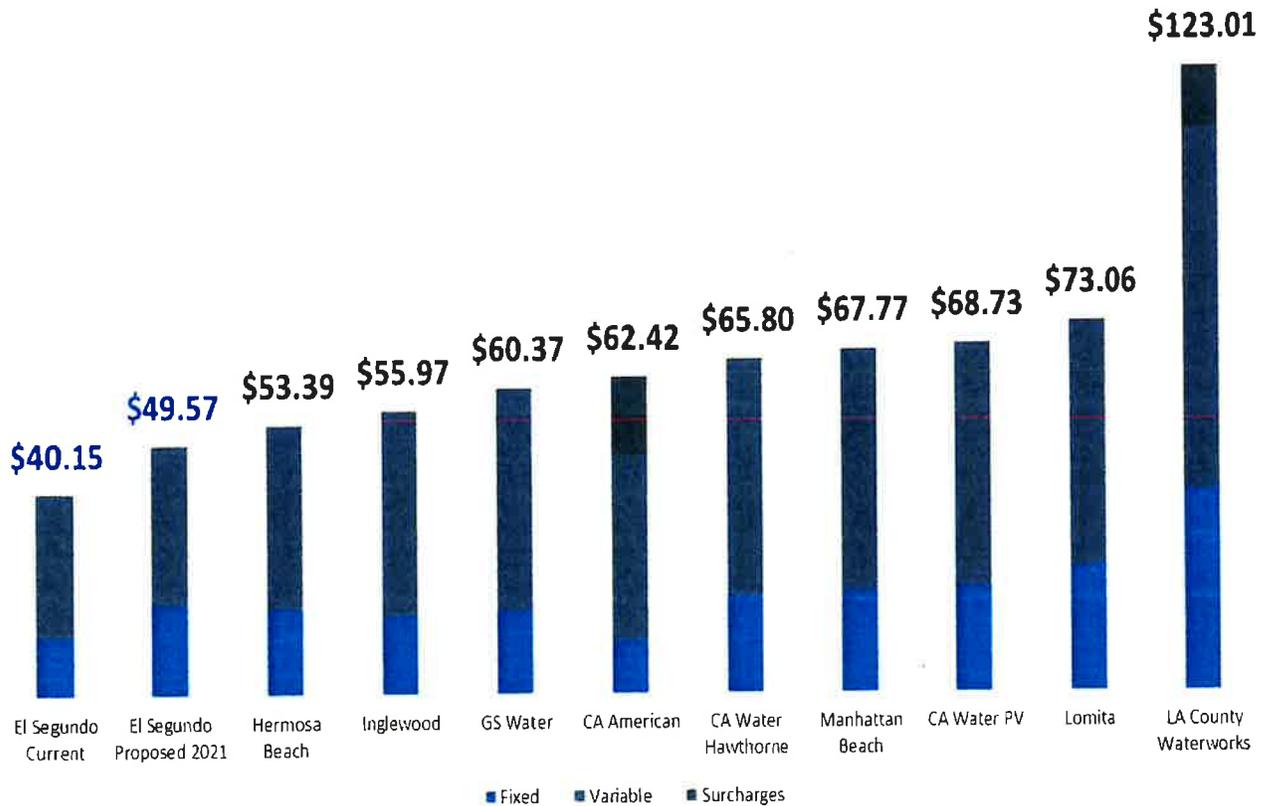
Table 10 shows the total volumetric rate derivation for all customers in FY 2019-2020, which is the summation of all rate components.

Table 10: Derivation of Rates by Tier and Class

Customer Class	Supply	Base Delivery	Peaking	Revenue Offset	Surcharge Offset	Total
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Single Family Residential						
1 Tier 1	\$ 3.35	\$ 1.66	\$ 0.33	\$ (0.08)	\$ (2.38)	\$ 2.88
2 Tier 2	3.35	1.66	1.05	-	(0.59)	5.47
3 Tier 3	3.35	1.66	1.84	-	-	6.85
4 Non-Residential/Multi-Family	3.35	1.66	0.89	(0.06)	(1.67)	4.17
5 Chevron	3.35	1.66	0.96	(0.06)	(1.02)	4.90

The following table presents a comparison of a 10 Ccf bill (Typical Household) in El Segundo in FY2019-2020 and FY 2020-2021 to equivalent bills in several comparable communities in 2020. The City's current rates are lower than many others and continue to compare favorably into the future.

Table 11: Water Bill Comparison (typical family)



Wastewater Fund Financial Plan

The City of El Segundo is responsible for the O&M of an extensive wastewater collection system; however, does not provide wastewater treatment. Wastewater on the east side of the City is sent to Los Angeles County Sanitation District (LACSD) for treatment. The County bills those customers directly on their annual property tax bills. Wastewater from the west side is treated by the City of Los Angeles, which bills the City of El Segundo.

The City currently has three sets of rates. Customers on the west side pay a monthly treatment fee based on meter size and which varies by customer class. All customers pay a monthly service fee which also varies by meter size and class. Table 12 presents the current rates in effect in FY 2019-2020.

Table 12: Current Wastewater Service Charges

Meter Size	SFR	MFR	Commercial West	Commercial East	Industrial West	Industrial East	Institutional West	Institutional East
Treatment Fee								
3/4"	\$ 16.63	\$ 27.48	\$ 19.62	\$ 19.62	\$ 16.27	\$ 16.27	\$ 15.38	\$ 15.38
1"	21.15	38.50	48.97	48.97	21.99	21.99	24.35	24.35
1 1/2"	22.87	58.74	90.18	90.18	63.55	63.55	37.06	37.06
2"	24.29	131.73	237.73	237.73	193.99	193.99	56.19	56.19
3"		447.75	440.61	440.61	486.29	486.29	139.34	139.34
4"		616.10	1,882.76	1,882.76	690.89	690.89	165.00	165.00
6"			1,882.76	1,882.76	690.89	690.89	165.00	165.00
Service Fee								
3/4"	\$ 6.60	\$ 10.56	\$ 7.26		\$ 6.60	\$ 7.26	\$ 6.60	\$ 6.60
1"	7.92	14.85	18.81	7.26	7.92	18.15	9.24	9.24
1 1/2"	8.58	22.44	33.00	46.21	24.42	33.00	13.86	13.86
2"	9.24	49.50	85.81	132.00	72.60	72.60	19.81	19.81
3"		171.62	184.81	184.81	184.81	297.02	52.81	52.81
4"		231.02	693.05	297.02	264.02	462.03	66.00	66.00
6"			693.05	759.05	264.02	1,254.10	66.00	66.00
Volume Charge	\$ 0.73	\$ 0.91	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 0.91	\$ 0.91

NUMBER OF ACCOUNTS AND WATER USE

Table 13 shows the number of wastewater accounts and the wastewater flow (based on water use for wastewater customers) in Ccf for each customer class in FY 2019. As with the water utility demand projection, the Financial Plan assumes no growth in customer accounts or increased wastewater generation, on a per capita basis, in future years.

Table 13: Wastewater Accounts and Wastewater Use in Hundred Cubic Feet

Meter Size	Commercial		Commercial		Industrial		Institutional		Total
	SFR	MFR	West	East	West	East	West	East	
3/4"	2,605	247	161	-	115	1	16	-	3,145
1"	381	276	92	10	50	21	12	-	842
1 1/2"	6	219	31	48	21	16	5	-	346
2"	2	101	24	87	19	69	16	4	322
3"		3	3	28	2	7	7	1	51
4"		5	4	13	3	13	3	1	42
6"			1	10	1	15	-	-	27
	2,994	851	316	196	211	142	59	6	4,775
Use (Ccf)	361,205	267,389	118,555	309,014	51,309	344,064	20,052	14,492	1,486,080

WASTEWATER O&M EXPENSES

Wastewater O&M expenses were projected by applying the inflation factors in Table 2 to the FY 2020 O&M budget. Table 14 summarizes the budgeted and projected O&M expenses during the Study period. The forecast of treatment fees for the study period is based on the projections provided by the City of Los Angeles. Based on actions taken by the City of Los Angeles, wastewater treatment costs will increase significantly in 2021.

Table 14: Projected Wastewater O&M Expenses

Sewer Operating Expenses	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Salaries	\$ 581,630	\$ 599,079	\$ 617,051	\$ 635,563	\$ 654,630	\$ 674,269
Benefits	355,099	383,507	414,187	447,322	483,108	521,757
Supplies	97,800	100,734	103,756	106,869	110,075	113,377
Utilities	65,000	68,172	71,500	74,993	78,657	82,502
Treatment Fees	1,999,993	2,737,200	2,882,500	2,829,200	2,562,800	2,834,900
Service Charges	1,100,412	1,133,424	1,167,427	1,202,450	1,238,523	1,275,679
Total: Sewer Operating Expenses	\$ 4,199,934	\$ 5,022,116	\$ 5,256,422	\$ 5,296,396	\$ 5,127,793	\$ 5,502,484

Table 15 summarizes the City's five-year CIP. The proposed capital improvement program will be funded entirely through rate revenue and reserve funds, also known as PAY-GO funding, rather than issuing debt.

Table 15: Wastewater Capital Improvement Projects

Sewer Projects	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Lifeguard Pump Station	\$ 650,000	\$ -	\$ -	\$ -	\$ -	\$ -
Wastewater Infrastructure Replacement	-	150,000	500,000	500,000	500,000	500,000

The City should maintain the following reserve policies:

- Operating reserve equal to four months of O&M expenses
- Capital reserve equal to the average annual forecasted capital spending of the next ten years

The wastewater utility is currently achieving approximately 60% of this target and is forecasted to sustain significant deficits in the future without revenue adjustments.

Table 16: Wastewater Fund Balance Forecast

Wastewater					
EoY Fund Balances	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Operating Reserve	\$ 1,088,392	\$ 420,552	\$ 149,949	\$ 839,873	\$ 1,803,442
<i>Target</i>	<i>1,651,107</i>	<i>1,728,139</i>	<i>1,741,281</i>	<i>1,685,850</i>	<i>1,809,036</i>
Capital Reserve	\$ 45,365	\$ 413,988	\$ 816,191	\$ 951,467	\$ 1,019,293
<i>Target</i>	<i>716,883</i>	<i>806,240</i>	<i>861,161</i>	<i>917,779</i>	<i>976,146</i>
Total Reserves	\$ 1,133,757	\$ 834,539	\$ 966,140	\$ 1,791,340	\$ 2,822,735
<i>Target</i>	<i>2,367,990</i>	<i>2,534,379</i>	<i>2,602,442</i>	<i>2,603,628</i>	<i>2,785,182</i>

To ensure that the Wastewater Enterprise has adequate revenues to fund operating and capital expenditures, as well as funds sufficient reserves, revenue adjustments in Table 17 are recommended. The City has not implemented a wastewater rate increase since 2016. As a result, significant adjustments are needed at this time requiring significant adjustments. The proposed rate adjustments will allow the City to achieve its reserve targets by 2025.

Table 17: Proposed Wastewater Revenue Adjustments

	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Effective Month	March 1	January 1	January 1	January 1	January 1
Wastewater Rate Adjustment	9.0%	9.0%	9.5%	9.5%	9.5%

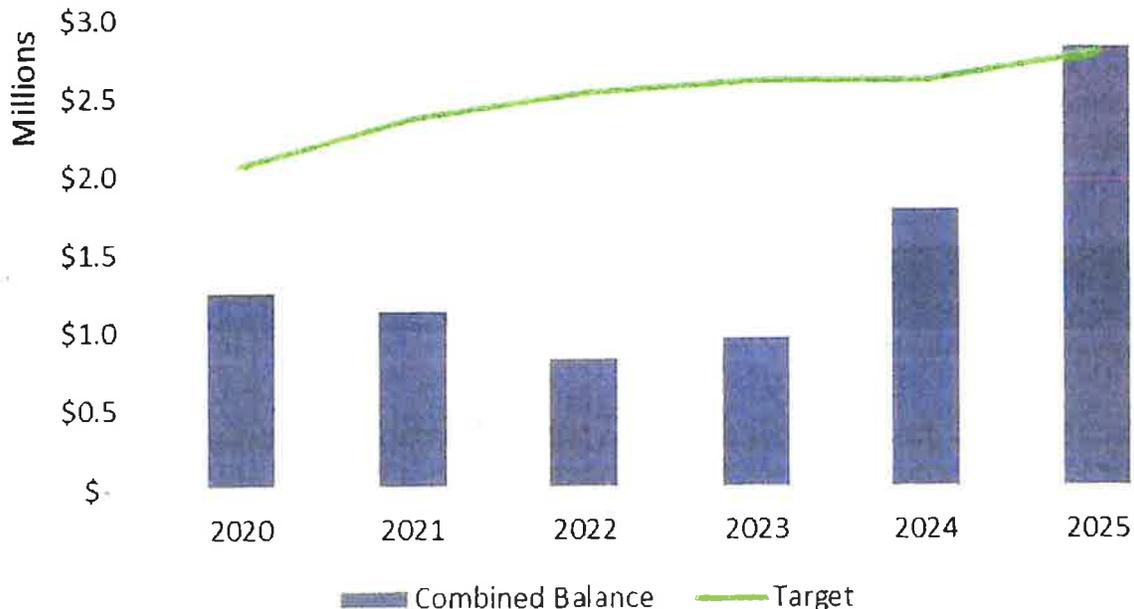
Table 18 shows the cash flow projection with the proposed revenue adjustments from Table 17. The proposed Financial Plan meets the City’s financial needs by meeting long term reserve goals. As indicated by the negative net cash flow, the City plans to use fund balances to minimize customer impacts as much as possible. Figure 1 presents the Financial Plan graphically.

Table 18: Wastewater Enterprise Proposed Financial Plan Pro-Forma

Operating Cash Flow	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Revenues						
Rate Revenue	\$ 4,493,170	\$ 4,493,170	\$ 4,493,170	\$ 4,493,170	\$ 4,493,170	\$ 4,493,170
Additional Revenue	-	303,289	734,970	1,225,522	1,768,797	2,363,684
Non-Rate Revenue	316,200	261,015	260,442	257,103	255,750	259,199
Total: Revenue	\$ 4,809,370	\$ 5,057,474	\$ 5,488,582	\$ 5,975,794	\$ 6,517,717	\$ 7,116,053
Rate Increase		9.00%	9.00%	9.50%	9.50%	9.50%
Expenses						
O&M	\$ 4,199,934	\$ 5,022,116	\$ 5,256,422	\$ 5,296,396	\$ 5,127,793	\$ 5,502,484
Transfer to Capital	700,000	150,000	900,000	950,000	700,000	650,000
Total: Expenses	\$ 4,899,934	\$ 5,172,116	\$ 6,156,422	\$ 6,246,396	\$ 5,827,793	\$ 6,152,484
Op. Surplus/(Deficit)	\$ (90,564)	\$ (114,642)	\$ (667,840)	\$ (270,602)	\$ 689,924	\$ 963,569
Op. Reserve	1,203,035	1,088,392	420,552	149,949	839,873	1,803,442
Cap. Reserve	50,000	45,365	413,988	816,191	951,467	1,019,293
Total Reserve	\$ 1,253,035	\$ 1,133,757	\$ 834,539	\$ 966,140	\$ 1,791,340	\$ 2,822,735
Target Balance	2,061,006	2,367,990	2,534,379	2,602,442	2,603,628	2,785,182
CIP (Uninflated)	650,000	150,000	500,000	500,000	500,000	500,000

Figure 1: Wastewater Financial Plan

Wastewater Total Fund Balance



ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

NEXT STEPS:

- An informational video will be available to the public on the City's website that provides an educational overview on the proposed rates – December 2020
- The Prop. 218 rate notices will be mailed out to property owners and tenants - December 30, 2020
- Along with the notices, a protest ballot for the proposed water rates and protest ballot for the proposed wastewater rates will be included with the December 30, 2020 mailing
- A self-use rate calculator will be available on the City's website for use by the public to determine what the impacts of the proposed rates will be on their bill – December 2020
- Ratepayers/Property owners will be able to submit a protest ballot - December 31, 2020 – February 16, 2021
- Public hearing on the proposed water and wastewater rates – February 16, 2021
 - Protest ballots will be counted by an independent third party
 - If there is less than 50% of protest ballots received, the public hearing on the rate changes can proceed and City Council can adopt the five-year rate structure
- New wastewater rates take effect – April 1, 2021
- Subsequent water and wastewater rate adjustments – January 1, 2022, January 1, 2023, January 1, 2024, and January 1, 2025

CITY STRATEGIC PLAN COMPLIANCE:

Goal: 5 Champion Economic Development and Fiscal Sustainability:
Objective: B El Segundo approaches its work in a financially strategic and responsible way

ORIGINATED BY: Joseph Lillio, Chief Financial Officer
REVIEWED BY: Barbara Voss, Deputy City Manager
APPROVED BY: Scott Mitnick, City Manager 

ATTACHED SUPPORTING DOCUMENTS:

1. Resolution regarding the Proposition 218 Procedures
2. Draft Proposition 218 Rate Notice to Parcel Owners and Renters
3. Sample Protest Ballot for Water and Wastewater Proposed Rates
4. Water (Potable & Recycled) & Wastewater Rate Study Report

CITY OF
El Segundo

Water and Wastewater Rate Study

Final Report / February 2020



February 10, 2021

Mr. Joseph Lillio
Director of Finance
City of El Segundo
350 Main Street
El Segundo, CA 90245

Subject: Water, Recycled Water, and Wastewater Rate Study Report

Dear Mr. Lillio,

Raftelis is pleased to present this water, recycled water, and wastewater rate study report. The rate study involved a comprehensive review of the City's financial plan, an assessment of alternative tiered rate structures, and an allocation of costs to customer classes and tiers using Cost of Service principles.

The report includes a brief Executive Summary followed by a detailed discussion regarding study assumptions and an in-depth rate derivation.

It was a pleasure working with you and we wish to express our thanks for the support from you and your staff. If you have any questions, please call me at 213 327 4405.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sanjay Gaur', written over a light blue horizontal line.

Sanjay Gaur
Vice President

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1. Executive Summary

1.1 Background

In the summer of 2019, the City of El Segundo (City) engaged Raftelis to conduct a Water, Recycled Water and Wastewater Rate Study (Study) which included a Financial Plan, Cost of Service Study and rate calculations. This report presents the Financial Plan and the resulting rates for implementation in April of 2021.

This Executive Summary summarizes the water, recycled water, and wastewater rates and contains a description of the methodology, results, and recommendations. The City's last rate adjustment, which consisted of an inflationary increase in water rates, was effective on July 1, 2019. The City wishes to establish fair and equitable rates that:

1. Meet the City's fiscal needs in terms of operational expenses, reserve goals, and capital investment to maintain the system
2. Are fair and equitable and therefore proportionately allocate the costs of providing service in accordance with California Constitution Article XIII D, section 6 (commonly referred to as Proposition 218)
3. Result in stable charges over time for customers

1.2 Methodology

The water rates presented in this report are developed using cost of service principles set forth by the American Water Works Association M1 Manual titled *Principles of Water Rates, Fees and Charges* (AWWA M1 Manual). Cost of service principles endeavor to distribute costs to customer classes in accordance with the way each class uses the water system. This methodology is described in detail in Sections 4 and 5. The Base-Extra Capacity Method of the AWWA M1 Manual was used to distribute costs to customer classes and tiers. This method separates costs into four main¹ components: (1) base costs, (2) extra capacity costs, (3) customer costs, and (4) fire protection costs. Base costs are costs associated with meeting average daily demand needs and include operations and maintenance costs and capital costs designed to meet average load conditions. Extra capacity costs are costs (both operating and capital costs) associated with meeting peak demand. Customer costs are associated with servicing customers, such as meter reading, billing, and customer service, etc. Fire protection costs are related solely to the fire protection function of a water system, such as fire hydrants and related mains and valves.

Wastewater rates are derived in accordance with the Water Environment Federations Manual of Practice No. 27, *Financing and Charges for Wastewater Systems*. The City has two wastewater systems; wastewater from the east side of Pacific Coast Highway (PCH) is served by LA County Sanitation District; wastewater treatment costs are billed directly to those customers on their annual property tax bills. Wastewater from the west side of PCH is treated by the City of Los Angeles (Hyperion), which bills the City of El Segundo on a quarterly basis. Therefore, rates and charges must be different for these groups of customers.

¹ There can be other cost components such as conservation and supply; however, the four mentioned are almost always used in rate studies.

1.3 Results and Recommendations

Table 1-1 shows the revenue adjustments for the water and wastewater as part of the selected Financial Plan. The revenue adjustment is the additional amount of gross rate revenue collected for each enterprise compared to the amount collected by current rates².

Table 1-1: Recommended Yearly Revenue Adjustments

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Effective Month	April 1	January 1	January 1	January 1	January 1
Water Revenue Adjustment	0.0%	3.0%	3.0%	3.0%	3.0%
Wastewater Rate Adjustment	9.0%	9.0%	9.5%	9.5%	9.5%

1.3.1 FACTORS AFFECTING REVENUE ADJUSTMENTS

The following items affect the City's revenue requirement (i.e., costs) and thus its rates for each enterprise. The City's expenses include Operation and Maintenance (O&M) expenses, capital expenses, debt service (for water and wastewater), and reserve funding.

- » **O&M Expenses:** The City's O&M expenses (excluding water costs) increase each year, in line with general cost inflation. Wastewater treatment costs from the City of Los Angeles are expected to increase 91% from FY 2019 to FY 2021.
- » **Capital Investment:** The City plans to invest millions in each system and each enterprise as discussed in the capital improvement section. Water and wastewater system improvements total \$16.5 million and \$3.4 million, respectively, over the next five years.
- » **Reserve Balances:** While the water utility is in a strong financial position, the wastewater utility currently has less than the recommended reserve target and will sustain steep deficits in the coming years if no adjustments are made.

The City will purposely make use of fund balances, as shown herein, to minimize customer rate impacts. Using fund balances to fund operating and capital costs lowers the amount of required rate revenue and therefore lowers the impact to customer bills.

1.4 Water

1.4.1 PROPOSED WATER RATES

In this report, the terms fee and charge are often used interchangeably. The City currently charges a set of volumetric rates for residential customers and a set of rates for nonresidential customers. Raftelis recommends adding a distinct Chevron³ rate and adjusting the residential rate structure in accordance with updated costs of service. The City's water rate structure includes two components: (1) a fixed monthly service charge, and (2) a variable usage charge. Each of these charges is described below.

³ Chevron is large purchaser of potable water from El Segundo, accounting for approximately 50% of water sales with its own district usage patterns.

1.4.2 FIXED SERVICE CHARGE

The City's proposed Fixed Service Charge includes four components. The first component is the Meter Service Charge and it is based on the meter size serving a property. The Fixed Service Charge is calculated to recover the cost to maintain and replace meters as well as a portion of extra-capacity related costs (i.e., costs associated with meeting system capacity beyond that required for average daily demand). This cost is proportional to the size of the meter and goes up with meter size according to standards set forth by the AWWA. The second component is the customer service cost. This component recovers costs associated with meter reading, answering customer calls, and billing customers. These costs are not related to the size of the meter. The service charge also includes a portion of water supply costs and public fire protection costs. The full derivation of the total Fixed Service Charge is described in Section 5, and the *total* Fixed Service Charge is shown in Table 1-2.

Table 1-2: Current and Proposed Monthly Fixed Service Charge

Meter Size	Current 2020	April 1 2021	Jan 1 2022	Jan 1 2023	Jan 1 2024	Jan 1 2025
5/8" and 3/4"	\$ 11.95	\$ 18.18	\$ 18.73	\$ 19.30	\$ 19.88	\$ 20.48
1"	27.10	24.71	25.46	26.23	27.02	27.84
1 1/2"	33.94	41.05	42.29	43.56	44.87	46.22
2"	62.90	60.65	62.47	64.35	66.29	68.28
3"	141.61	122.74	126.43	130.23	134.14	138.17
4"	251.25	214.23	220.66	227.28	234.10	241.13
6"	469.74	433.16	446.16	459.55	473.34	487.55
8"	823.49	923.29	950.99	979.52	1,008.91	1,039.18
10"	1,288.35	1,380.75	1,422.18	1,464.85	1,508.80	1,554.07

1.4.3 POTABLE COMMODITY RATE

Error! Reference source not found. shows the current and proposed commodity rates by customer class respectively. The rates are designed to recover the costs associated with serving each class and tier as discussed in Sections 4 and 5. The City's current rate structure consists of two customer groups; 1) Single Family Residential customers and 2) non-residential customers. The proposed rate structure adds a third rate for Chevron, which is a large user with its own distinct usage patterns. The revised customer groups reflect customer behaviors, patterns, and use of the water system based on updated water usage data.

Changes to the volumetric rate structure also include redefining the volumes included in each tier. For residential customers, Raftelis proposes including only the first 9 Ccf of usage in the first tier and an additional 4 Ccf in the second tier. The third and final tier will include all usage above 13 Ccf. Non-residential customers and Chevron will have a uniform volumetric rate.

Table 1-3: Proposed Commodity Rates (\$ / Ccf) for All Classes

Class	Current 2020	April 1 2021	Jan 1 2022	Jan 1 2023	Jan 1 2024	Jan 1 2025
Residential						
Tier 1	\$ 2.82	\$ 2.88	\$ 2.97	\$ 3.06	\$ 3.16	\$ 3.26
Tier 2	5.19	5.47	5.64	5.81	5.99	6.17
Tier 3	5.90	6.86	7.07	7.29	7.51	7.74
Non-Residential	\$ 3.43	\$ 4.17	\$ 4.30	\$ 4.43	\$ 4.57	\$ 4.71
Chevron	\$ 3.43	\$ 4.90	\$ 5.05	\$ 5.21	\$ 5.37	\$ 5.54

1.4.4 RECYCLED WATER SURCHARGE

Customers who receive recycled water currently pay two charges: a direct pass-through rate of the cost for the City to purchase recycled water from West Basin Municipal Water District and a surcharge paid to the City. Raftelis proposes eliminating the surcharge for regular retail customers. The surcharge for recycled water used by Chevron will remain in place and increase at the same pace as the required revenue adjustments each year, per the existing contract between Chevron and the City.

Table 1-4: Recycled Water Surcharges

Recycled Surcharge	Current 2020	April 1 2021	Jan 1 2022	Jan 1 2023	Jan 1 2024	Jan 1 2025
Chevron	\$ 1.01	\$ 1.01	\$ 1.05	\$ 1.09	\$ 1.13	\$ 1.17
Non-City	0.31	-	-	-	-	-

1.5 Wastewater

1.5.1 PROPOSED WASTEWATER RATES

The City's current wastewater rates include a monthly Sewer Service Charge, Treatment Charge for customers on the west side and a volumetric Charge. The volumetric rate is based on actual water use. After discussion with City staff, Raftelis proposes several significant adjustments to the rate structure. Single family residential customers will be billed a flat rate each month based on 9 Ccf of usage. Other classes will have the same 9 Ccf minimum bill with an additional volumetric charge for usage above 9. The volume rate, and minimum bill, will depend on whether the customer is a west side or east side resident. Table 1-5 shows the current and proposed five-year wastewater rates. More detail on current wastewater rates can be found in Section 6.

Table 1-5: Current and Proposed Five-Year Wastewater Rates

Minimum Charge Includes 9 Ccf*	Current 2020	April 1 2021	Jan 1 2022	Jan 1 2023	Jan 1 2024	Jan 1 2025
SFR	\$ 23.23	\$ 39.07	\$ 42.60	\$ 46.65	\$ 51.09	\$ 55.95
MFR	38.04	39.07	42.60	46.65	51.09	55.95
Institutional West	21.98	39.07	42.60	46.65	51.09	55.95
Commercial West	26.88	58.23	63.47	69.50	76.11	83.35
Industrial West	22.87	65.22	71.10	77.86	85.26	93.36
Non-Res East	7.26	14.86	16.21	17.75	19.44	21.29
ADU		16.02	17.47	19.13	20.95	22.95

Volumetric (per Ccf) Usage above 9	Current 2020	April 1 2021	Jan 1 2022	Jan 1 2023	Jan 1 2024	Jan 1 2025
SFR	\$ 0.73	N/A				
MFR	0.91	4.01	4.37	4.79	5.25	5.75
Institutional West	0.91	4.01	4.37	4.79	5.25	5.75
Commercial West	1.04	6.13	6.69	7.33	8.03	8.80
Industrial West	1.04	6.91	7.54	8.26	9.05	9.91
Non-Res East	1.04	1.32	1.44	1.58	1.74	1.91

The main body of this report contains the City's detailed five-year financial plan, rate derivation, and customer bill impacts for the water and wastewater utilities.

2. Legal Framework and Rate Methodology

2.1 Legal Framework

This section of the report describes the legal framework surrounding rate setting and calculating cost of service rates that provide a fair and equitable cost allocation to customer classes.

2.1.1 CALIFORNIA CONSTITUTION - ARTICLE XIII D, SECTION 6 (PROPOSITION 218)

Proposition 218 was enacted in 1996. It amended the California Constitution by adding Article XIII C and XIII D. Article XIII D, section 6 established procedural requirements for the imposition of property-related fees and charges and substantive provisions governing the amount that may be imposed and the use of such fees charged by local agencies. The substantive requirements for such fees and charges are as follows:

1. A property-related charge (such as water and sewer service fees and charges) imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
2. Revenues derived by the charge shall not be used for any other purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property.
5. No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Raftelis follows industry-standard rate setting methodologies set forth by the *AWWA MI Manual*, *WEF Manual No. 27*, and the restrictions and requirements in Proposition 218 to ensure this study creates rates that do not exceed the cost of providing water service and are proportionate to the cost of providing water service.

2.1.2 CALIFORNIA CONSTITUTION - ARTICLE X, SECTION 2

Article X, Section 2 of the California Constitution (established in 1976) states the following:

“It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.”

As stated above Article X, section 2 of the State Constitution institutes the need to preserve the State’s water supplies and to discourage the wasteful or unreasonable use of water by encouraging conservation. As such, public agencies are constitutionally mandated to maximize the beneficial use of water, prevent waste, and encourage conservation.

In addition, Section 106 of the Water Code declares that the highest priority use of water is for domestic purposes, with irrigation secondary. To meet the objectives of Article X, section 2, Water Code Section 375 et seq., a water purveyor may utilize its water rate design to incentivize the efficient use of water as long as the rates also comply with other articles of the Constitution. The proposed tiered rates were designed in compliance with California Constitution Article XIII D, section 6 by allocating a proportionately greater share of the cost of providing service to those who apply greater demands and burdens on a water system and the City's water resources, and therefore generates additional costs for the City. The tiered rates also have the incidental effect of encouraging conservation by sending a price signal to customers to use less water.

Inclining block rate structures (which are synonymous with tiered rates), when properly designed and differentiated by type of use, allow a water utility to send conservation price incentives to customers. Due to heightened interest in water conservation, tiered rates have gained widespread use, especially in relatively water-scarce regions, such as Southern California.

2.2 Cost-Based Rate-Setting Methodology

The AWWA M1 Manual states "the costs of water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." To develop utility rates that comply with Proposition 218 and industry standards, while meeting other emerging goals and objectives of the utility, there are four major steps discussed below.

1.) Calculate Revenue Requirement

The rate-making process starts by determining the test year revenue requirement - which for this study is FY 2020. The revenue requirement is the amount a utility needs to sufficiently fund the utility's O&M, debt service, and capital expenses, and reserve funding.

2.) Cost of Service Analysis (COS)

The annual cost of providing water service is distributed among customer classes commensurate with their service requirements. A COS analysis involves the following:

1. Functionalizing costs. This process takes each cost item in the City's budget and organizes the items collectively based on what function is served. Examples of cost functions are supply, treatment, transmission, distribution, storage, meter servicing and customer billing and collection.
2. Allocating functionalized costs to cost components. This process allocates the functionalized costs to cost components. Cost components include base, maximum day, maximum hour⁴, meter service, customer service and conservation costs.
3. Distributing the cost components. The cost of service analyses distribute the cost components, using unit costs, to customer classes in proportion to their demands on the water and wastewater systems. These processes are described in the M1 Manual published by AWWA and Manual No. 27 published by WEF. Wastewater costs

⁴ Collectively maximum day and maximum hour costs are known as peaking costs or capacity costs.

A COS analysis considers both the average quantity of water consumed (base costs) and the peak rate at which it is consumed (peaking or capacity costs as identified by maximum day and maximum hour demands).⁵ Peaking costs are costs that are incurred during peak times of consumption. There are additional costs associated with designing, constructing, and operating and maintaining facilities to meet peak demands. These peak demand costs need to be allocated to those customers and customer classes whose water usage results in the City incurring the associated costs. In other words, not all customer classes share the same responsibility for peaking related costs.

3.) Rate Design and Calculations

Rates do more than simply recover costs. Within the legal framework and industry standards, properly designed rates should support and optimize a blend of various utility objectives, such as conservation, affordability for essential needs, and revenue stability, among other objectives. Rates may also act as a public information tool in communicating these objectives to customers.

4.) Rate Adoption

Rate adoption is the last step of the rate-making process to comply with Proposition 218. Raftelis documented the rate study results in this Study Report to help educate the public about the proposed changes, the rationale and justifications behind the changes, and their anticipated financial impacts in lay terms.

⁵ System capacity is the system's ability to supply water to all delivery points at the time when demanded. Coincident peaking factors are calculated for each customer class at the time of greatest system demand. The time of greatest demand is known as peak demand. Both the operating costs and capital asset related costs incurred to accommodate the peak flows are generally allocated to each customer class based upon the class's contribution to the peak month, day and hour event.

3. Water Enterprise Financial Plan

This section describes the water enterprise rate study, starting with the water financial plan, followed by the cost of service study, rate design and customer bill impacts.

3.1 Financial Plan Assumptions

3.1.1 NUMBER OF ACCOUNTS

Raftelis created a five-year financial plan which models anticipated revenue and expenses. This report shows the financial plan and assumptions for the next five years (FY 2021 to FY 2025) to correspond with the rate development for these years. Estimated rate revenue (without adjustments) is calculated by multiplying the number of accounts by the monthly Fixed Service Charge and multiplying the total water use in each tier by the commodity rate. Table 3-1 shows the actual number of water accounts, including private fire protection accounts by meter size and class for FY 2019. This year is shown because this is the basis for the forecast. The number of accounts are used to forecast the amount of fixed revenue the City will receive from Fixed Service Charges.

Table 3-1: Projected Accounts by Meter Size (FY 2019)

Meter Size	Residential	Non Residential	Fire Service	Total
5/8" and 3/4"	2,602	550	-	3,153
1"	386	473	-	863
1 1/2"	6	353	-	369
2"	4	346	11	398
3"	-	83	12	98
4"	-	42	96	143
6"	-	29	115	150
8"	-	1	146	147
10"	-	1	38	39
Total	2,998	1,878	418	5,360

3.1.2 ACCOUNT AND WATER USE GROWTH ASSUMPTIONS

The revenue calculated for each fiscal year in the Financial Plan is a function of the number of accounts, account growth, water use trends, and existing rates. Based on discussions with City staff, the Financial Plan assumes a conservative 0% growth in customer accounts and per capita water usage.

3.1.3 WATER USE

Table 3-2 shows the estimated FY 2020 number of accounts and water use by customer class. The number of accounts and water use are based on FY 2019 account and water use data and the assumption of no growth. The number of accounts in Table 3-2 does not include Fire Protection accounts.

Table 3-2: Water Use in Ccf by Customer Class - FY 2019

Class	Accounts	Consumption	% of	
			Accounts	Consumption
SFR	2,998	361,251	60.7%	5.0%
Non-Residential	1,878	1,184,820	38.0%	16.3%
Chevron		1,559,501		21.4%
Recycled	66	4,174,777	1.3%	57.3%
Total	4,942	7,280,349	100.0%	100.0%

3.1.4 INFLATIONARY AND WATER PURCHASE COST ASSUMPTIONS

To ensure future O&M costs are reasonably projected, Raftelis made informed assumptions about inflationary factors, water costs, and water use. Table 3-3 shows the inflationary categories used to escalate the City's FY 2020 operations and maintenance (O&M) expense budget, which is part of the Financial Plan. The inflationary factors in Table 3-3 reflect long-term averages for general and capital (construction) inflation and energy prices.

Table 3-3: Inflationary Assumptions

Expense Escalation Categories	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
1 Salaries	3.0%	3.0%	3.0%	3.0%	3.0%
2 Benefits	8.0%	8.0%	8.0%	8.0%	8.0%
3 Supplies	3.0%	3.0%	3.0%	3.0%	3.0%
4 Electricity	5.0%	5.0%	5.0%	5.0%	5.0%
5 Fuel	3.0%	3.0%	3.0%	3.0%	3.0%
6 Contractual	3.0%	3.0%	3.0%	3.0%	3.0%
7 Purchased Water - Potable	6.0%	6.0%	6.0%	6.0%	6.0%
8 Purchased Water - Reclaimed	6.0%	6.0%	6.0%	6.0%	6.0%
9 Equipment	3.0%	3.0%	3.0%	3.0%	3.0%
10 General	3.0%	3.0%	3.0%	3.0%	3.0%
11 Sewage Treatment	6.0%	6.0%	6.0%	6.0%	6.0%
12 Capital Projects	3.1%	3.1%	3.1%	3.1%	3.1%

Raftelis used the assumptions shown in Table 3-31 through Table 2-3 to develop the City's Water Financial Plan. The plan uses projected annual operating expenses and revenues, capital expenditures, reserve fund balances, and annual debt service coverage ratios to estimate the amount of additional rate revenue needed each year. The following sub-sections provide a discussion of O&M expenses, the Capital Improvement Plan (CIP), reserve funding, projected revenue under existing rates, and the revenue adjustments needed to ensure the fiscal sustainability and solvency of the Water Enterprise.

3.1.5 WATER SYSTEM EXPENSES

The City's expenses include O&M expenses, capital expenses, and debt service payments, each of which is described below.

3.1.6 O&M EXPENSES

Table 3-4 shows the City’s O&M budget by fiscal year. The O&M budget incorporates the inflationary factors in Table 3-3, using the FY 2020 budget as the base year. Approximately 84% of the O&M budget is water purchase costs, which are not directly controllable by the City.

Table 3-4: Projected O&M Expenses

Water Operating Expenses	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
1 Salaries	\$ 1,160,791	\$ 1,195,615	\$ 1,231,483	\$ 1,268,428	\$ 1,306,480	\$ 1,345,675
2 Benefits	649,147	701,079	757,165	817,738	883,157	953,810
3 Supplies	248,800	256,264	263,952	271,870	280,027	288,427
4 Utilities	31,800	33,366	35,010	36,735	38,545	40,445
5 Potable Water	10,573,713	11,166,623	11,836,620	12,546,818	13,299,627	14,097,604
6 Recycled Water	13,227,296	13,574,090	14,388,535	15,251,848	16,166,958	17,136,976
7 Service Charges	2,445,867	2,519,243	2,594,820	2,672,665	2,752,845	2,835,430
8 Total: Water Operating Expenses	\$ 28,337,414	\$ 29,446,280	\$ 31,107,586	\$ 32,866,101	\$ 34,727,639	\$ 36,698,368

3.1.7 CAPITAL IMPROVEMENT PLAN (CIP)

Table 3-5 summarizes the City’s five-year CIP. The City is funding capital investment through rate revenue and reserve funds (also known as PAY-GO funding) rather than issuing debt.

Table 3-5: Capital Improvement Plan

Water Projects	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
1 Water Main Improvement on Grand Ave.	\$ 1,500,000	-	-	-	-	-
2 Water Infrastructure Replacement	-	2,300,000	3,000,000	3,000,000	3,000,000	3,000,000

3.1.8 DEBT SERVICE

The City does not currently have any outstanding utility debt and the Financial Plan does not propose issuing any bonds in the study period.

3.1.9 RESERVE BALANCES

Raftelis recommends adopting an updated formal financial reserve policy. The City should maintain the following in reserves:

1. Operating Reserve equal to four months of O&M expenses
2. Capital Reserve equal to the average annual forecasted capital spending of the next 10 years
3. Rate Stabilization Reserve equal to 25% of annual potable and surcharge revenue

The water utility currently has sufficient cash to fully fund each of these reserves. Table 2-6 shows a forecast of the balance for each fund through the study period.

Table 3-6: Fund Balance Forecast

Water					
EoY Fund Balances	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Operating Reserve	\$ 20,443,420	\$ 21,453,127	\$ 22,151,119	\$ 22,453,466	\$ 22,323,325
<i>Target</i>	<i>9,680,969</i>	<i>10,227,152</i>	<i>10,805,293</i>	<i>11,417,306</i>	<i>12,065,217</i>
Capital Reserve	\$ 3,528,930	\$ 3,690,666	\$ 3,803,884	\$ 3,915,540	\$ 4,022,497
<i>Target</i>	<i>3,488,001</i>	<i>3,670,173</i>	<i>3,783,582</i>	<i>3,900,494</i>	<i>4,021,020</i>
Rate Stabilization Reserve	\$ 4,479,869	\$ 4,614,265	\$ 4,752,693	\$ 4,895,274	\$ 5,042,132
<i>Target</i>	<i>4,479,869</i>	<i>4,614,265</i>	<i>4,752,693</i>	<i>4,895,274</i>	<i>5,042,132</i>
Total Reserves	\$ 28,452,219	\$ 29,758,058	\$ 30,707,696	\$ 31,264,280	\$ 31,387,954
<i>Target</i>	<i>17,648,839</i>	<i>18,511,590</i>	<i>19,341,568</i>	<i>20,213,075</i>	<i>21,128,369</i>

3.1.10 REVENUE ADJUSTMENTS

Using the assumed number of accounts and water use described above, Raftelis developed a financial plan using projected operating and capital expenses, revenues, and resulting yearly cash balances for the financial plan study period - from FY 2021 to FY 2025. The financial plan is used to determine the overall revenue adjustments required to ensure water enterprise financial stability. Revenue adjustments represent the average increase in rates as a whole; rate changes for individual classes will depend on the cost of service – since a cost of service analysis allocates costs to each customer class. Therefore, the revenue adjustment may not be the same as the average bill impact for each customer class. This study establishes rates for FY 2021 through FY 2025.

The proposed revenue adjustments help ensure adequate revenue to fund operating expenses, capital expenditures, and compliance with any bond covenants. Financial Plan modelling assumes revenue adjustments will occur in January of each year. The proposed revenue adjustments would enable the City to cover operating expenses and execute the CIP shown in Table 3-5.

Table 3-7 shows the proposed revenue adjustments selected by the City. The rates presented in Section 5 are based on these revenue adjustments.

Table 3-7: Proposed Rate Adjustments

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Effective Month	April 1	January 1	January 1	January 1	January 1
Water Revenue Adjustment	0.0%	3.0%	3.0%	3.0%	3.0%

3.2 Proposed Financial Plan

Table 3-8 shows the City’s cash flow projection over the study period assuming the revenue adjustments shown in Table 3-7. Line 1 shows retail rate revenue, including the fixed monthly capacity charge and

volume charge. Line 2 shows the revenue from the surcharge applied to recycled water by the City. Line 3 shows the additional revenue from the revenue adjustments. Revenue on line 4 shows the charges from West Basin the City passes through and collects from recycled customers; this revenue equals the expense on line 6 of Table 2-4.

Line 11 shows the yearly ending cash flow after subtracting operating and capital expenses from total revenue (in line 6). Non-Rate revenue includes meter installations, interest income, and other miscellaneous items. Balances for each of the reserve funds are tracked in lines 12 to 14.

Table 3-8: Five-Year Water Operating Cash Flow

Operating Cash Flow	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues						
1 Fixed Monthly and Volum	\$ 16,456,948	\$ 16,456,948	\$ 16,456,948	\$ 16,456,948	\$ 16,456,948	\$ 16,456,948
2 Recycled Surcharge Rever	4,168,194	4,161,513	4,161,513	4,161,513	4,161,513	4,161,513
3 Additional Revenue from	-	-	463,915	1,096,387	1,747,832	2,418,821
4 Recycled Pass-through	13,227,296	13,574,090	14,388,535	15,251,848	16,166,958	17,136,976
5 Non-Rate Revenue	171,360	141,985	130,777	135,826	139,316	140,827
6 Total: Revenue	\$ 34,023,798	\$ 34,334,536	\$ 35,601,689	\$ 37,102,521	\$ 38,672,567	\$ 40,315,085
7 Revenue Adjustment		0.00%	3.00%	3.00%	3.00%	3.00%
Expenses						
8 O&M	\$ 28,337,414	\$ 29,446,280	\$ 31,107,586	\$ 32,866,101	\$ 34,727,639	\$ 36,698,368
9 Capital	4,750,000	2,650,000	3,350,000	3,400,000	3,500,000	3,600,000
10 Total: Expenses	\$ 33,087,414	\$ 32,096,280	\$ 34,457,586	\$ 36,266,101	\$ 38,227,639	\$ 40,298,368
11 Op. Surplus/(Deficit)	\$ 936,384	\$ 2,238,257	\$ 1,144,103	\$ 836,420	\$ 444,928	\$ 16,717
12 Op. Reserve	22,685,032	20,443,420	21,453,127	22,151,119	22,453,466	22,323,325
13 RS. Reserve	-	4,479,869	4,614,265	4,752,693	4,895,274	5,042,132
14 Cap. Reserve	3,250,000	3,528,930	3,690,666	3,803,884	3,915,540	4,022,497
15 Total Reserve	\$ 25,935,032	\$ 28,452,219	\$ 29,758,058	\$ 30,707,696	\$ 31,264,280	\$ 31,387,954
16 Target Balance	17,027,569	17,648,839	18,511,590	19,341,568	20,213,075	21,128,369
17 CIP (Uninflated)	1,500,000	2,300,000	3,000,000	3,000,000	3,000,000	3,000,000

4. Water Cost of Service Analysis

A Cost of Service analysis distributes a utility's revenue requirement (yearly revenues needed from rates) to each customer class. This is done by allocating the City's revenue requirement to the **cost causation components**. The cost causation components include:

1. Base (average) costs⁶
2. Peaking costs (maximum day and maximum hour)
3. Meter service
4. Billing and customer service
5. Fire protection
6. General and administrative costs

Additional cost components can include pumping zone costs and supply costs. Peaking costs are further divided into maximum day and maximum hour demand. The maximum day demand is the maximum amount of water used in a single day in a year. The maximum hour demand is the maximum hour usage on the maximum usage day. Both maximum day and maximum hour peaking demand is used to calculate peaking unit rates to distribute costs to customer classes. Peaking costs are allocated in proportion to how the different customer classes use water during peak day and hour demands. Different facilities, such as distribution and storage facilities are designed to meet the peaking demands of customers. Therefore, extra capacity⁷ costs include the O&M and capital costs associated with meeting peak customer demand. This method is consistent with the AWWA M1 Manual and is widely used in the water industry to perform cost of service analyses.

4.1 Revenue Requirement Determination

Table 4-1 shows the test year revenue requirement derivation. The total revenue required from water rates is shown on line 9. The total in line 5, column B, is the O&M revenue requirement that is allocated to cost components in the following steps. The capital revenue requirement in line 5, column C, is allocated to the cost components using a similar methodology. The total on line 5, column D, is the total amount of revenue required by the financial plan in Table 2-7, row 6 in FY 2020.

To arrive at the rate revenue requirement in line 9, column D, other non-rate revenues on lines 6 and 7 are subtracted from the total revenue requirements. This is the total amount the City's Fixed Service Charges and Commodity Charges are designed to collect in the test year.

A major source of offsetting revenue is the surcharge Chevron pays to the City on all recycled water it uses. The impact of this surcharge on retail rates will be discussed in more detail in Section 5.4.1.

⁶ The base component can be further divided into supply and base/delivery cost components as discussed in Section 4.

⁷ The terms extra capacity, peaking and capacity costs are used interchangeably.

Table 4-1: Revenue Requirement Determination

Revenue Requirements		Operating	Capital	Total
(A)	(B)	(C)	(D)	
1	Operations and Maintenance	\$ 28,337,414		\$ 28,337,414
2	Debt Service		-	-
3	PAYGO		4,750,000	4,750,000
4	Contribution to Operating Reserve		936,384	936,384
5	Subtotal: Revenue Requirements	\$ 28,337,414	\$ 5,686,384	\$ 34,023,798
Less: Adjustments				
6	Misc. Revenue	\$ 171,360	\$ -	\$ 171,360
7	Chevron Recycled Water Surcharge	4,168,194		4,168,194
8	Subtotal: Adjustments	\$ 4,339,554	\$ -	\$ 4,339,554
9	Total: Net Revenue Required	\$ 23,997,860	\$ 5,686,384	\$ 29,684,244

4.2 Allocation of Expenses to Functions

The first step of the Cost of Service analysis is to analyze operating costs and determine the functions they serve. Each budgeted line item is assigned to a function. For example, 33% of salary costs, on line 1, is estimated to be associated with maintaining the City’s transmission system. Raftelis determined these allocations in consultation with City staff. Table 4-2 shows the functionalization results. The total amount in row 39, column B, is the Operating revenue requirement shown in Table 4-1, line 5.

A similar analysis is conducted to functionalize capital costs, shown in Table 4-3. The City’s current assets are assigned to functions. For example, Raftelis estimated that 66% of the City’s water pipes are used for water transmission. The resulting allocations are used to functionalize cash basis capital expenses proportionately. The complete analysis shows that 48% of the City’s assets are used for transmission, therefore 48% of the test year cash basis capital costs are assigned to that function. The total Capital Budget on row 11, column B, matches that shown in Table 4-1, line 5, column C.

Table 4-2: Functionalization of Operating Expenses

O&M Line Item	Test Year Amount	Potable Supply	Reclaimed Supply	Transmission (E)	Distribution (F)	Storage (G)	Meters (H)	Customers (I)	General (J)
1 7102-4101 Salaries Full-Time	\$ 928,191			33%	33%	15%	9%	10%	
2 7102-4102 Salaries Part Time	184,600			33%	33%	15%	9%	10%	
3 7102-4103 Overtime	20,000			33%	33%	15%	9%	10%	
4 7102-4116 Standby Pay	22,000			33%	33%	15%	9%	10%	
5 7102-4201 Retirement CalPERS	247,071			33%	33%	15%	9%	10%	
6 7102-4202 FICA	83,879			33%	33%	15%	9%	10%	
7 7102-4203 Workers' Compensation	80,025			33%	33%	15%	9%	10%	
8 7102-4204 Group Insurance	208,538			33%	33%	15%	9%	10%	
9 7102-4209 PARS Expense	10,000			33%	33%	15%	9%	10%	
10 7102-4210 OPEB Expense	17,634			33%	33%	15%	9%	10%	
11 7102-4215 Uniform Replacement	2,000			33%	33%	15%	9%	10%	
12 7102-5204 Operating Supplies	42,800			33%	33%	15%	9%	10%	
13 7102-5207 Small Tools & Equipment	192,000			33%	33%	15%	9%	10%	
14 7102-5215 Vehicle Gasoline Charge	14,000			33%	33%	15%	9%	10%	
15 7102-6101 Gas Utility	1,200			33%	33%	15%	9%	10%	
16 7102-6102 Electricity Utility	30,600								100%
17 7102-6201 Advertising/Publishing	8,000							100%	
18 7102-6205 Other Printing & Binding	2,500								100%
19 7102-6206 Contractual Services	284,795								100%
20 7102-6207 Equipment Replacement Charge	34,187								100%
21 7102-6208 Dues & Subscriptions	14,560								100%
22 7102-6211 Insurance & Bonds	1,146,300								100%
23 7102-6212 Laundry & Cleaning	10,000								100%
24 7102-6213 Meetings & Travel	1,600								100%
25 7102-6214 Professional & Technical	68,440								100%
26 7102-6215 Repairs & Maintenance	43,000								100%
27 7102-6217 Software Maintenance	4,000								100%
28 7102-6219 Network Operating Charge	10,300								100%
29 7102-6223 Training & Education	7,500								100%
30 7102-6224 Vehicle Operating Charge	10,000								100%
31 7102-6253 Postage	32,000							100%	
32 7102-6254 Telephone	32,000								100%
33 7102-6256 Pavement Rehabilitation	18,000								100%
34 7102-6260 Equipment Leasing Costs	4,600								100%
35 7102-6283 Water Purchases - Potable	10,573,713	100%							
36 7102-6285 Water Purchases - Reclaimed Water	13,227,296		100%						
37 7102-6286 General Admin Charges	714,085								100%
38 7102-6354 Lifeline Expense	6,000								100%
39 Total: O&M	\$ 28,337,414	\$10,573,713	\$13,227,296	\$ 677,800	\$ 677,800	\$ 308,091	\$ 184,854	\$ 245,394	\$2,442,467

Table 4-3: Functionalization of Capital Expenses

Asset Item	Test Year Amount	Pumping (C)	Transmission (D)	Distribution (E)	Storage (F)	Meters (G)
1 Water Pipes	\$ 90,000,000		66%	34%		
2 Water Meters	2,500,000					100%
3 6.3 MG Reservoir	15,000,000				100%	
4 3 MG Reservoir	10,000,000				100%	
5 .2 MG Elevated Tank	3,000,000				100%	
6 Booster Pump Station	2,500,000	100%				
7 Total: Assets	\$ 123,000,000	\$ 2,500,000	\$ 59,400,000	\$ 30,600,000	\$ 28,000,000	\$ 2,500,000
8 % Allocation		2.03%	48.29%	24.88%	22.76%	2.03%
Capital Item						
9 Rate Funded Capital	4,750,000	96,545	2,293,902	1,181,707	1,081,301	96,545
10 Contribution to/(Use of) Reserves	936,384	19,032	452,205	232,954	213,161	19,032
11 Total: Capital Budget	\$ 5,686,384	\$ 115,577	\$ 2,746,108	\$ 1,414,661	\$ 1,294,461	\$ 115,577

4.3 Allocation of Expenses to Cost Components

In a Cost of Service analysis, the City’s expenses are allocated to the cost causation components. To do so it is necessary to identify system-wide peaking factors which are shown in column B, Table 4-4. The system-wide peaking factors are used to derive the cost component allocation bases (i.e., percentages) shown in columns C through E of Table 4-4. These peaking factors are based on a review of system data in similar oceanfront communities in California. Functionalized expenses are then allocated to the cost components using the allocation bases shown in column A. To understand the interpretation of the percentages shown in columns B through E we must first establish the base use as the average daily demand during the year – which is assigned an allocation basis of 1. If the base allocation basis is used to allocate an expense, it means that the costs associated with that expense are to meet average daily demand (base) related costs.

Expenses that are allocated to the cost causation components using the maximum day basis are those attributed to ensuring the water system is able to accommodate the maximum expected daily demand. The Max Day allocation attributes 63% (1.00/1.58) of the demand (and therefore costs) to base use (average daily demand) and the remaining 37% to maximum day use (peaking). Maximum hour costs are costs associated with meeting the highest of peaks within a day – typically these costs are associated with the distribution system. Expenses allocated using the maximum hour bases assume 39% (1.00/2.57) of costs are due to base demands, 23% due to max day $((1.58-1)/2.67)$ and 39% $(1-0.39-0.23)$ are due to max hour costs. Collectively the maximum day and maximum hour cost components are known as peaking costs. These allocation bases are used to assign City O&M functions, shown in column A of Table 4-5 (which were determined on row 39 of Table 4-2), to the cost causation components also shown across the top of Table 4-5.

Table 4-4: System-Wide Peaking Factors and Allocation to Cost Components

Allocation Factor	System Peaking	Base	Max Day	Max Hour
(A)	(B)	(C)	(D)	(E)
Base	1.00	100%		
Max Day	1.58	63%	37%	0%
Max Hour	2.57	39%	23%	39%

The allocation bases are chosen based on the type of cost for each line item and the proportion of those costs associated with each cost causation component (max day, max hour, general, etc.). For example, distribution, line 4, is allocated using the max hour basis since distribution costs are associated with serving both average day demands and peak day demands in proportion to max hour allocations identified in Table 4-4. The distribution system must be sized, constructed, operated, and maintained to meet max hour demands. Certain cost bases are identical to the cost causation components – such as water supply – and therefore are easily allocated to the system cost causation component with the same name. Lines 9 and 10 show the resulting allocation of all expenses to the cost causation components. General overhead costs are proportionally reallocated to all other cost causation components, except for water supply costs.

The expenses in column B of Tables 4-5 and 4-6 correspond to the total expenses in Tables 4-2 and 4-3.

Table 4-5: Allocation of O&M Expenses to Cost Causation Components

Function	Test Year Amount	Potable Supply	Reclaimed Supply	Base	Max Day	Max Hour	Meters	Customer	General
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(I)	(J)	(K)
1 Potable Supply	\$ 10,573,713	100.0%							
2 Reclaimed Supply	13,227,296		100.0%						
3 Transmission	677,800			63.3%	36.7%				
4 Distribution	677,800			38.9%	22.6%	38.5%			
5 Storage	308,091			63.3%	36.7%				
6 Meters	184,854						100.0%		
7 Customers	245,394							100.0%	
8 General	2,442,467								100.0%
9 Total: O&M	\$ 28,337,414	\$ 10,573,713	\$ 13,227,296	\$ 887,716	\$ 514,876	\$ 261,098	\$ 184,854	\$ 245,394	\$ 2,442,467
10 Reallocation of O&M:		\$ 10,573,713	\$ 13,227,296	\$ 1,923,190	\$ 1,115,450	\$ 565,655	\$ 400,477	\$ 531,633	
11 Allocation %		37.31%	46.68%	6.79%	3.94%	2.00%	1.41%	1.88%	

Table 4-6: Allocation of Capital Expenses to Cost Causation Components

Function	Test Year Amount	Potable Supply	Reclaimed Supply	Base	Max Day	Max Hour	Meters	Customer	General
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(I)	(J)	(K)
1 Pumping	115,577			38.9%	22.6%	38.5%			
2 Transmission	2,746,108			63.3%	36.7%				
3 Distribution	1,414,661			38.9%	22.6%	38.5%			
4 Storage	1,294,461			63.3%	36.7%				
5 Meters	115,577						100.0%		
6 Total: Capital Costs	\$ 5,686,384	\$ -	\$ -	\$ 3,223,351	\$ 1,802,509	\$ 544,947	\$ 115,577	\$ -	\$ -
7 Allocation %		0.00%	0.00%	56.69%	31.70%	9.58%	2.03%	0.00%	

4.4 Units of Service

Once all expenses have been allocated to the appropriate cost components, the next step is to determine the units of service over which the costs will be recovered. The standard units are number of customers, 5/8" meter- equivalents (the base meter), annual water use, and extra capacity units. Private fire connections and city hydrants are also used in the calculation of private fire charges.

4.4.1 CUSTOMER AND METER EQUIVALENTS

Table 4-7 summarizes customer and meter units. Accounts in columns D and E can be found in Table 2-1. Equivalent meter units account for the potential flow through larger meters and equate this flow to the total flow through the base meter – in this case - the 5/8-inch meter. Equivalent meters for each class are derived by multiplying the AWWA ratio in column C by the number of accounts at a given meter size. For example, 386 residential 1" accounts are equivalent to $1.7 * 386 = 643$ 5/8" meters. The same step is repeated for each meter size and for all residential and non-residential accounts.

Table 4-7: Customer and Equivalent Meter Units

Equivalent Meters Meter Size	Capacity	AWWA Ratio	Residential Accounts	Non-Res Accounts	Residential EQ. Meters	Non-Res EQ. Meters	Total EQ. Meters
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
5/8" and 3/4"	30	1.0	2,602	550	2,602	550	3,152
1"	50	1.7	386	473	643	788	1,432
1 1/2"	100	3.3	6	353	20	1,177	1,197
2"	160	5.3	4	346	21	1,845	1,867
3"	350	11.7	-	83	-	968	968
4"	630	21.0	-	42	-	882	882
6"	1300	43.3	-	29	-	1,257	1,257
8"	2800	93.3	-	1	-	93	93
10"	4200	140.0	-	1	-	140	140
Total			2,998	1,878	3,287	7,701	10,987

Equivalent fire accounts are treated similarly, using the Hazen Williams equation for pipe flow,⁸ demonstrated in Table 4-8. The ratios calculated in column B are applied to the number of private fire connections to determine the number of 6" hydrant equivalents. The percentages derived at the bottom of Table 4-8 are used in Table 4-10 to calculate the cost of providing fire protection service.

⁸ The potential flow is the diameter of the outlet/connection raised to the 2.63 power – the Hazen Williams equation for pipe flow. For a 2" outlet the 6" equivalent demand factor would be $(2/6)^{2.63} = .056$.

Table 4-8: Fireline 6" Equivalents

Equivalent Fire Meters Meter Size	Hazen- Williams	Private Fire	Private Fire Eq.	Private Hydrants
(A)	(B)	(C)	(D)	(E)
5/8" and 3/4"	0.004	-	-	-
1"	0.009	-	-	-
1 1/2"	0.026	-	-	-
2"	0.056	11	1	-
3"	0.162	12	2	-
4"	0.344	96	33	-
6"	1.000	115	115	608
8"	2.131	146	311	-
10"	3.832	38	146	-
Total		418	607	608
			49.97%	50.03%

4.4.2 WATER USAGE AND PEAKING

Other relevant units include annual water usage and peaking units. Table 4-9 shows the calculation of extra capacity units for each class. The single-family residential tier definitions in columns B and C are discussed in detail in Section 5.3.

Annual usage in column D is the total amount of water each class is forecasted to use in the test year, which is also shown in Table 2-2. Average day in column E is column D divided by 365. The maximum day peaking factor in column F is based on a detailed analysis of billing data. It represents the relationship between a forecasted average month and the single highest month of usage (maximum month) for a given class. The peaking factor in column F is multiplied by the average day use in Column E to determine the maximum total capacity in column G. Column H is the difference of column E and column G; these extra capacity units are used to distribute peaking costs between the classes. The maximum hour peaking ratios are estimated by multiplying the maximum hour peak by the ratio of the system max hour to max day ($2.57/1.58=1.63$) from Table 4-4. The same steps are applied to calculate maximum hour total units, subtracting units in column G from those in column J to determine maximum hour extra capacity units.

Extra capacity units for public and private fire connections are also included in rows 7 and 8 of Table 4-9. Detail for these units can be found in Table 4-10. City staff estimates that reasonable concurrent maximum fire flow is approximately 3,500 gallons for 3 hours, shown in lines 1 and 2. This is equivalent to 842 Ccf maximum day demand (3.5 thousand gallons per minute * 3 hours * 60 minutes, converted to Ccf) and 5,895 Ccf maximum hour demand (3.5 thousand gallons per minute * 24 hours * 60 minutes – maximum day demand, converted to Ccf). These demands are then allocated between public and private fire protection. The percentages on line 3 of Table 4-10, are the result of the fire equivalencies from Table 4-8. These are applied to the capacity calculated on row 4 to determine the units on rows 5 and 6.

Columns L and M of Table 4-9 contain a summary of the customer units determined in Tables 4-7 and 4-8.

Table 4-9: Units of Service

Customer Class	Tier Size	Percent in Tier	Annual Use	Average Day	Max Day Peak	Max Day Total	Max Day Extra	Max Hour Peak	Max Hour Total	Max Hour Extra	Customer	Equivalent Meters
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
1 Single Family Residential			361,251								2,998	3,287
2 <i>Tier 1</i>	1-9	66.62%	240,677	659	1.07	707	48	1.74	1,150	443		
3 <i>Tier 2</i>	10-13	15.00%	54,186	148	1.37	203	54	2.22	330	127		
4 <i>Tier 3</i>	>13	18.38%	66,387	182	1.69	307	125	2.74	499	192		
5 Non-Residential			1,184,820	3,246	1.30	4,217	971	2.11	6,860	2,642	1,878	7,701
6 Chevron			1,559,501	4,273	1.33	5,682	1,410	2.16	9,243	3,561		
7 Private Fire Service						421	421		2,946	2,946	418	607
8 Public Fire Service						421	421		2,949	2,949		608
9 Total			3,105,572	8,508		11,959	3,451		23,978	12,861	5,294	12,203

Table 4-10: Fire Flow Calculation

Fire Estimate	Max Day	Max Hour
(A)	(B)	(C)
1 Hours for Fire	3.0	
2 Kgals/minute	3.5	3.5
3 Cost to Public Fire	50.03%	50.03%
4 Required Capacity (Ccf)	842	5,895
5 Public Fire	421	2,949
6 Private Fire	421	2,946
7 Total Fire	842	5,895

4.4.3 COST DISTRIBUTIONS TO THE COST COMPONENTS

Table 4-11 summarizes the results of the cost allocation to the cost components and units of service determination in Tables 4-5, 4-6, and 4-9. The total cost to be recovered on row 5, column B can also be found in Table 4-1 row 9, column D.

The unit costs on row 7 are the result of dividing the cost on row 5 for each cost component by the units of service on row 6.

Table 4-12 presents the results of the cost of service process. Using the unit costs calculated in Table 4-11 and the detailed units of service in Table 4-9, the costs are distributed to each customer class. For example, the base unit cost is multiplied by the base units for the SFR Tier 1 class ($\$1.66 \text{ dollars per Ccf} * 240,677 \text{ Ccf} = \$398,849$) in row 2, column E. The same step is applied for each class and each cost component. The total cost of service by class, shown in Column B, is the total amount of revenue to be collected from each class and is the basis for the rate design in Section 5.

Table 4-11: Unit Costs

Cost Center	Total	Potable Supply	Reclaimed Supply	Base	Max Day	Max Hour	Meters	Customer	Revenue Offset
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(I)	(J)	(L)
1 Operating Expenses	\$ 28,337,414	\$ 10,573,713	\$ 13,227,296	\$ 1,923,190	\$ 1,115,450	\$ 565,655	\$ 400,477	\$ 531,633	
2 Capital Expenses	5,686,384	-	-	3,223,351	1,802,509	544,947	115,577	-	
3 Revenue Offsets	(171,360)								(171,360)
4 Surcharge Offset	(4,168,194)								(4,168,194)
5 Total: Costs	<u>\$ 29,684,244</u>	<u>\$ 10,573,713</u>	<u>\$ 13,227,296</u>	<u>\$ 5,146,541</u>	<u>\$ 2,917,959</u>	<u>\$ 1,110,602</u>	<u>\$ 516,054</u>	<u>\$ 531,633</u>	<u>\$ (4,339,554)</u>
6 Units of Service		3,105,572	4,174,260	3,105,572	3,451	12,861	10,987	5,294	
		<i>Potable Ccf</i>	<i>Rec. Ccf</i>	<i>Potable Ccf</i>	<i>Ccf/Day</i>	<i>Ccf/Hour</i>	<i>Eq. Meters</i>	<i>Accounts</i>	
7 Unit Cost		<u>\$ 3.40</u>	<u>\$ 3.17</u>	<u>\$ 1.66</u>	<u>\$ 845.65</u>	<u>\$ 86.35</u>	<u>\$ 46.97</u>	<u>\$ 100.42</u>	

Table 4-12: Class Cost of Service

Customer Class	Total	Potable Supply	Reclaimed Supply	Base	Max Day	Max Hour	Meters	Customer	Revenue Offset
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(I)	(J)	(L)
1 Single Family Residential	\$ 2,542,232						\$ 154,368	\$ 301,064	
2 Tier 1		819,447		398,849	40,494	38,270			
3 Tier 2		184,492		89,798	46,086	10,982			
4 Tier 3		226,033		110,017	105,727	16,606			
5 Non-Residential	7,597,157	4,034,022		1,963,479	821,194	228,184	361,686	188,592	
6 Chevron	9,393,847	5,309,720		2,584,399	1,192,259	307,470	-	-	
7 Private Fire Service	652,298	-		-	355,911	254,411		41,976	
8 Public Fire Service	610,968	-		-	356,288	254,680		-	
9 Recycled	13,227,296		13,227,296						
10 Total	<u>\$ 29,684,244</u>	<u>\$ 10,573,713</u>	<u>\$ 13,227,296</u>	<u>\$ 5,146,541</u>	<u>\$ 2,917,959</u>	<u>\$ 1,110,602</u>	<u>\$ 516,054</u>	<u>\$ 531,633</u>	<u>\$ (4,339,554)</u>

5. Rate Derivation

5.1 Existing Rate Structure and Rates

The City’s existing rate structure consists of a fixed monthly charge⁹ by meter size and a set of volumetric rates depending on customer type and amount of usage. The City has a four-tier volumetric rate structure with different unit rates depending on customer class. Table 5-1 shows the existing rate structure and rates. Raftelis recommends adjusting the number and size of the single-family residential tiers, creating a uniform rate for non-residential customers, and creating a separate uniform rate for Chevron.

Table 5-1: Existing Monthly Rate Structure and Rates

<u>Monthly Capacity Charges</u>			<u>Volumetric Charges per Ccf</u>		
5/8" & 3/4"	\$	11.95	Single Family Residential		
1"		27.10	Tier I	0-10	\$ 2.82
1 1/2"		33.94	Tier II	10-20	5.19
2"		62.90	Tier III	20-50	5.90
3"		141.61	Tier IV	50+	5.19
4"		251.25	Non-Residential		
6"		469.74	Tier I	0-10	\$ 3.43
8"		823.49	Tier II	10-20	4.19
10"		1,288.35	Tier III	20-50	4.44
12"		1,855.05	Tier IV	50+	4.66
16"		3,293.96			
20"		5,144.59			

5.2 Recycled Water Rates

In addition to directly passing through the cost to purchase recycled water from West Basin, the City currently imposes a surcharge on all recycled water used by its customers. The surcharge is \$0.31 per Ccf for regular retail customers and \$1.0075 per Ccf for Chevron.

Raftelis recommends eliminating the surcharge on regular retail customers. Given that the City is only responsible for maintaining the meter and providing customer service, each recycled customer should pay the same meter charge as potable customers, derived in section 5.3. The pass through supply costs should remain unchanged.

The surcharge paid by Chevron is set by contract with the City. In accordance with the contract, that rate should increase by the same percentage as potable rates in the future.

5.3 Proposed Monthly Service Charge

5.3.1 MONTHLY SERVICE CHARGE COMPONENTS

The proposed monthly service charge has four components, which are discussed below. Table 5-2 shows the derivation of these components for 5/8-inch meters. The units for lines 1 to 3, in column C, are

⁹ Although rates are calculated and charged on a monthly basis, the City sends bills to residential customers bimonthly.

equivalent meters; units for line 4 are customer accounts, including private fire service accounts. The annual unit costs are the result of dividing the total cost by the number of units.

Table 5-2: Monthly Meter and Customer Charge Derivation

Cost Component	Total Cost	Units	Annual Unit Cost	Monthly Unit Cost
(A)	(B)	(C)	(D)	(E)
1 Water Supply Cost	\$ 165,444	10,987	\$ 15.06	\$ 1.25
2 Meter Cost	516,054	10,987	46.97	3.91
3 Public Fire Cost	610,968	10,987	55.61	4.63
4 Customer Service	531,633	5,294	100.42	8.37
5 Total	\$ 1,824,098		\$ 218.05	\$ 18.17

5.3.2 WATER SUPPLY COMPONENT

Although most the City’s water supply costs are variable, approximately \$165,000 of the annual total is billed to the City on a fixed basis. The City has decided to recover this portion of supply costs on the fixed service charge.

5.3.3 METER COMPONENT

The meter service component recovers two types of costs: 1) costs associated with maintaining and servicing meters (meter service component) and 2) capacity (also known as peaking) costs. Both costs increase as the meter size increases and are proportional to the AWWA hydraulic capacity ratios shown in column B of Table 5-3. The capacity ratios, which are a function of a meter’s safe maximum flow rate, are used to increase the meter service component for larger capacity meters. This assumes that the potential capacity (peaking) demand is proportional to the potential flow through each meter size as established by the AWWA hydraulic capacity ratios. The ratios shown in column B are the ratio of potential flow through each meter size compared to the flow through a 5/8-inch meter. The 5/8-inch meter is used as the base since it is the smallest and most numerous meter size. Larger meters have the potential to demand more water instantaneously and generate greater peak demands. The meter service component for a 5/8-inch meter was derived in Table 5-2. As shown in columns D, E, and G, the meter service component, water supply component, and public fire component for larger meters are relative to the AWWA capacity ratios shown in column B of Table 5-3.

5.3.4 CUSTOMER COMPONENT

The customer component derivation, shown in line 4 of Table 5-2, recovers costs associated with meter reading, customer billing and collection, as well as answering customer calls. These costs are the same for all meter sizes as it costs the same to bill a small meter as it does a larger meter.

5.3.5 TOTAL MONTHLY SERVICE CHARGE FOR ALL METERS

Table 5-3 shows the derivation of the monthly service charge by meter size in column H, which is the addition of columns D through G. The water supply, meters, and public fire charges increase in proportion to AWWA Capacity ratios (shown in column C), while the customer charge is the same at each meter size (column E).

Table 5-3: Monthly Service Charge Derivation by Meter Size

Meter Size	AWWA Ratio	No. of Accounts	Water Supply	Meters	Customer	Public Fire	Total Proposed
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1 5/8" and 3/4"	1.00	3,152	\$ 1.25	\$ 3.91	\$ 8.37	\$ 4.63	\$ 18.17
2 1"	1.67	859	2.09	6.52	8.37	7.72	24.71
3 1 1/2"	3.33	359	4.18	13.05	8.37	15.45	41.04
4 2"	5.33	350	6.69	20.87	8.37	24.71	60.65
5 3"	11.67	83	14.64	45.66	8.37	54.06	122.73
6 4"	21.00	42	26.35	82.19	8.37	97.31	214.23
7 6"	43.33	29	54.38	169.61	8.37	200.80	433.15
8 8"	93.33	1	117.12	365.31	8.37	432.50	923.29
9 10"	140.00	1	175.67	547.96	8.37	648.74	1,380.75

Table 5-4 shows the monthly Fixed Service Charge for the next five fiscal years. They are derived by applying the revenue adjustments shown in Table 3-7 to the service charges for FY 2020 shown in Table 5-3. Charges are rounded up to the nearest whole penny and may not match the unrounded values in Table 5-3.

Table 5-4: Five Year Fixed Service Charges

Meter Size	Current 2020	April 1 2021	Jan 1 2022	Jan 1 2023	Jan 1 2024	Jan 1 2025
5/8" and 3/4"	\$ 11.95	\$ 18.18	\$ 18.73	\$ 19.30	\$ 19.88	\$ 20.48
1"	27.10	24.71	25.46	26.23	27.02	27.84
1 1/2"	33.94	41.05	42.29	43.56	44.87	46.22
2"	62.90	60.65	62.47	64.35	66.29	68.28
3"	141.61	122.74	126.43	130.23	134.14	138.17
4"	251.25	214.23	220.66	227.28	234.10	241.13
6"	469.74	433.16	446.16	459.55	473.34	487.55
8"	823.49	923.29	950.99	979.52	1,008.91	1,039.18
10"	1,288.35	1,380.75	1,422.18	1,464.85	1,508.80	1,554.07

5.4 Proposed Private Fire Charges

Table 5-5 shows the derivation of the monthly private fire charge in column E. The total peaking costs for the private fire service class, shown in Table 4-12, line 8, columns F and G, is divided by the number of equivalent private fire meters from Table 4-8 and converted to a monthly basis. In Table 5-6, the cost for a 6" equivalent meter is scaled using the ratios in column B and added to the customer cost derived in Table 5-2. The proposed private fire charges are based on the potential flow through each private fire connection and are calculated in accordance with principles set forth in the American Water Works Association M1 Manual, *Principles of Water Rates, Fees and Charges*.¹⁰

¹⁰ Section VII of the fifth edition

Table 5-5: Private Fire Charge Calculation

Cost Component	Total Cost	Units	Annual Unit Cost	Monthly Unit Cost
(A)	(B)	(C)	(D)	(E)
Private Fire Cost	\$ 610,321	607.36	\$1,004.88	\$ 83.74

Table 5-6: Private Fire Charge Derivation by Meter Size

Line Size	Ratio	No. of Accounts	Customer Capacity	Total Proposed
(A)	(B)	(C)	(D)	(E)
5/8" and 3/4"	0.00	-	8.37	8.72
1"	0.01	-	8.37	9.12
1 1/2"	0.03	-	8.37	10.55
2"	0.06	11	8.37	13.03
3"	0.16	12	8.37	21.90
4"	0.34	96	8.37	37.20
6"	1.00	115	8.37	92.11
8"	2.13	146	8.37	186.82
10"	3.83	38	8.37	329.29

Rates will increase in subsequent years by the adjustments shown in Table 3-7 in the same manner as the meter charges and are rounded up to the next cent.

Table 5-7: FY 2020 – 2025 Fireline Monthly Charges

Line Size	Current 2020	April 1 2021	Jan 1 2022	Jan 1 2023	Jan 1 2024	Jan 1 2025
5/8" and 3/4"	-	\$ 8.73	\$ 9.00	\$ 9.27	\$ 9.55	\$ 9.84
1"	-	9.13	9.41	9.70	10.00	10.30
1 1/2"	-	10.56	10.88	11.21	11.55	11.90
2"	58.80	13.03	13.43	13.84	14.26	14.69
3"	89.75	21.90	22.56	23.24	23.94	24.66
4"	120.71	37.20	38.32	39.47	40.66	41.88
6"	182.61	92.11	94.88	97.73	100.67	103.70
8"	232.89	186.83	192.44	198.22	204.17	210.30
10"	306.44	329.29	339.17	349.35	359.84	370.64

5.5 Volumetric Rates

5.5.1 CUSTOMER CLASSES

Raftelis recommends creating an additional customer class for Chevron in addition to the existing residential and non-residential classes.

5.5.2 TIER DEFINITIONS

The City proposes to change the tier definitions from those shown in Column B to those shown in column C of Table 5-8. The new tier definitions are based on a detailed analysis of the City's billing data. The first tier provides for the residential winter average usage, the second tier includes the residential summer average, and the third tier is for all use in excess of Tier 2. Residential customers in the City use an average of 9 Ccf in the winter months, which is strongly correlated with indoor usage. Average summer use is 13 Ccf. These averages are used as the breakpoints for the first two tiers.

Raftelis proposes a uniform rate for all other customers classes. Commercial customers tend to be much less homogenous and their individual water needs vary much more than single family residential.

Table 5-8: Proposed Single Family Residential Tiers

	SFR Tier	Current	Proposed
	(A)	(B)	(C)
1	Tier 1	0-10	1-9
2	Tier 2	11-20	10-13
3	Tier 3	21-50	14+
4	Tier 4	51+	N/A

5.5.3 VOLUMETRIC RATE DERIVATION

The total volumetric rate is the summation of unit rates for each cost component: Supply, Delivery, Peaking (Max day and hour), and revenue offsets. Each unit rate will be derived and added together to get the total volumetric rate for each tier and customer class. Each cost component is defined below.

5.5.4 COST COMPONENT DEFINITIONS

The commodity rates for each class and tier are derived by summing the unit rates (\$/Ccf) for:

1. Water Supply
2. Delivery
3. Peaking
4. Revenue Offsets

Water Supply costs are costs associated with purchasing treated water from West Basin Municipal Water District.

Delivery costs are the operating and capital costs associated with delivering water to all customers through the distribution system (pipelines and storage reservoirs) at a constant average rate of use – also known as serving customers under average daily demand conditions. Therefore, delivery costs are spread over all units of water which results in a uniform delivery unit cost for all classes and tiers.

Peaking costs, or extra-capacity costs, represent costs incurred to meet customer peak demands in excess of average daily demand. Peaking costs are the sum of columns F and G in Table 4-12 – that is maximum day and maximum hour costs. Peaking costs are distributed to each tier and class using peaking factors derived from customer use data – discussed later in this section.

Revenue Offsets are revenues from non-rate sources that reduce the amount of revenue required from customers. They are reflected as negative values added to the other components of the rates.

5.5.5 DERIVATION OF THE UNIT COST BY COST COMPONENT

Supply Unit Costs

Table 5-9 shows the supply cost derivation for all customers. First, the volumetric portion of West Basin’s charges to the city is calculated. In the 2020 test year, West Basin charges \$1,385 per acre foot of treated water, or \$3.18 per Ccf. This cost is multiplied by the forecasted demand with a 5% water loss factor to provide an estimate of the total amount of water the City will buy in column C. The total cost (E) is divided by the demand in column C to provide a unit cost per Ccf of water sold in column F.

The cost in column E and the fixed portion of supply costs in Table 5-2, row 1 equal the total potable water supply cost in Table 4-11 column B.

Table 5-9: Supply Cost Derivation

West Basin Supply Cost	WB Rate	Annual Billed Ccf	Water Loss Gross Up	Annual Total WB Cost	Unit Cost
(A)	(B)	(C)	(D)	(E)	(F)
Volume Rate					
1 Per Acre Foot	\$ 1,385		5%		
2 Per Ccf	\$ 3.18	3,105,572	3,269,023	\$ 10,408,269	\$ 3.35

5.5.6 DELIVERY COST

The delivery rate in Table 5-10 is derived by dividing the total base costs from Table 4-12, column F by the total forecasted demand. The base rate is the unit cost to supply and deliver water under *average daily demand (ADD)* conditions. Table 5-10 identifies the rate to deliver water during average daily demands. This delivery cost is the same for all classes and for all tiers.

Table 5-10: Derivation of the Delivery Unit Cost

Customer Class	Total Cost	Annual Ccf	Unit Cost
	(A)	(B)	(C)
Total:	\$5,146,541	3,105,572	1.66

5.5.7 PEAKING RATE

Table 5-11 shows the peaking rate derivation for each class. The peaking unit cost (peaking rate) per Ccf (column D) is calculated by dividing the peaking costs (column B) by water use (column C) for each class and tier. The peaking unit cost is correlated with the peaking factor – a higher peaking factor correlates

to a higher peaking rate. The total peaking costs in column B of Table 5-11 for each class matches the sum of maximum day and maximum hour peaking costs in Table 4-12. **Error! Reference source not found..**

Table 5-11: Derivation of Peaking Rate

Customer Class	Peaking Cost	Annual Ccf	Unit Cost
(A)	(B)	(C)	(D)
Single Family Residential			
1 Tier 1	\$ 78,763	240,677	\$ 0.33
2 Tier 2	57,068	54,186	1.05
3 Tier 3	122,333	66,387	1.84
4 Non-Residential	1,049,379	1,184,820	0.89
5 Chevron	1,499,729	1,559,501	0.96
Total:	\$ 2,807,272	3,105,572	

5.5.8 NON-RATE REVENUE OFFSET

Table 5-12 shows the derivation of the non-rate revenue offset for all customers. First, the revenue amount in column D, row 7 is allocated between all classes on the basis of water demand. This result is shown in rows 1, 5, and 6 of column C. The SFR allocation, based on all usage, is reallocated to only offset rates for Tier 1. While only Tier 1 receives the benefit of the revenue offset, all SFR customers pass-through Tier 1 and therefore all customers benefit from the allocation. The unit rate offset in column E is the result of dividing the allocation for each class in column D by the demand in column B.

The total offset amount can be found in Table 4-11, column M, row 3.

Table 5-12: Derivation Non-Rate Revenue Offset Unit Rates

Revenue Offset Allocation Customer Class	Annual Ccf	Allocation	Revenue Requirement	Unit Rate
(A)	(B)	(C)	(D)	(E)
1 Single Family Residential	361,251	11.6%	\$ (19,933)	(0.06)
2 <i>Tier 1</i>	240,677	100.00%	(19,933)	(0.08)
3 <i>Tier 2</i>	54,186	0.00%	-	-
4 <i>Tier 3</i>	66,387	0.00%	-	-
5 Non-Residential	1,184,820	38.15%	(65,376)	(0.06)
6 Chevron	1,559,501	50.22%	(86,051)	(0.06)
7 Total	3,105,572		\$ (171,360)	

5.5.1 RECYCLED WATER SURCHARGE REVENUE OFFSET

The calculation of the recycled water surcharge revenue offset unit rate is like the non-rate revenue offset calculation in Table 5-12. Rather than proportion the total amount of the offset among all customers evenly, the City has elected to allocate 62% of the offset to customers other than Chevron. The first tier of SFR usage also receives a larger portion of the benefit than the second and third tiers.

Table 5-13: Derivation of Recycled Surcharge Revenue Offset Unit Rates

Surcharge Offset Allocation Customer Class	Annual Ccf	Allocation	Revenue Requirement	Unit Rate
(A)	(B)	(C)	(D)	(E)
1 Single Family Residential	361,251	23.4%	\$ (603,836)	(1.67)
2 <i>Tier 1</i>	240,677	94.67%	(571,660)	(2.38)
3 <i>Tier 2</i>	54,186	5.33%	(32,176)	(0.59)
4 <i>Tier 3</i>	66,387	0.00%	-	-
5 Non-Residential	1,184,820	76.63%	(1,980,444)	(1.67)
6 Subtotal	1,546,071	62.0%	\$ (2,584,280)	
7 Chevron	1,559,501		\$ (1,583,914)	(1.02)
8 Total	3,105,572		(4,168,194)	

5.5.2 FINAL RATE DERIVATION

Tables 5-9 to 5-13 derive the rates for each cost component - supply, delivery, peaking, revenue offset, and recycled surcharge offsets.

Table 5-14 shows the total volumetric rate derivation for all customers in FY 2020, which is the summation of all rate components.

Table 5-14: Derivation of Rates by Tier and Class

Customer Class	Supply	Base Delivery	Peaking	Revenue Offset	Surcharge Offset	Total
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Single Family Residential						
1 Tier 1	\$ 3.35	\$ 1.66	\$ 0.33	\$ (0.08)	\$ (2.38)	\$ 2.88
2 Tier 2	3.35	1.66	1.05	-	(0.59)	5.47
3 Tier 3	3.35	1.66	1.84	-	-	6.85
4 Non-Residential	3.35	1.66	0.89	(0.06)	(1.67)	4.17
5 Chevron	3.35	1.66	0.96	(0.06)	(1.02)	4.90

5.5.3 5-YEAR RATES

Table 5-15 shows the proposed five-year volumetric rates by escalating the volumetric rates derived in Table 5-14, which have been rounded to the nearest whole penny, by the proposed revenue adjustments shown in Table 3-7. Customer bill impacts are discussed in Section 6.

Table 5-15: Five-Year Volumetric Rates

Class	Current 2020	April 1 2021	Jan 1 2022	Jan 1 2023	Jan 1 2024	Jan 1 2025
Residential						
Tier 1	\$ 2.82	\$ 2.88	\$ 2.97	\$ 3.06	\$ 3.16	\$ 3.26
Tier 2	5.19	5.47	5.64	5.81	5.99	6.17
Tier 3	5.90	6.86	7.07	7.29	7.51	7.74
Non-Residential	\$ 3.43	\$ 4.17	\$ 4.30	\$ 4.43	\$ 4.57	\$ 4.71
Chevron	\$ 3.43	\$ 4.90	\$ 5.05	\$ 5.21	\$ 5.37	\$ 5.54

6. Water Bill Impacts

6.1 Monthly Single Family Bill Impacts

Table 6-1 shows the Single Family customer bill impacts for various levels of use and meter sizes. Column C shows the percent of bills that fall below a certain level of use during a typical month. For example, 49.2% of total customer monthly bills are 9 Ccf or less.

Table 6-1: Single Family Monthly Bill Impacts

Meter Size	Ccf	Cumulative		CY 2020	CY2021	Dollar Change
		Bills				
(A)	(B)	(C)	(D)	(E)	(F)	
1 5/8" and 3/4"	-	0.8%	11.95	18.18	6.23	
2 5/8" and 3/4"	5	22.6%	26.05	32.58	6.53	
3 5/8" and 3/4"	9	49.2%	37.33	44.10	6.77	
4 5/8" and 3/4"	10	55.6%	40.15	49.57	9.42	
5 5/8" and 3/4"	13	71.5%	55.72	65.98	10.26	
6 5/8" and 3/4"	30	97.9%	151.05	182.60	31.55	
7 1"	40	99.4%	225.20	257.73	32.53	

7. Wastewater Financial Plan

The City of El Segundo is responsible for the operation and maintenance (O&M) of an extensive wastewater collection system but does not provide wastewater treatment. Wastewater on the east side of the City is sent to Los Angeles County Sanitation Districts (LACSD). The county bills those customers directly on their annual property tax bills. Wastewater from the west side is treated by the City of Los Angeles, which bills the City of El Segundo.

Raftelis analyzed existing operating revenues, O&M, capital expenditures, and reserve requirements for the wastewater enterprise. This section discusses projected revenues, O&M expenses, reserve funding and revenue adjustments needed to ensure the financial sustainability of the utility.

7.1 Financial Plan Assumptions

7.1.1 CURRENT WASTEWATER RATES

The City currently has three sets of rates. Customers on the west side pay a monthly treatment fee based on meter size and which varies by customer class. All customers pay a monthly service fee which also varies by meter size and class. Table 7-1 presents the current rates in effect in FY 2020.

Table 7-1: Current Wastewater Service Charges

Meter Size	SFR	MFR	Commercial West	Commercial East	Industrial West	Industrial East	Institutional West	Institutional East
Treatment Fee								
3/4"	\$ 16.63	\$ 27.48	\$ 19.62	\$ 19.62	\$ 16.27	\$ 16.27	\$ 15.38	\$ 15.38
1"	21.15	38.50	48.97	48.97	21.99	21.99	24.35	24.35
1 1/2"	22.87	58.74	90.18	90.18	63.55	63.55	37.06	37.06
2"	24.29	131.73	237.73	237.73	193.99	193.99	56.19	56.19
3"		447.75	440.61	440.61	486.29	486.29	139.34	139.34
4"		616.10	1,882.76	1,882.76	690.89	690.89	165.00	165.00
6"			1,882.76	1,882.76	690.89	690.89	165.00	165.00
Service Fee								
3/4"	\$ 6.60	\$ 10.56	\$ 7.26	\$ 7.26	\$ 6.60	\$ 7.26	\$ 6.60	\$ 6.60
1"	7.92	14.85	18.81	7.26	7.92	18.15	9.24	9.24
1 1/2"	8.58	22.44	33.00	46.21	24.42	33.00	13.86	13.86
2"	9.24	49.50	85.81	132.00	72.60	72.60	19.81	19.81
3"		171.62	184.81	184.81	184.81	297.02	52.81	52.81
4"		231.02	693.05	297.02	264.02	462.03	66.00	66.00
6"			693.05	759.05	264.02	1,254.10	66.00	66.00
Volume Charge								
	\$ 0.73	\$ 0.91	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 0.91	\$ 0.91

7.1.2 NUMBER OF ACCOUNTS AND WATER USE

Table 7-2 shows the number of wastewater accounts and the wastewater flow (based on water use for wastewater customers) in Ccf for each customer class in FY 2019. As with the water utility demand projection, the Financial Plan assumes no growth in customer accounts or increased wastewater generation, on a per capita basis, in future years.

Table 7-2: Wastewater Accounts and Wastewater Use in Hundred Cubic Feet

Meter Size	SFR	MFR	Commercial West	Commercial East	Industrial West	Industrial East	Institutional West	Institutional East	Total
3/4"	2,605	247	161	-	115	1	16	-	3,145
1"	381	276	92	10	50	21	12	-	842
1 1/2"	6	219	31	48	21	16	5	-	346
2"	2	101	24	87	19	69	16	4	322
3"		3	3	28	2	7	7	1	51
4"		5	4	13	3	13	3	1	42
6"			1	10	1	15	-	-	27
	2,994	851	316	196	211	142	59	6	4,775
Use (Ccf)	361,205	267,389	118,555	309,014	51,309	344,064	20,052	14,492	1,486,080

7.1.3 WASTEWATER O&M EXPENSES

Raftelis projects wastewater O&M expenses by applying the inflation factors in Table 3-3 to the FY 2020 O&M budget. Table 7-3 summarizes the budgeted and projected O&M expenses during the Study period. The forecast of treatment fees for the study period is based on the projections provided by the City of Los Angeles; treatment costs will increase significantly in 2021.

Table 7-3: Projected Wastewater O&M Expenses

Sewer Operating Expenses	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Salaries	\$ 581,630	\$ 599,079	\$ 617,051	\$ 635,563	\$ 654,630	\$ 674,269
Benefits	355,099	383,507	414,187	447,322	483,108	521,757
Supplies	97,800	100,734	103,756	106,869	110,075	113,377
Utilities	65,000	68,172	71,500	74,993	78,657	82,502
Treatment Fees	1,999,993	2,737,200	2,882,500	2,829,200	2,562,800	2,834,900
Service Charges	1,100,412	1,133,424	1,167,427	1,202,450	1,238,523	1,275,679
Total: Sewer Operating Expenses	\$ 4,199,934	\$ 5,022,116	\$ 5,256,422	\$ 5,296,396	\$ 5,127,793	\$ 5,502,484

7.1.4 PROJECTED CAPITAL IMPROVEMENT PROGRAM

Table 7-4 summarizes the City's five-year CIP. The proposed capital improvement program will be funded entirely through rate revenue and reserve funds, also known as PAY-GO funding, rather than issuing debt.

Table 7-4: Wastewater Capital Improvement Projects

Sewer Projects	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Lifeguard Pump Station	\$ 650,000	\$ -	\$ -	\$ -	\$ -	\$ -
Wastewater Infrastructure Replacement	-	150,000	500,000	500,000	500,000	500,000

7.1.5 RESERVE REQUIREMENTS

Raftelis recommends adopting an updated formal financial reserve policy. The City should maintain the following in reserves:

1. Operating reserve equal to four months of O&M expenses
2. Capital reserve equal to the average annual forecasted capital spending of the next ten years

The wastewater utility is currently achieving approximately 60% of this target and is forecasted to sustain significant deficits in the future without revenue adjustments.

Table 7-5: Wastewater Fund Balance Forecast

Wastewater						
EoY Fund Balances	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Operating Reserve	\$ 1,088,392	\$ 420,552	\$ 149,949	\$ 839,873	\$ 1,803,442	
<i>Target</i>	<i>1,651,107</i>	<i>1,728,139</i>	<i>1,741,281</i>	<i>1,685,850</i>	<i>1,809,036</i>	
Capital Reserve	\$ 45,365	\$ 413,988	\$ 816,191	\$ 951,467	\$ 1,019,293	
<i>Target</i>	<i>716,883</i>	<i>806,240</i>	<i>861,161</i>	<i>917,779</i>	<i>976,146</i>	
Total Reserves	\$ 1,133,757	\$ 834,539	\$ 966,140	\$ 1,791,340	\$ 2,822,735	
<i>Target</i>	<i>2,367,990</i>	<i>2,534,379</i>	<i>2,602,442</i>	<i>2,603,628</i>	<i>2,785,182</i>	

7.2 Proposed Financial Plan

To ensure that the Wastewater Enterprise has adequate revenues to fund operating and capital expenditures as well as funds sufficient reserves, Raftelis and City Staff recommend the revenue adjustments in Table 7-6. The City has not implemented a wastewater rate increase since 2016, requiring significant adjustments. The proposed rate adjustments will allow the City to achieve its reserve targets by 2025.

Table 7-6: Proposed Wastewater Revenue Adjustments

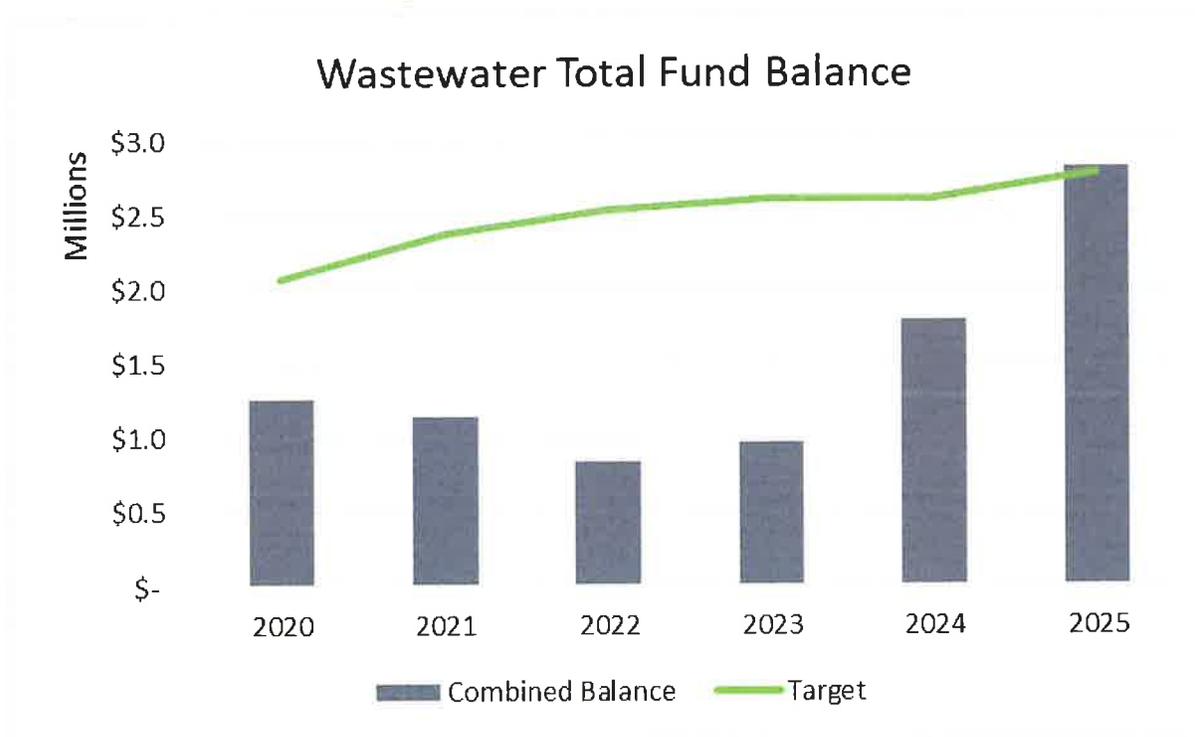
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Effective Month	April 1	January 1	January 1	January 1	January 1
Wastewater Rate Adjustment	9.0%	9.0%	9.5%	9.5%	9.5%

Table 7-7 shows the cash flow projection with the proposed revenue adjustments from Table 7-6. The proposed financial plan meets the City's financial needs by meeting long term reserve goals. As indicated by the negative net cash flow, the City plans to use fund balances to minimize customer impacts as much as possible. Figure 2 presents the financial plan graphically.

Table 7-7: Wastewater Enterprise Proposed Financial Plan Pro-Forma

Operating Cash Flow	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues						
Rate Revenue	\$ 4,493,170	\$ 4,493,170	\$ 4,493,170	\$ 4,493,170	\$ 4,493,170	\$ 4,493,170
Additional Revenue	-	303,289	734,970	1,225,522	1,768,797	2,363,684
Non-Rate Revenue	316,200	261,015	260,442	257,103	255,750	259,199
Total: Revenue	\$ 4,809,370	\$ 5,057,474	\$ 5,488,582	\$ 5,975,794	\$ 6,517,717	\$ 7,116,053
Rate Increase		9.00%	9.00%	9.50%	9.50%	9.50%
Expenses						
O&M	\$ 4,199,934	\$ 5,022,116	\$ 5,256,422	\$ 5,296,396	\$ 5,127,793	\$ 5,502,484
Transfer to Capital	700,000	150,000	900,000	950,000	700,000	650,000
Total: Expenses	\$ 4,899,934	\$ 5,172,116	\$ 6,156,422	\$ 6,246,396	\$ 5,827,793	\$ 6,152,484
Op. Surplus/(Deficit)	\$ (90,564)	\$ (114,642)	\$ (667,840)	\$ (270,602)	\$ 689,924	\$ 963,569
Op. Reserve	1,203,035	1,088,392	420,552	149,949	839,873	1,803,442
Cap. Reserve	50,000	45,365	413,988	816,191	951,467	1,019,293
Total Reserve	\$ 1,253,035	\$ 1,133,757	\$ 834,539	\$ 966,140	\$ 1,791,340	\$ 2,822,735
Target Balance	2,061,006	2,367,990	2,534,379	2,602,442	2,603,628	2,785,182
CIP (Uninflated)	650,000	150,000	500,000	500,000	500,000	500,000

Figure 1: Wastewater Financial Plan



8. Wastewater Enterprise Cost of Service and Rate Derivation

8.1 Wastewater Cost of Service Analysis

This section discusses the allocation of O&M expenses and capital costs to the wastewater cost components, which is simplified for the City since it operates as a wastewater collection agency and does not operate a wastewater treatment plant. The City collects sewage which is sent to either the City of Los Angeles or LACSD. The County bills customers directly on the property tax bill. The City of Los Angeles bills the City of El Segundo, which must collect this cost from its customers. Therefore, the City’s cost components consist of Flow, Customer, General, and Treatment (West Side Only) components. The study uses a FY 2021 test year to more accurately allocate the increased treatment costs.

Raftelis recommends adopting a fixed monthly charge for single family residential users based on 9 Ccf of usage, the average indoor usage determined in Section 4.4. All other users will pay an equivalent minimum charge each month, in addition to a volumetric charge that varies based upon whether the customer’s service is on the east or west side of the City.

8.1.1 WASTEWATER REVENUE REQUIREMENT

Table 8-1 presents the summarized test year revenue requirements shown in column D, line 8. The values displayed here align with the FY 2021 costs presented in Table 7-6.

Table 8-1: Allocating FY 2018 O&M Costs to Cost Causation Components

Revenue Requirements (A)	Operating (B)	Capital (C)	Total (D)
1 Operations and Maintenance	\$5,022,116		\$ 5,022,116
2 PAYGO		150,000	150,000
3 Contribution to Operating Reserve		(114,642)	(114,642)
4 Subtotal: Revenue Requirements	\$5,022,116	\$ 35,358	\$ 5,057,474
Adjustments			
5 Misc. Revenue	\$ 261,015		\$ 261,015
6 Mid Year Increase		(101,096)	(101,096)
7 Subtotal: Adjustments	\$ 261,015	\$ (101,096)	\$ 159,919
8 Total: Net Revenue Required	\$4,761,101	\$ 136,454	\$ 4,897,555

8.1.2 COST ALLOCATION TO FUNCTIONS

Table 8-2 shows the allocation of the City’s FY 2021 O&M budget to the functions they serve: treatment, collection, billing, and general overhead. The total allocation to each cost component is shown on the final line of

the table. Table 8-3 presents the allocation of wastewater assets to functions, which is used to allocate cash basis capital costs to the same components.

Table 8-2: Allocating FY 2021 O&M Costs to Functions

O&M Line Item	Test Year				
	Amount	Treatment	Collection	Billing	General
(A)	(B)	(C)	(D)	(E)	(F)
1 4301-4101 Salaries Full Time	\$ 545,025		80.00%	10.00%	10.00%
2 4301-4102 Salaries Part Time	12,854		80.00%	10.00%	10.00%
3 4301-4103 Overtime	20,600		80.00%	10.00%	10.00%
4 4301-4116 Standby Pay	20,600		80.00%	10.00%	10.00%
5 4301-4117 Opt - Out Payments	-		80.00%	10.00%	10.00%
6 4301-4201 Retirement CALPERS	145,800		80.00%	10.00%	10.00%
7 4301-4202 FICA	43,763		80.00%	10.00%	10.00%
8 4301-4203 Workers' Compensation	54,017		80.00%	10.00%	10.00%
9 4301-4204 Group Insurance	120,538		80.00%	10.00%	10.00%
10 4301-4209 PARS Expense	8,532		80.00%	10.00%	10.00%
11 4301-4210 OPEB Expense	10,857		80.00%	10.00%	10.00%
12 4301-5203 Repair & Maintenance Supplies	51,500		100.00%		
13 4301-5204 Operating Supplies	38,934		100.00%		
14 4301-5207 Small Tools & Equipment	1,030		100.00%		
15 4301-5215 Vehicle Gasoline Charge	9,270		100.00%		
16 4301-6101 Gas Utility	1,030				100.00%
17 4301-6102 Electric Utility	64,155		95.00%		5.00%
18 4301-6103 Water Utility	2,987				100.00%
22 4301-6206 Contractual Services	2,737,200	100.00%			
23 4301-6207 Equipment Replacement Charge	82,644		100.00%		
24 4301-6208 Dues & Subscriptions	1,030				100.00%
25 4301-6211 Insurance & Bonds	317,343				100.00%
26 4301-6212 Laundry & Cleaning	6,180				100.00%
28 4301-6214 Professional & Technical	20,600				100.00%
29 4301-6215 Repairs & Maintenance	236,900		100.00%		
30 4301-6217 Software Maintenance	3,090				100.00%
31 4301-6219 Network Operating Charge	3,502				100.00%
32 4301-6223 Training & Education	2,884				100.00%
33 4301-6224 Vehicle Operating Charge	16,480				100.00%
35 4301-6253 Postage	20,600			100.00%	
36 4301-6254 Telephone	12,360				100.00%
37 4301-6286 General Admin Charges	409,811				100.00%
38 Misc. Revenue	(261,015)				100.00%
39 Total: O&M	\$4,761,101	\$ 2,737,200	\$ 1,267,294	\$ 118,859	\$ 637,748

Table 8-3: Allocating FY 2021 Capital Costs to Functions

Assets	Test Year				
	Amount	Treatment	Collection	Billing	General
(A)	(B)	(C)	(D)	(E)	(F)
1 Wastewater Pipes	\$ 120,000,000		100.00%		
2 Wastewater Pump Stations	\$ 30,000,000		100.00%		
3 Total: Assets	\$ 150,000,000	\$ -	\$ 150,000,000	\$ -	\$ -
4 % Allocation		0.00%	100.00%	0.00%	0.00%
Capital Costs					
5 Transfer to Capital Fund	150,000	0.00%	100.00%	0.00%	0.00%
6 Contribution to Reserves	(114,642)	0.00%	100.00%	0.00%	0.00%
7 Mid Year Adjustment	101,096	0.00%	100.00%	0.00%	0.00%
8 Total: Capital Costs	\$ 136,454	\$ -	\$ 136,454	\$ -	\$ -

8.1.3 ALLOCATION TO COST COMPONENTS

Tables 8-4 and 8-5 show the allocation of functionalized O&M and capital costs to the appropriate cost components. Billing costs are recovered on an equal basis from each customer, while collection costs are allocated based on volume. General costs are allocated proportionally between volume and bills.

Treatment costs are only allocated to customers on the west side whose wastewater is treated by the City of Los Angeles. Costs are allocated between volume, Biochemical Oxygen Demand (BOD), and Total Suspended Solids (TSS) based on a detailed analysis of the City’s 2020 revenue requirement from Los Angeles, presented in Table 8-6. These charges are based on the strength, distance, and total volume of wastewater sent by El Segundo for treatment. Row 1 of Table 8-6 presents the rates charged by the City of Los Angeles. The charges on row 4 are derived by applying the rates to the units on row 3. Distance costs are reallocated to other cost components, and the resulting allocation percentages on row 6 are used in Table 8-4 to allocate treatment costs to the cost components.

Table 8-4: Allocation of Functionalized O&M to Cost Components

Function	Total	All		West Only		
		Volume	Bills	Volume	BOD	TSS
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1 Treatment	\$ 2,737,200			35.19%	36.53%	28.29%
2 Collection	1,267,294	100.00%				
3 Billing	118,859		100.00%			
4 General	637,748	583,063	54,685			
5 Total: O&M	\$ 4,761,101	\$ 1,850,357	\$ 173,544	\$ 963,168	\$ 999,774	\$ 774,258

Table 8-5: Allocation of Functionalized Capital Costs to Cost Components

Function (A)	Total (B)	All		West Only		
		Volume (C)	Bills (D)	Volume (E)	BOD (F)	TSS (G)
1 Treatment	\$ -					
2 Collection	136,454	100.00%				
3 Billing	-					
4 General	-					
5 Total: Capital	\$ 136,454	\$ 136,454	\$ -	\$ -	\$ -	\$ -

Table 8-6: City of Los Angeles Charges

City of LA WW Bill (A)	Flow					Total (F)
	Distance (B)	Flow (C)	BOD (D)	SS (E)		
1 Rates	\$ 21,954.00	\$ 1,347.66	\$ 377.15	\$ 272.49		
2 Daily Units		1,399	5,189	5,562		
3 Annual Units	0,406	511	1,894	2,030		
4 Charge	\$ 8,913	\$ 688,162	\$ 714,316	\$ 553,190	\$ 1,964,582	
5 % Allocation	0.45%	35.03%	36.36%	28.16%		
6 Reallocation		35.19%	36.53%	28.29%		

8.1.4 UNITS OF SERVICE

Table 8-7 summarizes the wastewater units of service. Volume in column B is derived by assuming each customer contributes at least 9 Ccf per month to the wastewater system and accounting for all usage above 9 Ccf by larger customers. The total also includes assumed ADU usage at 4 Ccf per month for 90 units. Bills in column C equal the number of accounts for each class, multiplied by the number of bills received each year. Pounds of BOD and TSS are derived in Table 8-8.

Table 8-7: Wastewater Units of Service

Customer Class (A)	All		West Only		
	Volume (B)	Bills (C)	Volume (D)	BOD (E)	TSS (F)
1 SFR	327,672	35,928	327,672	489,286	564,561
2 MFR	275,241	10,212	275,241	410,995	474,225
3 Commercial (West)	145,076	3,792	145,076	549,907	549,907
4 Commercial (East)	314,521	2,352			
5 Industrial (West)	62,907	2,532	62,907	289,027	289,027
6 Industrial (East)	346,898	1,704			
7 Institutional (West)	23,922	708	23,922	35,721	41,216
8 Institutional (East)	14,625	72			
9 Total:	1,510,862	57,300	834,818	1,774,936	1,918,937

Raftelis conducted a mass balance to estimate the wastewater strengths and loadings of each customer class. Plant totals on line 8 are known based on the bill provided by the City of Los Angeles. If 10% of this total is due to inflow and infiltration (I&I) it suggests that retail customers contribute 614,000 Ccf of wastewater. This implies that approximately 26% of billed wastewater in column D of Table 8-7 did not return to the plant. This amount is

subtracted from the volumes in Table 8-7 to provide the volumes in Table 8-8, column B. Raftelis used industry standard wastewater strengths (mg/l) for each class in columns D and F. The loadings in pounds in columns E and G are the results of applying the strength concentrations to the volumes of wastewater treated.

Table 8-8: Wastewater Strength

Customer Class	Volume Ccf	Volume MG	BOD		TSS		
			Strength (D)	Loading (E)	Strength (F)	Loading (G)	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	
1 SFR	327,672	241,157	180.4	325	489,286	375	564,561
2 MFR	275,241	202,569	151.5	325	410,995	375	474,225
3 Commercial (West)	145,076	106,771	79.9	825	549,907	825	549,907
4 Industrial (West)	62,907	46,298	34.6	1,000	289,027	1,000	289,027
5 Institutional (West)	23,922	17,606	13.2	325	35,721	375	41,216
6 Subtotal:	834,818	614,400	459.6	2,800	1,774,936	2,950	1,918,937
7 I&I		68,267	51.1	280	119,049	261	111,193
8 Plant Total		682,667	510.6	445	1,893,985	477	2,030,130
9 Return Factor		-26.40%					

8.1.5 COST DISTRIBUTIONS

Table 8-9 shows a summary of the costs calculated in Tables 8-4 and 8-5 as well as the total units in Table 8-7. The unit costs on row 5 are calculated by dividing the cost on row 3 by the units of service on row 4. These unit costs are used in Table 8-10 to distribute costs to each class by multiplying them by each class's units of service from Table 8-7. For example, the SFR allocation of volume costs of \$403,895 is the result of multiplying 1.32 by 327,672.

Table 8-9: Unit Cost Calculation

Cost Center	All		West Only		
	Volume (B)	Bills (C)	Volume (D)	BOD (E)	TSS (F)
(A)	(B)	(C)	(D)	(E)	(F)
1 O&M	\$ 1,850,357	\$ 173,544	\$ 963,168	\$ 999,774	\$ 774,258
2 Capital	136,454	-	-	-	-
3 Total: Cost	\$ 1,986,811	\$ 173,544	\$ 963,168	\$ 999,774	\$ 774,258
4 Units of Service	1,510,862	57,300	834,818	1,774,936	1,918,937
5 Unit Cost	\$ 1.32	\$ 3.03	\$ 1.15	\$ 0.56	\$ 0.40

Table 8-10: Customer Class Allocations

Customer Class	Total	All		West Only		TSS
		Volume	Bills	Volume	BOD	
(A)		(B)	(C)	(D)	(E)	(F)
1 SFR	\$ 1,421,152	\$ 430,895	\$ 108,815	\$ 378,050	\$ 275,602	\$ 227,790
2 MFR	1,133,278	361,947	30,929	317,558	231,502	191,342
3 Commercial (West)	901,269	190,778	11,485	167,381	309,748	221,878
4 Commercial (East)	420,724	413,601	7,123			
5 Industrial (West)	442,390	82,724	7,669	72,579	162,801	116,618
6 Industrial (East)	461,338	456,177	5,161			
7 Institutional (West)	97,953	31,458	2,144	27,600	20,121	16,630
8 Institutional (East)	19,450	19,232	218			
9 Total:	\$ 4,897,555	\$ 1,986,811	\$ 173,544	\$ 963,168	\$ 999,774	\$ 774,258

8.1.6 WASTEWATER RATE CALCULATION

Table 8-11 presents the derivation of the proposed wastewater rates. The treatment cost in column C is the sum of columns D to F in Table 8-10, which is divided by the volume in column B to provide a unit rate in column E. The collection rate in column F is calculated by dividing the collection cost for each class in column D by the volumes. All customers pay the same rate for collection. These rates are added in column G to provide a total volumetric rate. The rate is multiplied by 9 Ccf, as discussed in Section 7.1, and added to the monthly billing cost that was calculated in row 5, column C of Table 8-9.

The result in column J, line 1, is the monthly bill that all single-family residential customers will receive. Column J also presents non-residential customers' monthly minimums. These customers will also pay the volumetric rate in column G for each Ccf over 9.

Monthly rates for ADUs, shown in Table 8-12, are derived by multiplying the single family residential volume rate in column G by 4 Ccf.

Table 8-11: Wastewater Rate Calculation

Customer Class	Volume	Treatment Cost	Collection Cost	Treatment Unit Rate	Collection Unit Rate	Total Volume Rate	9 Ccf Minimum	Monthly Bill Cost	Monthly Minimum
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
1 SFR	327,672	\$ 881,442	\$ 430,895	2.69	1.32	\$ 4.01	\$ 36.05	\$ 3.03	\$ 39.07
2 MFR	275,241	740,402	361,947	2.69	1.32	4.01	36.05	3.03	39.07
3 Commercial (West)	145,076	699,007	190,778	4.82	1.32	6.13	55.20	3.03	58.23
4 Commercial (East)	314,521		413,601		1.32	1.32	11.84	3.03	14.86
5 Industrial (West)	62,907	351,998	82,724	5.60	1.32	6.91	62.19	3.03	65.22
6 Industrial (East)	346,898		456,177		1.32	1.32	11.84	3.03	14.86
7 Institutional (West)	23,922	64,351	31,458	2.69	1.32	4.01	36.05	3.03	39.07
8 Institutional (East)	14,625		19,232		1.32	1.32	11.84	3.03	14.86
	1,510,862	\$ 2,737,200	\$ 1,986,811						

8.1.7 FIVE YEAR PROPOSED WASTEWATER SERVICE RATES

Table 8-12 shows the proposed 5-year rates for all customer classes. The out-year rates are derived by escalating the rates from Table 8-11 by the revenue adjustments from Table 7-6. All rates are rounded up to the nearest whole penny.

Table 8-12: Proposed Five-Year Wastewater Service and Usage Charges

Minimum Charge Includes 9 Ccf*	Current 2020	April 1 2021	Jan 1 2022	Jan 1 2023	Jan 1 2024	Jan 1 2025
SFR	\$ 23.23	\$ 39.07	\$ 42.60	\$ 46.65	\$ 51.09	\$ 55.95
MFR	38.04	39.07	42.60	46.65	51.09	55.95
Institutional West	21.98	39.07	42.60	46.65	51.09	55.95
Commercial West	26.88	58.23	63.47	69.50	76.11	83.35
Industrial West	22.87	65.22	71.10	77.86	85.26	93.36
Non-Res East	7.26	14.86	16.21	17.75	19.44	21.29
ADU		16.02	17.47	19.13	20.95	22.95

Volumetric (per Ccf) Usage above 9	Current 2020	April 1 2021	Jan 1 2022	Jan 1 2023	Jan 1 2024	Jan 1 2025
SFR	\$ 0.73	N/A				
MFR	0.91	4.01	4.37	4.79	5.25	5.75
Institutional West	0.91	4.01	4.37	4.79	5.25	5.75
Commercial West	1.04	6.13	6.69	7.33	8.03	8.80
Industrial West	1.04	6.91	7.54	8.26	9.05	9.91
Non-Res East	1.04	1.32	1.44	1.58	1.74	1.91

8.1.8 SINGLE FAMILY RESIDENTIAL WASTEWATER BILL IMPACTS

Table 8-13 shows a residential wastewater bill at various levels of usage under the proposed rates.

Table 8-13: Proposed Residential Wastewater Bills

Meter Size	Ccf	2020	2021	Dollar Change
5/8" and 3/4"	9	29.80	39.07	9.27
5/8" and 3/4"	10	30.53	39.07	8.54
5/8" and 3/4"	16	34.91	39.07	4.16
5/8" and 3/4"	30	50.97	39.07	(11.90)
1"	40	60.65	39.07	(21.58)

9. Rate Comparison

The following tables present a comparison of a 10 Ccf bill in El Segundo in 2020 and 2021 to equivalent bills in several comparable communities in 2020. The City's current rates are lower than many others and continue to compare favorably in the future.

Table 9-1: Water Bill Comparison

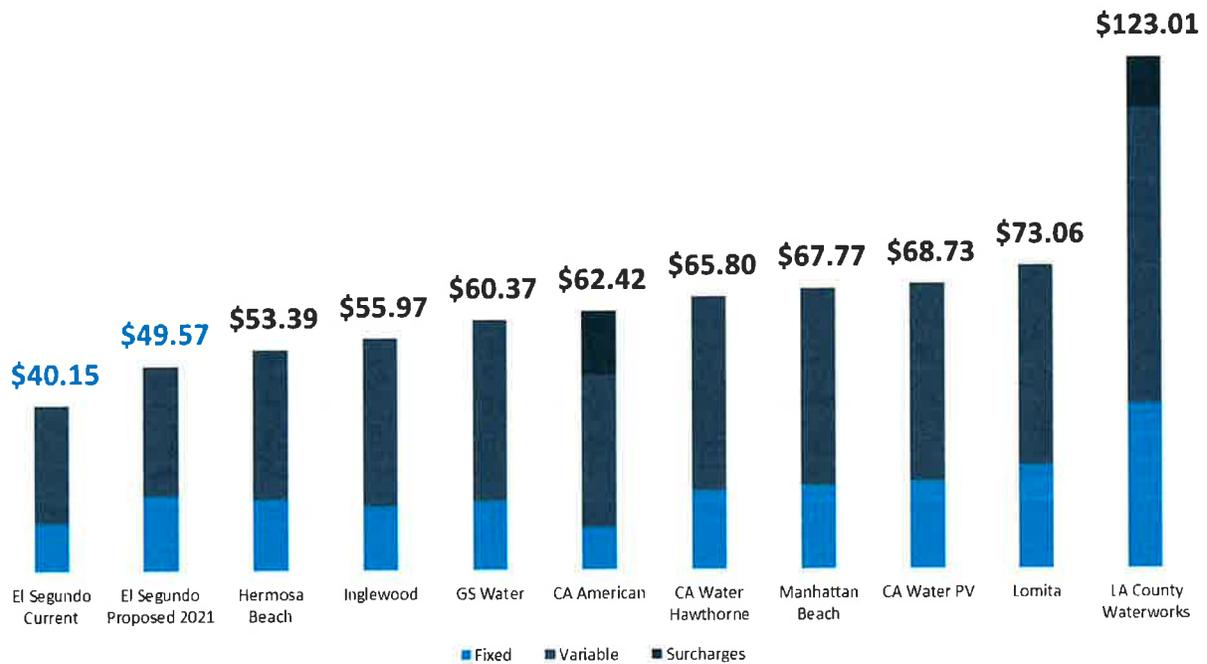


Table 9-2: Wastewater Bill Comparison

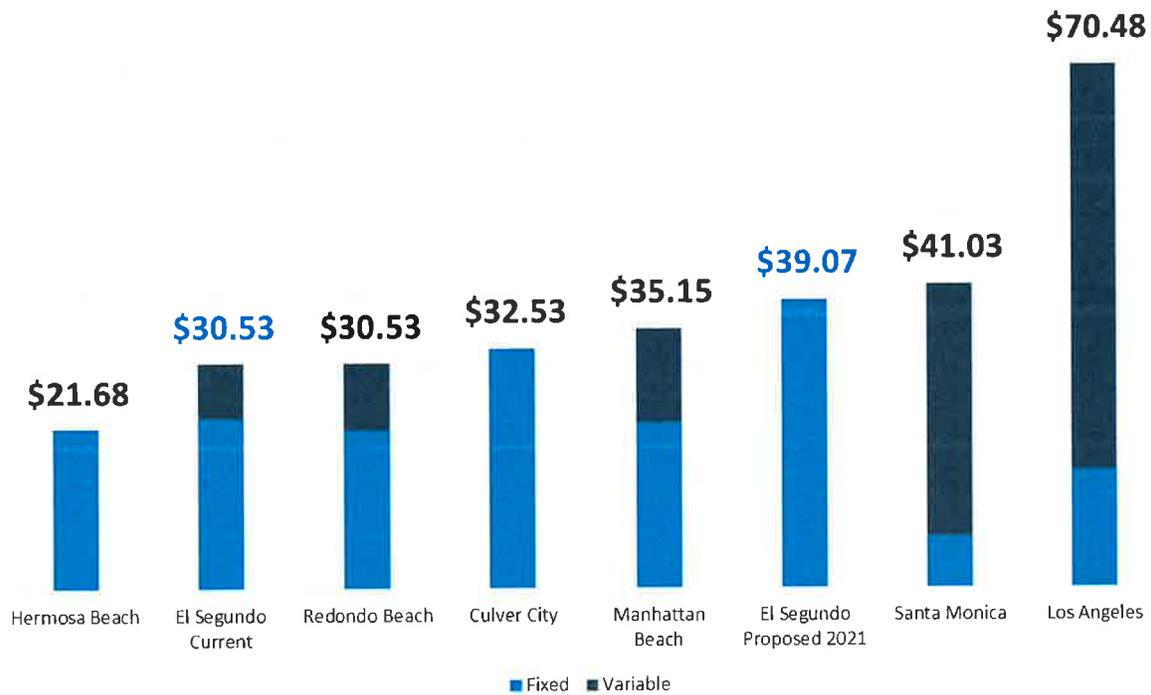
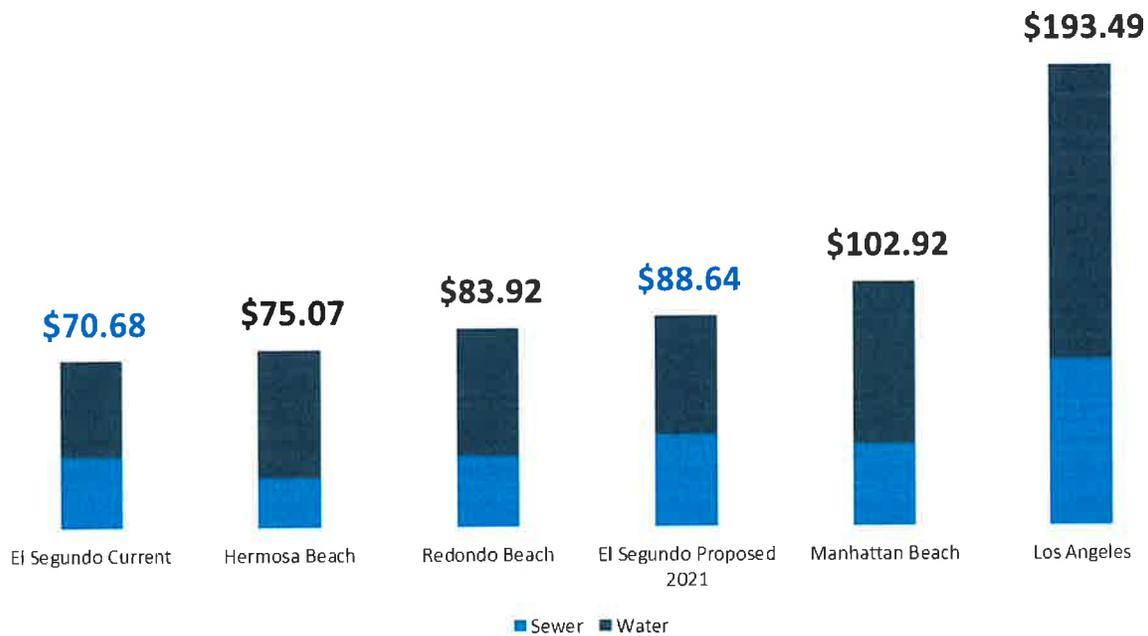


Table 9-3: Combined Bill Comparison



NOTICE OF PUBLIC HEARING ON PROPOSED WATER AND WASTEWATER RATE INCREASE



Notice is hereby given that the City Council of City of El Segundo ("City") will conduct a public hearing on February 16, 2021 at 6 pm in the City Hall, located at 350 Main Street, El Segundo, CA 90245, where it will consider adopting increases to the City's water and wastewater rates and charges. The proposed increases are the result of a detailed multi-year budget analysis ("financial plan") and findings of the El Segundo Water and Wastewater Rate Study Report ("Rate Study") prepared by Raftelis, a financial consulting firm specializing in cost of service analyses and rate setting. A copy of this study is available on at www.elsegundo.org or hard copies are available for review at the City Clerk's Office. For assistance in determining the impact of the proposed rate increase on your bill, please call Customer Service at 310-524-2300, or go to www.elsegundo.org for the rate calculator.

The Rate Study determined the appropriateness of the proposed rate increases and involved a fair and equitable cost allocation among water and wastewater customer categories. The net impact of the proposed changes in the rates for water and wastewater customers will vary based upon actual water consumption, customer class, and meter size.

Why am I Receiving This Notice?

You are receiving this notice because you are either a property owner in the City and/or a customer of record of one or more water and wastewater connections located within the service area of the City of El Segundo. You will be provided with a notice and ballot for each parcel of property and/or water and wastewater account you have with the City. Only one protest ballot will be counted for each parcel of property regardless of how many are submitted by customers or property owners for the parcel.

Background

The City of El Segundo provides water and wastewater service to approximately 5,100 customer connections. The City's water utility relies on water service charges to fund the costs of operations, maintenance, and wholesale water purchases. The City is also responsible for the operation and maintenance of an extensive wastewater collection system but does not provide wastewater treatment. Wastewater on the east side of the City (east of Pacific Coast Highway) is sent to Los Angeles County Sanitation Districts (LACSD). The county bills those customers directly on their annual property tax bills. Wastewater from the west side is treated by the City of Los Angeles, which bills the City of El Segundo. These costs are included in the proposed rates. The City, in cooperation with Raftelis, examined its current and future revenue and reserve balances and its ability to fund the required capital needs along with ongoing operations.

The proposed changes are necessary to maintain and improve existing water and wastewater service. All customers are encouraged to conserve water to help reduce their water bills.

The proposed rates are designed to comply with state laws, improve rate equity and fairness, and fund the City's costs of providing water and wastewater service including capital reinvestment.

Why is the City Proposing to Increase Rates?

Fund Wholesale Water Rate Increases

The City purchases water from the West Basin Municipal Water District, which plans to increase their wholesale rate to the City of El Segundo. The City will pass through this increased cost of water to its customers.



**February 16, 2021
6 PM**



**350 Main Street
El Segundo, CA 90245**

**310-524-2300
www.elsegundo.org**

Fund Wastewater Treatment Cost Increase

The west side of the City wastewater is treated by the City of Los Angeles, which is increase by 91% (2017 to 2021).

Repair & Replace Aging Pipelines

The City maintains over 65 miles of water pipelines which need to be repaired or replaced as they reach the end of their useful lives. Replacing them will ensure that the City can continue providing high-quality water to its customers 24 hours a day and meet safety requirements for fire flow and pressure.

In addition, the City operates a wastewater collection system that requires regular maintenance to meet the required environmental standards.

Proposed Water Rates

The City proposes to adopt the rates as shown in the following tables. The proposed rate structure includes two components: 1) a fixed monthly charge that is billed regardless of water use and is shown in the first table, and 2) a volumetric charge billed for each unit of metered water use as shown in the second table. The Single-Family Residential class has tiered rates with the tier breakpoints as shown. The volume rate applies to each hundred cubic feet (Ccf) of water use; one hundred cubic feet (Ccf) equals 748 gallons.

METER CHARGES/FIXED MONTHLY CHARGE					
Meter Size (Inches)	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
5/8" and 3/4"	\$18.18	\$18.73	\$19.30	\$19.88	\$20.48
1"	\$24.71	\$25.46	\$26.23	\$27.02	\$27.84
1 1/2"	\$41.05	\$42.29	\$43.56	\$44.87	\$46.22
2"	\$60.65	\$62.47	\$64.35	\$66.29	\$68.28
3"	\$122.74	\$126.43	\$130.23	\$134.14	\$138.17
4"	\$214.23	\$220.66	\$227.28	\$234.10	\$241.13
6"	\$433.16	\$446.16	\$459.55	\$473.34	\$487.55
8"	\$923.29	\$950.99	\$979.52	\$1,008.91	\$1,039.18
10"	\$1,380.75	\$1,422.18	\$1,464.85	\$1,508.80	\$1,554.07

As shown in the table below the tier structure in the proposed rates will be changing. For Residential usage, tiers will go from four tier levels to three. For Non-Residential usage, tiers will go from four tier levels to a single uniform rate.

WATER CONSUMPTION/VOLUMETRIC CHARGE ¹	
Volumetric	Monthly Tier Break Points
Residential	
Tier I	0-9
Tier II	10-13
Tier III	14+
Non-Residential	
Chevron	Single Tier

Volumetric	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
Residential					
Tier I	\$2.88	\$2.97	\$3.06	\$3.16	\$3.26
Tier II	\$5.47	\$5.64	\$5.81	\$5.99	\$6.17
Tier III	\$6.86	\$7.07	\$7.29	\$7.51	\$7.74
Non-Residential	\$4.17	\$4.30	\$4.43	\$4.57	\$4.71
Chevron	\$4.90	\$5.05	\$5.21	\$5.37	\$5.54

Recycled Water Rates

Recycled water rates from West Basin will continue to be directly passed through to the customer. The customer will also pay the fixed charge as shown below. Most non-city recycled users will no longer pay a surcharge, and the surcharge to Chevron will increase as shown below.²

Meter Size (Inches)	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
Chevron	\$1.01	\$1.05	\$1.09	\$1.13	\$1.17

Meter Size (Inches)	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
5/8" and 3/4"	\$18.18	\$18.73	\$19.30	\$19.88	\$20.48
1"	\$24.71	\$25.46	\$26.23	\$27.02	\$27.84
1 1/2"	\$41.05	\$42.29	\$43.56	\$44.87	\$46.22
2"	\$60.65	\$62.47	\$64.35	\$66.29	\$68.28
3"	\$122.74	\$126.43	\$130.23	\$134.14	\$138.17
4"	\$214.23	\$220.66	\$227.28	\$234.10	\$241.13
6"	\$433.16	\$446.16	\$459.55	\$473.34	\$487.55
8"	\$923.29	\$950.99	\$979.52	\$1,008.91	\$1,039.18
10"	\$1,380.75	\$1,422.18	\$1,464.85	\$1,508.80	\$1,554.07

¹Note the water consumption/volumetric charge is based upon current anticipated rate increases from West Basin Municipal Water District. If the District increases or decreases these anticipated rate increases, the charges shown will be increased or decreased consistent with these rate changes by West Basin.

²Direct West Basin recycled rates are not shown in this notice. If the District increases or decreases these rates, the City's charges to the customer will change consistent with these changes by West Basin.

Private Fire Protection Rates

The City proposes to charge private fire protection rates, shown in the following table, to customers with private fire protection connections to cover costs associated with maintaining the capacity to fight fires. This charge only applies to customers with private fire connections.

Meter Size (Inches)	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
5/8" and 3/4"	\$8.73	\$9.00	\$9.27	\$9.55	\$9.84
1"	\$9.13	\$9.41	\$9.70	\$10.00	\$10.30
1 1/2"	\$10.56	\$10.88	\$11.21	\$11.55	\$11.90
2"	\$13.03	\$13.43	\$13.84	\$14.26	\$14.69
3"	\$21.90	\$22.56	\$23.24	\$23.94	\$24.66
4"	\$37.20	\$38.32	\$39.47	\$40.66	\$41.88
6"	\$92.11	\$94.88	\$97.73	\$100.67	\$103.70
8"	\$186.83	\$192.44	\$198.22	\$204.17	\$210.30
10"	\$329.29	\$339.17	\$349.35	\$359.84	\$370.64

Proposed Wastewater Rates

The current wastewater charges include a fixed monthly charge and a volumetric charge. Single family residential customers will be billed a flat rate each month. Other classes will have a minimum fixed charge assuming 9 Ccf, along with additional volumetric charges for usage above the 9 Ccf minimum. The volume rate and minimum bill amount depends on whether the resident is in the west side or east side.³

Minimum Charge	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
SFR	\$39.07	\$42.60	\$46.65	\$51.09	\$55.95
MFR	\$39.07	\$42.60	\$46.65	\$51.09	\$55.95
Institutional West	\$39.07	\$42.60	\$46.65	\$51.09	\$55.95
Commercial West	\$58.23	\$63.47	\$69.50	\$76.11	\$83.35
Industrial West	\$65.22	\$71.10	\$77.86	\$85.26	\$93.36
Non-Res East	\$14.86	\$16.21	\$17.75	\$19.44	\$21.29
ADU	\$16.02	\$17.47	\$19.13	\$20.95	\$22.95

Volumetric	April 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
SFR	N/A	N/A	N/A	N/A	N/A
MFR	\$4.01	\$4.37	\$4.79	\$5.25	\$5.75
Institutional West	\$4.01	\$4.37	\$4.79	\$5.25	\$5.75
Commercial West	\$6.13	\$6.69	\$7.33	\$8.03	\$8.80
Industrial West	\$6.91	\$7.54	\$8.26	\$9.05	\$9.91
Non-Res East	\$1.32	\$1.44	\$1.58	\$1.74	\$1.91

Public Hearing

The property owner of record pursuant to the latest certified property record rolls from the County of Los Angeles, or any tenant directly responsible for payment of water and wastewater rates (i.e., a customer of record who is not a property owner), may submit a written protest to the proposed rate increases to the City's water and wastewater rates; provided, however, only one protest will be counted per identified parcel. A protest form for each service, water and wastewater is enclosed and if you want to have your protest counted you must use the attached form and return in accordance with the requirements set forth on the protest form. You can protest the proposed water rate increases or wastewater increases, or both, but you must submit a properly completed protest form for each service that you wish to protest. All written protests must be received prior to the conclusion of the public comment portion of the public hearing. Any protest submitted via email, facsimile, or other electronic means will not be accepted as a formal written protest. For any protest submittal, whether mailed or submitted in person, if you do not use the enclosed return envelopes, please identify on the front of the envelope that the enclosed letter is for the public hearing on Proposed Water and Wastewater Rate Increases. The City Council will consider all written protests timely submitted and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a properly completed written protest. At the conclusion of the public hearing, the City Council will determine whether to adopt the proposed rate increases described in this notice. If, after the close of the public hearing, written protests against the proposed rate increases are not presented by a majority parcels upon which they are proposed to be imposed, the City Council will be authorized to impose the rate increases. If you have any questions regarding the information provided in this notice, or the rates applicable to your property, please contact Customer Service at 310-524-2300 or 310-524-2319.

³Note the wastewater rates are based upon current anticipated treatment rate increases from the City of Los Angeles. If the City of Los Angeles increases or decreases these anticipated rate increases, the charges shown will be increased or decreased consistent with these rate changes by the City of Los Angeles.



City of El Segundo Water Rate Increase Protest Form

<<APNFMT>>
<< CUSTOMER/OWNER1>>
<<OWNER 2>>
<<CAREOF>>
<<MAILING 1>>
<<MAILING 2>>
<<CITY STATE ZIP>>

Service Address: <<SITUS>>

If you wish to protest the implementation of the multi-year water rate increase, you must 1) check the box below indicating that you protest the proposed service charge increase, 2) check the owner and/or water billing customer box(es) as applicable, 3) print and sign your name on the lines provided, and 4) deliver the signed protest form to the City Clerk in the pre-addressed envelope provided before the close of the public hearing scheduled for 6:00 p.m. on February 16, 2021 by one of the following methods: U.S. mail addressed to City Clerk's Office Room 5, City of El Segundo, 350 Main Street, El Segundo, CA 90245, or deliver to the City Clerk utilizing the Los Angeles County Permanent Drop Box located at the corner of Main Street and Holly Avenue, or hand deliver to the City Council Chamber located at 350 Main Street El Segundo CA 90245 on February 16, 2021 from 6:00 p.m. until the close of the public hearing. (PLEASE NOTE: the Los Angeles County Permanent Drop Box will be available until 12:00 p.m. February 16, 2021).

I protest the proposed multi-year Water Service Charge Increased Rates.

I hereby declare under penalty of perjury that I am:

- A record owner of the parcel listed above.
- A water billing customer of the parcel listed above.

Print Legibly – Full Name (Required)

Signature (Required)

Only completed and signed original protest forms will be counted. Unsigned protest forms or non-original protest forms will not be counted.

<<Code_Yes>>



City of El Segundo Wastewater Rate Increase Protest Form

<<APN-FMT>>
<<CUSTOMER/OWNER1>>
<<OWNER2>>
<<CAREOF>>
<<MAILING 1>>
<<MAILING 2>>
<<CITY STATE ZIP>>

Service Address: <<SITUS>>

If you wish to protest the implementation of the multi-year wastewater rate increase, you must 1) check the box below indicating that you protest the proposed service charge increase, 2) check the owner and/or wastewater billing customer box(es) as applicable, 3) print and sign your name on the lines provided, and 4) deliver the signed protest form to the City Clerk in the pre-addressed envelope provided before the close of the public hearing scheduled for 6:00 p.m. on February 16, 2021 by one of the following methods: U.S. mail addressed to City Clerk's Office Room 5, City of El Segundo, 350 Main Street, El Segundo, CA 90245, or deliver to the City Clerk utilizing the Los Angeles County Permanent Drop Box located at the corner of Main Street and Holly Avenue, or hand deliver to the City Council Chamber located at 350 Main Street El Segundo CA 90245 on February 16, 2021 from 6:00 p.m. until the close of the public hearing. (PLEASE NOTE: The Los Angeles County Permanent Drop Box will be available until 12:00 p.m. February 16, 2021).

I protest the proposed multi-year Wastewater Service Charge Increased Rates.

I hereby declare under penalty of perjury that I am:

- A record owner of the parcel listed above.
- A wastewater billing customer of the parcel listed above.

Print Legibly – Full Name **(Required)**

Signature **(Required)**

Only completed and signed original protest forms will be counted. Unsigned protest forms or non-original protest forms will not be counted.

<<Code_Yes>>

TITLE:

COVID-19 Update & Action Items

RECOMMENDATION:

1. Receive and file COVID-19 Update.
2. Ratify January 29, 2021 Amendment to City Administrative Order # 1 to Address COVID-19.
3. Authorize Mayor to sign and send letters of support to allow youth sporting activity and competition to Governor Newsom and Los Angeles County Board of Supervisors.
4. Adopt resolution designating the first Monday in March as "COVID-19 Memorial Day".

FISCAL IMPACT:

There is no direct fiscal impact related to receiving this COVID-19 Update and the other recommended items. Total COVID-19 related to date equals just under \$3,300,000. Of this amount, approximately \$2,280,000 represents personnel costs and approximately \$1,020,000 represents non-personnel costs. FEMA has reimbursed the City for over \$500,000 so far. It is anticipated that the City will be reimbursed for much of the remaining expenditures.

BACKGROUND:

When a local or state emergency is declared, the City's municipal code provides for the carrying out of plans for the protection of persons and property within the City. In such emergency, the City Manager serves as the Director of Emergency Services ("Director"). The Director is empowered to, make and issue rules and regulations on matters reasonably related to the protection of life and property, and to acquire equipment, materials, supplies and services without following the City's standard purchasing procedures. However, such rules and regulations must be confirmed at the earliest practicable time by City Council (ESMC §§ 2-2-5).

On March 16, 2020, City of El Segundo proclaimed an emergency pertaining to the novel Coronavirus (COVID-19) and has since issued two administrative orders. The City activated its Emergency Operations Plan and its All-Hazards Incident Management Team. Since that time, El Segundo has continued to conduct consequence management and implement policies and protocols to adjust to the needs of the ongoing incident.

DISCUSSION:

COVID-19 Update

The year 2021 and new presidential administration has resulted in significant changes for the pandemic response that pertain to El Segundo.

During his first week in office, President Biden authorized 100% reimbursement of eligible costs under the FEMA public assistance program under the Robert T. Stafford Act. The reimbursement supersedes the previous and standard reimbursement of 75% of eligible costs. On January 25th, 2021, the State of California released the regional stay-at-home order and reverted to the Blueprint for a Safe Economy. Los Angeles County Department of Public Health updated its Health Officer Order on January 29, 2021. These actions allowed personal services to resume, restaurants to open for outdoor dining, and youth sports to resume conditioning and skills building. Other restrictions were lifted as well. All newly permitted activities are contingent on safety protocols to be followed.

California began providing vaccinations in December 2020. The distribution of vaccines at points of distribution; through private sector clinics and pharmacies; and hospital networks has occurred specifically for Tier 1 Phase 1A and 1B cohorts which include people age 65 and older, healthcare workers, education and childcare workers, emergency services, and food and agriculture workers.

The State of California has announced that it is changing its vaccine rollout strategy in California after completion of Tier 1 Phase 1A and 1B. The state plans to transition to age-based eligibility, allowing California to scale up and down quickly, while ensuring vaccine goes to disproportionately impacted communities.

Amendment to City Administrative Order #1 – January 29, 2021

As a result of the State and Health Officer Order changes, the City's emergency Administrative Order # 1 to Address COVID-19 was amended by City Manager Scott Mitnick on January 29th, 2021. The amended order is attached and includes the following:

1. All restaurant and retail food facilities in the City of El Segundo may re-open for outdoor table dining in compliance with Los Angeles County Public Health Officer's current order.
2. Any restaurant or retail food facility with a valid permit to conduct outdoor dining within the public right-of-way may resume outdoor dining service in compliance with the terms of the City-issued permit, Municipal Code section 15-2-16, and the Los Angeles County Public Health Officer's most current order.
3. Restaurants and retail food facilities that are not presently authorized to conduct outdoor dining service within the public right-of-way may apply for a Temporary Encroachment Permit.

COVID-19 Pandemic Update
February 16, 2021
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4. The Development Services Director, or designee, is authorized to temporarily waive otherwise applicable on-site parking requirements for businesses. A Temporary Use Permit is required for the displacement of any on-site parking to allow additional space for outdoor dining or outdoor retail uses.
5. If allowed under the most recent orders of the State of California and the Los Angeles County Public Health Officer, personal care facilities, assembly halls and fitness centers may, upon obtaining a Temporary Use Permit.
6. Personal care facilities, assembly halls and fitness centers that wish to provide services outdoors and within the public right-of-way may apply for a Temporary Encroachment Permit.
8. Other uses may be allowed outdoors upon issuance of a Temporary Use Permit
9. The fees for all permits issued pursuant to this order are hereby waived.
10. Until further notice, all persons must wear a face covering or mask over both the nose and mouth whenever they are present in any common area within the Park Vista Senior Housing Facility located at 615 E. Holly Avenue.

Letters of Support to Allow Youth Sporting Activity and Competition

In response to a request from a Councilmember, staff has prepared attached draft letters to Governor Newsom and the Los Angeles County Board of Supervisors requesting that the California Department of Public Health and Los Angeles County Department of Public Health issue new guidance that will permit youth sporting activities and competition to resume immediately.

Resolution Supporting the Designation of the First Monday in March as COVID-19 Memorial Day

As the one-year anniversary of the stay-at-home order and the beginning of the coronavirus pandemic approaches, nearly 500,000 American deaths are attributed to COVID-19. A bipartisan group of mayors nationwide has come together to support the designation of the first Monday in March as "COVID-19 Memorial Day" in remembrance of those who have lost their lives and in honor of those who continue to suffer from the impacts of this virus. Attached is a proposed resolution for City Council to consider showing City of El Segundo's support.

SUMMARY:

The COVID-19 Pandemic is improving due to reduced transmission of the disease, vaccinations in progress, improved hospital capacity, and some restrictions being lifted. An amendment to the City of El Segundo Administrative Order # 1 to Address COVID-19 allowed businesses to reopen and support the El Segundo economy. The letter to the State and County advocating for revised guidelines to permit youth sports activities and competitions (with safety precautions implemented) is another step towards the gradual

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February 16, 2021
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reopening process. Finally, the resolution designating the first Monday in March as “COVID-19 Memorial Day” honors the victims of the pandemic and reminds the community to stay vigilante in the fight against this disease.

CITY STRATEGIC PLAN COMPLIANCE:

Goal 2: Support Community Safety and Preparedness

Objective A: El Segundo is a Safe and Prepared City.

PREPARED BY: Randal A. Collins

APPROVED BY: Barbara Voss, Deputy City Manager



ATTACHED SUPPORTING DOCUMENTS:

1. January 29, 2021 Administrative Order # 1 to Address COVID-19
2. Proposed Letter on Youth Sports to Governor Newsom
3. Proposed Letter on Youth Sports to the Los Angeles County Board of Supervisors
4. Proposed Resolution Declaring the First Monday in March 2021 as COVID-19 Memorial Day



City of El Segundo

Office of the City Manager

ADMINISTRATIVE ORDER NO. 1 TO ADDRESS COVID-19

Amended and Restated Order Issued: January 29, 2021

By virtue of authority vested in me as the City Manager of the City of El Segundo pursuant to the provisions of the El Segundo Municipal Code, Section 2-2-5, to promulgate, issue, and enforce rules, regulations, orders, and directives, I hereby attest to the following orders as necessary for the protection of life and property. This Order will take effect immediately and remain in effect until the current COVID-19 emergency is terminated by City Council resolution.

This Order is issued in accordance with, and incorporates by reference, the March 4, 2020 Proclamation of a State of Emergency issued by Governor Gavin Newsom, the March 4, 2020 Proclamation of Public Health Emergency issued by the Los Angeles County Board of Supervisors and Los Angeles County Health Officer, and the March 17, 2020, Confirmation of a Local Emergency issued by the El Segundo City Council.

On January 29, 2021, the Los Angeles County Health Officer issued a new order which applies to all cities in Los Angeles County (including the City of El Segundo) except the cities of Pasadena and Long Beach. This Order is intended to supplement and further clarify the Los Angeles County Health Officer's Order, as amended, within the City of El Segundo.

PURSUANT TO GOVERNMENT CODE SECTION 8630 AND EL SEGUNDO MUNICIPAL CODE CHAPTER 2-2, THE CITY MANAGER, ACTING AS THE EMERGENCY SERVICES DIRECTOR, ORDERS THE FOLLOWING:

- 1) All restaurant and retail food facilities in the City of El Segundo may re-open for outdoor table dining in compliance with the County's current order.
- 2) Any restaurant or retail food facility with a valid permit to conduct outdoor dining within the public right-of-way may resume outdoor dining service in compliance with the terms of the City-issued permit, Municipal Code section 15-2-16, and the Los Angeles County Health Officer's most current order.
- 3) **Restaurants and retail food facilities** that are not presently authorized to conduct outdoor dining service within the public right-of-way may apply for a **Temporary Encroachment Permit**. For restaurants and retail food facilities located within the Downtown Specific Plan ("DSP") Area, the DSP's design review requirement for outdoor dining is hereby waived for the term of this order or until further notice and the Public Works Director or designee is authorized to issue Temporary Encroachment Permits that may remain effective through July 1, 2021. The Public Works Director or designee may issue a Temporary Encroachment Permit pursuant to this paragraph without having first received the proof of insurance required by the terms of the temporary permit, provided that proof of adequate insurance is submitted to the Public Works Director within 72 hours after issuance of the temporary permit. If the applicant fails to timely provide proof of insurance, the permit will automatically become null and void. Those persons interested in applying for and receiving such a permit may contact the City's Acting Public Works Inspector Nick Petrevski at 310-524-2360 or npetrevski@elsegundo.org for more information.

Elected Officials

Drew Boyles,
Mayor

Chris Pimentel,
Mayor Pro Tem

Carol Pirsztuk,
Councilmember

Scot Nicol,
Councilmember

Lance Giroux,
Councilmember

Tracy Weaver,
City Clerk

Matthew Robinson,
City Treasurer

Appointed Officials

Scott Mitnick,
City Manager

Mark D. Hensley,
City Attorney

Department Directors

Barbara Voss,
Deputy City Manager

Joseph Lillio,
Chief Financial Officer

Melissa McCollum,
Community Services Director

Sam Lee,
Development Services Director

Chris Donovan,
Fire Chief

Donna Peter,
Human Resources Director
(Interim)

Charles Mallory,
IT Director

Bill Whalen,
Police Chief

Elias Sassoon,
Public Works Director

- 4) The Development Services Director or his designee is authorized to temporarily waive otherwise applicable on-site parking requirements for any restaurant, retail food facility, or retail operation that wishes to conduct temporary outdoor dining or temporary outdoor retail uses within a portion of the onsite, off-street parking area that serves the restaurant, retail food facility or retail operation. Temporary outdoor dining within an on-site, off-street parking area must be conducted in accordance with El Segundo Municipal Code section 15-2-16 and the Los Angeles County Health Officer's most current order. Temporary outdoor retail uses within an on-site, off-street parking area must be conducted in accordance with the Los Angeles County Health Officer's most current order. A **Temporary Use Permit (TUP)** is required for the displacement of any on-site parking to allow additional space for outdoor dining or outdoor retail uses. The Development Services Director or his designee is authorized to issue TUPs consistent with this paragraph. The Development Services Director or his designee may issue a TUP pursuant to this paragraph without having first received the proof of insurance required by the terms of the temporary permit, provided that proof of adequate insurance is submitted to the Director or his designee within 72 hours after issuance of the temporary permit. If the applicant fails to timely provide proof of insurance, the permit will automatically become null and void. Those persons interested in applying for and receiving such a permit may contract the City's Principal Planner Eduardo Schonborn at (310) 524-2312 or eschonborn@elsegundo.org for more information.
- 5) Any **retail operation** with a valid permit to conduct outdoor retail uses within the public right-of-way may resume outdoor retail uses in compliance with the terms of the City-issued permit and the Los Angeles County Health Officer's most current order. Retail operations that are not presently authorized to conduct outdoor retail uses within the public right-of-way may apply for a **Temporary Encroachment Permit**. For retail operations located within the Downtown Specific Plan Area, the DSP's design review requirement for outdoor retail uses is hereby waived for the term of this order or until further notice and the Public Works Director or designee is authorized to issue Temporary Encroachment Permits that may remain effective through July 1, 2021. The Public Works Director may issue a Temporary Encroachment Permit pursuant to this paragraph without having first received the proof of insurance required by the terms of the temporary permit, provided that proof of adequate insurance is submitted to the Public Works Director within 72 hours after issuance of the temporary permit. If the applicant fails to timely provide proof of insurance, the permit will automatically become null and void. Those persons interested in applying for and receiving such a permit may contact the City's Acting Public Works Inspector Nick Petrevski at 310-524-2360 or npetrevski@elsegundo.org for more information.
- 6) If allowed under the most recent orders of the State of California and the Los Angeles County Health Officer, **personal care facilities, assembly halls and fitness centers** may, upon obtaining a **Temporary Use Permit (TUP)** from the City, provide services outdoors on the property on which the use is located. The Development Services Director (Director) or his designee is authorized to temporarily waive applicable on-site parking requirements for any such uses that wishes to temporarily provide services within a portion of the on-site, off-street parking area that serves the use. The Director may condition each TUP as deemed necessary and appropriate to ensure compatibility with adjacent uses. Any services provided outdoors pursuant to a TUP must be conducted in a manner consistent with the most current applicable order of the Los Angeles County Health Officer. No TUP may be issued for a use that is prohibited by the most recent order of the State of California or the Los Angeles County Health Officer. TUPs issued pursuant to this paragraph will remain effective through July 1, 2021.
- 7) **Personal care facilities, assembly halls and fitness centers** that wish to provide services outdoors and within the public right-of-way may apply for a **Temporary Encroachment Permit**. The Public Works Director or designee is authorized to issue Temporary Encroachment Permits that may remain effective through July 1, 2021 and may condition each such permit as deemed necessary and appropriate to protect and preserve the public health, safety and welfare. Any services provided within the public right-of-way pursuant to a Temporary Encroachment Permit must be conducted in a manner consistent with the most current applicable order of the Los Angeles County Health Officer, and must comply with all applicable laws, including the Americans with Disabilities Act. The Public Works Director or designee may issue a Temporary Encroachment Permit pursuant to this paragraph without having first received the proof of insurance required by the terms of the temporary permit, provided that proof of adequate insurance is submitted to the Public Works Director within 72 hours after issuance of the temporary permit. If the applicant fails to provide proof of insurance within that period, the permit will automatically become null and void.

- 8) **Other uses** may be allowed outdoors upon issuance of a Temporary Use Permit (TUP) from the City, provided: a) the use is allowed under the most recent orders of the State of California and the Los Angeles County Health Officer; b) LA County has provided/adopted reopening protocols or guidelines for said use; and/or, c) the use is associated with the existing use on the property for which a TUP is issued.
- 9) The fees for all permits issued pursuant to this order are hereby waived.
- 10) Until further notice, all persons must wear a face covering or mask over both the nose and mouth whenever they are present in any common area within the **Park Vista Senior Housing Facility** located at 615 E. Holly Avenue.

This version of Administrative Order No. 1 supersedes all previous versions. A violation of any of the above prohibitions constitutes a misdemeanor under El Segundo Municipal Code Section 2-2-8 and is punishable by fines not to exceed \$1,000 or imprisonment not to exceed six months.



Scott Mitnick
City Manager/Director of Emergency Services
City of El Segundo

Date: January 29, 2021



City of El Segundo

Office of the Mayor

February 16, 2021

Elected Officials:

Drew Boyles,
Mayor
Chris Pimentel
Mayor Pro Tem
Carol Pirsztuk,
Council Member
Scot Nicol,
Council Member
Lance Giroux,
Council Member
Tracy Weaver,
City Clerk
Matthew Robinson,
City Treasurer

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Joseph Lillio,
Finance
Chris Donovan,
Fire Chief
Charles Mallory,
Information Technology
Services
Melissa McCollum,
Community Services
Sam Lee,
Development Services
Bill Whalen,
Police Chief
Ellas Sassoon,
Public Works

www.elsegundo.org
www.elsegundobusiness.com
www.elsegundo100.org

Honorable Governor Newsom
Governor, State of California
State Capital, First Floor
Sacramento, CA 95814

RE: Youth Sports in California

Dear Governor,

The El Segundo City Council urges you to require the California Department of Public Health (CDPH) to issue new guidance that will permit youth sporting activities and competition in California to resume immediately, with the proper safety protocols in place. The pandemic has had devastating impacts on our children's mental health, and our children are at risk of suffering long-standing trauma associated with anxiety and depression that health experts are only starting to understand.

The City of El Segundo is a family-friendly sports town in the South Bay that has nine youth organizations that serve 15 sports and approximately two thousand students. Our students join millions of others across the state that have been sidelined through no fault of their own. Youth sports provide students with direction, discipline, and hope. And this is exactly what our students desperately need to weather the pandemic.

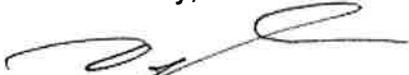
The City stands in alliance with the members of the California State Assembly working to pass a bipartisan resolution as part of the "Let Them Play CA" effort to update the CDPH guidance to allow youth sports to resume. The co-authors of the resolution, Yuba City Assemblyman James Gallagher and Rocklin-based Assemblyman Kevin Kiley cite that more than 40 states have proven that it is possible to allow youth sporting activities to continue with limiting COVID-19 transmission. The resolution also states that the ban on youth sports competition is currently creating an alarming negative mental health impact in the areas of suicide ideation, anxiety, depression, and suicide itself.

350 Main Street, El Segundo, California 90245-3813
Phone (310) 524-2302 Fax (310) 322-7137

We understand the need for a cautious approach to issuing public health guidelines, but with the proper safety protocols in place, it is possible to find a balance between preventing transmission and allowing our children to play sports again.

As a result, the El Segundo City Council respectfully requests that you require CDPH update its guidance allowing all youth sports to resume immediately, with proper safety protocols in place. The change will support the well-being of children and their mental health as we move toward not just economic recovery but mental health recovery as well.

Sincerely,



Drew Boyles
Mayor of El Segundo

CC: El Segundo City Council
Honorable State Senator Ben Allen
Honorable State Assemblymember Autumn Burke
Honorable L.A. County Supervisor Janice Hahn



City of El Segundo

Office of the Mayor

February 16, 2021

Elected Officials:

Drew Boyles,
Mayor
Chris Pimentel
Mayor Pro Tem
Carol Pirsztuk,
Council Member
Scot Nicol,
Council Member
Lance Giroux,
Council Member
Tracy Weaver,
City Clerk
Matthew Robinson,
City Treasurer

Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger
500 West Temple St., Ste 383
Los Angeles, CA 90012

Appointed Officials:

Scott Mitnick,
City Manager
Mark D. Hensley,
City Attorney

RE: Youth Sports in California

Dear Members of the Los Angeles County Board of Supervisors:

The El Segundo City Council urges you to require the Los Angeles County Department of Public Health to issue new guidance that will permit youth sporting activities and competition to resume immediately, with the proper safety protocols in place. The pandemic has had devastating impacts on our children's mental health, and our children are at risk of suffering long-standing trauma associated with anxiety and depression that health experts are only starting to understand.

Department Directors:

Barbara Voss
Deputy City Manager
Joseph Lillio,
Finance
Chris Donovan,
Fire Chief
Charles Mallory,
Information Technology
Services
Melissa McCollum,
Community Services
Sam Lee,
Development Services
Bill Whalen,
Police Chief
Ellas Sassoon,
Public Works

The City of El Segundo is a family-friendly sports town in the South Bay that has nine youth organizations that serve 15 sports and approximately two thousand students. Our students join millions of others across the state that have been sidelined through no fault of their own. Youth sports provide students with direction, discipline, and hope. And this is exactly what our students desperately need to weather the pandemic.

www.elsegundo.org
www.elsegundobusiness.com
www.elsegundo100.org

The City stands in alliance with the members of the California State Assembly working to pass a bipartisan resolution as part of the "Let Them Play CA" effort to update the CDPH guidance to allow youth sports to resume. The co-authors of the resolution, Yuba City Assemblyman James Gallagher and Rocklin-based Assemblyman Kevin Kiley cite that more than 40 states have proven that it is possible to allow youth sporting activities to continue with limiting COVID-19 transmission. The resolution also states that the ban on youth sports competition is currently creating an alarming

350 Main Street, El Segundo, California 90245-3813
Phone (310) 524-2302 Fax (310) 322-7137

negative mental health impact in the areas of suicide ideation, anxiety, depression, and suicide itself.

We understand the need for a cautious approach to issuing public health guidelines, but with the proper safety protocols in place, it is possible to find a balance between preventing transmission and allowing our children to play sports again.

As a result, the El Segundo City Council respectfully requests that you require the L.A. County Department of Public Health to update its guidance allowing all youth sports to resume immediately, with proper safety protocols in place. The change will support the well-being of children and their mental health as we move toward not just economic recovery but mental health recovery as well.

Sincerely,



Drew Boyles
Mayor of El Segundo

CC: El Segundo City Council
Honorable State Senator Ben Allen
Honorable State Assemblymember Autumn Burke

RESOLUTION NO. __

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL SEGUNDO, CALIFORNIA, SUPPORTING THE DESIGNATION OF THE FIRST MONDAY IN MARCH AS “COVID-19, MEMORIAL DAY” IN REMEMBRANCE OF THOSE WHO HAVE LOST THEIR LIVES AND IN HONOR OF THOSE WHO CONTINUE TO SUFFER FROM THE IMPACTS OF THIS VIRUS.

The City Council of the City of El Segundo does resolve as follows:

WHEREAS, a group of mayors nation-wide have come together to support the designation of the first Monday in March as “COVID-19 Memorial Day”;

WHEREAS, COVID-19 (SARS-CoV-2) is an illness caused by a virus that can transmit from person to person and has spread across the world, creating a global pandemic that is having catastrophic effects on human life, our community, and our economy;

WHEREAS, to mitigate the spread of COVID-19, observance of public health orders to social distance and stay at home have created challenges for small businesses, workers, and schools which are working to comply with limited resources;

WHEREAS, school districts, teachers, students, and parents are grappling with the challenges of distance learning and working to prevent any potential learning loss due to not being in-person;

WHEREAS, in response to rapid spread of COVID-19 and stay-at-home orders, essential workers have stepped up to provide critical services to help protect our communities and save lives, sacrificing their own health and safety;

WHEREAS, the symptoms and severity of COVID-19 can vary dramatically by individual and the long-term health implications for survivors is largely unknown, as many survivors suffer with lingering side-effects of the disease long after they no longer test positive;

WHEREAS, as of the date this resolution is being considered, an estimated 2,362,410 (2/11/21) people worldwide, 466,465 (2/11/21) in the United States, and 4 (2/11/21) City of El Segundo residents have lost their lives due to complications associated with this deadly virus;

WHEREAS, each life lost to COVID-19 mattered and leaves an absence in the hearts of loved ones, family members, and surrounding community; and

WHEREAS, public health guidance and policies targeted at prevention, such as social distancing, wearing masks in public, and staying home help mitigate the spread of COVID-19, prevent illness, and lessen the burden on individuals and society.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of El Segundo:

SECTION 1: The City Council hereby supports the designation of the first Monday in March as "COVID-19 Memorial Day," in remembrance of those who have lost their lives and in honor of those who continue to suffer from the impact of this virus; and urges the public to continue taking preventative measures such as social distancing and following public health orders to mitigate the spread of this virus, in tribute to essential workers and those who rose in service to protect the public.

SECTION 2: The City Clerk is directed to certify the adoption of this Resolution.

SECTION 3: This Resolution will become effective immediately upon adoption.

PASSED AND ADOPTED this ____ day of _____, 2021.

Drew Boyles, Mayor

ATTEST:

Tracy Weaver, City Clerk

APPROVED AS TO FORM:

Mark D. Hensley, City Attorney

TITLE:

Selection of Many Mansions to serve as City's Affordable Housing Services Provider

RECOMMENDATION:

Authorize City Manager to enter into an Exclusive Negotiating Agreement (ENA) with Many Mansions to serve as City's Affordable Housing Services Provider to develop and manage affordable housing units, services, and programs.

FISCAL IMPACT:

Once an Affordable Housing Services Provider is on board, this firm will assume financial responsibility for developing and managing the City's Affordable Housing Program. This will include being responsible for the financial aspects of this program. Eventually, the City's General Fund direct and indirect financial exposure will be shifted to the Affordable Housing Fund and other outside funding sources.

The recommended firm has offered to donate its staff time to work with the City and community throughout the initial strategic planning process. If specific studies are required as part of the process, the firm will invoice its actual cost for the time spent with no mark ups. If there are actual costs for this effort, this would be charged to the Affordable Housing Fund.

The firm selected will be compensated for its work on future affordable housing development projects via outside funding sources, including the customary developer fees, revenue streams, residual receipts, etc. The firm will also be compensated for its property management services, tenant services, and monitoring services provided to affordable housing projects via fee structures that comport with industry standards, including income generated from each project and the City's Affordable Housing Fund.

One of the main goals of this effort is to ensure that each affordable project and program remains financially sustainable over the long run without requiring recurring General Fund subsidies.

BACKGROUND:

Pre-Affordable Housing Program (1917–2019)

Throughout El Segundo's initial 102-year history as an incorporated municipality, the City did not have a formal affordable housing program. The City did not establish its own housing authority nor has it been part of a regional housing authority. The City did not establish a Redevelopment Agency, which would have allowed the City to receive

Recommended Affordable Housing Services Provider

February 16, 2021

Page 2 of 8

Property Tax Increment revenues generated by increases in property tax revenues within each redevelopment project area. Such Property Tax Increment included a required “20% Set-Aside” that was required to be used by cities to produce and manage local affordable housing units. Through the production of such affordable housing units, many California cities were able to comply with their local Regional Housing Needs Allocation (RHNA) goals.

Park Vista Senior Housing Development

In the late 1980s, the City used General Fund dollars to acquire and construct the 97-unit Park Vista senior housing development located at 615 East Holly Avenue next to Recreation Park. This property is owned by the City and managed by a private property management company. City staff is compiling the original acquisition documents and City Council actions related to this project to determine what income and affordability controls were placed on this development.

Commitment to Establish a City Affordable Housing Program (March 2020)

In 2016, City Council approved a residential development (24 single-family units and 34 multi-family units) at the former Imperial Street School located at 540 East Imperial Avenue. Subsequent to this approval, there were several meetings to discuss the number of multi-family units that might be dedicated as “affordable units”. On March 17, 2020, City Council amended the project’s Specific Plan to allow the developer (DR Horton) to pay an “in-lieu” fee of \$5.3 million to the City in place of dedicating and/or producing future affordable housing units.

Before looking to spend any of the \$5.3 million, the City established an Affordable Housing Fund and the money has remained in this fund. In order to manage this fund and pursue future development of affordable housing units, the day-to-day oversight of the City’s housing operations was reassigned from the former Recreation and Park Department to the reconfigured Development Services Department. This reorganization was formally established with the adoption of the FY 2020-2021 Citywide Budget and became effective on October 1, 2020.

Affordable Housing Services Provider Request for Qualifications (RFQ)

On June 16, 2020, City Council authorized staff to prepare a RFQ to obtain background information from firms interested in serving as the City’s Affordable Housing Services Provider to assist in the development and management of affordable housing units and programs. Staff developed the attached comprehensive RFQ (Exhibit D) which was released on September 8, 2020 with a submittal deadline of November 9, 2020. Copies of the RFQ were distributed to several dozen firms and were posted on a variety of websites and social media platforms. As noted in the RFQ, and explained when asked by potential submitters, it was made clear that the City was interested in firms with a proven track record of providing comprehensive affordable housing services, including the following:

Recommended Affordable Housing Services Provider

February 16, 2021

Page 3 of 8

- Strong track record of producing and managing affordable housing units.
- Strong history of preserving and protecting existing affordable housing stock, with minimal displacement of existing tenants.
- Successful history of obtaining and leveraging affordable housing funding from a variety of outside sources, including: Federal, State, and regional governments, Federal/State low income housing tax credits, non-profits, private companies, special interest groups, etc.
- Demonstrated ability to produce and construct affordable housing units on time and within budget.
- Recurring history of rehabilitating existing housing units which were converted to affordable housing units.
- Proven history of on-site management of affordable housing units, civic engagement, provision of an array of residential services to tenants, exemplary customer service, and minimal complaints to the local city's governing board and administrative staff from affordable housing tenants.
- Ability to provide regular updates to the City and maintain a willingness to be "on call" to the City when needed.
- Successful history of assisting local cities adhere to, or at least make notable progress in complying with, their local Regional Housing Needs Assessment (RHNA) goals and requirements.

As noted in the RFQ, the selected Affordable Housing Services Provider may be provided an opportunity to purchase and/or manage the Park Vista property. If the firm is interested in this option, this will be discussed at a later date and will be subject to City Council approval.

DISCUSSION:

13 Affordable Housing Services Provider Responses

A total of 13 responses to the RFQ were received from the following firms (listed in alphabetical order with each firm's headquarters location):

1. Abode Communities (Los Angeles, California)
2. Anton Development (Walnut Creek, California)
3. Century Housing Corporation (Culver City, California)

Recommended Affordable Housing Services Provider

February 16, 2021

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4. Chelsea Investment Corporation (Carlsbad, California)
5. Community Corporation of Santa Monica (Santa Monica, California)
6. Nextgen Apartments et.al. (El Segundo and other locations, California)
7. Jamboree Corporation (Irvine, California)
8. Many Mansions (Thousand Oaks, California)
9. McCormack Baron Salazar (Los Angeles, California)
10. National Communities Renaissance (Rancho Cucamonga, California)
11. Related California (Los Angeles, California)
12. Thomas Safran & Associates (TSA) Housing (Los Angeles, California)
13. Venice Community Housing Corporation (Los Angeles, California)

Affordable Housing Services Provider Review Criteria & Process

In addition to using the review criteria listed above, all 13 respondents were evaluated via the following three broad categories:

- Strength and experience of the respondent’s team.
- Team’s capability to manage and operate the City’s Affordable Housing Program.
- Capacity to create new affordable housing while meeting the City’s RHNA goals.

The following point system was assigned to the specific evaluation criteria:

Criteria	Maximum Points
Development Experience	40
Financial Capability	30
Management & Administration Experience	30
Total	100

Recommended Affordable Housing Services Provider

February 16, 2021

Page 5 of 8

The review and selection process consisted of two phases. The first phase identified a short list of five respondents rated highest within the three broad evaluation categories. The second phase consisted of interviews of the top five respondents with the City's evaluation committee, which consisted of the following individuals: City Development Services Director, City Principal Planner, City Land Use Planning Consultant, Keyser-Marston Housing Consultant, and City Community Development Block Grant (CDBG) Consultant.

During the second week of December 2020, interviews were conducted with representatives of the top five firms. Each firm demonstrated experience in developing, managing, and operating quality affordable housing projects and programs. Each firm had experience obtaining outside affordable housing assistance funding, successful community engagement, monitoring and compliance with Federal, State, and local affordable housing occupancy and reporting requirements.

Top Three Affordable Housing Service Providers

The evaluation committee then narrowed the list of five firms to what it considered the three most qualified firms, as follows:

1. Many Mansions
2. Jamboree Corporation
3. Abode Communities

Exhibits A, B, and C contain a copy of each firm's RFQ response. All three firms are well-qualified with proven track records. However, the evaluation team concluded that one firm rated higher for this purpose than the other two firms.

Top Rated Affordable Housing Service Provider – Many Mansions

One firm, Many Mansions, stood out and most closely aligned with each of the City's stated affordable housing service provider goals and objectives. This firm ranked highest overall in both the interview and written responses to the RFQ. It scored very high in all phases of affordable housing development and management; from the start of the process (obtaining funding for a project) to developing/constructing/rehabilitating a housing project to managing a property (including being responsive to tenant needs) to working closely and effectively with the local government. Many Mansions also demonstrated significant experience in assisting jurisdictions manage a wide array of affordable housing projects and programs, including unique special needs populations.

Recommended Affordable Housing Services Provider

February 16, 2021

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With over 40 years of expanding experience in affordable housing development and management, Many Mansions' mission most closely aligns with the City's affordable housing program goals. Specifically, this firm identifies, builds, and manages quality, environmentally sustainable affordable housing developments that assist communities to meet the needs of low and moderate income residents while at the same time helping each of their cities adhere to their RHNA goals and targets.

Many Mansions is vertically integrated with a team of seasoned professionals that include architects, engineers, financial specialists, construction managers, property managers, and service providers. Many Mansions maintains solid financial fluidity to successfully leverage a variety of funding sources to produce successful and sustainable affordable housing projects. Many Mansions has completed numerous affordable housing projects relevant to El Segundo's size, needs, and characteristics.

Many Mansions staff have demonstrated experience in working with small, urban parcel types, adaptive-reuse housing, and acquisition/rehabilitation projects. This firm works very well with cities to develop specific plans and housing policies. Its portfolio includes the preservation of "at-risk" housing through re-syndication, renovation, and affordability extension. Many Mansions representatives and employees routinely engage with local community leaders and residents to understand and foster long-standing community relationships. This firm possesses the immediate capacity to administer, manage, and monitor affordable housing units. Throughout the evaluation process, Many Mansions proved to be most qualified to meet the unique needs of the City of El Segundo's affordable housing challenges.

For example, Many Mansions is firmly committed to do the following:

- Develop a formal strategic plan for producing affordable housing units to assist the City in fulfilling its RHNA goals and targets.
- Identify properties with potential for affordable housing development; and existing rental projects that may be suitable for acquisition, rehabilitation, and conversion to deed-restricted affordable housing units.
- Assist in ongoing administration and management of affordable and/or senior housing units in El Segundo.

Many Mansions currently owns 20 properties with over 600 units and also serves as a third-party manager of an additional seven properties with another 205 units, including a 57-unit senior housing complex. Many Mansions has a growing presence in both Ventura County and Los Angeles County, with existing projects in Downtown Los Angeles and new projects under construction in Lake View Terrace, and future projects in Sun Valley and Boyle Heights.

Recommended Affordable Housing Services Provider

February 16, 2021

Page 7 of 8

Many Mansions works in partnership with El Segundo-based RRM Design Group to help design its construction projects. RRM Design Group has a field office in El Segundo and the team in this office will be assigned to all projects in El Segundo. In fact, it was RRM's El Segundo office staff that first made Many Mansions aware of the El Segundo Affordable Housing Services Provider RFQ.

As a growing and expanding affordable housing services provider, Many Mansions has a field office in Downtown Los Angeles (811 Wilshire Blvd) and would like to develop a field office in El Segundo to expand its presence into the South Bay. Many Mansions conveyed that would like to grow its footprint in the community via an office located here.

As a policy, Many Mansions has committed to maintaining on-site staff for each affordable housing project with 16 or more units that it develops and manages within the City. Property management and tenant services for smaller projects will be consolidated to maximize efficiency. It is clear that Many Mansions wants to not just do business with the City of El Segundo. It wants to build on its existing relationship with El Segundo-based RRM Design Group and become part of the community for the long haul.

CONCLUSION & NEXT STEPS:

Staff recommends that City Council authorize the City Manager to enter into an Exclusive Negotiating Agreement (ENA) with Many Mansions to serve as City's Affordable Housing Services Provider to develop and manage affordable housing units, services, and programs. In addition, this firm will play a key role in helping the City comply with its RNHA requirements. If negotiations prove successful with Many Mansions, a development and administrative services agreement will be brought before City Council to review and approve by May 18, 2021. Once approved, work will commence immediately. Staff anticipates working with the new Affordable Housing Services Provider to present a proposed Affordable Housing Strategic Plan to City Council no later than December 7, 2021 (the last scheduled City Council meeting in 2021).

ENVIRONMENTAL CONSIDERATION:

This action is exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3) which is the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment and CEQA does not apply where it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment.

CITY STRATEGIC PLAN COMPLIANCE:

Goal 5: Champion Economic Development and Fiscal Sustainability

Objective A: El Segundo promotes economic growth and vitality for business and the community.

Activity 5: Identify areas within the community that are appropriate for housing.

PREPARED BY: Tina Gall, CDBG Consultant

REVIEWED BY: Sam Lee, Director of Development Services

APPROVED BY: Scott Mitnick, City Manager

BM (for SM)

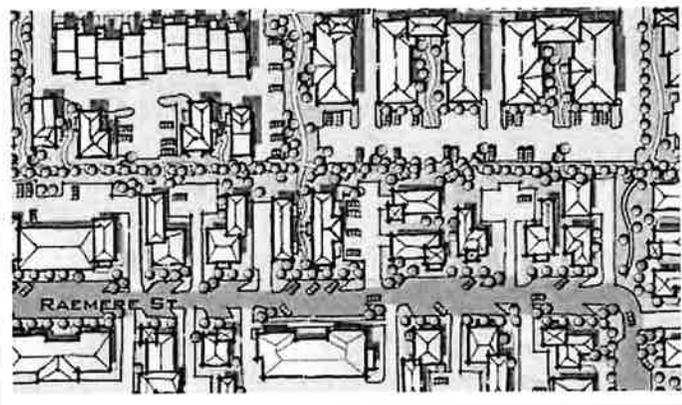
ATTACHED SUPPORTING DOCUMENTS:

1. Many Mansions RFQ Response
2. Jamboree RFQ Response
3. Abode RFQ Response
4. El Segundo Affordable Housing Services Provider Request for Qualifications (RFQ)

Attachment A

Many Mansions RFQ Response

AFFORDABLE HOUSING DEVELOPMENT AND ADMINISTRATIVE SERVICES



Contact: Alex Russell (805) 496-4948 ext. 220 | alex@manymansions.org

1259 E. Thousand Oaks Boulevard, Thousand Oaks, California 91362

SECTION A | Cover Sheet

SOQ FOR AFFORDABLE HOUSING DEVELOPMENT AND ADMINISTRATIVE SERVICES

TABLE OF CONTENTS

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02	B Table of Contents
03	C Cover Letter
05	D Housing Services Provider
15	E Development and Management Experience
28	F Financial Capability
30	G Potential Conflicts of Interest



La Guadalupe, Boyle Heights, California

GRAPHICS & PHOTOGRAPHS:

This document features images of Many Mansions and its partners' projects; the graphics and photos of which are owned and copyrighted by our respective firms. There are no stock photos or images of any kind used in this proposal.

ABOUT MANY MANSIONS:

1259 E. Thousand Oaks Blvd. Thousand Oaks, CA 91362

p: (805) 496-4948 • f: (805) 497-1305 • manymansions.org

California Non-Profit Corporation • Authorized Signer, Rick Schroeder, President

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November 9, 2020

Paul Samaras, AICP
Principal Planner
City of El Segundo
350 Main Street
El Segundo, CA 90245
psamaras@elsegundo.org



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Los Angeles Field Office
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Los Angeles, CA 90017

www.manymansions.org

"We have extensive experience working with cities to meet their affordable housing needs."

RE: CITY OF EL SEGUNDO REQUEST FOR QUALIFICATIONS AFFORDABLE HOUSING DEVELOPMENT AND ADMINISTRATIVE SERVICES

Mr. Samaras,

Many Mansions is pleased to provide you with a formal response to this RFQ, outlining our experience, qualifications, and capacity to meet the City's affordable housing needs. For the past 41 years, Many Mansions has worked exclusively in southern California and has extensive experience working in similar jurisdictions. We have experience in coastal communities and recently completed a 40-unit veteran's development near the beach in Oxnard. We also have extensive experience in affluent communities, near "build-out", and that have limited development opportunities (e.g. Thousand Oaks).

These experiences have allowed us to become creative with underutilized land (e.g. helped Moorpark identify 4 small parcels that were undevelopable on their own but are feasible using a scattered site model), adaptive-reuse (motel) conversions, acquisition/rehabilitation of existing properties (e.g. we recently helped Thousand Oaks preserve an "at-risk" development), and mixed-use projects with ground floor retail.

Beyond building, we have substantial community outreach experience. We helped develop specific plans in several communities, residential overlays such as the All Affordable Housing Opportunity Zone in Oxnard, a municipal code amendment in Santa Paula to allow residential on underutilized commercial property, and enhanced density bonus programs. As such, we are known for being a strong community partner with innovative ideas.

In addition, Many Mansions has the financial capacity to meet the City's needs. We have cash on-hand for predevelopment expenses, a \$1 million line of credit, and a successful track record of securing predevelopment/acquisition loans to purchase properties. We have successfully secured over \$300 million in local, state, and federal affordable housing financing. In fact, we were the only developer to receive three funding awards (two in Los Angeles County) from the State of California under its recent MHP NOFA. This has translated into a strong pipeline of ten projects (two under construction) to build 600 units of affordable housing over the next four years (exceeds the City's RHNA goals).



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Los Angeles, CA 90017

www.manymansions.org

Many Mansions has its own property management division and owns or manages 20 properties with over 600 units. We have also third-party managed seven properties with 205 units for the Area Housing Authority of the County of Ventura, including a 57-unit senior complex. Additionally, we provide “free” life-enriching services for our residents, including after-school tutoring for the kids, college scholarships, food assistance, and much more to help our residents be successful.

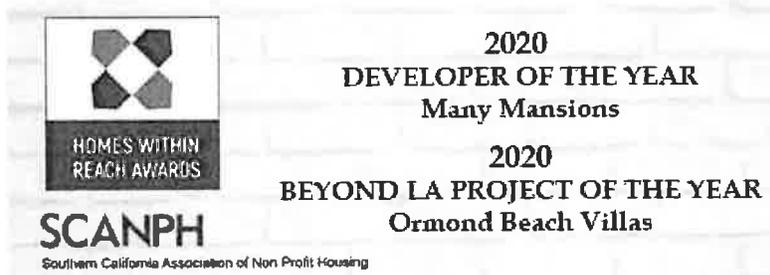
Over our long history, we have provided ongoing monitoring and administration for countless local, state, and federal, agencies. We have never had a major finding or violation and currently have no open regulatory issues. With government budgets cut, we have increasingly provided this service to our local partners.

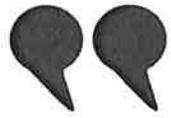
As you can see, we are highly qualified to help the City exceed its RHNA goal of 500 units (for those with special needs; our primary focus). We will do so in a manner reflecting the City’s five overarching housing goals and agree to adhere to the minimum income and affordability standards identified in this RFQ. If selected, we will immediately work with the City on developing a strategic plan to meet these goals, start identifying properties consistent with established criteria, begin managing (and possibly acquire) Park Vista, and create policies/procedures for the ongoing monitoring and administration of affordable housing units produced in the City.

We are excited for this opportunity to partner with you to provide much needed affordable housing for the community. If you have any questions or need anything, please contact Alex Russell, Executive Vice President, at alex@manymansions.org or call 805-496-4948 ext. 220.

Sincerely,

Rick Schroeder, President
Authorized Signer
Many Mansions





“Now at 19, my first job is working with a company that has helped many families like my own to be more successful and get on the path to greater things.”

*- Aleli Perez
Many Mansions' Stories*

Section

D

Housing Services Provider

Affordable Housing Development and Administrative Services



Hacienda De Feliz, Thousand Oaks, California



*“We honor not only its award winning development this year,
but also the organization’s commitment to excellence in services, education, and affordable housing development since 1979.”*

- Alan Greenlee, Executive Director, Southern California Association of Nonprofit Housing

HEADQUARTERS

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LOS ANGELES OFFICE

811 Wilshire Blvd. Suite 1727
Los Angeles, CA 90017

ORGANIZATION

California Non-Profit Corporation
501(c)(3) Tax-Exempt Organization

AUTHORIZED PARTY

Rick Schroeder, President
rick@manymansions.org

MISSION STATEMENT

Many Mansions develops and provides quality affordable housing and life-enriching services for low income individuals and families in Ventura and Los Angeles Counties, with special focus on those of very low income, who are formerly homeless, seniors, veterans, or disabled.

VISION STATEMENT

We respect all human beings, and strive to build a community that is welcoming to all through continuous outreach and involvement with residents, community stakeholders, and strategic partners. Everyone should have the opportunity for quality housing and life enriching services.

LEAD ENTITY | Many Mansions

The successful implementation of affordable housing in the City of El Segundo demands a team with extensive experience in project development, ownership, and property management across a broad spectrum of populations and funding resources. Many Mansions is one of the top nonprofit affordable housing developers, property managers, and service providers in Ventura County. Many Mansions is also a leading provider of permanent supportive housing for targeted populations, including seniors, persons with physical or mental disabilities and veterans. Additionally, we have been aggressively expanding our operations into Los Angeles County, and officially opened our downtown Los Angeles field office in July of 2018, where we oversee multiple developments throughout Los Angeles County. It is through this depth of experience that we believe we are well suited to engage with the City in preserving existing affordable housing and providing new construction opportunities throughout all of El Segundo.

We assemble the support of exceptionally talented and experienced team members including architects, engineers, financial consultants, construction managers, property managers, and service providers that contribute a vast amount of experience completing affordable housing projects. We are confident that we can produce housing that will be respondent to the local community of El Segundo, including the bursting work force growth in need of local housing and the large populace of locals who are entering into late adulthood. These populations have different needs and we are adept at creating projects that are purpose-built for targeted populations of a wide variety. It is through the efforts of our well-rounded teams that we can guarantee the diversity in housing that the City of El Segundo is searching to procure.

These projects will be informed of the challenges we may face with industrial site cleanup, community engagement, and complex zoning and variance cases. Typically, city-owned/identified affordable housing development parcels require a change in land use or zoning variance, such as our project in Lake View Terrace, CA. Beyond the legal challenges of zoning and variances, we have proven success in environmental remediation and complex site topographies, such as petroleum contamination at our development in Boyle Heights. We understand this is a complex process and we are equipped to navigate these obstacles. We have been able to successfully implement policies and procedures in other municipalities that we believe, when applied to El Segundo, will help reduce the constraints faced when developing affordable housing.

Many Mansions has a long history in affordable housing dating back to 1979 when community members of Thousand Oaks came together to assist those members of the community who were becoming homeless or being forced to live in overcrowded, run-down and crime-ridden housing. The founders of the organization included a wide segment of the community: members of the faith community, social service agencies, businesses, local government and concerned citizens.

While first establishing a rental-assistance program in 1982 called 'Adopt-A-Family', Many Mansions began to develop its own affordable rental housing in the mid-1980s. Its first developed affordable housing property, schillo gardens, opened in 1988. Affordable housing development accelerated in the late 1990's and has continued to the present.

since 1998, Many Mansions has provided a variety of 'life-enriching' services for both its adult and youth populations. At its supportive housing properties, Many Mansions provides a variety of on-site services to its residents including case management, job development, life skills and other services to promote self-sufficiency, independence and social integration. For its youth, Many Mansions is working to 'break the cycle of poverty' through its education and enrichment programs.

With a local waiting list of over 3,600 households, affordable housing development is Many Mansions' primary mission. It is the developer for all of its properties and has considerable experience in obtaining the complicated financing necessary to fund affordable housing development. Many Mansions currently has over 600 units of affordable housing in its development pipeline. We are eager to add the City of El Segundo's forthcoming RHNA production goals of 500 units to this ever expanding growth.

For nearly 40 years, Many Mansions has provided well-managed, service enriched, affordable housing to low-income residents of Ventura County and its surrounding communities. By providing affordable, decent housing and life-enriching services to those most in need, Many Mansions aims to break the cycle of poverty. Many Mansions owns and/or manages 20 properties in Ventura County with 600 units of affordable housing, serves approximately 1,550 adults and 425 children, and provides on-site service programs that include job training, case management, homework tutoring, a career preparation program, and much more. With over 200 units of special needs housing, Many Mansions is the leading provider of housing for the homeless and disabled in Ventura County. We want to bring this diversity to the City of El Segundo and promote equal housing opportunities including ownership and rental housing.

In 2017, Many Mansions entered into a partnership with LA Family Housing to pursue a land proposal opportunity with the City of Los Angeles and succeeded in securing rights to develop property managed by the Housing and Community Investment Department of the City of Los Angeles. since then, we have grown our Los Angeles presence significantly, including the opening of a Los Angeles based field office in 2018. This office is centrally located in downtown Los Angeles to facilitate our access to such departments as the Los Angeles Homeless services Authority located within the same building as us at 811 Wilshire Blvd, HCIDLA, which is just a few blocks away, and also the Los Angeles Department of Building and Safety, located just under a mile from our location. Currently, we have one project under active construction in Lake View Terrace with two more set to start construction within the next six months in Sun Valley and Boyle Heights. We continue to pursue and analyze additional opportunities throughout both Counties in order to ensure a steady on-going stream of high quality affordable housing.

Our nonprofit mission, extensive and diversified experiences, and proven track record as a long-term developer, owner, and operator come together to make us a well-round candidate in partnering with the City of El Segundo. Together, we will develop a strategy for producing affordable housing units that will fulfill el segundo's Regional Housing Needs Assessment goals; identify properties with the potential for affordable housing development through new construction and acquisition/ rehabilitation, and assist in the ongoing monitoring and administration of all affordable housing produced in El Segundo.



MANY MANSIONS



RRM DESIGN GROUP

Rick Schroeder
President



Alexander Russell
Lead Project
Manager



Doug Menges
Vice-President
of Real Estate



Derrick Wada
Associate Director
of Real Estate



Mosun Mah
Project Manager



Rod Thompson, Jr.
Senior
Project Manager



Richard Bradley
Vice-President of
Property Management

DESIGN FIRM CONSULTANT | *RRM Design Group*

Although this RFP does not call for design services, should we have the honor of being selected, we felt it was important to feature our relationship with our trusted design firm consultant, RRM design group. We have worked with RRM architects on three separate developments over the last three years and continue to consider them one of our top choices in architecture services for the following reasons:

- 1) They are a full-service provider that provides a wide range of services under one roof including entitlement services, site design, engineering, landscape, and interior design work.
- 2) They produce excellent quality not only in terms of building design but in the quality of design drawings to be reviewed at the plan check stage.
- 3) They have proven to be excellent communicators and have shown a willingness to listen to both the developers needs and City staff recommendations and requirements.
- 4) They have shown themselves adept at balancing design and cost considerations, especially given the pressure to produce designs that match the look and feel of the community while understanding the cost dynamics of building multifamily rental affordable housing.

Also important to note, RRM has a field office advantageously located in the City of El Segundo.

FIRM INFORMATION:

RRM design group is a California s corporation and 100% employee-owned with locations in santa Barbara, san Juan Capistrano, san Luis Obispo, san Leandro, and a field office in El Segundo.
p: (805) 963-8283 f: (805) 963-8184 www.rrmdesign.com

Financial Consultant Firm

California Housing Partnership Corporation



CHPC was created by the state legislature in 1988 as a private nonprofit 501(c)(3) public benefit corporation. The governor and respective leaders of the legislative bodies appoint the eight board of directors based on their professional qualifications and interests. CHPC is recognized nationally as a leader in preserving at-risk subsidized apartments and in the financial structuring of Low-Income Housing Tax Credit and bond transactions. CHPC's focus is on improving the housing choices of California households earning less than 50% of the area median income, especially those earning less than 30%. CHPC's areas of expertise include:

- Affordable housing finance, supportive housing multifamily financial consulting, and syndication of low-income housing tax credits
- Policy and lobbying
- Public-private partnerships technical assistance to government housing agencies
- Program evaluations
- Training in affordable housing development and multifamily affordable housing finance
- Preservation of at-risk affordable housing and preservation of federally subsidized rental apartments

CHPC has provided financial consulting services on hundreds of multifamily transactions totaling more than 50,000 apartments. Our services include advising on financial structures to maximize equity and bond or loan proceeds raised, negotiation with equity investors, lenders, and underwriters, preparation of financial projections, and assistance in obtaining funding from competitive programs.

Typical Services Provided include:

- Low-Income Housing Tax Credits (LIHTC)
- Tax Exempt Mortgage Revenue Bonds
- California Housing Finance Agency (CalHFA)
- California Housing and Community Development Multifamily Housing Program (MHP)
- The Federal Home Loan Bank's Affordable Housing Program (AHP)
- U.S. Department of Housing and Urban Development (HUD)
- Mental Health Services Act (MHSA) Funds (Administered by CalHFA)

LOCATIONS

600 Wilshire Blvd., Suite 890
Los Angeles, CA 90017
p: (213) 892-8775

369 Pine St., Ste. 300
San Francisco, CA 94104
p: (415) 433-6804

5325 Elkhorn Blvd.
P.O. Box 8132
Sacramento, CA 95842
p: (916) 683-1180

MISSION

CHPC's mission is to assist nonprofit and government housing agencies to create and preserve affordable homes for lower-income households, while providing leadership on housing preservation policy and funding.

MANY MANSIONS TEAM SUMMARY

RICK SCHROEDER, President

Rick has served as the President of Many Mansions for 19 years as the overall leader for the multiple departments within the organization including Property Management, Supportive Services, Resource Development, Finance and Administration, and Real Estate. Through the use of a strategic plan, Rick ensures the long-term objectives of the organization are at the forefront of every effort.

ALEXANDER RUSSELL, Executive Vice President

LEAD PROJECT MANAGER

The lead Project Manager representing Many Mansions will be Alexander Russell, Executive Vice President. He has been with Many Mansions for more than 14 years. Alexander sources and analyzes development and business opportunities. Additionally, he provides overarching guidance and support to the entire real estate team and ensures interdepartmental coordination with property management and supportive services teams.

DOUG MENGES, Vice President of Real Estate

Doug Menges, Vice President of Real Estate, has been with Many Mansions for over 6 years. Doug manages the on-going pipeline of projects and oversees each individual project team. Doug coordinates the overall efforts of the team and ensures timely movement toward production and financial goals for the real estate team.

DERRICK WADA, Associate Director of Real Estate

Derrick Wada, Associate Director of Real Estate, has been with Many Mansions for over 6 years and provides project management support to all project teams. derrick ensures consistent work flow of day-to-day operations and provides quality assurance for funding application submittals and other complex housing development components.

ROD THOMPSON, JR, Senior Project Manager

Rod Thompson Jr., senior Project Manager, has been with Many Mansions for over 4 years. Rod is involved in the day-to-day operations of the Los Angeles Field Office and supervises the project life cycle and budget on our active projects in the Los Angeles market.

MOSUN MAH, Project Manager

Mosun Mah, Project Manager, is approaching 2 years with Many Mansions. Mosun provides project management support in the Los Angeles field office and assists with the project life cycle and budget management.

RICHARD BRADLEY, Vice President of Property Management

Richard Bradley has been with Many Mansions for over 3 years. In Richard's role as vice President of Property Management, he oversees our existing portfolio of affordable housing developments. He ensures the physical integrity and upkeep of these developments. He oversees all compliance related submittals and financial audits. Richard manages a diverse team of regional managers, property managers, and maintenance technicians throughout the day-to-day operations of each asset.

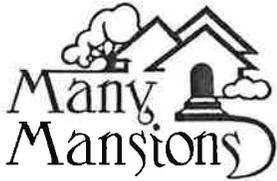




RICK SCHROEDER | JDA

President

Rick Schroeder is President of Many Mansions and an attorney licensed to practice law in California and Minnesota. Prior to becoming Executive Director, he had a private law practice, specializing in real estate, litigation, and bankruptcy. Schroeder is passionate about affordable housing, especially about supportive housing—housing those members in our community who are currently homeless or who have a disability. Schroeder, father of a disabled daughter, became interested in Many Mansions in the 1990s. He wanted to use his skills as an attorney, with a background in finance and real estate development, to help those in the community most in need. He was fortunate to be able to lead Many Mansions for a number of years while on its Board of Directors. However, he wanted to do more. In 2002, he gave up his law practice and became the organization’s executive Director (President). Over the next 19 years he led the organization as it continued to develop new affordable housing, managed the housing, and provided ‘life-enriching’ services for its residents. Guiding the organization in developing a new strategic Plan, the organization will seek to expand its housing throughout Ventura County and will continue to specialize in supportive housing for those who are homeless, who are veterans, and who are seniors.



19 Years of Experience

EDUCATION

- Bachelor of Business Administration, Finance and Real Estate/Urban Planning, University of Wisconsin, Madison, WI
- Juris Doctorate, UCLA School of Law, Los Angeles, CA

ACCREDITATIONS •

LICENSES • AFFILIATIONS

- State Bar of California, #126314
- State Bar of Minnesota, #020870X
- California Real Estate Broker’s License, 01999799
- California Real Estate Corporate Officer, 2003927



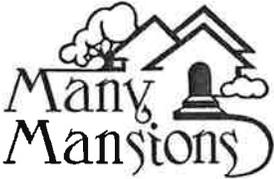
Summit View Apartments, Lake View Terrace, CA



ALEXANDER RUSSELL | MBA

Executive Vice President

Alexander is the executive vice president at Many Mansions (a southern California-based nonprofit affordable housing builder, property manager, and services provider) where he assists the President in exercising broad management and supervisory responsibilities over Many Mansions, its affiliates, properties, programs, administration, staffing, contracts, finances, vendors, legal affairs, fundraising, property management, human resources, and community and public relations. In addition, he directly oversees the Real Estate Division and the Finance & Administration Division, where he is responsible for all affordable housing development, asset management, finance, information technology, administration, and business development. He has successfully secured over \$200 million in private, local, state, and federal financing for affordable housing. He is responsible for increasing the number of Many Mansions' housing units by more than 50 percent, substantially expanding their geographic footprint, and serving several new populations. His team is working on a ten affordable housing projects at various stages of development, totaling over 600 new construction units (will nearly double the existing portfolio) plus the renovation of about 100 units of affordable housing.



14 Years of Experience

EDUCATION

- *Master of Business Administration, Marketing, CA Luthern University*
- *Bachelor of Science, Biological Sciences, University of California, Irvine, CA*
- *Ross Program, Real Estate, University of Southern California*

ACCREDITATIONS •

LICENSES • AFFILIATIONS

- *California Real Estate Broker, 01856629*
- *California Housing Consortium, Member, Board of Governors*
- *Southern California Association of Non-Profit Housing, Member and past President of the Board of Directors*
- *Housing Trust Fund of Ventura County, VP and past President of the Board of Directors*



DOUG MENGES | MBA

Vice President, Real Estate Division

Responsible for all phases of real estate development including site selection, financial modeling, entitlement, design, government and community relations, and construction. Currently working on multiple projects in both acquisition/rehab and new construction. Work with lenders, investors and legal consultants in all phases of development. Manage construction from negotiation with general contractors and architect through to completions and lease-up.



6 Years of Experience

EDUCATION

- *Master of Business Administration, Harvard University, Boston, MA*
- *Bachelor of Economics, University of Pennsylvania, Philadelphia, PA*

ACCREDITATIONS •

LICENSES • AFFILIATIONS

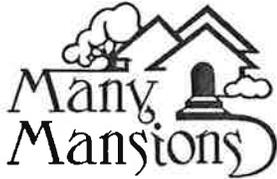
- *LISC Advanced Housing Development Training Institute*
- *USC Ross Minority Program Real Estate*



DERRICK WADA

Associate Director of Real Estate Development

Identify and assess the feasibility of new affordable housing projects; Assemble the project team, including design, engineering, legal and other professionals and consultants; Work with lenders, investors, title officers, attorneys, and other consultants during all phases of the development; Meeting and conveying information to community groups and residents, city staff, and any other interested parties regarding Many Mansions, housing development and proposed projects; Assist the Associate Directors in training and development of other Department staff members Coordinated consultants, lenders and attorneys to ensure projects were built on time and on budget, while avoiding any litigious circumstances and meeting or advancing financial deadlines and goals; and Collaborate with lenders and other Many Mansions Divisions and staff to transition from construction to property operations.



8 Years of Experience

EDUCATION

- Bachelor of Science, Landscape Architecture, California Polytechnic University, Pomona, CA

ACCREDITATIONS • LICENSES • AFFILIATIONS

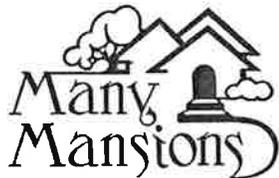
- LISC Advanced Housing Development Training Institute
- California Real Estate Salesperson License (#01944272)
- Notary Public (California)



ROD THOMPSON JR | MFA

Senior Project Manager

Development oversight from financial feasibility and RFP/RFQ stages through Placed in Service/8609. Successful funding application submissions for HACLA PBV, AHACV PBV, VASH, AHP, HOME, HHH, VHHP, Tax Credits - Competitive and Non-Competitive. Construction oversight and financing draw-downs. Multiple escrow closings and permanent conversions. Community outreach and City Council advocacy. Multi-department coordination with Asset, Adult & Children Services, and Property Management.



5 Years of Experience

EDUCATION

- Master of Fine Arts, Creative Writing, Full Sail University
- Bachelor of Arts, International Studies, International Business Relations Minor, University of South Alabama

ACCREDITATIONS • LICENSES • AFFILIATIONS

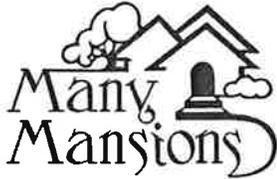
- California Real Estate Salesperson License (#02062558)
- LISC Advanced Housing Development Training Institute
- SCANPH, Housing California
- 13 Grace Hill Certifications



MOSUN MAH

Project Manager

Assist senior Project Manager in all aspects in the financing, predevelopment and construction of three permanent supportive housing projects in the city and county of Los Angeles: La guadalupe – New Construction, Mixed-use, 44-units; sun King Apartments – New Construction, Residential, 26-units; summit view Apartments – New Construction, Residential, 49-units. Assist in plan check and permitting, Assist in preparing funding applications, Prepare and coordinate construction draws, Prepare RFPs, Manage vendors and partner relationships (i.e. design team, expediter, co-developers), Present weekly progress updates to senior leadership.



2 Years of Experience

EDUCATION

- *Bachelor of Arts, Mass Communications in English, University of California, Los Angeles, CA*
- *Certificate of Real Estate Investment, Harvard University Extension*

ACCREDITATIONS •

LICENSES • AFFILIATIONS

- *California Real Estate Salesperson, 02099664*
- *UCLA ZIMAN LEVIN Center Affordable Housing Development Program*



RICHARD BRADLEY

Vice-President of Property Management

Richard oversees the Property Management Department and all of its assigned duties, tasks and areas of responsibility including: the direct day-to-day property management operations, including applicant processing, leasing, resident relations, vendors, maintenance, janitorial, rent collection, contracts, collections, security deposits, move-ins/move-outs, transfers, Fair Housing policies, procedures, procurement, inventory control, evictions, etc.; day-to-day supervision of the Department's staff, including Regional Managers, Community Managers and Maintenance Technicians (for a total of 25 staff members); Human Resources' policies and procedures within the Department including hiring, training, supervision, job assignments, compensation, discipline, employee relations, evaluations and promotions; prepares and updates Strategic Plans, Property Management Contracts, Property Management Plans, Resident selection Plans and Affirmative Marketing Plans; participates in preparation and implementation of all property operating budgets, forecasts and budget variance reports; provides monthly operating reports and analysis upon the status, condition, operations and direction of the properties, including the staffing and activities; develops and implements a Training Program for department staff, including training on all aspects of property management and facilitates outside training; oversees all aspects of federal, state and local regulatory compliance and reporting; oversees contract bidding and oversight of capital improvements; and oversees advertising and managing a central waiting list.



23 Years of Experience

EDUCATION

- *Bachelor of Arts, English and History, University of Alabama*

ACCREDITATIONS •

LICENSES • AFFILIATIONS

- *California Real Estate Broker, 2003927*
- *Affordable Certifications in TCS, COS, CPO, RHM, and S.T.A.R.*

RRM DESIGN GROUP TEAM

Architect

RRM design group's Architecture brings a wealth of affordable, multifamily housing experience to the development team. The architecture team will be led by Principal, Detty Peikert, Project Architect/Manager, Jolie Wah, and design director, Gordon Brewer. As a multidisciplinary firm with collectively, 130 architecture, planning, civil, landscape, structural, survey and transportation engineering professionals, RRM is able to collaborate on all fronts to develop a well-coordinated product. The RRM design group has a commitment to California design with offices in San Luis Obispo, Santa Barbara, El Segundo, San Juan Capistrano and San Leandro.



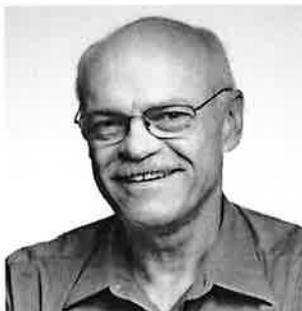
Detty Peikert, AIA, LEED AP BD+C

Detty heads the firm's Santa Barbara office and has been working in the field of architecture for more than 30 years. Detty has extensive experience in developing affordable and market rate housing throughout Southern California with a strong passion and commitment to housing disadvantaged members of our communities. Having acted as a general Partner in a number of development partnerships, this experience gives him a perspective and expertise that significantly enhances the services he provides for his clients. His vast experience in designing, developing, and building hundreds (thousands?) of affordable and market rate units in Southern California has provided him with the opportunity to face and conquer almost every conceivable challenge one can encounter in the complex field of housing development. As founder of the Sustainability Project of Santa Barbara, Detty is committed to the principles of sustainable design and green building.



Jolie Wah, AIA

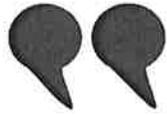
Jolie is a senior architect and project manager with RRM, Santa Barbara. With a strong sense of design and enthusiasm for the design process, she also possesses project management skills established through her 30+ years in the architecture field. Jolie has a diverse background ranging from affordable multifamily housing, market rate apartment complexes, affordable senior apartments, single-family residential, retail and hospitality projects. As an executive board officer for the Santa Barbara Chapter of the AIA, Jolie is dedicated to bringing architectural solutions to the greater community. Jolie is a former resident of the South Bay and the prospect of providing much needed housing to the city of El Segundo and its surrounding areas is both exciting and comforting.



Gordon Brewer, AIA, LEED AP

Gordon is RRM's Santa Barbara director of design, with more than 40 years of award-winning experience designing complex multifamily residential, commercial, and institutional projects. Gordon is deeply committed to ecological, innovative, and socially responsible architecture. He believes that beautiful affordable projects instill feelings of dignity to their inhabitants. Gordon enjoys the challenge to produce projects with design integrity, that are harmonious to the neighborhood, but still meet the budget constraints of tax-credit funding. His recent work to incorporate modular units within traditional and contextual building designs is a testament to his design skill.





“We are so grateful at the County (Ventura) for our long partnership with Many Manions, over 40 years, partnering in developing affordable housing for those in need in our community.”

*- Mike Powers, CEO
County of Ventura*

Section

E

Development and Management Experience

Affordable Housing Development and Administrative Services



Hillcrest Villas, Thousand Oaks, California

2020 Southern California Association of Nonprofit Housing Project of the Year



"This development was chosen because it is the first permanent supportive housing for Veterans in Ventura County,"
Alan Greenlee,
Executive Director of SCANPH

ORMOND BEACH VILLAS
 OXNARD, CA

NOTABLE INFO AND STATS:

- Construction Duration: 14 Months Completed: September 2019*
- Average Median Income Levels: 30%, 50%, and 60%*
- Property Management and Compliance: Many Mansions*

Ormond Beach Villas is the first permanent housing project for veterans in Ventura County. The complex has 40 units with 15 one-bedroom, 20 two-bedroom, and 5 three-bedroom floor plans.

The Green-Point rated development was completed in September 2019 and includes supportive housing for homeless veterans and affordable housing for low-income veterans and their families. The complex has a number of amenities and a range of supportive services are offered on site provided by Many Mansions, LA Family Housing, and the Boys and Girls Club of Greater Oxnard and Port Hueneme.

Our residents have access to a number of community amenities within walking distance from the complex, including: Southwinds Park, Art Haycox Elementary School, Perkins/Hueneme Bus stop, and Clinicas Maravilla. The development is also 1.5 miles from the Naval Construction Battalion Center in Port Hueneme.

SUPPORTIVE SERVICES

- Veteran Services provided by LA Family Housing
- Services Coordination provided by Many Mansions
- Children Services provided by the Boys and Girls Club of Greater Oxnard and Port Hueneme

AMENITIES

- Community Room
- On-Site Laundry
- Playground
- Public Art Mural
- Picnic/BBQ area
- Memorial Garden
- Commemorative Flagpole
- Manager's Office

FINANCING

- City of Oxnard
- County of Ventura
- MUFG Union Bank, N.A.
- The Home Depot Foundation
- Century Housing
- California Municipal Finance Authority
- U.S. Bancorp Community Development Corporation
- Veterans Housing and Homelessness Prevention Program
- Affordable Housing Program
- Oxnard Housing Authority

PUBLIC PRIVATE PARTNERSHIP



WALNUT STREET APARTMENTS

MOORPARK, CA

NOTABLE INFO AND STATS:

Construction Duration: 17 Months Completed: September 2018

Average Median Income Levels: 30%, 45%, 50%, and 60%

Property Management and Compliance:

Area Housing Authority of the County of Ventura

The Walnut Street Apartments is a 24-unit new construction affordable housing development located on land provided by the City of Moorpark and the first joint venture between Many Mansions and the Area Housing Authority of the County of Ventura. The complex has 8 three-bedroom units, 15 two-bedroom units, and 1 one-bedroom unit for the on-site manager.

The property serves low-income and extremely low-income individuals and families and is conveniently located across the street from City Hall, the public library, and a park. It is near Downtown Moorpark with access to local transit, shops, and restaurants.

SUPPORTIVE SERVICES

- Adult Services provided by LifeSTEPS
 - Educational Classes
 - Health and Wellness
 - Program and Activities Development Coordination
 - Case Management and Crisis Intervention
 - Information and Referral Services
 - Mediation Services

FINANCING

- City of Moorpark
- MUFG Union Bank, N.A.
- County of Ventura
- Ventura County Housing Trust Fund
- Area Housing Authority of the County of Ventura
- Low-Income Housing Tax Credits (9%)

AMENITIES

- Community Room
- Services Office
- Manager's Office
- Playground
- On-Site Laundry
- Covered Patio/BBQ area
- Exceeds Energy Standards



WORKFORCE HOUSING



MOUNTAIN VIEW APARTMENTS

FILLMORE, CA

NOTABLE INFO AND STATS:

Construction Duration: 18 Months Started: October 2020

Average Median Income Levels: 30% and 50%

Property Management and Compliance: Many Mansions

Mountain View Apartments is a new construction 77-unit multifamily workforce-housing development in the City of Fillmore. The unit mix will consist of 37 one-bedroom, 21 two-bedroom, and 19 three-bedroom units. The development will be a joint venture between Many Mansions and the Area Housing Authority of the County of Ventura, and restricted to families earning 30% - 50% of the Area Median Income.

The development architecture is agrarian craftsman with a mix of colors and materials that were inspired by Fillmore's history in rail and agriculture. The project will feature 42 townhome-style units with attached at-grade garages, and 35 flats and walkup apartments. Parking for these 35 units will be at-grade surface parking located throughout the site.

Several off-site improvements and infrastructure improvements are committed as part of the development. This includes new sidewalks and street improvements on Santa Clara St., landscaping and sound wall on Highway 126, and bike and pedestrian paths connectivity to downtown Fillmore.

SUPPORTIVE SERVICES

- Services Coordination
- Case Management
- Life and Job Skills
- Transportation Services
- County of Ventura Library Services
- Health Care Services
- Children and Family Supportive Programs
- -Homework Club
- -Career Preparation

AMENITIES

- Community Room
- Playground
- Common Courtyards
- Bike and Pedestrian Features
- On-Site Laundry
- Manager's Office

FINANCING

- County of Ventura Community Development Block Grant
- Ventura County Housing Trust Fund Acquisition Loan
- Low-Income Housing Tax Credits (4%)
- Affordable Housing Sustainable Communities (AHSC)
- Area Housing Authority Loan
- Area Housing Authority Project Based Section 8 Vouchers

SUPPORTIVE HOUSING



SUMMIT VIEW SYLMAR, CA

NOTABLE INFO AND STATS:

Construction Duration: 21 Months* **Started:** January 2020

Average Median Income Levels: 30% and 50%

Property Management and Compliance: Many Mansions

Summit View Apartments is a joint venture between LA Family Housing and Many Mansions. The project is a new construction development with 49 residential units, with 37 studios, 11 one-bedrooms, and 1 two-bedroom. The proposed project will consist of four buildings ranging from three to four stories, connected by walkways and interspersed with landscaped areas. Tenants will consist of 24 formerly homeless and 24 chronically homeless and extremely-low income veterans, most of whom have qualifying mental health diagnosis and/or co-occurring disorders.

Stylistically, the proposed architectural concept draws influence from the rustic California ranch style seen in and around Lake View Terrace and Sylmar. Drawing upon traditional ranch style elements, such as long - low rooflines, simple rustic detailing and strong connections of indoor and outdoor spaces, the development team wanted to blend these elements together with a modern sensibility. Locally inspired materials of stucco, wood, concrete, metal and glass are composed in clean and contemporary horizontal and vertical lines to help bring scale and definition to the project.

SUPPORTIVE SERVICES

- Case Management
- Veterans Specific
- Job & Life Skills Training

FINANCING

- Low-Income Housing Tax Credits (4%) + Tax Exempt Bond
- Los Angeles Housing and Community Investment Department (HCID) Community Development Block Grant
- Housing Authority of the City of Los Angeles (HACLA) Project Based Section 8 VASH Vouchers

AMENITIES

- Community Room
- BBQ/Picnic Pavillion
- Computer Lab
- Manager/Services Office
- On-Site Laundry
- Rooftop Terrace
- Fitness Center
- Dog Park
- LEED Certified
- Community Development Commission of the County of Los Angeles (LACDC) Affordable Housing Trust Fund
- LACDC Mental Health Housing Program (MHHP)
- Proposition HHH

**Significant Hillside Topography and above-average off-site improvements contribute to the additional 6 months work*



PRESERVATION



SCHILLO GARDENS APARTMENTS

THOUSAND OAKS, CA

NOTABLE INFO AND STATS:

Construction Duration: 11 Months Completed: May 2017

Average Median Income Levels: 50% and 60%

Property Management and Compliance: Many Mansions

Named after one of Many Mansions’ founders, Frank Schillo, Schillo Gardens Apartments was the first property built and operated by Many Mansions. Built in 1988 and rehabilitated in 2016, Schillo Gardens has 29 affordable units with 7 one-bedroom, 16 two-bedroom, and 6 three-bedroom layouts serving low-income families and individuals. The rehabilitation included accessibility measures (such as communication features for residents with sensory disabilities and concrete ramps), new roofs, solar panels for energy conservation, new windows and sliders, and high energy efficiency lighting throughout.

The complex is near downtown Thousand Oaks, giving our residents access to community amenities within walking distance from the complex, such as the Thousand Oaks Civic Arts Plaza, a local grocery store, and community parks.

SUPPORTIVE SERVICES

- Food Assistance
- Children’s service programs offered at the nearby Hacienda de Feliz Community Room
 - Homework Club
 - Career Preparation
 - Summer Camp

FINANCING

- Low-Income Housing Tax Credits (4%)
- Conventional Loan
- Redevelopment Agency Loan (Thousand Oaks)

AMENITIES

- Community Garden
- On-Site Laundry
- Playground
- Manager’s Office

DEVELOPMENT PIPELINE

Project	Units	Population	AMI	Projected Completion	Financing Sources	Property Management	Additional Comments
Summit View (Lake View Terrace)	49 units 37 studios, 11 one-bedroom, 1 two-bedroom	Homeless and disabled Veterans; 100% PBS8	30%, 50%	December 2021	4% Tax Credits, Tax Exempt Bond, Proposition HHH, HACLA Project Based Section 8 Vouchers, Home Depot Grant, LACDA Mental Health Housing Program, LACDA Affordable Housing Trust Fund, HCIDLA Community Development Block Grant	Many Mansions	City-owned Land
Mountain View (Fillmore)	77 units 37 one-bedroom, 21 two-bedroom, 19 three-bedroom	Families with 11 units for homeless and disabled households; 55 PBS8 units	30%, 50%	Spring 2022	4% Tax Credits, Tax Exempt Bond, AHACV Project Based Section 8 vouchers, Community Development Block Grant, HCD's Multifamily Housing Program	Many Mansions	Helped City Meet Housing Element Compliance
Sun King (Sun Valley)	26 units 12 one-bedroom, 11 two-bedroom, 3 three-bedroom	Homeless households; 100% PBS8; likely to have a preference for families with LAUSD students	30%	Fall 2022	4% Tax Credits, Tax Exempt Bond, Proposition HHH, HACLA Project Based Section 8 Vouchers, HCD Multifamily Housing Program, HCD Supportive Housing Multifamily Housing Program	Many Mansions	Partnership with LAUSD
La Guadalupe (Boyle Heights)	44 units 19 studios, 19 one-bedroom, 6 two-bedroom	Homeless households; 100% PBS8	30%, 50%	Early 2023	4% Tax Credits, Tax Exempt Bond, Proposition HHH, HACLA Project Based Section 8 Vouchers, HCD Multifamily Housing Program	Many Mansions	City-owned Land; Mixed-use project
Central Terrace (Oxnard)	87 units 86 one-bedroom, 1 two-bedroom	60% for low- and very-low-income families and 40% for homeless households (includes 35 PBS8 units)	30%, 50%, 60%	2023	4% Tax Credits, Tax Exempt Bond, Proposition HHH, HACLA Project Based Section 8 Vouchers, HCD Multifamily Housing Program	Many Mansions	High Density project utilizing Affordable Housing Sustainable Communities Funding Program; Using modular/shipping container housing to reduce construction time
Rancho Sierra (Unincorporated Ventura County)	150 units Phase I: 49 one-bedroom, 1 two-bedroom Phase II: 39 one-bedroom, 11 two-bedroom Phase III: 25 one-bedroom, 25 two-bedroom	Phase I: Seniors 62+ years old + 1/2 mentally disabled and 1/2 disabled Phase II: Likely 1/2 LI families and 1/2 supportive housing (including 15 TAY units) Phase III: Low-income farmworker households	30%, 50%	Phase I: 2023 Phase II: 2024 Phase III: 2024	4% Tax Credits, Tax Exempt Bond, OHA Project Based Section 8 vouchers, City of Oxnard In-Lieu Fee Funds, Affordable Housing and Sustainable Communities, FHLB's Affordable Housing Program	Many Mansions	County-owned land
2800 Barry Street (Camarillo)	60 units (+ 8 for sale) 7 studios, 22 one-bedroom, 16 two-bedroom, 15 three-bedroom	70% for low- and very low-income families and 30% for homeless households; 100% PBS8	30%, 50%, 60%	2024	9% Tax Credits, City of Camarillo Funds, AHACV Section 8 Vouchers, AHACV Funds	Area Housing Authority of the County of Ventura	Innovative public/private partnership with City and 3 non-profits to build a spectrum of housing from extremely low-income rental housing for the disabled through first-time home buyers
Aspire Apartments, formerly known as Meta Street (Oxnard)	88 units 56 one-bedroom, 32 two-bedroom	60% for low- and very low-income families and 40% for homeless households (includes 35 PBS8 units)	30%, 50%, 60%	2024	4% Tax Credits, Tax Exempt Bond, OHA Project Based Section 8 vouchers, City of Oxnard HOME Funds, HCD's No Place Like Home Program, FHLB's Affordable Housing Program	Many Mansions	Exploring the use of mechanized parking. Includes a Pocket Park on Adjacent City-owned land
Moorpark VI (Moorpark)	58 units 13 one-bedroom, 27 two-bedroom, 16 three-bedroom	60% for low- and very low-income families and 40% for homeless households; 100% PBS8	30%, 50%, 60%	TBD	9% Tax Credits, HCD's No Place Like Home Program, County HOME/CDBG, AHACV Section 8 Vouchers	Area Housing Authority of the County of Ventura	Helped the city identify 6 scattered sites to build 6 duplexes and 46 garden walk-up apartments
Boys and Girls Club Headquarters (Pacoima)	40 units 20 one-bedroom, 10 two-bedroom, 10 three-bedroom	Homeless Families/ Homeless Youth	30%	TBD	4% Tax Credits, Tax Exempt Bond, HACLA Project Based Section 8 Vouchers, HCD Multifamily Housing Program, HCD Supportive Housing Multifamily Housing Program	Many Mansions	Partnership with local services nonprofit to build affordable housing on their underutilized headquarters
Driver (Agoura)	64 units 63 one-bedroom, 1 two-bedroom	Veterans (preferred by the City)	TBD	TBD	TBD	Many Mansions	City-owned land

PROPERTY MANAGEMENT AND AFFORDABILITY COMPLIANCE EXPERIENCE



Many Mansions has been serving the affordable housing community for 40 years. Our ethos has always been to build, buy, or renovate and then own in perpetuity. We hold ourselves responsible for the long term viability of the projects we invest in. Our decades of experience have refined our talents and strengthened our core abilities to manage and maintain a broad spectrum of housing types. Our portfolio retains impeccable levels of compliance and reporting that have ensured our on-going success. Our compliance experience extends from local City regulatory agreements to County, State, and Federal levels of affordability and restrictive covenants.

Within our portfolio, one can find a wide range of affordability and targeted populations including: transition-aged youth, veterans, and formerly homeless populations with incomes ranging from below 30% AMI to as high as 80% AMI. Multiple layers of funding create a complex web of regulatory compliance requirements that involve meticulously detailed reporting. We excel at all things related to income certification and tenant qualification reviews. Many Mansions goes above and beyond to provide on-going training to the staff to ensure we are abreast of the latest developments and changes in regulatory reporting and follow-through.

“Many Mansions provides high quality management services without losing sight of the importance of being compassionate to our residents.”

- Michael Nigh, Executive Director, Area Housing Authority of the County of Ventura

It is through this experience and proven record of highly regarded services that we have been able to expand our property management services to include the third-party management of the housing stock for various agencies. One such opportunity involved us taking interim control over the property operations for the Area Housing Authority of the County of Ventura for some time. This opportunity put Many Mansions in the operational lead for seven additional properties totaling 205 units, which included senior and disabled targeted populations such as the 57-unit Oak Creek Senior Villas.

This was a mutually beneficial opportunity as it allowed the AHACv time to build up their internal management capacity so they could bring their entire portfolio in-house and it allowed Many Mansions to build-up its internal capacity to manage properties for other owners. We are proud to have served the Area Housing Authority of the County of Ventura during their time of need and we continue to offer and explore other ways to share our talents and experiences with other organizations throughout both Ventura and Los Angeles Counties. Many Mansions will be the third-party property manager for several of our joint venture partnerships, including a joint venture with LA Family Housing on the 49-unit Summit View Apartments in Lake View Terrace (under construction) and the AHACV on the 77-unit Mountain View Apartments in Fillmore (under construction)..

ASSET MANAGEMENT STRUCTURE AND STAFFING

The **executive vice president** of Many Mansions facilitates collaboration between real estate development, property management, services, and asset management throughout the entire Many Mansions organization, including its affiliates, properties, managed properties, programs, administration, staffing, contracts, finances, vendors, legal affairs, fundraising, third-party property management, human resources, and community and public relations.

The **vice president of property management** oversees all property management operations of the organization and exercises broad supervisory responsibilities over the division staff. The vice president works closely with the executive vice president, is a spokesman and representative of the organization, and promotes its vision, mission, goals, and objectives.

The **regional managers**, under the direction of the vice president of property management and the executive vice president, and as consistent with the provisions contained in the California Real Estate Law & Subdivided Land Law, oversee staff located at assigned communities managed by the organization.

The **asset manager** helps oversee all asset management functions including but not limited to regulatory compliance and maximizing the performance and value of the Many Mansions (or its affiliates) portfolio of real estate assets that are owned and/or managed through acquisitions, dispositions, or operations (“Portfolio”). The asset managers report directly to the vice president of real estate.

Collectively, these positions oversee the direct day-to-day property management operations of all Many Mansions’ managed properties, including but not limited to, applicant processing, leasing, resident relations, vendors, maintenance, janitorial, rent collection, contracts, collections, security deposits, move-in/move-out, transfers, Fair Housing, policies, procedures, procurement, inventory control, evictions, monitoring overall financial performance, regulatory compliance, and reporting.

Additionally, they oversee the direct day-to-day supervision of community staff, including but not limited to, its community managers, who live on-site, and maintenance staff assigned to each specific property; and provide monthly operating reports and analysis upon the status, condition, operations, and direction of Many Mansions’ managed properties, including the department’s staff and activities. They prepare and assist in the preparation of certain regulatory reports, disclosures, audits, and financial statements, as required.

Over its 41-year history, Many Mansions has successfully provided ongoing monitoring and administration for countless local, state, and federal agencies. We have never had a major finding or violation and currently have no open regulatory issues. With government budget cuts, we have provided this service more frequently to our local partners. This extensive regulatory compliance experience will serve the City of El Segundo well.



Summit View Apartments, Lake View Terrace, CA

UP NEXT:

Portfolio of Many Mansions’ Current Properties

MANY MANSIONS CURRENT PROPERTY MANAGEMENT PORTFOLIO

Project Name and Address	No. of Units	Date Placed in Service	Population
<i>Schillo Gardens, 2849 Los Robles Rd., Thousand Oaks, CA 91362</i>	29	1/1/1988	<i>Low and very low income households</i>
<i>Shadow Hills Apartments, 227 E. Wilbur Rd., Thousand Oaks, CA 91362</i>	101	9/23/1992	<i>Low and very low income households</i>
<i>Stoll House Apartments, 3155-3159 Los Robles Rd., Thousand Oaks, CA 91362</i>	11	1/1/1998	<i>Extremely low and low income households</i>
<i>Villa Garcia, 1379-1419 Thousand Oaks Blvd., Thousand Oaks, CA 91362</i>	80	9/1/2000	<i>Low and very low income households</i>
<i>Esseff Village Apartments, 1425 E. Thousand Oaks Blvd., Thousand Oaks, CA 91362</i>	51	11/1/2001	<i>Extremely low income, disabled and homeless households</i>
<i>Richmond Terrace, 760 Warwick Ave., Thousand Oaks, CA 91362</i>	27	2/1/2004	<i>Homeless, disabled, and low income households</i>
<i>Casa De Paz, 1010 Ashland Ave. Simi Valley, CA 9306</i>	14	2/1/2005	<i>Special Needs. Extremely low income, homeless and disabled households</i>
<i>Hacienda de Feliz, 2084-2096 Los Feliz Dr., Thousand Oaks, CA 91362</i>	25	2/1/2005	<i>Low and very low income individuals and families</i>
<i>Bella Vista, 2011-2025 Los Feliz Dr., Thousand Oaks, CA 91362</i>	72	6/1/2005	<i>Low and very low income individuals and families</i>
<i>La Rahada, 1036-1050 Ashland Ave., Simi Valley, CA 93065</i>	8	10/1/2009	<i>30% AMI, Extremely low income, chronically mentally disabled, homeless individuals</i>
<i>D Street, 110 North D St., Oxnard, CA 93030</i>	8	7/1/2012	<i>TAY. Emancipated youth with mental disability between ages of 18-24.</i>
<i>Terry's Place, 352-354 E. Channel Islands Blvd., Oxnard, CA 93033</i>	2	12/1/2012	<i>Households at or below 60%AMI</i>
<i>Hillcrest Villas, 2672-2736 E. Hillcrest Dr., Thousand Oaks, CA 91362</i>	60	5/3/2013	<i>Homeless persons with disability, extremely low income and homeless families, very low and low income families</i>
<i>Peppertree Apartments, 4214 E. Los Angeles Ave., Simi Valley, CA 93063</i>	12	9/3/2014	<i>Special Needs. Extremely low income, chronically homeless and disabled households.</i>
<i>Casa Garcia, Santa Paula, CA 93060</i>	14	12/1/2018	<i>Workforce housing, very low income families</i>
<i>Ormond Beach Villas, 5527-5567 South Saviers Rd., Oxnard, CA 93033</i>	40	9/29/2019	<i>Chronically Homeless Veterans, Veterans with Disability, Low and very low income veteran families</i>

<https://www.manymansions.org/recent-property-renovations/>

HIGH QUALITY PROPERTY MANAGEMENT AND OPERATIONS



Summit View Apartments, Lake View Terrace, CA

High quality property management and operations starts early on in the initial development of a project, before any construction has occurred. Coordination with Asset and Property management services for feedback on design and implementation of building facilities is key to ensuring a thoughtful design that is cognitive of the challenges the day-to-day operations will face. From the asset and property management feedback we are able to design workspaces that maximize functionality and prevent challenges on the backend when it comes time to operate the development.

Property management and asset reviews of site security, community amenities, plumbing and mechanical specifications and various other aspects of the development can guide and help define the future success of the project. It is at this time too that contributions in cost control can be made and negotiation of high priority features to be implemented.

As the project moves toward lease-up, the role of the property management and asset team enlarges and housing development begins to create the close-out binder for the operations and finance teams. These binders consolidate the various financial and regulatory needs of the project, in addition to outlining the maintenance and operations of the physical facilities.

The close-out manuals include affordability matrices, lender requirements, as-built plans, contractor information, warranties, final specifications, permits, certificates of occupancy and approved property management and services plans. This information transfers from the development project manager in a hand off to the operations teams. Property management and asset management will help with lease-up, the creation of the transition plan, and the permanent financing conversion.

Once turned over, the operations teams will begin to monitor the fiscal health of the property through budgeting and forecasting while also managing reserve funds. They will monitor the physical health of the property by reviewing work order trends, maintain inventory control, engage in preventative maintenance and capital plans, and develop ongoing safety protocols.

The goals of the operations teams are to continue to source opportunities to improve on sustainability upgrades, maximize net operating income, ensure on-going regulatory compliance, manage capital renovations and continually implement strategies to maintain the property at peak efficiency and aesthetic beauty.

Many Mansions uses multiple layers of review and implements the latest trainings in order to provide our managers the tools they need to meet the aforementioned goals and empower them to be great caretakers of our affordable housing portfolios.

SIMILAR PROJECT EXPERIENCE



Shadow Hills Apartments, Thousand Oaks, CA

Many Mansions exclusively works in southern California (Ventura and Los Angeles counties) and has extensive experience working in similar jurisdictions to El Segundo. We have experience in coastal communities such as Oxnard, Port Hueneme, and Ventura. For example, we recently completed a 40-unit veterans’ development near the beach in Oxnard and understand how to adjust for the high water table, salinity of the air, and other unique coastal development challenges. We also have extensive experience in affluent suburban communities such as Thousand Oaks, which have a significant need to preserve its existing affordable housing stock (e.g. we recently helped the City preserve an “at-risk” development by resyndication, renovating, and extending the affordability for another 55 years), want a mix of densities, housing types, and populations served. We even have experience with denser downtowns that prefer mixed-use development and innovative ideas (e.g. factory-built housing and/or mechanized parking).

We are currently stewards of 8 city-owned parcels in Ventura and Los Angeles counties. We helped the cities of Camarillo and Moorpark identify 5 of the parcels. For example, the City of Moorpark had 4 small parcels that were undevelopable on their own and we are using a scattered site land assemblage model with common acquisition, entitlement, financing, construction, and management to build 6 duplexes on these small parcels along with 46 units on an inclusionary housing site. All of these parcels are located within a one-mile radius of each other.

We also have significant experience in cities near “build-out” and that have limited development opportunities. These experiences have allowed us to become creative with underutilized land, adaptive-reuse conversions, and preservations through the acquisition/rehabilitation of existing properties. We have been able to implement the adaptive-reuse of a motel through conversion into affordable rental housing and have built on heavily constrained infill developments in commercial/industrial areas. We are also about to start construction on a mixed-use project that will have ground floor retail.

Beyond simply developing, Many Mansions has substantial community outreach experience regarding new construction developments and community plans. Through numerous community meetings (even virtually), door-to-door outreach (pre-COVID), and social media campaigns, we have successfully secured several general plan amendments and zone changes over the years. We have contributed to the development of specific plans in both Thousand Oaks and Camarillo and also advocated for a municipal code amendment in Santa Paula that now allows for residential construction on underutilized commercial property.

We have worked with communities to implement residential overlays such as the All Affordable Housing Opportunity Zone in Oxnard, CA. We have successfully implemented enhanced density bonus programs within the County of Ventura and the County of Los Angeles, which allows us to capitalize on higher density thresholds when we develop 100% affordable housing projects. As such, we are known for being a strong community partner with innovative ideas. In fact, we presented ideas to build more affordable housing in Ventura County at the recent Ventura County Housing Conference. Some ideas included the creation of a form-based downtown code (similar to the City of Oxnard’s); allowing residential (or mixed-use) development by right in commercial zones and on church-owned or surplus school-district property; creating Transit Oriented Communities (TOC) Incentive Programs (similar to the City of LA); scattered site land assemblage to make small infill sites feasible for development; and factory built (modular) housing to reduce the time it takes to build affordable housing.

Based on the above outlined experiences and skill sets, we believe we are highly qualified to help the City of El Segundo exceed the RHNA goal of approximately 500 units (for those with special needs including extremely low-income households, seniors, military personnel, etc.) over the next eight-year cycle. Additionally, we will do so in a manner reflecting the City’s five overarching housing goals. If selected, we will immediately work with the City on developing a strategic plan to meet these goals, start identifying properties consistent with the established criteria, work on a plan to begin managing (and possibly acquiring) the 97-unit Park Vista senior citizen housing project, and creating written policies/procedures to assist with the ongoing monitoring and administration of affordable housing units produced in El Segundo.

ADDITIONAL FIRM INFORMATION

Hillcrest Villas, Thousand Oaks, California



MANY MANSIONS

Many Mansions is a California nonprofit corporation 501(3)(c), and has been in operation for over 41 years. Our principal office is located at 1259 E. Thousand Oaks Blvd. in Thousand Oaks, California. Most of the services under this proposal will be conducted from the Los Angeles field office located in Downtown Los Angeles at 811 Wilshire Blvd.

Many Mansions is unique in that we provide “free” on-site services to improve the quality of life for our residents and help break the cycle of poverty. Examples include: individual service plans focused on mental health, physical health, employment and resume building, life skills, financial counseling, and linkage to in-home supportive care. For children, we have tutoring, summer camp, and college assistance/scholarships.

RRM DESIGN GROUP

RRM design group has been in business for more than 45 years. They are a California s corporation and 100% employee-owned. Their headquarters are located in san Luis Obispo, CA with other locations in santa Barbara, san Juan Capistrato, San Leandro, and a **field office in El Segundo**. They anticipate the primary work for this project would take place in the santa Barbara and el segundo field office locations.

RRM design group understands the critical nature of affordable housing budgets and complex requirements of the various financing sources. They have decades of experience working with both 4% and 9% Low-Income Housing Tax Credit projects, as well as market rate, multi-family housing and senior housing developments. Drawing on their past experience, RRM offers both common sense and innovative solutions to solve problems, avoid pitfalls, and ensure that projects comply with funding requirements. RRM looks at innovative and current solutions such as modular units and use of sustainable materials to create spaces for people to enjoy and thrive. As a multi-discipline firm with collectively, more than 130 in-house architecture, planning, civil engineering, landscape architecture, structural engineering, surveying, and transportation engineering professionals, RRM is able to collaborate on all fronts to develop a well-coordinated product.



Rancho Sierra Senior Supportive Housing, Camarillo, California (RRM and Many Mansions Project)



Financial Narrative

Many Mansions has the experience, capacity, and ability to fully leverage the vast amount of local resources that come with working in southern California for more than 40 years. We have successfully secured over \$300 million in private, local, state, and federal financing for affordable housing. For example, we were the only developer to receive three funding awards (two for projects in LA County), a total of \$24.2 million, from the State of California under its MHP program during the last Notice of Funding Availability. In 2020, we also received an AHP award for our Central Terrace project in Oxnard; a tax-exempt bond and 4% tax credit award for our sun King development in LA (100% of the financing is secured and we will start construction early next year); we completed the permanent conversion for all financing for our Ormond Beach villas development in Oxnard; we recently closed all of the construction financing (over \$40 million and includes tax-exempt bonds and 4% tax credits, state MHP, County CdBg, and project-based section 8) to build 77-units in Fillmore; and based on preliminary scores and feedback from the State we should secure State MHP funds for Rancho sierra in unincorporated ventura County in december as well as a tax-exempt bond and 4% tax credit award for La guadalupe in Boyle Heights (which will be 100% of the financing at that time).



Additionally, our financial consultant, the California Housing Partnership Corporation (CHPC), utilizes their extensive experience to underwrite the proposed cost of development, sources of funding, and operating expenses. CHPC has provided financial consulting services on hundreds of multifamily transactions totaling more than 50,000 apartments. Their services include: advising on financial structures to maximize equity and bond or loan proceeds raised, negotiation with equity investors, lenders, and underwriters, preparation of financial projections, and assistance in obtaining funding from competitive programs. CHPC's focus is on improving the housing choices of California households earning less than 50% of the area median income, especially those earning less than 30%.

It is also worth noting that, our development team has sufficient staffing and financial capacity to complete the proposed services and help the City to develop at least 500 units of affordable housing (at the targeted income levels) within the next eight-year Housing Element cycle. This is demonstrated by the fact that we currently have site control of about ten affordable housing developments that will create almost 600 units of affordable housing over the next four years.

Our post-development operational management team (i.e. our property management, asset management, and services departments) has and will continue to build the staffing and infrastructure capacity for effective, professional operation and ongoing management of the completed affordable housing communities.

In addition, Many Mansions' strategic plan has already identified and is in the process of implementing a significant growth and expansion strategy, especially in Los Angeles County. Therefore, this proposal fits squarely within our organizations goals and objectives.

Financial Contact Information

LENDER/AGENCY	PERSON	NUMBER
HCIDLA Proposition HHH	Timothy Elliot	(213) 808-8596
LACDA AHTF + MHHP	Matt Lust	(626) 262-4511
City of Los Angeles CDBG	Karen Banks	(213) 808-8540
Union Bank	Perica Bell	(310) 551-8964
Merritt Community Capital	David Dologite	(510) 906-0243
HCD: Multifamily Housing Program	Hector Leyva	(916) 263-4655
County of Ventura CDBG	Tracy McAulay	(805) 662-6792
Area Housing Authority of the County of Ventura	Michael Nigh	(805) 480-9991
US Bancorp	Jennifer Craig	(314) 662-7533
Enterprise Housing	Reagan Maechling	(410) 964-0552
City of Oxnard	Emilo Ramirez	(805) 385-8041
HCD: Veterans Housing & Homeless Prevention Program	Sabrina Sassman	(916) 263-2742
City of Thousand Oaks	Lynn Oshita	(805) 449-2391
City of Camarillo	Jaclyn Lee	(805) 383-5616
City of Moorpark	Jessica Sandifer	(805) 517-6225

Financial Statements

The financial statements have been submitted to the City Attorney under separate cover; and as stated in the RFQ, do not count towards the page limit. Our most recent audit shows a “clean opinion” and a very healthy cash and cash equivalents of more than \$2,000,000. We just paid off our line of credit, have substantial cash on-hand for predevelopment and program expansion, and have healthy reserves. Thus, we are in a strong financial position to meet the City’s goals.

Financial Disclosures

Many Mansions has never defaulted on any of its obligations, been foreclosed upon, nor has a bankruptcy ever been filed. There are no current legal or regulatory actions or investigations that may have a material impact on the financial viability of the Developer.

Financial Legal History

There are currently no legal or regulatory actions or investigations involving fraud or corruption, or health and safety where these are allegations of serious harm to employees, the public, or the environment. No legal or regulatory actions or investigations involving fraud or corruption, or health and safety where there are allegations of serious harm to employees, the public, or the environment have occurred within the past five years.



*“When I first saw my unit, it didn’t seem real.
I couldn’t believe they were giving me a place to live.”*

- Charles Simmons
Many Mansions’ Stories

Section

G

Potential Conflicts of Interest

Affordable Housing Development and Administrative Services

November 9, 2020

Paul Samaras, AICP
Principal Planner
City of El Segundo
350 Main Street
El Segundo, CA 90245
psamaras@elsegundo.org

RE: CITY OF EL SEGUNDO REQUEST FOR QUALIFICATIONS
AFFORDABLE HOUSING DEVELOPMENT AND ADMINISTRATIVE SERVICES

Mr. Samaras,

The purpose of this document is to disclose and certify the following information is true and valid at the time of execution of this letter.

No member of the respondent's team staff, board of directors, or other governing body is or has been any of the following within the past two years:

- A City of El Segundo employee or consultant;
- A City of El Segundo Councilperson; or
- A Board of Commission member who has direct influence on the use of public funding.

For any questions or clarifications, please do not hesitate to contact Alex Russell, executive Vice President, at Alex@manymansions.org or by calling 805.496.4948 extension 220.

Sincerely,

Rick Schroeder, President
Many Mansions



1259 E. Thousand Oaks Blvd.
Thousand Oaks, CA 91362 p:
(805) 496-4948
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811 Wilshire Blvd. Ste. 1727
Los Angeles, CA 90017

www.manymansions.org



"I will now have my own place to live for the first time since 2001."

- Robert Rowan
Many Mansions' Stories

Attachment B

Jamboree RFQ Response



Jamboree



City of El Segundo:

Request For Qualifications Affordable Housing Development And Administrative Services

Roger Kinoshita
Senior Director, Business Development
RKinoshita@JamboreeHousing.com
17701 Cowan Avenue, Suite 200
Irvine, CA 92614 | 949.263.8676

November 2, 2020

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Groundbreaking celebration with community partners in Garden Grove, CA

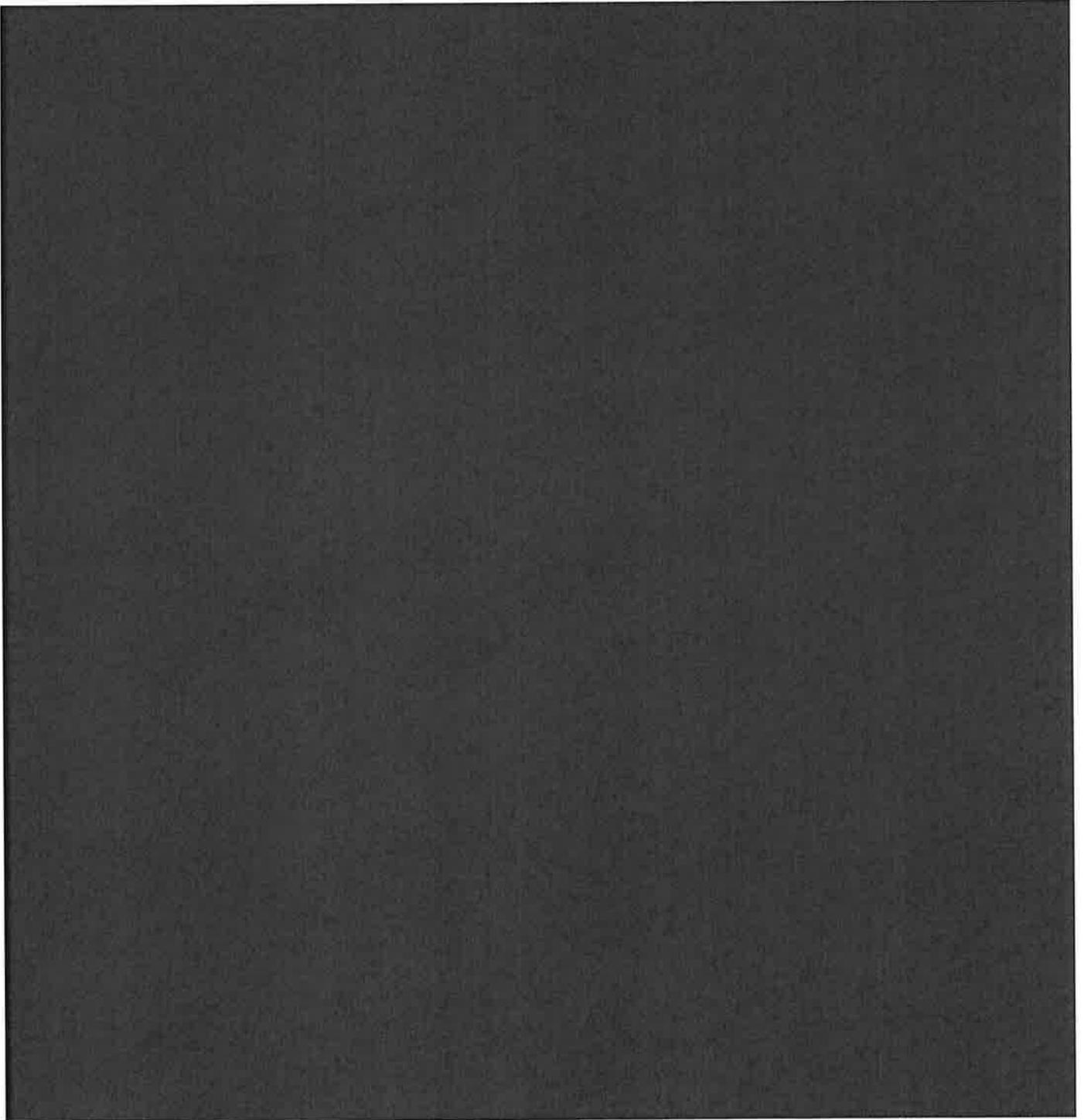


Monarch Pointe affordable community in Anaheim, CA



Jamboree residents

Cover Letter





November 2, 2020

Gregg McClain
Planning Manager
City of El Segundo
Via email: gmclain@elsegundo.org

**RE: City of El Segundo
Request for Qualifications
Affordable Housing Development Services
Due November 2, 2020**

To Whom It May Concern:

Jamboree Housing Corporation (“Jamboree”) is pleased to submit this proposal in response to the Request for Qualifications (“RFQ”). Jamboree is a 30-year old, award-winning, mission-driven non-profit community development organization with high quality properties throughout California, including Los Angeles County.

Jamboree, based in Irvine, has engaged in dozens of successful cross-sector city collaborations and utilized public/private partnerships with state and private funding to develop more than 9,000 units of affordable housing, helping cities, like El Segundo, in fulfilling their RHNA goals. We are seeking a dedicated partner like City of El Segundo to help us fulfill our mission through the creation of critically needed affordable and/or supportive housing in California. El Segundo and Los Angeles County is a priority for us.

As one of the leading non-profit affordable housing developers in the nation, Jamboree develops, acquires, renovates, and manages affordable rental housing, including a range of housing options for working families, seniors, veterans, and previously homeless.

Established in 1990, Jamboree currently has \$1.3 billion in family, senior, and supportive affordable housing projects under development and an estimated \$3.2 billion asset portfolio in more than 86 California communities, including Los Angeles County. Jamboree is Orange County’s largest developer of Permanent Supportive Housing for formerly homeless individuals living with mental illness.

More than 18,800 Californians at various income levels from San Diego to the Santa Clara County currently call Jamboree home and among them are 800 veterans, 2,100 seniors, and 475 persons with a history of mental health disabilities and experience with homelessness. We have developed properties with blended populations of families, seniors, and/or supportive housing.

Social and Supportive Services

Robust services are not an afterthought for Jamboree, it is an imperative and priority. We have been able to transform lives and strength the communities in which the developments reside by integrating onsite services and making them available to the surrounding neighborhood residents and community members, well beyond the property's residents. In our developments, we have included health clinics, Head Start childcare programs, food distribution and many other onsite integrated uses that benefit the community at large.

Jamboree is qualified, committed, and prepared to bring our results-driven supportive housing model to El Segundo through the partnership with the local and regional groups . We invite you to tour one of our affordable housing properties to see our high-quality development skills and innovative programming in person. To schedule a tour or if you have any additional questions, please contact us.

We look forward to the opportunity to work city staff, city council and the residents of El Segundo to develop a strategic affordable housing development plan, identify properties, helping in the development and/or rehabilitation of properties and long term ownership and management of properties to meet El Segundo's highest housing needs.

Principal Contact is Roger Kinoshita, Senior Director – Business Development.

Jamboree agrees to adhere to the minimum income and affordability standards identified in the RFQ.

Sincerely,
JAMBOREE HOUSING CORPORATION



Roger Kinoshita
Senior Director, Business Development
RKinoshita@JamboreeHousing.com
17701 Cowan Avenue, Suite 200
Irvine, CA 92614 | 949.263.8676



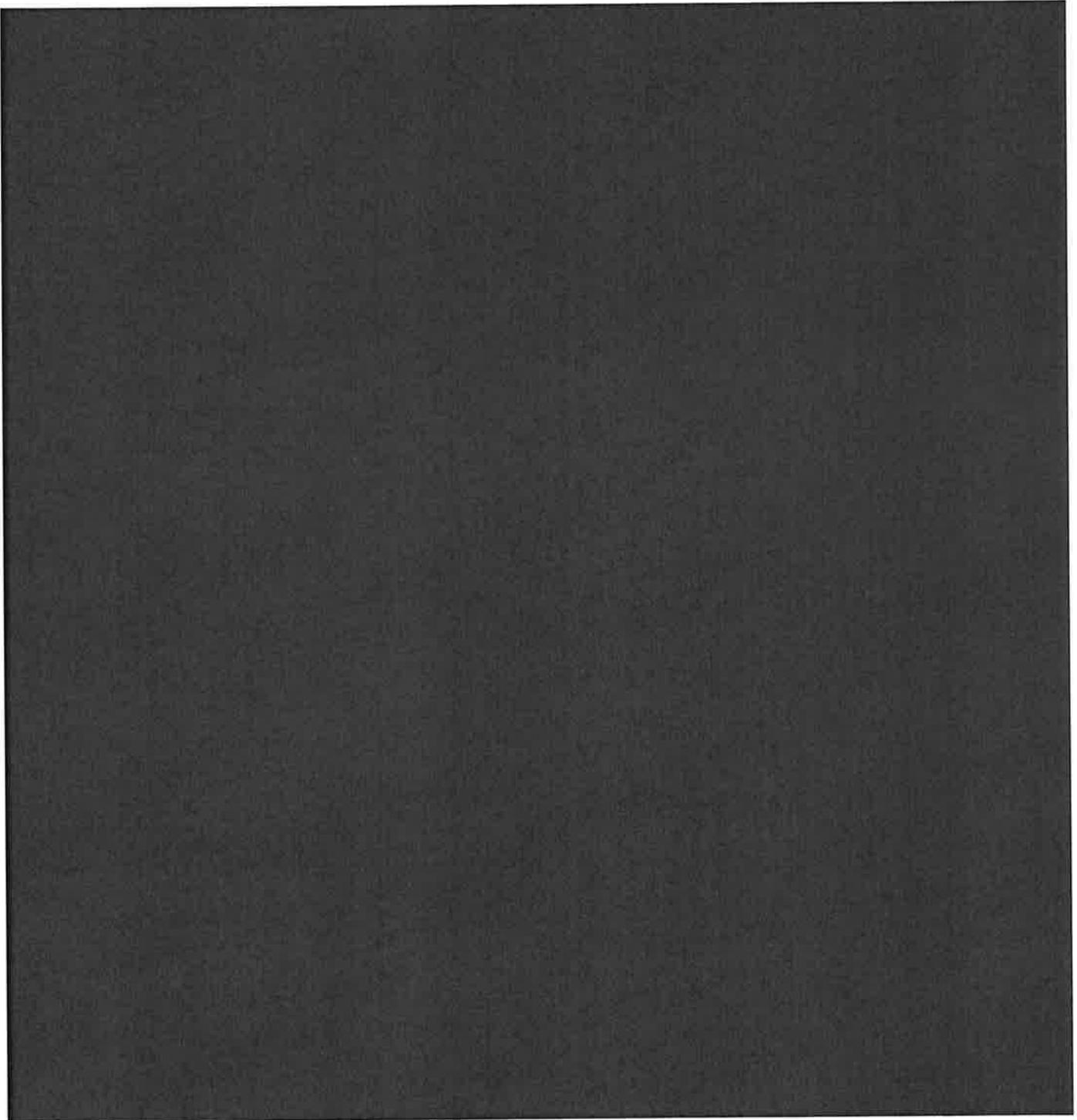
Michael Massie
Chief Development Officer
mmassie@jamboreehousing.com
17701 Cowan Avenue, Suite 220
Irvine, CA 92614 | 949.263.8676

All of the above parties may bind the firm and may respond to questions regarding the statement of qualifications.



Birch Hills a certified LEED for Homes Platinum workforce housing community in Brea, CA
207

Development Entity



Development Entity

The development entity is yet to be formed. It will be a Limited Partnership with a to be formed Jamboree Housing Corporation LLC serving as the Managing General Partner and a to be determined tax credit partner as the Limited Partner. Jamboree has earned a reputation for taking extraordinary steps to effectively translate the housing vision of localities into reality. At the forefront of this process is Jamboree's Development Group staffed by a highly experienced **team of professionals with exceptional multidisciplinary knowledge, skills and talents.**

This group consistently delivers on the goal of creating quality affordable housing, and producing multifamily properties that are completed on time and on budget and are indistinguishable from comparable market-rate projects. For Jamboree, it is a design requirement that regardless of the location and surrounding environment, its projects must blend seamlessly into the community while also bolstering and enhancing the aesthetic fabric down to the finest grain. With quality as a hallmark, the development team works closely with local jurisdictions to ensure Jamboree's properties and programming serve as a catalyst to help revitalize communities, advance health, initiatives and when applicable, restore and preserve historic landmarks.

As the first step in the development process, **Jamboree's professional staff identifies opportunities and analyzes the feasibility of future projects** and their contribution to the health and overall benefits they bring to strengthen a community. Once a site is acquired, **the Development Group secures financing, entitlements, meets with local stakeholders to build community support, coordinates with consultants on the design and costs** to ensure financial and environmental sustainability, and works closely with city staff to secure licenses, permits and approvals. Jamboree is also experienced in development of surplus land and infill parcels of land like Diamond, Monarch and Greenleaf Apartments in Anaheim, adaptive reuse of underused projects such as Wesley Village in Garden Grove and the preservation of historic structures such as the Hotel Berry (now Studios at Hotel Berry) in downtown Sacramento.

A key component of Jamboree's development strategy to improve and streamline the construction process for both new projects and acquisition/rehabilitation projects is the **company's in-house construction company**, Quality Development and Construction Inc., ("QDC") an independent 501 (c)(3) entity. QDC serves as a licensed general contractor, technical consultant, design expert and construction manager for affordable housing properties developed by Jamboree.

Integral to Jamboree's Development Group, QDC brings specific design and construction expertise to bear throughout the entire development process; it enhances the quality and efficiency in all aspects of new construction at Jamboree communities as well as the rehabilitation of existing properties. This ensures construction standardization across the company's asset portfolio, as well as more cost-effective design solutions, and greater sustainability that maintain quality and affordability vital to Jamboree's commitment for creating housing and benefiting communities and residents over the long term.

Jamboree's Asset Management team is dedicated to the strategic planning of current and new investments, providing vision, resources, and innovative green and sustainable options for our ever-growing operations. With robust reporting capabilities and a strong sense of pride in exceeding required financial obligations, compliance assurance and asset preservation, our team is unique in delivering mission-focused asset management.

Jamboree has a **proven track record for delivery of programming and resident services** that benefit families and seniors and an enhanced level of supportive services for those with special needs. Jamboree expands the delivery of services through innovative community service partnerships with school districts, government entities, healthcare organizations, resident groups, community alliances, social enterprises, philanthropy, and other nonprofits, aligned for best practices and shared goals.

Several Jamboree staff members will be assigned to the development under the leadership of Tung Tran, Senior Director Development. Resumes of key staff members follow:

Jamboree Housing Corporation
17701 Cowan Ave., Suite 200, Irvine, CA 92614
(949) 263-8676

Laura Archuleta, President & CEO
Michael Massie, Chief Development Officer
Roger Kinoshita, Senior Director, Business Development
Tung Tran, Senior Director, Development

LAURA ARCHULETA, PRESIDENT and CEO

Since 1999, Laura Archuleta has guided Jamboree Housing Corporation from a small, Irvine, CA-based nonprofit affordable housing developer with 750 units into one of the nation's largest nonprofit owners having developed 9,100 homes in more than 96 communities. She believes that a complete community includes a diversity of housing choices as a key component to strengthen California communities by creating opportunities to access quality affordable housing, responsive resident services, and programs that enhance quality of life.

Under Archuleta's leadership, Jamboree creates healthy communities where residents thrive as they live, work, shop and play in their local neighborhoods. She credits the nonprofit's year track record of operational performance to its strong business ethics, industry partnerships and quality community and housing development that incorporates state-of-the-art sustainability design and construction techniques.

Archuleta was also instrumental in establishing Jamboree's in-house Community Impact Group, Housing with Heart, in 2004. In 2010, Jamboree expanded the Community Impact Group with the acquisition of HOMES, Inc., a leading nonprofit provider of housing and support for people living with mental illness. This partnership furthers Jamboree's goal to designate at least 10% of the apartment homes at each of its new properties to people with special needs. In 2012 Jamboree launched its own in-house construction group, Quality Development and Construction, Inc. to ensure construction standardization across Jamboree's asset portfolio, as well as more cost-effective design solutions and greater sustainability to maintain affordability vital to Jamboree's commitment for the long term.

Archuleta currently is on the Affordable Housing Advisory Council of the Federal Home Loan Bank of San Francisco, is a member of the boards of the California Housing Consortium, and the Building Industry Association (BIA) of California and a member of the United Way Orange County Leadership Council, She earned a bachelor's degree in criminal justice and a master's degree in public administration from California State University, Fullerton.

Email: larchuleta@jamboreehousing.com

MICHAEL MASSIE, CHIEF DEVELOPMENT OFFICER

Michael Massie's years of broad experience in all facets of residential development, affordable housing, and real estate finance have been developed across a changing real estate landscape. As the Chief Development Officer, he works to identify and secure sources of capital and alternative funding resources to support Jamboree's mission. In this role, he oversees construction, business development, and housing development.

Michael returned to Jamboree in 2017 after having previously served as Senior Project Manager from 2005 to 2008, and Director of Housing Development from 2008 to 2014. He managed all aspects of Jamboree's affordable housing development program, including public and private finance, design, entitlement, and construction of more than 2,800 multifamily units throughout California.

To diversify his experience and knowledge, Michael pursued executive opportunities with other major builders of multifamily housing from 2014 to 2017. At The Picerne Group, he oversaw the development of all of the company's multifamily projects throughout Southern California and was a member of the executive committee. At Related California, he was vice president responsible for the company's affordable housing developments in San Diego and Los Angeles counties. Michael graduated from the University of Pennsylvania's Wharton School with a bachelor's degree in Economics and concentrations in Real Estate and Finance
Email: mmassie@jamboreehousing.com

GEORGE SEARCY, CHIEF OPERATING OFFICER

George Searcy leads Jamboree staff that oversee activities at all our properties, including Asset Management, IT, and Community Impact. In collaboration, these teams help create and implement strategic plans that further Jamboree's breadth and mission. George oversees and adapts Jamboree processes and activities, providing guidance in analyzing outcomes to ensure effectiveness.

Dedicated to promoting a culture of high performance that values a commitment to quality, George participates in the planning, development, implementation, and evaluation of key business and performance objectives, and their application in associated programs and policies. He also evaluates operating results across the organization to ensure that growth and objectives are being met. In this role, George also manages strategic relationships with city staff, elected officials, and other public entities, and provides strategic direction to the board and staff on state policy and government relations.

In his previous role as Vice President of Community Impact, George managed Jamboree's extensive programming that provides residents with social, employment, education and health services designed to enhance the quality of individual and family life. With affordable housing as the platform for community change, George has long been an advocate for new, innovative services and overall community development that result in added impact in the neighborhoods we serve. Supporting our mission to build strong, healthy communities, he evolved that vision to include a wider range of social services and community partnerships.

Before coming to Jamboree, he served in the dual role as Executive Director for the Hope Through Housing Foundation and Executive Vice President for National Community Renaissance (National CORE). George also provided clinical treatment for clients at both Human Options and Turning Point Center for Families. Previously, he was Community Services Superintendent for the City of Irvine, CA. He currently serves on the Centers for Disease Control (CDC) National Leadership Academy for the Public's Health in San Bernardino County, CA.
Email: gsearcy@jamboreehousing.com

ROGER KINOSHITA, SENIOR DIRECTOR BUSINESS DEVELOPMENT

As Director Business Development, Roger Kinoshita, identifies acquisition opportunities for Jamboree's project pipeline and prepares feasibility analysis of new development projects including identifying funding options, examining risks and estimating partners' needs and goals. Roger manage strategic partner relationships and screens potential business deals.

Prior to joining Jamboree, Roger served in executive roles at NAI Capital's Investment Property Group and Grubb & Ellis' Investment Property Group. In both executive positions, Kinoshita was involved in business development, underwriting, and sales and financing for commercial/industrial properties throughout California. From 2002 to 2005, he was director of finance for Bentall Residential, and served as a senior associate with Related Companies of California from 2000 to 2002, where he was responsible for the underwriting, financing, acquisition and rehabilitation of 2,800 affordable multifamily units valued at \$285 million. At Related Companies, he gained extensive experience in financing affordable housing projects utilizing tax-exempt and non-exempt bonds, federal tax equity instruments, and local municipal financing. He earned a bachelor's degree in business administration from the University of Southern California in 1988 and is a licensed real estate agent.

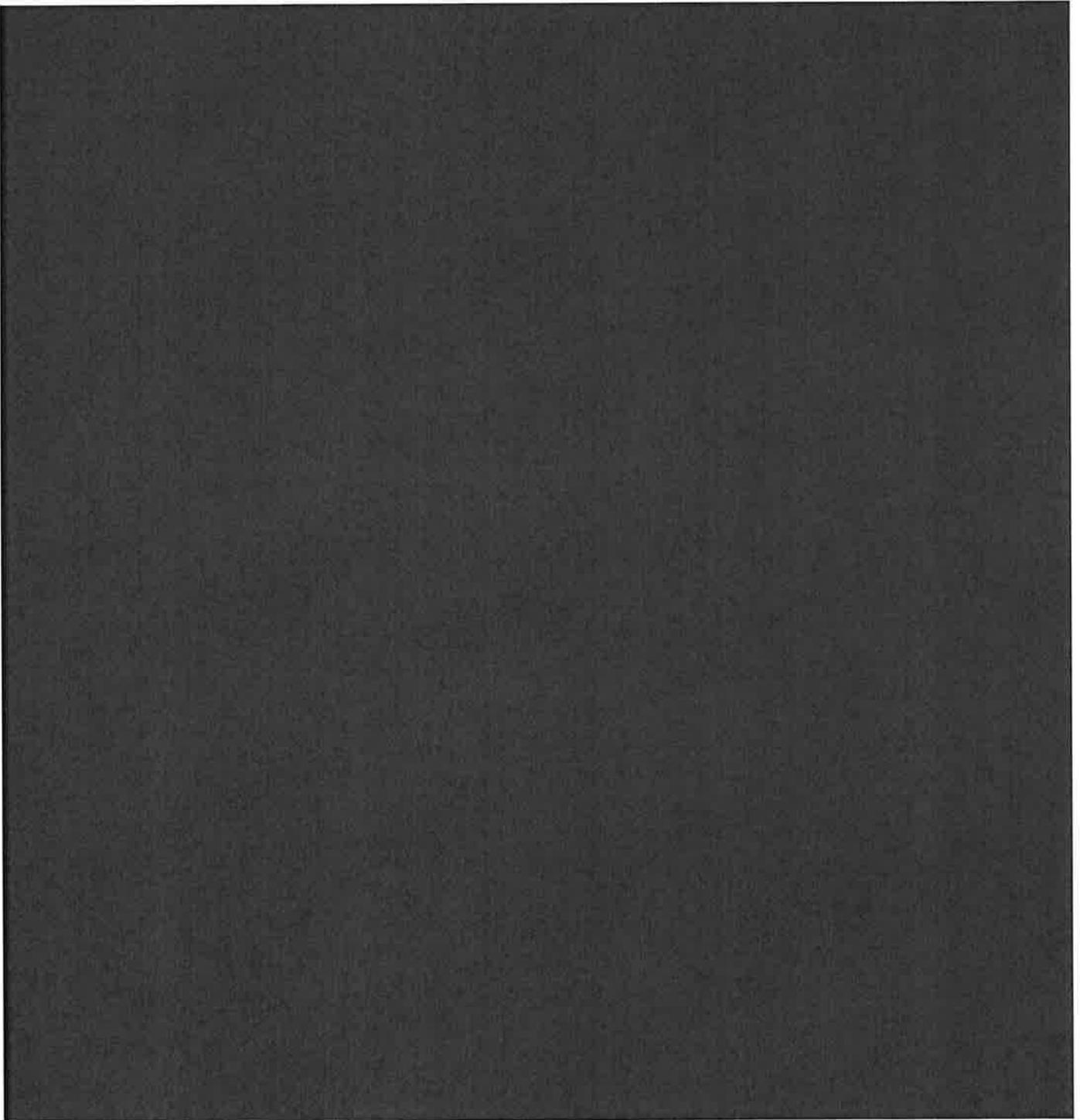
Email: rkinoshita@jamboreehousing.com

TUNG TRAN, SENIOR DIRECTOR DEVELOPMENT

Tung Tran, Senior Director of the Development Group at Jamboree will lead the effort to assist in the development this property. Tung has been with Jamboree since 2016. Prior to joining Jamboree, he served as Director of Development at ROEM Development Corporation where he directed and managed all aspects of the development of 2,000 units of housing. Most of his work has been centered in the Bay Area and he has specific experience developing in Santa Clara County. Prior to his position with ROEM, he was employed by the San Jose Redevelopment Agency as a Development Officer. His vast knowledge and deep understanding of Bay Area development patterns and politics is an asset. Tung has capacity to lead and manage projects that come to fruition as a result of this RFQ. Tung's role will include oversight of all phases of the development process including land acquisition, due diligence, financing, construction, completion and transition to asset management. Tung is supported by three Development Associates. His staff will provide dedicated staffing to this effort as well. Collectively the three Development Associates have capacity to take on the work that is associated with projects that result from this RFQ. Tung will work closely with his staff to carry out the development activities described above.

Email: ttran@jamboreehousing.com

Development & Administrative Experience



Project Profiles

The Exchange at Gateway

Family

10562 Santa Fe Drive
El Monte, CA 91731

The Exchange at Gateway was developed as a result of a private/public partnership among the City of El Monte, Jamboree and Grapevine Advisors LLC, the master developer. The Exchange at Gateway is part of a larger master-planned, transit-oriented development. The El Monte Gateway encompasses 25,000 SF of retail shops and restaurants, market-rate and affordable housing. The property was developed on a 2.1 acre urban infill site - formerly El Monte’s public works yard.

Amenities for this state-of-the-art community include a spacious community center with computer lab featuring Internet access, a fitness center, tutoring/arts and crafts room and water-efficient landscaping. The property is a 100% smoke-free environment built around a central courtyard with barbecue/picnic areas, tot lot, outdoor seating areas and bike storage in the underground garage to promote exercise and a healthy lifestyle.

Each apartment home includes a patio/balcony to encourage indoor/outdoor living. Jamboree’s Community Impact Group provides services tailored to the needs of The Exchange at Gateway residents, such as after-school tutoring and activities that promote health, fitness and community involvement.

*Transit-oriented development
LEED for Homes Platinum Certified
Transformed a former public works yard*

CONSTRUCTION PERIOD

March 2014 - September 2015

UNITS

132

AFFORDABILITY

30% - 60%

UNIT MIX AND SQUARE FOOTAGE

39 One-bedroom	650 sf
50 Two-bedroom	792-872 sf
43 Three-bedroom	1,024 -1,074 sf

FUNDING SOURCES

Union Bank Tax Credit Equity	\$23,064,488
Union Bank Permanent Loan	\$4,446,391
City of El Monte	\$9,910,673
Accrued Interest	\$203,075
<u>Jamboree Deferred Developer Fee</u>	<u>\$166,310</u>
Total Development Costs	\$37,790,937



Transit-oriented urban community in downtown El Monte, CA

Puerto del Sol

Family

745 W. Third St
Long Beach, CA 90802

*Transit-oriented development
Neighborhood revitalization
Replaced 13 substandard dwellings - provided
homes for 64 families*

Puerto del Sol is an award-winning, transit-oriented affordable housing community for families. An integral part of the West Gateway development of downtown Long Beach, CA, the property is within walking distance to local medical and community services, shopping and schools as well as an area transit center and Metrolink light rail station. Embodying principals of smart growth, the City of Long Beach pursued a unique public/private economic development partnership to develop this transit-oriented urban neighborhood on portions of eight square blocks situated at the entry to the City's downtown core. West Gateway is a critical element in the revitalization of greater downtown Long Beach.

Puerto del Sol features a community center with onsite services tailored to residents and their families provided by Jamboree's Community Impact Group. Residents can participate in homework assistance and tutoring, after-school and summer programs for children, arts and crafts, computer training, ESL, fitness, art, consumer credit counseling and financial literacy classes. Activities also include a wide variety of community-building events. An onsite playground provides children with a place to play outdoors.

CONSTRUCTION PERIOD

February 2005 - July 2008

UNITS

64

AFFORDABILITY

40% - 50%

UNIT MIX AND SQUARE FOOTAGE

37 Two-bedroom	890 sf
16 Three-bedroom	1,280 sf
11 Four-bedroom	1,485 sf

FUNDING SOURCES

MMA Financial Tax Credit Equity	\$9,065,000
JP Morgan Chase Permanent Loan	\$1,054,000
Long Beach Housing Development Company	\$11,818,000
California HCD - MHP	\$3,863,196
Federal Home Loan Bank - AHP	\$252,000
<u>Jamboree Deferred Developer Fee</u>	<u>\$385,061</u>
Total Development Costs	\$26,437,257



Affordable housing community in Long Beach, CA

Wesley Village

Multigenerational

12741 Main Street
Garden Grove, CA 92840

Through a unique partnership with the Garden Grove United Methodist Church, Jamboree entered into a 60-year ground lease with the church, repurposing 2.2 acres of excess parking space and unused vacant land that will provide ongoing financial support for the church's charitable activities.

Two three-story residential buildings will be home to families and seniors, and will provide ample space for outdoor activities with a large outdoor deck atop the family building, a barbecue/dining area, tot lot, fitness area, and landscaped spaces for recreation.

Jamboree's Community Impact Group will provide activities that support residents, such as homework assistance and tutoring for young people, plus a variety of learning and wellness programs for adults and seniors. As well as, coordinating services with local community partners – the Boys & Girls Clubs of Garden Grove and the Lestonnac Free Clinic.

*Multigenerational design
Mixed-use residential and commercial
Common area spaces for community partners
LEED for Homes Gold Certified*

CONSTRUCTION PERIOD

September 2015 - July 2017

UNITS

47

AFFORDABILITY

50% - 59%

UNIT MIX AND SQUARE FOOTAGE

20 One-bedroom	813 sf
11 Two-bedroom	885 - 932 sf
15 Three-bedroom	1,126 sf

FUNDING SOURCES

Boston Financial Investment Management	\$7,448,971
California Community Reinvestment Corporation	\$4,794,240
City of Garden Grove	\$3,700,613
Federal Home Loan Bank	\$460,000
Jamboree Deffered Developer Fee	\$2,418,900
<u>Operations</u>	<u>\$86,943</u>
Total Development Costs	\$18,909,667



Infill project on 2.2 acres of church's excess parking space and vacant land

Courier Place

Multigenerational

111 S. College Ave
Claremont, CA 91711

Courier Place, located on the former site of the Claremont Courier newspaper, is Jamboree's first multigenerational community. Built in 2011, Courier Place is one of only a few affordable, multigenerational, multifamily housing developments in California. Local officials took a bold position to support this development. Jamboree went the extra mile in reaching out to residents – a very active citizenry – listening intently to and aligning with the priorities of city staff and residents. Claremont City Council's 5-0 approval of Courier Place underscores the value of a strong public/private partnership in the development of affordable housing, especially in an infill site surrounded by existing neighborhoods.

Courier Place was developed with a multi-layered combination of funding, including first-time financing for a Jamboree community utilizing City of Industry Funds.

Courier Place's unique design concept allows seniors the option to integrate with or enjoy quiet separateness from residents with families. The three-story senior building features 38 one-bedroom apartments, an elevator, a third-floor outdoor roof deck, and hallways lined with handrails for added safety. The two-story recreation space – that includes a kitchen, computer center, library and outdoor roof deck patio – encourages activities and socialization among seniors. Onsite services are designed especially for seniors – including technology classes to help them keep in touch with friends and family.

The 37 two and three-bedroom family apartments are in two buildings, one of which is non-smoking. Like the seniors building, community areas are designed around the needs of each. For example, the tot lot portion of the common areas is situated at the edge of the central common area core closest to the family buildings, so parents can visually monitor their children from their home and playground noises are minimized for seniors.

**Multigenerational
LEED for Homes Platinum Certified
Transit-oriented Development**

CONSTRUCTION PERIOD

December 2010 - December 2011

UNITS

74

AFFORDABILITY

30% - 50%

UNIT MIX AND SQUARE FOOTAGE

39 One-bedroom	598 sf
13 Two-bedroom	909 sf
24 Three-bedroom	1,172 sf

FUNDING SOURCES

City of Claremont	\$3,404,871
Community Development Commission of Los Angeles	
- Home and City of Industry Funds	\$2,750,000
U.S. Bank Construction Loan	\$13,000,000
WNC & Associates, Inc. Tax Credit Equity	\$13,228,107
<u>Jamboree Deferred Developer Fee</u>	<u>\$421,757</u>
Total Development Costs	\$19,804,735



Community center at Courier Place in Claremont, CA

Heroes Landing

Homeless Veterans

3312 West 1st Street
Santa Ana, CA 92703

Santa Ana Veterans Village is a new construction permanent supportive housing community for homeless veterans and their families. As Jamboree’s first dedicated property for veterans, it is Orange County’s largest housing development exclusively for veterans. The community is part of the City of Santa Ana’s Harbor Mixed Use Transit Corridor Plan which calls for retail stores, restaurants, office buildings and more housing options in a more walkable, safe and attractive environment. The 1.54-acre vacant, blighted site (a previous parking lot) was repurposed into a veterans community that integrates into a thriving neighborhood that includes a Buddhist temple, an apartment community, and a gated single-family development.

In collaboration with the City of Santa Ana, the Veterans Administration (VA) and other leading veterans service organizations, Jamboree’s design concept for this innovative development is “to be a sanctuary of stability and a hub of hope” for some of Orange County’s most vulnerable veterans. This concept is brought to life with a U-shaped, three-story, elevated residential building of 75 one- and two-bedroom apartments that opens onto a spacious courtyard. The nearly 10,000 square feet of active open space includes a community garden and reflection walk and a 4,500-square-foot community center that is home to a Veterans Services Collaborative.

With the creation of the Santa Ana Veterans Village Collaborative, Jamboree’s innovative approach to community impact brings together – in one place – some of Orange County’s leading veterans service agencies to support residents as well as veterans throughout the community:

- VA Long Beach Healthcare System provides both mental health counseling and wellness services.
- Goodwill of Orange County’s Tierney Center for Veterans Services operates employment services on site.
- Veterans Legal Institute provides pro bono legal assistance to homeless and low-income current and former service members.

Orange County’s largest housing development exclusively for veterans
75 VASH vouchers through U.S. Department of Veterans Affairs

- Strength in Support provides supportive services to military personnel, veterans, and their families, including individual and family therapy, mentorship, and workshops at the site.
- Step Up, an experienced supportive service provider for veterans, is the contracted service provider.

CONSTRUCTION PERIOD

December 2018 - June 2020

UNITS

75

AFFORDABILITY

30%

UNIT MIX AND SQUARE FOOTAGE

71 One-bedroom	496 sf
4 Two-bedroom	709 sf

FUNDING SOURCES

Union Bank Tax Credit Equity	\$12,900,425
Union Bank Permanent Loan	\$10,300,000
Orange County Housing & Community Services / California Housing Finance Agency	\$2,912,000
Orange County Community Foundation	\$1,500,000
Federal Home Loan Bank of San Francisco, AHP loan	\$750,000
Jamboree Deferred Developer Fee	\$614,641
The Home Depot Foundation	\$ 500,000
City of Santa Ana, HOME funds through U.S. Department of Housing and Urban Development (HUD)	<u>\$477,346</u>
Total Development Costs	\$29,954,412

Development Pipeline Project Profiles

Finamore Place

Family / Homeless

915 E. Orangewood Avenue
Anaheim, CA 92802

*Designed to achieve a LEED for Homes certification
Jamboree's eighth Anaheim development*

Finamore Place is an affordable new construction housing development for both large families and formerly homeless families. Since 2008, Jamboree and the City of Anaheim have partnered on seven communities, creating more than 536 units of high-quality, affordable housing. Through a 55-year ground lease agreement with the Anaheim Housing Authority, Jamboree will transform its eighth Anaheim development from a 2.86-acre vacant site into a vibrant community asset for the entire Haster Orangewood neighborhood.

In collaboration with the City of Anaheim and other leading community service partners, Jamboree's design concept for this innovative development is to be a beacon of hope and support for residents and the surrounding community. This concept will be brought to life with a four-story apartment building of 102 one-, two-, and three-bedroom apartments that open onto a spacious courtyard with nearly 15,000-square-feet of active open space. A two-story, 15,000-square-foot community center – the largest of any Jamboree property to date – will be home to a collaboration of resident and community services for the entire neighborhood, including an onsite satellite family mental health services center and a separate 3,800-square-foot onsite early education center.

COMPLETION

Slated for September 2021

UNITS

102

AFFORDABILITY

30% - 60%

UNIT MIX AND SQUARE FOOTAGE

48 One-bedroom	700 sf
27 Two-bedroom	825 sf
27 Three-bedroom	1,050 sf

FUNDING SOURCES

- **Union Bank:** \$25.3 million in tax credit equity, \$32.2 million in construction financing, \$14.3 million in permanent financing
- **City of Anaheim:** \$4 million (HOME, transportation waiver, rebates, energy credits), 55-year ground lease and \$10.2 million land note
- **Orange County Housing Trust:** \$1.5 million loan



Rendering of Finamore Place in Anaheim, CA

Sierra Avenue

Family

16839 Ramona Avenue
Fontana, CA 92336

Sierra Avenue is an affordable new construction development for large families on a site located at the southwest corner of Sierra and Ramona Avenues in the City of Fontana. Since 2001, Jamboree and the Fontana Housing Authority have partnered on seven communities, creating more than 350 high-quality, affordable apartment homes. Through a 60-year ground lease agreement with the Fontana Housing Authority, Jamboree will transform a 4.31-acre blighted lot, previously owned by San Gabriel Water Company, into 60 units of affordable housing for working families.

Located near downtown Fontana, Sierra Avenue will offer 60 one-, two-, and three-bedroom apartments in a trio of three-story buildings. Special design consideration is being given to match the neighboring architecture, influenced by the farmhouse style found throughout the city. The exterior of the buildings will be a combination of stucco, HardiePanel siding, and stone veneer accents. The community service center, with its many amenities, will be the focal point of the development.

Sierra Avenue will feature an approximately 5,000-square-foot community building that will house flexible recreational space, onsite management offices, kitchen facilities, and a computer lab where free onsite resident services will be provided to residents and available to the surrounding community. In addition to the community space, the property will include a 3,000-square-foot health and wellness clinic as part of Jamboree's new partnership with Cucamonga Valley Medical Group. The clinic will offer residents and community members the access to health education classes, flu shots, immunization services, and sick childcare services. Outdoor amenities will include recreational space with a swimming pool, shaded tot lot, BBQ with dining areas, and a community garden. Each building will have its own laundry facility as well as on-grade parking

Designed to achieve a LEED for Homes Silver certification
Jamboree's seventh Fontana development

COMPLETION

Slated for April 2021

UNITS

60

AFFORDABILITY

30% - 60%

UNIT MIX AND SQUARE FOOTAGE

6 One-bedroom	660 sf
30 Two-bedroom	855 sf
24 Three-bedroom	1,088 sf

FUNDING SOURCES

- Red Stone Equity Partners: \$14.9 million tax credit equity
- Banner Bank: \$2.19 million in permanent financing, \$10.8 million in construction financing
- City of Fontana: \$6.1 million



Rendering of Sierra Avenue in Fontana, CA

West Mission

Homeless Veterans / Family

592 W Mission Blvd
Pomona, CA 91766

West Mission Apartments is a new construction family development consisting of 57 units. The proposed project will be located on a 1.43 acres vacant site in the City of Pomona. The project will include 56 one, two, and three-bedroom units and one manager’s unit. Ten units will be targeted for individuals and family experiencing homelessness who are on Social Security Income at 15% Area Median Income (AMI). Six units will be targeted for homeless veterans with Veterans Affairs Supportive Housing (VASH) Project-Based Vouchers (PBVs). The remaining 40 units will be targeted to families earning between 30% to 60% AMI. The proposed project will include a 5,700 square foot leasing & amenity space with a large multi-purpose room, classroom for after-school program, and group and individual conference rooms. The outdoor amenities for the community will include an outdoor fitness area, community garden, and a tot lot.

6 VASH vouchers through U.S. Department of Veterans Affairs

COMPLETION

Slated for July 2022

UNITS

57

AFFORDABILITY

15% - 60%

UNIT MIX AND SQUARE FOOTAGE

22 One-bedroom	763 sf
20 Two-bedroom	807 sf
15 Three-bedroom	974 sf

FUNDING SOURCES

The proposed funding structure assumes 9% tax credit financing, 10 MHSA Tri-City MHSA units, and 8 VASH-PBVs, and SGVRHT Funds.



Rendering of Mission Boulevard in Pomona, CA

Property Management And Affordability Compliance

Jamboree has successfully navigated the current climate of scarce financial resources to develop affordable housing communities throughout the state. Over its 30 year history, Jamboree has earned a reputation of taking extraordinary steps to bring visions to reality.

Bringing strong partnerships to these financing solutions and working with the diversity of funding sources has been a key to creating developments. The diversity of financial sources have included success in competitive tax credits where our experience has qualified us for the maximum experience points.

All of Jamboree's properties involve multiple regulatory agreements. This has required a familiarity with managing multiple federal, state, county and local housing program occupancy and affordability guidelines. Our knowledge of these guidelines and experience with programs such as HOME, CDBG, HUD, CalHFA, HCD, the Low-Income Tax Credit, and other programs assures our full compliance with Regulatory Agreements and Fair Housing requirements.

Jamboree's Asset Management group is dedicated to maintaining the quality and effective oversight of its properties in the years and decades ahead; a key to the company's strategy of creating valuable housing and programming assets for the communities in which its properties are located. With robust reporting capabilities and a strong sense of pride in exceeding required financial obligations, compliance assurance and asset preservation, our team is unique in delivering mission-focused asset management.

Jamboree understands that the development of premier affordable housing is only the first phase of what will be a longterm partnership with the communities in which we develop properties. Given that our long-term ownership often spans 55 years, maintaining the quality and effective oversight of these developments strengthens communities, reduces blight, crime and poverty and is key to them remaining valuable assets to the communities we serve.

Jamboree recognizes that a change in property management can be disruptive to residents. Accordingly, it manages this type of change with the utmost care to ensure a smooth coordinated transition with the least amount of operational disruption. Jamboree's asset management team coordinates the planning and discussion of the transition with existing and new management companies. Through well developed transition systems, amongst them resident files, maintenance systems, utility accounts, etc., weekly calls are scheduled during the planning and transition to ensure clear communication and transparency.

Residents are made aware of an upcoming management change with written correspondence that is followed up with an introduction meeting within 30 days of take over. At this gathering, residents have the opportunity to meet the new management team and ask any questions they may have.

Our goal is to ensure a seamless transition with the highest resident satisfaction. With this in mind, Jamboree's asset management will periodically administer resident satisfaction surveys and make improvements in areas of opportunity as they are identified.



Community room at Birch Hills in Brea, CA

About Jamboree

Established in 1990, Irvine, CA-headquartered Jamboree Housing Corporation is an award-winning, broad-based nonprofit community development company with properties throughout California. Jamboree as one of the country's largest developers of affordable housing develops, acquires, renovates, and manages permanently affordable rental and ownership housing for working families, seniors, veterans, and people with special needs. Jamboree currently has \$1.1 billion in affordable housing projects in its development pipeline and a \$3.2 billion asset portfolio that includes the development of and/or ownership interest in more than 9,000 homes in more than 96 California communities.

Community Impact

As a Community Housing Development Organization (CHDO) at the State and County level as well as various California cities for the past 30 years, Jamboree's mission is to deliver quality affordable housing and services that transform lives and strengthen communities. To fulfill its mission and to maintain a continuum of quality housing and services that are the foundation of its reputation and livelihood, Jamboree fully embraces the principle that the development of premier affordable housing is only the first phase of what will be a longterm partnership and operational commitment with stakeholders and the communities in which the company develops. Jamboree still maintains relationships that date back to its founding in 1990.

Jamboree's Community Impact Group is committed to enhancing the high quality of its housing, with responsive social services and programming that benefits people's lives as well as the environment, the economy, and local neighborhoods, and communities. To th is end, the company's primary outreach priority continues to be the advancement of its relationships with local governments/stakeholders and associated agencies and entities.

It is because of this outreach coupled with a commitment to the community that Jamboree is invited back time and again to develop in cities and counties where it has existing affordable properties, thereby underscoring the value of these sustained relationships and the quality of Jamboree's work. Further evidence of Jamboree's strength is the fact that it has been successfully developing and operating affordable housing properties in many different communities and diverse market/ economic environments.

501(c)(3) Jamboree's Board of Directors is a guiding force comprised of leaders who draw from an abundance of experience to work together to create quality affordable and workforce housing with services for California communities. With backgrounds in finance, banking, real estate, property management, law and development, board members apply their diverse knowledge to guide the nonprofit into the future with purpose and strength.

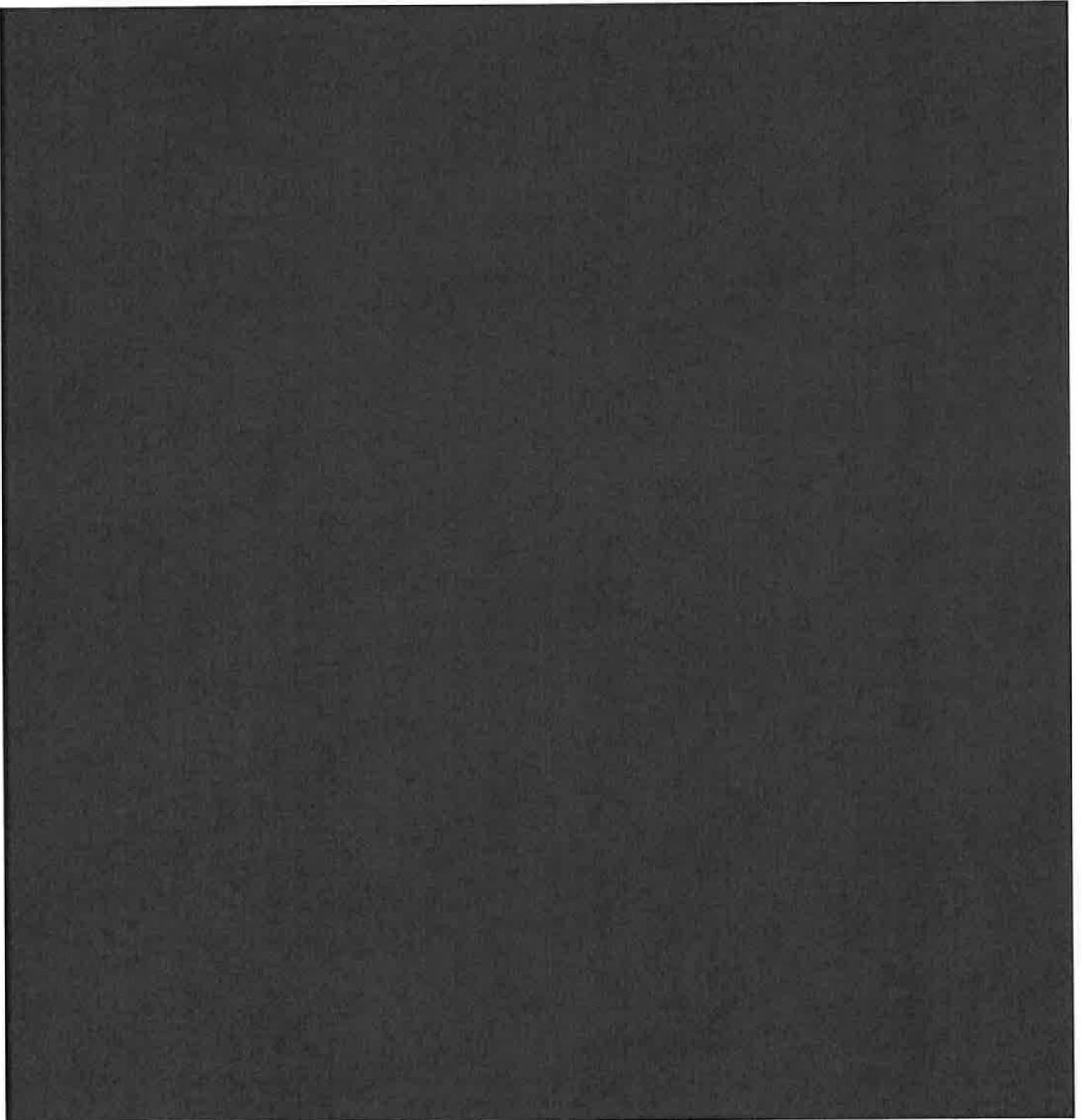
Jamboree's principal office and the office that will undertake the proposed project is located at:
17701 Cowan Avenue, Suite 200
Irvine, CA 92614

Jamboree has experience working on projects in jurisdictions similar to El Segundo.



Multi-generational housing with 10,000 sf of active open space

Financial Capability



Financial Capability

With a property portfolio in excess of \$3 billion, net assets in excess of \$605 million and nearly \$24 million in cash, Jamboree has the balance sheet to ensure we complete any development we commit to.

We routinely obtain pricing and terms that are indicative of our financial stability. Portfolio stability combined with low overhead and low corporate debt help mitigate business risk amid challenges in the industry and economy. U.S. Bank has extended an EQ2 line to Jamboree, reinforcing the fact that our capital partners believe in our financial strength.

Jamboree has been a leader in developing innovative financing strategies to ensure our developments are fully funded. Accordingly, Jamboree has never failed to win a tax credit allocation for an eligible project awarded via RFP. Our success in winning competitive allocations of scarce low-income tax credits through the California Tax Credit Allocation Committee (TCAC), coupled with attracting top tax credit investors is significant. Jamboree qualifies for the maximum allowable experience points when competing for tax credits from TCAC.

We enjoy strong capital relationships with many commercial lenders such as Bank of America, Union Bank, US Bank, and Century Housing. Our in-depth expertise brings together a nexus of funding sources allocated from the California Debt Limit Allocation Committee (CDLAC), Federal Home Loan Bank (FHLB), U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA) and California Department of Housing and Community Development (HCD). These public agencies partner with conventional construction and permanent loans, and other local, state, and federal grants and financing.

We have expertly navigated the current climate of scarce resources to obtain funds from the Home Investment Partnership Program, Neighborhood Stabilization Program, Community Development Block Grant, Continuum of Care, MHSA and Homekey. Our development team continues to access new funding programs such as No Place Like Home and Veterans Housing and Homelessness Prevention Program. We credit this success to our strong partnerships that ultimately create superior developments that attract necessary funding.

Over the years, Jamboree has received \$420 million of tax credit equity through the 4%, 9% and state tax credit programs, \$220 million of bond financing, and \$25 million of HOME funds. With the loss of RDA funding, Jamboree was able to secure alternate financing through a myriad of resources. Jamboree's financial acumen has meant many "firsts" including: building the first development in the state using MHSA funds, Diamond Apartments; developing two communities, Hotel Berry and Birch Apartments in Brea with ARRA funds; and building the first development in the state, West Gateway Place in West Sacramento, using AHSC funds received from the first Cap and Trade auction. Recently Jamboree was awarded over \$67 million to convert 343 motel rooms into permanent supportive housing for the homeless.

Jamboree has never defaulted on a financial obligation, had a development foreclosed upon or filed for bankruptcy.

A brief summary of Jamboree's consolidated financial position follows. A complete list of our legal and financial references is also attached. Forms 990 and 1023 as well as the most recent Audit HUD A133 audits are available upon request.

Over the past five years Jamboree and its related entities have been involved in various landlord tenant lawsuits such as evictions, slip and fall incidents, which have routinely been resolved through our insurance carriers, and subcontractor liens which have been paid in full. None of these lawsuits would have an adverse impact on other developments.

Jamboree Consolidated Financials

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2019	2018
		(000)
Assets		
Current Assets		
Cash and investments	\$ 44,264	\$ 40,155
Other current assets	5,020	6,725
Total Current Assets	<u>49,283</u>	<u>46,880</u>
Property and equipment	546,156	541,182
Project predevelopment costs	13,322	1,803
Long term receivables	10,409	7,072
Restricted funds	21,547	20,664
Other assets	3,824	5,408
Total Assets	<u>\$ 644,542</u>	<u>\$ 623,009</u>
Liabilities and Net Assets		
Current liabilities	28,626	16,210
Long term liabilities	406,530	393,608
Total Liabilities	<u>\$ 435,156</u>	<u>\$ 409,819</u>
Net Assets	<u>209,386</u>	<u>213,190</u>
Total Liabilities and Net Assets	<u>\$ 644,542</u>	<u>\$ 623,009</u>

CONSOLIDATED STATEMENTS OF ACTIVITIES

Public Support and Other Revenue

Public support	\$ 650	\$ 1,142
Project development fees	1,354	2,027
Rental revenue	43,257	40,968
Management and services fees	635	880
Other revenue	4,420	2,463
Total Public Support and Other Revenue	<u>\$ 50,315</u>	<u>\$ 47,481</u>

Expenses

Program expenses	61,385	56,037
Supporting services	2,118	1,948
Total Expenses	<u>63,503</u>	<u>57,985</u>
Change in Net Assets from Continuing Operations	<u>\$ (13,188)</u>	<u>\$ (10,504)</u>
Non-controlling Interests' Contributions	11,322	18,410
Other Changes in Net Assets	(1,939)	(728)
Net Assets at Beginning of Year	213,190	206,014
Net Assets at End of Year	<u>\$ 209,386</u>	<u>\$ 213,190</u>

Jamboree References

LEGAL

Rutan & Tucker, LLP
Contact: Patrick McCalla
Partner
 (714) 641-3456

ACCOUNTANT

Holthouse, Carlin & Van Trigt
Contact: Dave Bierhorst
Partner
 (805) 374-8555

Novogradac & Company LLP
Contact: Lance Smith
Managing Partner
 (415) 356-8065

LENDERS

PRIVATE

Bank of America Community Lending
Contact: Maria Joyce Maynard
Vice President Community Development
 (213) 621-7590

Century Housing
Contact: Josh Hamilton
Senior Vice President
 (310) 462-2030

Enterprise Community Partners
Contact: Jacqueline Waggoner
Vice President
 (213) 787-8229

Union Bank
Contact: Perica Bell
Director, RE Area Manager
 (310) 551-8964

U.S. Bank Community Lending
Contact: Kathleen T. Calvert
Vice President
 (213) 615-6409

PUBLIC

City of Anaheim
Contact: John Woodhead
Community Development Director
 (714) 765-4300 x4332

City of Brea
Contact: David Crabtree
Community Development Director
 (714) 671-4481

City of Buena Park
Contact: Aaron France
Interim City Manager
 (714) 562-3550

City of Irvine
Contact: Steve Holtz
Neighborhood Services Manager
 (949) 724-6470

City of Lancaster
Contact: Elizabeth Brubaker
Housing & Neighborhood Revitalization Director
 (661) 723-5878

City of Long Beach
Contact: Patrick Ure
Housing Development Officer
 (562) 570-6364

County of Orange
Contact: Julia Bidwell
Deputy Director for Housing and Community Development
 (714) 480-2991

County of Sacramento
Contact: Christine Weichert
Assistant Director of Development Finance
 (916) 440-1399

DEVELOPMENT PARTNERS

CalAtlantic Homes
Contact: Michael Battaglia
Vice President of Project Development
 (949) 789-1752

Capital Valley Investments
Contact: Darren Horning
Owner
 (916) 780-4900 x218

Chevron Land and Development Co.
Contact: James A. Martinez
Project Manager
 (714) 671-3534 x218

Preservation Partners Development
Contact: Bill Szymczak
President
 (310) 802-6676

Shea Homes
Contact: John Danvers
Vice President
 (951) 739-9713

The Ezralow Company
Contact: Gary Freedman
Principal & Vice President
 (818) 223-3535

The Irvine Company
Contact: Michael LeBlanc
Senior Vice President
 (949) 720-2321

TAX CREDIT EQUITY INVESTORS

Bank of America Community Lending
Contact: Maria Joyce Maynard
Vice President Community Development
 (213) 621-7590

Boston Financial Investment Management
Contact: Roy Faerber
Senior Vice President
 (310) 860-1321

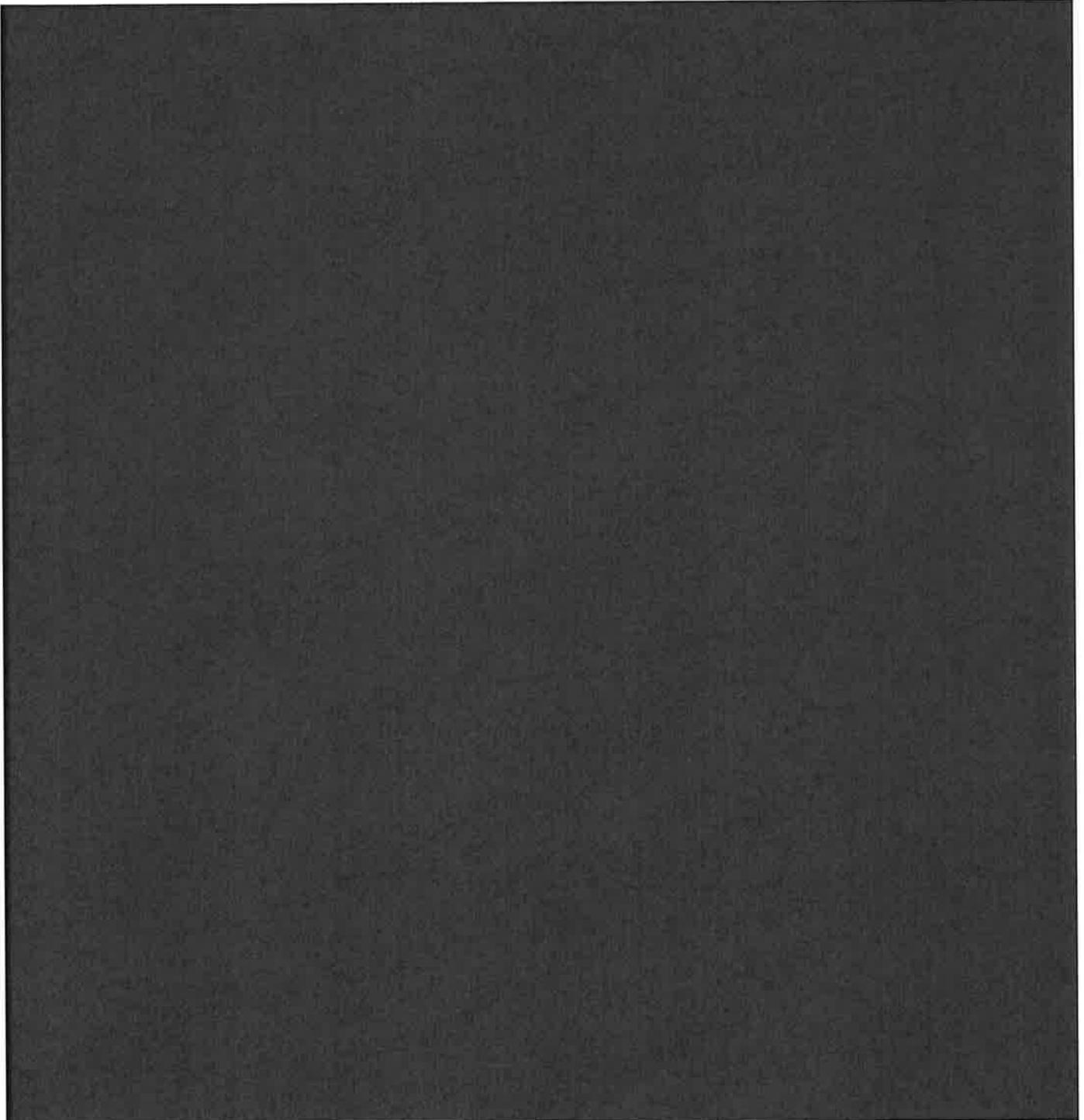
Enterprise Community Investment Inc.
Contact: Jacqueline Waggoner
Vice President
 (213) 787-8229

RBC Capital Markets
Contact: Stacie Altmann
Director
 (916) 705-8653

Union Bank
Contact: Perica Bell
Director, RE Area Manager
 (310) 551-8964

WNC & Associates, Inc.
Contact: Michael Gaber
Executive Vice President & COO
 (714) 662-5565 x130

Potential Conflicts Of Interest



Potential Conflicts Of Interest

For the past two years none of the Jamboree staff or board members have been employed or acted as a consultant to the city, served as a councilperson nor served on a board or commission that had direct influence on the use of public funds.

November 2, 2020

Jamboree by the Numbers

93+
properties 

9,000+
units

11
california
counties

78+
staff

\$3.2B
portfolio
value

1
mission 

18,800+
residents 

200+
partners

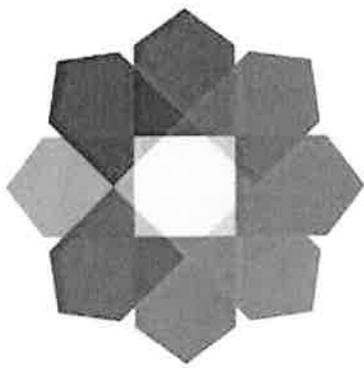
100+
quality awards 

44+
cities

3,800+
supporters 

\$627M
pipeline

45+
joint
ventures



Jamboree

Jamboree Housing Corporation
17701 Cowan Avenue, Suite 200
Irvine, CA 92614

Tel 949.263.8676
Fax 949.263.0647
www.jamboreehousing.com

Regional Offices:
Sacramento
San Diego

Attachment C

Abode RFQ Response

A. Cover Sheet

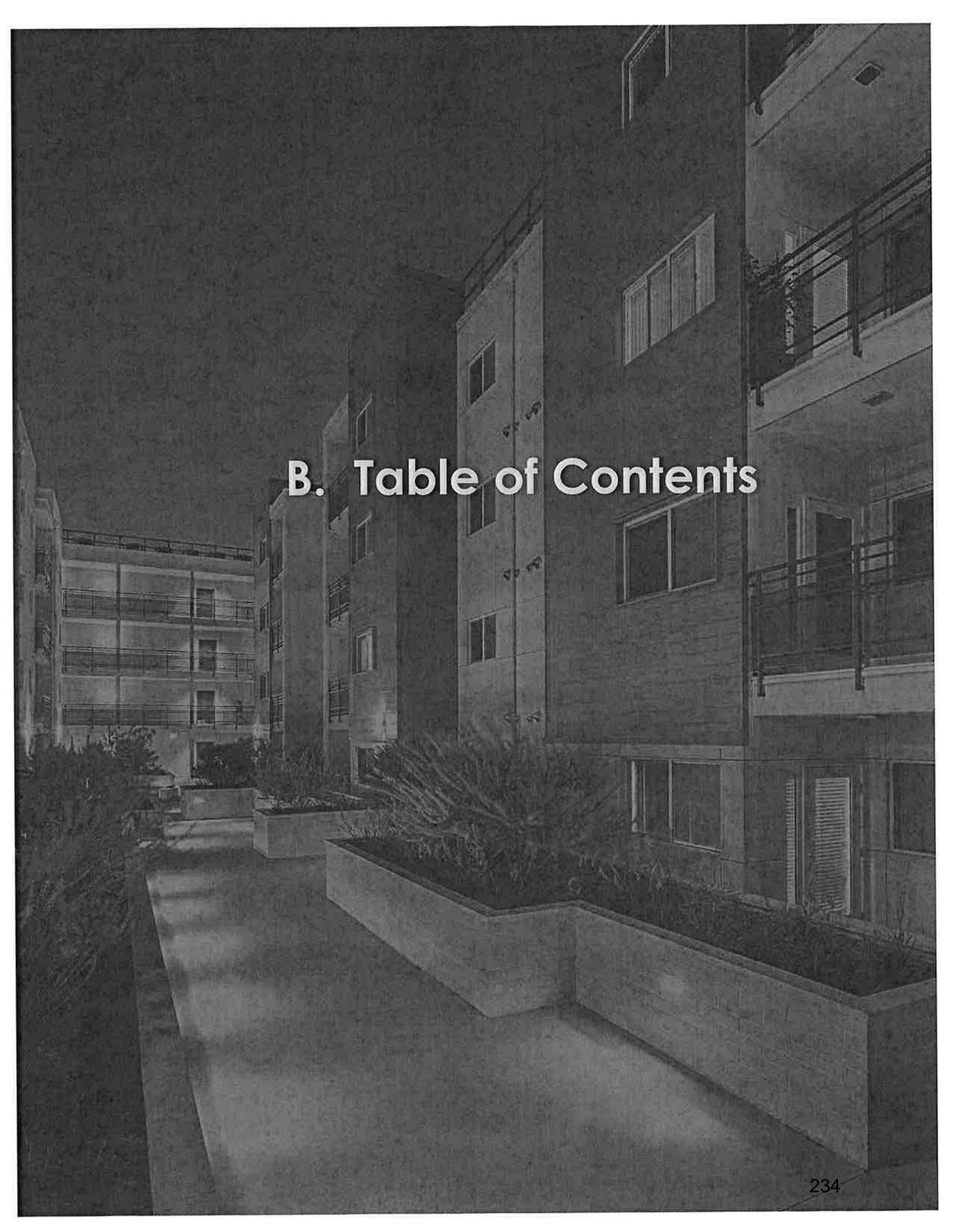
Qualifications to Provide Affordable Housing

City of El Segundo

November 9, 2020

Robin Hughes, President & CEO
1149 S. Hill Street, Suite 700, Los Angeles, CA 90015
rhughes@abodecommunities.org | (213) 225-2762
abodecommunities.org



A black and white photograph of a modern multi-story apartment building. The building features balconies with dark railings and several windows. In the foreground, there is a courtyard area with a concrete walkway and several large, rectangular planters containing various plants. The overall scene is captured in a slightly low-angle perspective, emphasizing the height of the building.

B. Table of Contents

B. Table of Contents

A. Cover Sheet

B. Table of Contents

C. Cover Letter

D. Housing Services Provider

1. Lead Entity
2. Team Member Profiles
3. Staff Roles & Responsibilities
4. Key Staff Resumes

E. Development & Management Experience

1. Project Experience
2. Sample Pipeline
3. Asset Management & Regulatory Compliance
4. Property Management
5. Jurisdictions Similar to El Segundo
6. Team Information

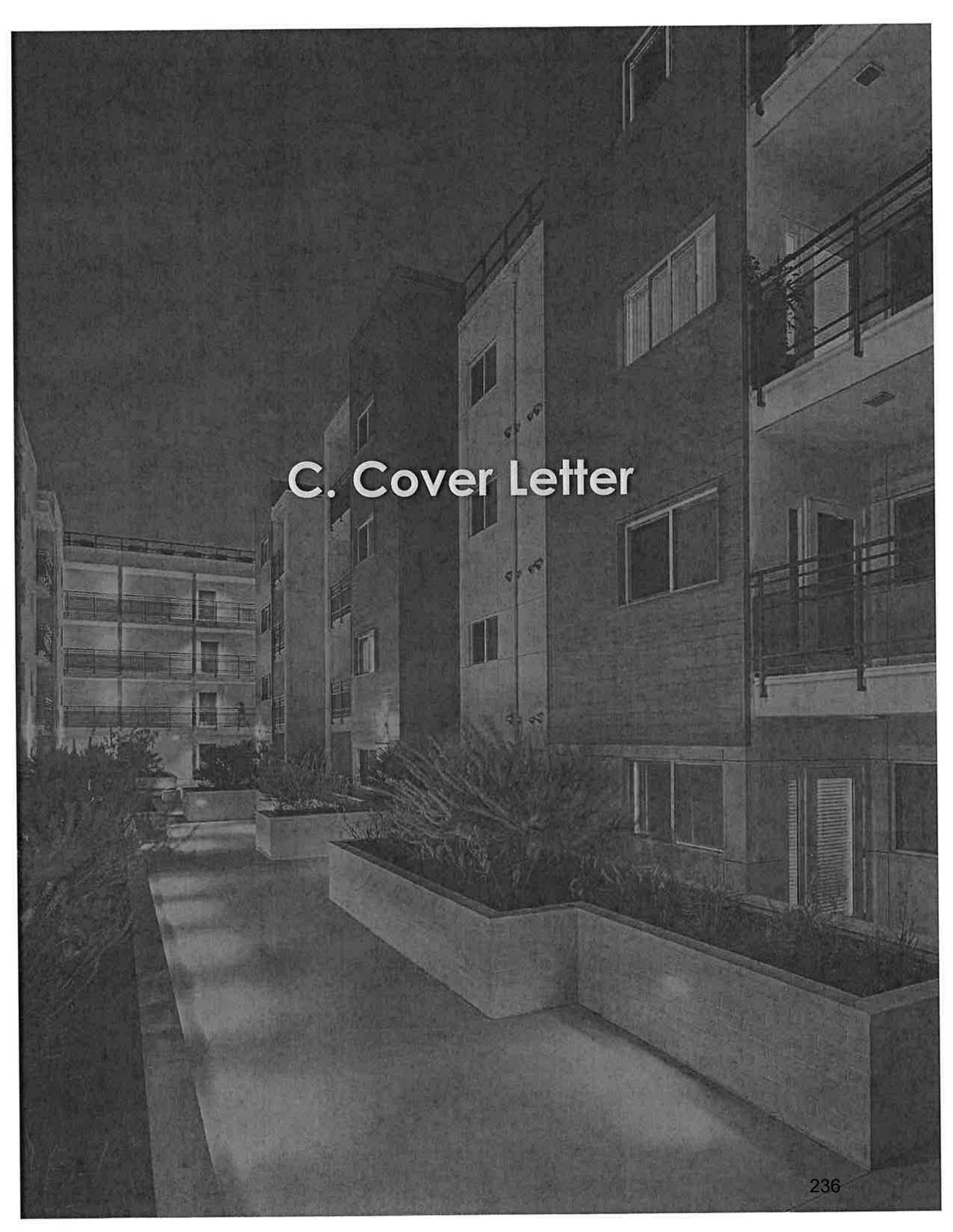
F. Financial Capability

1. Capacity
2. References
3. Financial Statements 2019-2018
4. Loan Default
5. Legal Action

G. Conflict of Interest

H. Appendix

Audited Financial Statements 2019-2018

A black and white photograph of a modern multi-story apartment building. The building features balconies with metal railings and large windows. In the foreground, there is a courtyard area with several long, rectangular concrete planters containing various plants. The overall scene is captured in a slightly low-angle perspective, emphasizing the height of the building.

C. Cover Letter

C. Cover Letter

Abode Communities
1149 S. Hill Street, Ste 700
Los Angeles, CA 90015

November 9, 2020

Paul Samaras
Principal Planner, AICP
City of El Segundo

Via Email: psamaras@elsegundo.org

RE: City of El Segundo Request for Qualifications, Affordable Housing Services

Dear Mr. Samaras:

Abode Communities is pleased to present its qualifications to partner with the City of El Segundo in its quest to deliver a comprehensive affordable housing strategy. Abode Communities is a dynamic multi-disciplinary organization offering real estate, architecture, property management, and resident (social) services. The organization's vision is that of El Segundo's - improve access to affordable housing by identifying acquisition opportunities; produce superior, integrated affordable housing developments that increase property value and improve the livelihoods of economically diverse populations; and own/operate housing as high-value community assets in perpetuity.

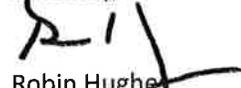
By choosing Abode Communities, the City of El Segundo will benefit from a respondent team with:

- More than five decades of experience collaborating with local jurisdictions to take on the challenges of delivering affordable housing and meeting housing goals;
- An acquisitions team with the proven experience to identify and secure new opportunities through a wide network of resources and range of avenues to success;
- A development team with a successful history delivering high-quality and cost-efficient affordable housing across multiple product types and target populations;
- Unparalleled expertise in securing and negotiating complex project financing to leverage valuable local resources;
- Financial resources and robust, long-standing relationships with public funding agencies and debt and equity partners to deliver developments on time and within budget;
- A deep commitment to sustainability as a means to improve long-term resident health outcomes and create long-term real estate assets that benefit the community at-large; and
- A mission-based organization committed to upholding a superior standard of living through the long-term ownership and operation of service-enhanced affordable housing.

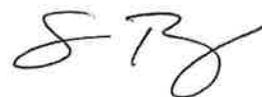
As a mission-based organization, Abode Communities further confirms it will adhere to the minimum income and affordability standards required by the City of El Segundo.

We invite you to review the enclosed qualifications to learn more about the depth of our qualifications and first-in-class team. Thank you for your consideration - we look forward to the opportunity to collaborate with you on this exciting endeavor.

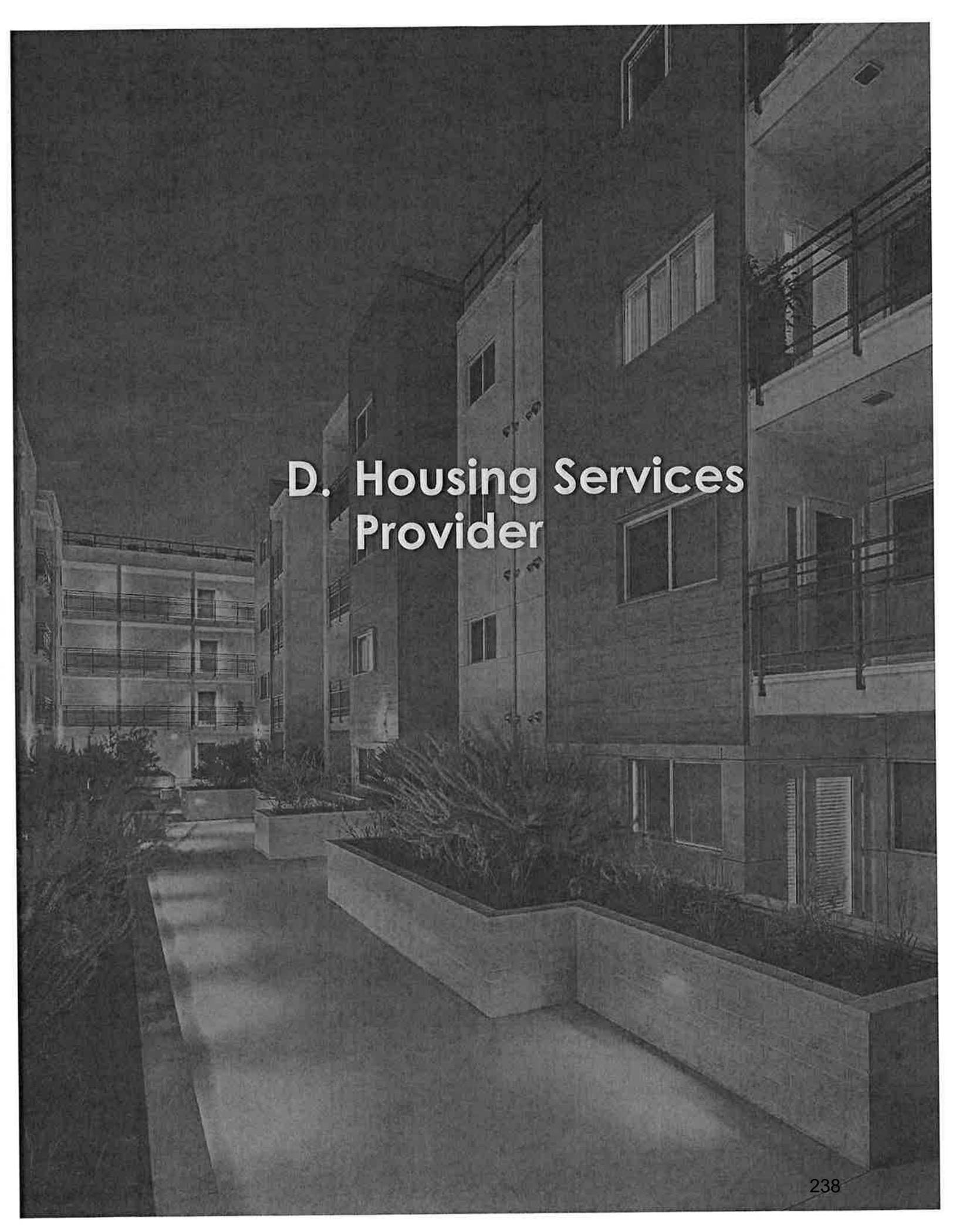
Sincerely,



Robin Hughes
President & CEO
(213) 225-2762
rhughes@abodecommunities.org



Vice President, Business Development
(213) 225-2725
stsay@abodecommunities.org

A black and white photograph of a modern multi-story apartment building. The building features balconies with metal railings and large windows. In the foreground, there is a courtyard area with several long, rectangular concrete planters containing various plants. The overall scene is captured in a slightly low-angle perspective, emphasizing the height of the building.

D. Housing Services Provider

D. Housing Services Provider

1. Lead Entity

Founded in 1968, Abode Communities, a nonprofit 501 (c)(3) social enterprise, will be the lead and sole entity to enter into agreement with the City of El Segundo for the strategic planning of affordable housing, including the identification of acquisition opportunities.

For individual affordable housing projects acquired or developed through Abode Communities' work with the City, Abode Communities will serve as principal of the legal entity that develops, owns, and operates the affordable housing. Separate limited partnerships will be formed to deliver each project, with Abode Communities serving as the General Partner and a tax credit investor or other private equity partner as the Limited Partner, as is typical of affordable housing developments. Please see below for more information about Abode Communities' proposed team.

2. Team Member Profiles

In operation for more than 50 years in Los Angeles County, Abode Communities is a dynamic multi-disciplinary organization offering real estate and development, architecture, property management, and resident (social) services. The organization's vision is that of El Segundo's - improve access to affordable housing by identifying acquisition opportunities; produce superior, integrated affordable housing developments that increase property value and improve the livelihoods of economically diverse populations; and own/operate housing as high-value community assets in perpetuity. This work will be guided by the organization's mission to create service-enhanced affordable housing that promotes the social, economic, and physical transformation of communities.

Abode Communities' acquisition and development work is supported by financial consultant California Housing Partnership, who has been collaborating with Abode Communities to deliver superior affordable housing for more than two decades.

Abode Communities|Real Estate will lead the team's efforts to assist the City of El Segundo in developing a strategic plan for producing affordable units, as well as acquiring properties suitable for new construction, rehabilitation, or conversion opportunities. Abode Communities|Property & Asset Management will conduct ongoing management, monitoring, and administration of affordable housing units produced through these efforts, as well as manage Park Vista. Abode Communities|Resident Services will provide its comprehensive onsite social services program, Beyond Homes, to residents of the affordable housing.

Developer: Abode Communities

As the premier developer of affordable housing in Los Angeles County, Abode Communities has been nationally recognized as an Affordable Housing Finance Top 50 Developer; as the leading provider of Leadership in Energy & Environment Design (LEED) Platinum units in the State of California (U.S. Green Building Council); 2018 Developer of the Year by Southern California Association of Nonprofit Housing (SCANPH); and is the longest established affordable housing provider in Southern California.

D. Housing Services Provider

Abode Communities understands the social, environmental, economic, and physical issues often inherent in the process of bringing affordable and supportive housing to fruition. As a result, the organization produces dynamic and vibrant master-planned, mixed-use, and multifamily affordable residential communities for economically diverse families, seniors, and special needs populations such as Veterans, Survivors of Domestic Violence, and Transition Age Youth.

The organization's experienced and dedicated acquisition and development team members are experts in the execution of critical path activities required to identify and acquire sites, secure land use approvals, obtain financing, oversee construction activities, and successfully transition to the organization's property and asset management teams.

Abode Communities takes a strategic approach to acquisitions, pursuing a range of avenues to secure new opportunities including tapping into a strong network of brokers who source both on- and off-market properties; forming collaborative relationships with religious organizations, school districts, community-based organizations and land trusts, and market-rate and commercial development partners; and competing for publicly-owned properties through Requests for Proposals/Qualifications. In the past five years alone, Abode Communities secured a total of 19 properties resulting in the development or preservation of 1,600 affordable units.

Abode Communities brings strong experience working with jurisdictions to shape and implement Housing Elements and meet RHNA goals. Abode Communities' leadership and Business Development staff have served on the Housing Element task force for the City of Los Angeles in both the 5th and 6th cycles, providing strategic ideas for policies and programs to facilitate affordable housing development, as well as supporting the site inventory identification process. Abode Communities recently participated as a panelist in a workshop series to help jurisdictions understand and implement recent changes in Housing Element Law, providing its expertise in affordable housing developer's site acquisition criteria to inform RHNA Site Inventory Lists. Finally, Abode Communities was recently selected by the City of Indian Wells, to specifically help them meet their RHNA goals in the upcoming 6th cycle with a new affordable housing development.

Abode Communities will capitalize on the symbiosis between its real estate professionals and architectural design studio to assist in vetting the physical feasibility of potential acquisitions such as analyzing site conditions and identify constraints.

48

residential
developments

3,087

affordable
homes

\$658M

in economic
investment

11,000+

people
served

D. Housing Services Provider

Architect: Abode Communities | Architecture

Abode Communities | Architecture will provide architectural design services to assist in vetting the physical feasibility of potential acquisitions. The studio's design philosophy stems from the central idea that architecture must inspire, provide comfort, and contribute to the betterment of the human condition. Further, the studio is principled, progressive and innovative, all the while relying on fundamental design to create architecture that is relevant in time, contextual within its surroundings, and meaningful for its inhabitants. Abode Communities | Architecture also brings a strong commitment to sustainability, having designed seven LEED Platinum and four LEED Gold affordable multifamily projects since 2009.

In addition to the execution of master planning and architecture design services throughout Abode Communities' real estate portfolio, Abode Communities | Architecture has collaborated with similar community development organizations such as Mercy Housing, Cabrillo Economic Development Corporation, PATH Ventures, L.A. Family Housing, Little Tokyo Service Center, and Skid Row Housing Trust to achieve their community development visions.



Property Manager: Abode Communities | Property Management

Abode Communities' property management services were introduced in 1998 in an effort to support housing retention and improve the quality of life for residents. Today, Abode Communities continues its tradition of resident investment by fostering the organization's housing and mixed-use developments to become pillars of each community by maintaining properties as vibrant, connected spaces that support each resident's emotional, physical, and financial ability to thrive.

Today, Abode Communities professionally manages more than 40 affordable residential communities throughout Los Angeles County that are home to nearly 7,000 economically diverse people. In addition to creating a high-quality standard of living, the organization's professionally trained and dedicated property management staff members go above and beyond to establish meaningful relationships with neighbors, local community groups, local civic leaders, and other community-based organizations to strengthen neighborhoods, enhance livelihoods, and connect people and places.

D. Housing Services Provider

Abode Communities offers a wide range of property management services, including marketing and leasing; screening and selecting tenants, including processing and collecting rent; managing potential legal disputes and providing litigation advice; managing the property's financial feasibility; maintaining and repairing assets; performance compliance inspections; and preparing regulatory compliance reports, and collaborating with Coordinated Entry System leads if applicable. These services play a vital role to ensure the organization's multifamily residential portfolio remains fiscally solvent and in compliance with rent restrictions and regulations from multiple funding sources and jurisdictions.

Please see Tab E. Experience for more details about Abode Communities' property management and affordability compliance experience and its procedures that ensure high-quality property management.

Social Service Provider: Abode Communities | Resident Services

Abode Communities works to transform resident lives by empowering youth, building adult capacity, creating linkages in communities, and stabilizing residents through its substantive onsite resident services program, Beyond Homes.

Celebrating its 20th year in operation, Beyond Homes is offered at 23 locations serving some 5,800 people throughout Los Angeles County. Beyond Homes plays a critical role to prevent homelessness, stabilize residents in place, break the long-term cycle of poverty in families, and maintain high-quality real estate assets. Complimentary programming includes and is not limited to: after-school academic enrichment and college prep/planning assistance for youth; financial literacy, job-readiness, parenting, and other capacity-building workshops for adults; 1:1 case management and referrals for specialized services not offered by Abode Communities; resident meetings, resource fairs, community beautification, gardening, and social connectivity; and crisis intervention services to meet basic needs. If needed, Abode Communities will engage a third-party supportive services partner to better serve higher acuity residents and people experiencing homelessness.

Financial Consultant: California Housing Partnership

California Housing Partnership (The Partnership) will serve as the team's financial consultant, drawing from its considerable policy and financing experience to support the strategic planning effort, assist in analyzing project feasibility at the acquisition stage, and provide critical expertise in securing construction and permanent financing.

The Partnership creates and preserves affordable and sustainable homes for Californians with low incomes by providing expert financial and policy solutions to nonprofit and public partners. Since 1988, the Partnership's on-the-ground technical assistance, applied research, and legislative leadership has leveraged more than \$20 billion in private and public financing to preserve and create more than 75,000 affordable homes.



Terra Bella, 65 Senior Units

D. Housing Services Provider

The Partnership is recognized nationally as a leader in preserving at-risk subsidized apartments and in the financial structuring of Low-Income Housing Tax Credit and tax-exempt bond transactions. The Partnership is a 501(c)(3) public benefit corporation. Its Board of Directors is appointed by the governor and state legislature and includes leaders from various sectors of the state's affordable housing community.

Deep Expertise and Experience: The Partnership's technical expertise includes: 1) technical assistance and training for local government housing agencies in rental housing finance underwriting and program design, 2) multifamily financial consulting, in which the Partnership has assisted nonprofit and local government sponsors to raise more than \$6 billion in debt and public and private equity (through the Low Income Housing Tax Credit Program) to finance more than 25,000 affordable homes, and 3) the preservation of federally assisted housing, in which the Partnership has served as consultant on over 150 nonprofit, public agency, or resident acquisitions, which have resulted in the preservation of over 7,000 units of federally assisted housing at risk of conversion.

Affordable Housing Finance Program Knowledge: The Partnership assists clients in financial structuring and preparing competitive funding applications for all types of public agency financing, including tax-exempt bonds, 9% and 4% LIHTCs, LA County HOME & City of Industry, state Multifamily Housing Program (MHP), Veterans Housing and Homeless Prevention (VHHP), Mental Health Services Act (MHSA), CALHFA financing, Federal sources including HOME, McKinney, CDBG, Federal Home Loan Bank AHP Program, Rental Assistance Demonstration and various HUD capital and subsidy programs, as well as other local funding sources. Projects it assists range from large family new construction to acquisition and rehabilitation of SROs for special needs residents.

Technical Assistance to Government Housing Agencies: The Partnership regularly provides technical assistance (TA) to public agencies involved in the financing and preservation of multifamily affordable homes. Recent examples of the Partnership's TA work include:

- Input into the design of Project Home Key for the California Department of Housing and Community Development;
- Development and implementation of a comprehensive affordable housing needs and strategy annual report for the County of Los Angeles;
- Participation in the Committee to Save the Bay (CASA) process that resulted in a comprehensive set of "three Ps" proposals that helped to frame the Legislature's work in 2018 and 2019;
- Participation in the Oakland Mayor's Housing Cabinet with a lead role in assessing displacement risks to various low-income populations and developing strategies to address these risks;
- A detailed assessment of the displacement risk for the Metropolitan Planning Commission in key Bay Area transit locations and developing recommended policy strategies;
- An innovative model for the City of Los Angeles Housing and Community Investment Department to preserve the affordability of older tax-exempt-bond-financed properties with expiring regulatory agreements; and
- Assistance to various state funding agencies to evaluate the at-risk status of applicants for competitive financing programs wishing to preserve federally subsidized housing.

D. Housing Services Provider

3. Staff Roles & Responsibilities

Abode Communities' approach to developing the strategic acquisition plan will be spearheaded by its real estate division in partnership with its business development division. This process will be led by Sara Tsay Vice President, Business Development with support from California Housing Partnership. Once the strategic acquisitions plan is established, sites will be identified utilizing the plan's guiding principles with respect to the City's RHNA needs.

Abode Communities will work with the City of El Segundo to prioritize target areas to develop new affordable housing. Once these areas are established, Tsay will lead her staff to seek and vet opportunities through a mix of on- and off-market acquisition strategies. Properties eligible for entitlement fasttracking and development incentives under existing state legislation will be prioritized to ensure completion of the new units within the 6th RHNA cycle. The team will pursue three primary acquisition strategies: 1) identification of publicly owned properties appropriate for multifamily affordable housing development; 2) engagement of a network of brokers to identify and secure off-market opportunities, including those that require land assembly; and 3) outreach to local community organizations and institutional landowners to source ground lease and other partnership opportunities.

Tsay will collaborate with Paul Beesemyer, Director of Southern California for California Housing Partnership, and his staff of financial consultants to analyze potential acquisitions through the lens of financial feasibility. Tsay will present identified opportunities for go or no-go decisions to City of El Segundo Staff and Abode Communities' business development team, which includes Tsay, President & CEO Robin Hughes, COO Holly Benson, and Senior Vice President of Development Lara Regus. Combined Hughes, Benson, and Regus have nearly 75 years of affordable housing real estate experience.

After the team's collective decision to move forward with acquisition, Tsay will be responsible for securing site control, conducting initial due diligence, negotiating necessary agreements (ie LOIs, PSAs), and securing necessary financing for acquisition. Post site control, the project transitions to Senior Vice President of Development Lara Regus and Senior Project Manager Brendan O'Donnell, who will oversee all aspects of each project from the onset of predevelopment through operations. During this time, Abode Communities will also partner with a trusted construction manager to review and make recommendations for construction-related documents.

Throughout construction, O'Donnell will be responsible for engaging Abode Communities' property and asset management teams to ensure a smooth transition into operations. As the project nears construction completion, marketing and pre-lease up activities will begin under the leadership of Jan Peters, Senior Vice President of Property & Asset Management, who brings more than 30 years of experience in affordable housing operations. Upon receipt of a certificate of occupancy, Peters and her team of property management, asset management, and compliance specialists will assume the responsibility of ensuring the project remains financially and physically sound, and compliant with legal and regulatory requirements.

D. Housing Services Provider

4. Key Staff Resumes



Robin Hughes

President & Chief Executive Officer

Robin Hughes is president and chief executive officer of Abode Communities, a Los Angeles-based nonprofit service-enhanced affordable housing provider. She has been actively involved in affordable housing and community development for over 30 years and in her 24 years as leader of Abode Communities, Hughes has transformed the organization into an Affordable Housing Finance Top 50 Developer nationwide and the premier provider of environmentally sustainable affordable housing in California.

Under Hughes' leadership, Abode Communities has developed nearly 50 affordable residential and mixed-use communities; created new affordable homes for more than 11,000 California residents and provided a social safety net through Beyond Homes, the organization's resident services program.

Hughes is an industry leader in housing policy at the local, state and federal level. She serves or has served on numerous boards, task forces and advisory bodies where she continues to advocate for resources, programs and policies to support the production and preservation of affordable housing for low-income residents.

Hughes was chair of the Affordable Housing Advisory Council for the Federal Home Loan Bank of San Francisco, a member of the JPMorgan Chase Community Advisory Board of Los Angeles, and has served on the board of directors for organizations such as Southern California Association of Nonprofit Housing, Low Income Investment Fund, Esperanza Community Housing Corporation and Mercy Housing California.

Prior to joining Abode Communities, Hughes held positions in the private and public sectors including The Richmond Group of Companies, Citibank, the Community Development Commission of the County of Los Angeles, and the Office of the Mayor of the City of Los Angeles. Her experience is highlighted by four years as City Planning Commissioner for the City of Los Angeles.

Hughes was recognized by Huffington Post as "Person of the Day and Women in Business as Outstanding Nonprofit Director. Hughes was recognized by Commercial Observer as Top 25 Real Estate Leaders in Los Angeles. She also won Black Business Association's Executive Leadership Award and was featured on the cover of National Real Estate Investor as "Champion of Affordable Housing."

Leadership

California Community Reinvestment Corporation, Board Member

California Housing Consortium
Co-Policy Chair

Housing Partnership Network
Board Chair

The Community Development Trust
Board Member

UCLA Ziman Center Affordable
Housing Advisory Council, Member

Education

University of Southern California
Masters, Public Administration

University of Southern California
Bachelors, Public Administration

Harvard University
John F. Kennedy School of
Government Executive
Program Certificate



D. Housing Services Provider

4. Key Staff Resumes



Holly Benson
Executive Vice President & Chief Operating Officer

Holly Benson is executive vice president and chief operating officer responsible for the organization's real estate development, property management, and resident service divisions. As such, she oversees the production of new affordable housing; creation of new business opportunities; management of existing real estate assets; financial and operational performance of Abode Communities' real estate portfolio; and impact of Abode Communities' resident services program, Beyond Homes. Benson serves an integral role in operationalizing the organization's strategic plan to ensure the organization meets and exceeds its strategic goals.

Leadership

Housing California,
Vice Chair of Land Use & Finance
Committee

Federal Home Loan Bank of
San Francisco, Affordable Housing
Advisory Committee

Southern California Association
for Nonprofit Housing,
Past President

Education

University of California, Los Angeles
Bachelors, Communication Studies

A 23-year veteran in the affordable housing industry, Benson's depth of experience is underscored by her contribution to the development of more than 1,000 affordable homes and the procurement of some \$400 million in loans, grants, and equity from both private and public sources throughout California.

Benson is an esteemed affordable housing leader, often resourced as an industry expert by organizations such as Housing California, Urban Land Institute, Enterprise Community Partners, University of California, Los Angeles School of Public Affairs, and University of Southern California School of Public Policy. Benson is passionate about advancing affordable housing policy and her expertise in the field has been featured on the Tavis Smiley Show, KNX Broadcasting and KPCC Public Radio in Los Angeles.

Prior to joining Abode Communities, she served as housing developer at Mercy Housing California responsible for all facets of project management, as well as the procurement of future affordable housing opportunities. Benson also worked for the County of Orange Housing and Community Development Department, responsible for underwriting and recommending loans to affordable housing developers, as well as shaped the County's community policies.



D. Housing Services Provider

4. Key Staff Resumes



Lara Regus
Senior Vice President, Development

Lara Regus is senior vice president of development responsible for the oversight of new affordable housing production. As such, she identifies a wide-range of financing to bring developments to fruition; oversees predevelopment, construction and permanent financing activities; manages relationships with lenders and investors; and manages and trains Abode Communities' experienced and dedicated development team members. Regus is also instrumental in engagement to increase public awareness and support for affordable housing through education, policy and advocacy endeavors.

Leadership

Southern California Association of
Nonprofit Housing
Board Member &
Policy Committee Member

Designations

U.S. Green Building Council
LEED Accredited Professional

Education

University of California, Los Angeles
Masters, Urban Planning

Claremont McKenna College
Bachelors, Economics

In her tenure with Abode Communities, Regus has contributed to the development of more than 1,500 multifamily residential units yielding \$400 million of real estate investment in California. Her in-depth experience at Abode Communities includes successfully identifying and securing acquisition opportunities as director, business development, as well as managing the development process for a variety of affordable housing developments. Prior to joining the organization in 2006, she served as a program associate at California Community Foundation and an analyst at JPMorgan Chase.

Regus' commitment to environmentally sustainable affordable housing has propelled Abode Communities to become the leading provider of LEED® for Homes Platinum-rated units in the State of California. Regus is a trusted resource on the subject of sustainability, as well as transit-oriented development and has participated on various panels hosted by U.S. Green Building Council, Southern California Association for Nonprofit Housing, Urban Land Institute and American Planning Association. She continues to expose environmentalism and transportation as a mechanism to deepen a projects' value and direct impact to low-income communities.

Regus and her family live in El Segundo.



D. Housing Services Provider

4. Key Staff Resumes



Sara Tsay
Vice President, Business Development

Sara Tsay is vice president of business development responsible for identifying and securing affordable housing and community development opportunities. This includes managing Abode Communities' acquisitions; procuring joint-venture partnerships; negotiating purchase and sale agreements; working with consultants to define the development program and architectural design; identifying acquisition and predevelopment financing; and providing executive oversight of the business development team.

Tsay holds more than 11 years of real estate experience and most recently served as strategy and development manager at The Walt Disney Company, and as senior real estate negotiator at Target Corporation. Prior to that, Tsay was lead project manager with Hollywood Community Housing Corporation where she managed real estate development projects from concept and acquisition through lease-up, including affordable housing, mixed-use, and historic rehabilitation/adaptive reuse developments. She also served as a project management associate with Abode Communities where she was responsible for multifamily residential development from financing and construction to transitioning from development to property management.

Leadership

City of Los Angeles 2021-2029
Housing Element Update Task Force
Member

Education

University of California, Los Angeles
Masters, Urban Planning

Brown University
Bachelors, Urban Studies



D. Housing Services Provider

4. Key Staff Resumes



Brendan O'Donnell
Senior Project Manager

Brendan O'Donnell is senior project manager responsible for managing all phase of multifamily affordable housing development. O'Donnell has 10 years of experience with identifying and purchasing land; securing entitlements; working collaboratively with architects, contractors and other consultants; securing necessary financing; overseeing design development and construction activities, including community engagement; and converting projects to permanent financing.

Credentials

U.S. Green Building Council
LEED Accredited Professional

Education

Bachelor of Science in Architecture,
University of Michigan

In addition to his depth of multifamily affordable residential experience, O'Donnell currently leads Abode Communities in the administration of the City of Los Angeles \$40MM HHH Housing Challenge award. Here, works to standardize land acquisition parameters, streamline the planning/permitting process with the City of Los Angeles, and define innovative modular construction methodology to produce affordable and supportive housing faster at a lower cost.

Prior to joining Abode Communities, O'Donnell served as the Director of Business Development at Skid Row Housing Trust where he led the TRUST's acquisition efforts for new affordable multifamily residential developments.

Relevant Work - Under Construction

- Six Four Nine Lofts, Los Angeles (55 units + 25,000 sf healthcare clinic)*
- FLOR 401 Lofts, Los Angeles (99 units)*
- SP7, Los Angeles (100 units + 2,000 sf retail space)*

Relevant Work - Predevelopment

- Grandview Apartments, Los Angeles (100 units)
- Veteran Commons, Downey (100 units)
- The Beacon (91 units)

* Project completed under the employ of another firm



D. Housing Services Provider

4. Key Staff Resumes



Paul Beesemyer
Director, Southern California

Paul Beesemyer has been serving CHP for more than two decades, overseeing the Partnership's Southern California housing finance consultants and assisting its nonprofit housing community and public agencies in the areas of affordable housing finance, real estate development, preservation of at-risk housing, and general housing policy. His career in housing began in 1996 and since then, he has conducted numerous seminars and trainings and authored several publications, including *The Tax Credit Turns Fifteen*, a risk analysis of California's early Tax Credit portfolio. He is knowledgeable in the use of a wide range of community development financing tools, including Low Income Housing Tax Credits, tax-exempt bond financing, and a variety of public funding programs administered at the local, state, and federal levels.

Prior to joining CHP, Beesemyer developed affordable housing as senior project manager for Abode Communities, where he managed affordable housing and community development projects serving families, seniors, and various special-needs populations. He earned a Bachelor of Arts in Landscape Architecture from the University of California, Berkeley.



D. Housing Services Provider

4. Key Staff Resumes



Jan Peters

Senior Vice President, Property & Asset Management

Jan Peters is senior vice president of property management responsible for the oversight and management of Abode Communities' affordable residential portfolio, which includes 41 affordable housing developments with 2,678 homes that serve nearly 7,000 low-income people throughout Southern California.

Peters is an established affordable housing management professional with nearly 30 years of property management experience. She is responsible for developing and maintaining property operation and capital improvement budgets; monitoring financial variance, vacancy and delinquency reports; overseeing and approving legal actions; responding to Fair Housing concerns; preparing contracts; and supervising, hiring and training property management staff.

Peters' tenure in affordable housing property management includes serving as executive vice president and chief operating officer of Eden Housing, a position she held for more than a decade. She was responsible for the oversight of the organization's residential portfolio consisting of 5,000 residential units and 40,000 square feet of commercial space, as well as oversight of the finance, human resources, administration, and resident services departments. Prior to joining Eden Housing, Peters served as president of WNC Management, Inc.

She is a licensed real estate broker in the State of California and is past president of the Affordable Housing Management Association of Northern California, Nevada, and Hawaii. She is also co-chair of the National Affordable Housing Management Association (NAHMA) Credential Review Board and is a National Affordable Housing Professional – Executive (NAHPE).

Education

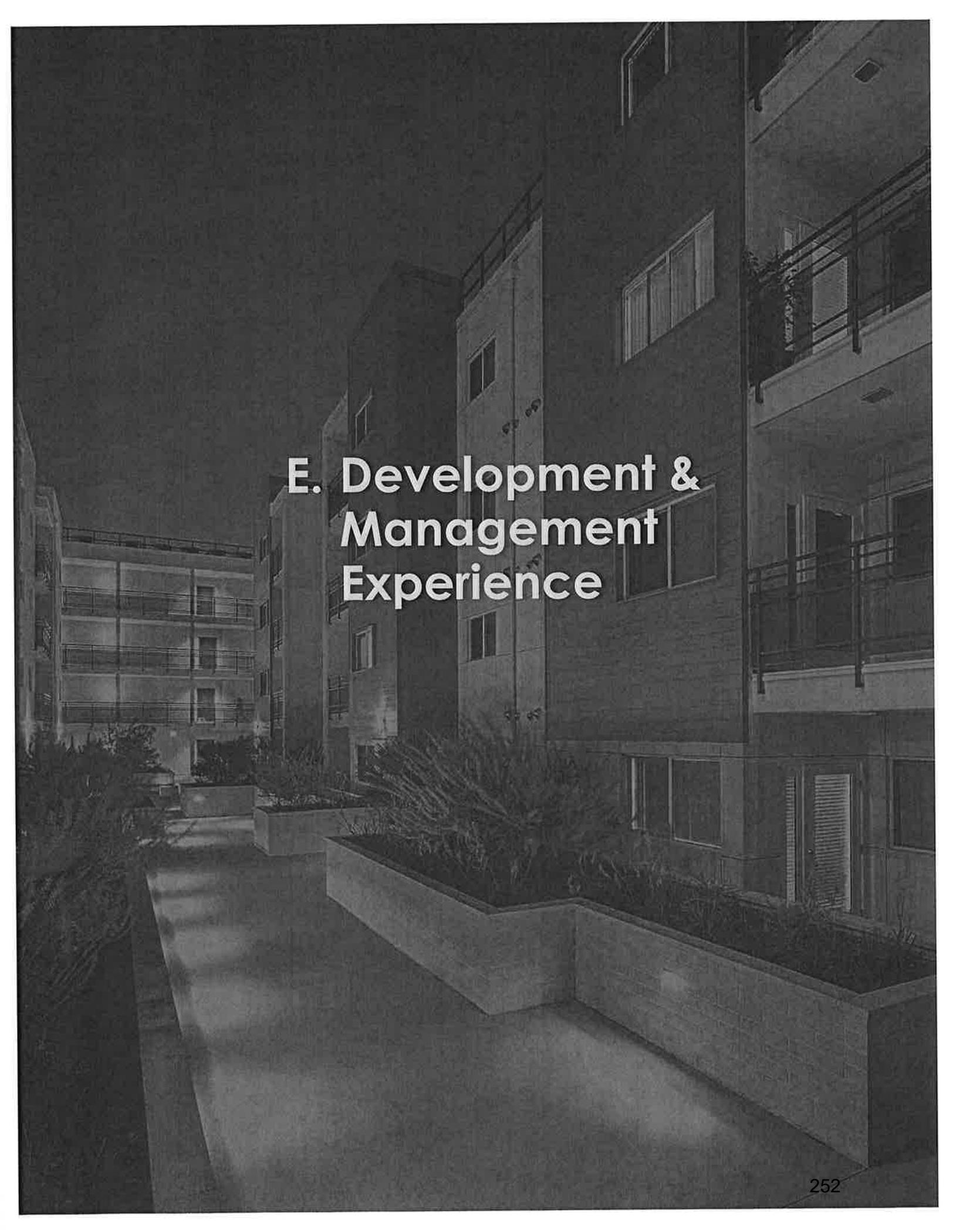
Rutgers University
Masters of Social Work (MSW)

Antioch University
Masters, Education

Melbourne University
Bachelor of Arts

Harvard Kennedy School Executive
Education, Achieving Excellence in
Community Dev. Certification





E. Development & Management Experience

E. Experience

1. Project Experience (#1)



Vista del Mar & Camino del Mar, Wilmington

Once a distressed post-war public housing project, master planning of the Dana Strand Revitalization included a community outreach process involving the Council Office, Resident Advisory Council, Los Angeles Police Department, neighbors and community stakeholders. Phases I and II, developed in partnership with Mercy Housing, included a robust mixed-income, mixed-use community consisting of 120 garden-style affordable family homes (Harbor View Place); 116 affordable family townhomes (Wilmington Townhomes); and a 10,000 square foot community center operated in partnership with Providence Little Company of Mary Medical Centers.

Phase IV, Vista and Camino del Mar, fulfill the development team's 15-year vision for this 20.7-acre public housing site. Abode Communities and its development partner, transformed eight parcels of vacant land into 176 service-enhanced, LEED® for Homes Gold-rated affordable homes, including nearly 35,000 square feet of open and recreational space.

Residential Financing

- 4% Low Income Housing Tax Credits
- Tax-Exempt Bond
- Housing Authority of the City of Los Angeles Ground Lease
- Project-Based Section 8

Scope

174 (1-, 2-, 3- & 4-bedroom units)
2 (2-bedroom manager units)
Surface parking

Schedule

Completed June 2018
22 months

Population

Families

Management/Services

On-site property management
and resident services provided by
Abode Communities

Affordability

30 - 50% AMI

Amenities

Landscaped courtyards
Edible community gardens
Playgrounds
Secure bicycle parking
Two resident centers
Laundry and trash

E. Experience

1. Project Experience (#2)



Terra Bella, Bell Gardens

Terra Bella is the third affordable housing development in the City of Bell Gardens, boosting the City's affordable rental supply by 31%. In addition to providing permanent, deeply affordable homes via Project-Based Section 8, Abode Communities enriches resident quality of life through an array of substantive resident services including case management, advocacy counseling, and recreational activities.

Seniors also enjoy an abundance of onsite healthy living amenities, including a central courtyard with fountain that connects to an outdoor mind/body fitness area, edible garden and shaded gathering spaces.

What's more, Terra Bella boasts a LEED® for Homes Platinum rating, ensuring that seniors can age independently in place while enjoying healthy homes with improved indoor air quality and lower utility costs.

Financing

- 4% Low Income Housing Tax Credits
- Tax-Exempt Bond
- Los Angeles County Development Authority HOME & City of Industry
- City of Bell Gardens
- Federal Home Loan Bank of San Francisco Affordable Housing Program
- California Solar Initiative Rebate

Scope

- 64 (1-bedroom units)
- 2 (2-bedroom units)
- 1 (2-bedroom manager unit)
- Surface parking

Schedule

- Completed April 2013
- 16 months

Population

- Seniors

Management/Services

- On-site property management and resident services provided by Abode Communities

Affordability

- 30 - 60% AMI

Amenities

- Landscaped courtyard
- Edible community garden
- Free Wi-Fi
- Outdoor fitness circuit
- Resident center
- Laundry and trash

E. Experience

1. Project Experience (#3)



Selma Community Housing, Hollywood

Selma Community Housing is Abode Communities' second joint-use affordable housing development with the Los Angeles Unified School District (LAUSD). Built in an effort to improve access to affordable housing, promote employee retention and balance life/work, Selma prioritizes homes for working families and LAUSD employees.

This LEED® for Homes Platinum-rated development is located just three blocks from Metro Red Line Hollywood and Highland light rail station. Its transit-rich program includes 67 residential parking spaces, short-/long-term bicycle parking, and 50 LAUSD staff parking spaces that provide parking for the adjacent Selma Elementary School by day and supplements Hollywood's limited public parking supply by night.

Residential Financing

- 9% Low Income Housing Tax Credits
- California Department of Housing & Community Development TOD Program
- City of Los Angeles Housing + Community Investment Department CRA/LA
- Federal Home Loan Bank of San Francisco Affordable Housing Program
- L.A. Unified School District Ground Lease

Scope

- 65 (2- & 3-bedroom units)
- 1 (2-bedroom manager unit)
- Structured residential parking
- Structured District parking

Schedule

- Completed September 2016
- 21 months

Population

- Families

Management/Services

- On-site property management and resident services provided by Abode Communities

Affordability

- 30 - 60% AMI

Amenities

- After-school program room
- Computer lab
- Landscaped courtyard with tot lot
- Resident center
- Rooftop terrace
- Laundry and trash

E. Experience

1. Project Experience (#4)



Hudson Oaks, Pasadena

Hudson Oaks was originally built in 1971 and rendered uninhabitable after a devastating fire in 2005. In a major rehabilitation and modernization, Abode Communities accommodated provisions of a grandfathered zoning clause that required maintaining the existing building's floor plan to prevent a 35% reduction of total units. Affordability is maximized and resident quality of life is improved by combining Abode Communities' high-quality standard of living with Project-Based Section 8; reconnecting the site to its surrounding neighborhood and adjacent Washington Park; and providing on-site resident services for active, independent and healthy aging. This LEED® for Homes Platinum-rated development operates 56% more efficiently than California Title 24 standards, providing substantial utility cost savings directly to residents. Sustainability highlights include a bioswale for site drainage and a photovoltaic system that feeds all common area electricity.

Financing

- 4% Low Income Housing Tax Credits
- Tax-Exempt Bond
- 1602 Grant
- City of Pasadena Housing
- Pasadena Housing Authority Project Based Section 8
- Los Angeles County Development Authority
- Federal Home Loan Bank of San Francisco Affordable Housing Program
- Private 3rd Party Equity
- California Solar Initiative and California Energy Efficiency Rebates

Scope

- 44, (1-bedroom units)
- 1 (2-bedroom manager unit)
- Surface parking

Schedule

- Completed March 2012
- 14 months

Population

- Seniors age 62 and over

Management/Services

- On-site property management and resident services provided by Abode Communities

Affordability

- At or below 30% AMI

Amenities

- Private entrance to a public park
- Edible landscaping
- Free Wi-Fi
- Landscaped courtyard
- Private balconies and porches
- Laundry and trash
- Resident center

E. Experience

1. Project Experience (#5)



Westmont Vista, Los Angeles

Completed in October 2020, Westmont Vista transformed a vacant, urban infill site adjacent to Los Angeles Southwest College into a vibrant community for 39 families and Transition Age Youth (young adults emancipated by the foster care system who are experiencing homelessness).

Situated in the West Athens neighborhood of unincorporated

Los Angeles County, the site is in close proximity to multiple transit lines, grocery stores, a childcare center, and is sited among a variety of other community-serving amenities, making this an ideal location for residents to thrive. The project is expected to achieve LEED® for Homes Gold rating.

Residential Financing

- 9% Low Income Housing Tax Credits
- Los Angeles County Development Authority Project Based Section 8
- Los Angeles County Development Authority NOFA
- Federal Home Loan Bank of San Francisco Affordable Housing Program

Scope

38 (1-, 2-, & 3-bedroom units)
1 (2-bedroom manager unit)
Structured parking

Schedule

Completed October 2020
20 months

Population

Families and Transition Age Youth
experiencing homelessness

Management/Services

On-site property management
provided by Abode Communities,
Supportive services provided by
St. Joseph Center

Affordability

At or below 30% AMI

Amenities

Landscaped courtyard
Edible community garden
Laundry and trash
Playground
Resident center
Secure bicycle parking

E. Experience

2. Pipeline

Despite the current health crisis and pending shifts in economic investment, the organization's development pipeline is robust with more than 1,200 affordable/supportive homes and 72,000 square feet of community-serving retail space. Please see below for a pipeline project details, including images on the following page.

name	complete	population/ affordability	total/ affordable/ supportive units	community engagement	ground lease	community- serving retail	anticipated financing
231 Grant	Jun-24	Workforce (Teachers) 30-120% AMI	110/109/0	Yes	Yes	1,300 sf (café)	Private Equity, County of Santa Clara, City of Palo Alto, Facebook, School Districts
Adams Terrace	Apr-22	Seniors 30-60% AMI	86/41/43	Yes	No	N/A	Tax Exempt Bond, LACDC, PBV Section 8, HCIDLA HHH, HCD-AHSC & MHP
The Beacon	Apr-23	Homeless <= 30% AMI	91/0/90	No	No	No	4% LIHTC, HCIDLA HHH, HCD-MHP, No Place Like Home, PBV Section 8
The Carlton	Sept-23	Families, Transition Age Youth	57/28/28	Yes	No	1,000 sf (local)	4% LIHTC, HCD-MHP&IIG, LACDA, PBV Section 8, FHLB-AHP
Central Ave	Jun-23	Families, Transition Age Youth	59/29/29	Yes	No	No	4% LIHTC, HCD-MHP&IIG, LACDA, PBV Section 8, FHLB-AHP
Chavez Fickett	Mar-24	Families, M/P Disabled 30-60% AMI	60/23/36	Yes	Yes	25,000 sf (grocery)	4% LIHTC, HCIDLA, Metro, HCD-MHP, FHLB-AHP
Grandview	Jun-23	Families 30-60% AMI	100/45/54	Yes	No	N/A	4% LIHTC, HCIDLA HHH, Tax-Exempt Bond, HCD-MHP
La Veranda	Sept-22	Families 30-60% AMI	77/38/38	Yes	Yes	8,000 sf (local)	4% LIHTC, HCIDLA HHH, HCD- MHP & IIG, Metro, FHLB-AHP, LACDA
Indian Wells	Nov-22	Families 30-80% AMI	100/ 99/0	Yes	Yes	No	4% LIHTC, HCD-MHP, Indian Wells LMIF, FL-HB-AHP, PBV Section 8
Veteran Commons	Oct-24	Veterans 30-60% AMI	100/49/50	Yes	Yes	2,900 sf (Workforce Hub)	4% LIHTC, LACDA HCD-AHSC, VHHP, PBV VASH Section 8
Villa Verde	May-23	Families 30-60% AMI	152/150/0	Yes	Yes	No	4% LIHTC, HACR, PBV Section 8, State LIHTC

E. Experience

2. Pipeline



From Top Left
Adams Terrace, The Beacon,
Indian Wells, The Carlton, Villa Verde,
Chavez Fickett, Veteran Commons,
La Veranda



E. Experience

3. Asset Management & Regulatory Compliance

Abode Communities' affordable housing portfolio consists of 41 properties with nearly 2,700 affordable units, generating more than \$29 million in annual revenue. Under the direction of the Senior Vice President, Property & Asset Management, the Assistant Director, Asset Management manages the financial and physical well-being of the portfolio, while the Director, Compliance oversees compliance with local, state and federal regulatory requirements.

Direct reports to the Assistant Director, Asset Management include: a Senior Asset Manager, a Junior Asset Manager and an Asset Management Associate. As a team they oversee the operations and management of the portfolio ensuring the properties' physical and financial well-being and compliance with legal and regulatory requirements. Specifically, the asset management team reviews and analyzes Abode Communities' portfolio ensuring that the properties' performance meet or exceed financial expectations, are physically maintained at or above company standards, and comply with all regulatory requirements. Working with the Senior Vice President, Property & Asset Management and the Director of Facilities, the asset management team is charged with maintaining, improving and providing solutions regarding the physical health of the assets; negotiating and executing Year 15 exits for LIHTC partnerships; and collaborating with Abode Communities' Real Estate Division to evaluate debt restructuring or refinancing at various stages of the property's life cycle and during an analysis for re-syndication.

The asset management team also works in collaboration across divisions within other Abode Communities departments, to achieve the following:

- **Property Budgets:** develop, review and present to the Senior Vice President, Property & Asset Management, the Executive Management Team and the Board of Directors for approval, the annual property budgets
- **Variance Analysis:** conduct monthly variance analysis to understand and explain both project specific and portfolio wide trends, including analysis and proposed resolutions to any portfolio issues
- **Capital Improvement Plans:** maintain capital improvement plans and provide solutions to capital improvement needs through management of reserves, securing soft funding through public sources, restructuring of existing debt, seeking refinance opportunities, and ensuring timely approval of bid packages for capital improvements
- **Insurance Coverage:** ensure that limits of insurance coverage comply with minimum requirements provided for in all agreements (i.e., partnership, lender, regulatory, etc.) including but not limited to the following policies: Property, Liability, Workers' Compensation

Direct reports to the Director, Compliance include a Senior Compliance Specialist, a Compliance Specialist and a Junior Compliance Specialist. Together this team ensures Abode Communities' entire portfolio, remains in compliance at all times with the requirements of various local, state and federal agencies including, but not limited to, the California Tax Credit Allocation Committee (TCAC), the California Debt Limit Allocation Committee (CDLAC), the California Department of Housing & Community Development (HCD), the US Department of Housing & Urban Development (HUD), the County of Los Angeles Community Development Authority (LACDA), and the Housing Departments and Housing Authorities of various cities including Los Angeles, Pasadena and Long Beach.

E. Experience

To ensure compliance, the team maintains current and accurate affordability mix abstracts for all properties in the portfolio and works closely with the Property Supervisors and Property Managers to ensure actual tenant income and rent levels meet eligibility requirements. This team also conducts tenant file reviews, audits, onsite file reviews, tracking and completing certifications, and input into property management software.

4. Property Management

Abode Communities' commitment to best-in-class property management and compliance is evidenced by adopted formal goals and objectives as part of its current strategic plan. Under the leadership of Jan Peters, Senior Vice President of Property & Asset Management, and with the goal to sustain high quality, healthy communities for residents, Abode Communities implements clear and consistent operations expectations and management practices to ensure properties function at the highest level of financial, physical, compliance, and tenant relations.

A key component of Abode Communities' excellence in property and asset management is adherence to measurable performance standards for each property in the portfolio. Properties and staff are measured on the following Key Performance Indicators (KPIs):

Occupancy	98.5% or Higher
Rent and Deposit Collections	100% rent collected by the 6th day of each month No more than 2% in monthly current delinquencies Full move-in deposit collection
Vacancies	5 Days or less for unit readiness; 10 Days or less for unit turn around
Operating Expenses	Within 5% of Board Approved Budget Monthly variance reporting to Asset Management
Annual Certifications	Completed/Approved/Signed within 30 Days of Effective Date per Annual Recertification Schedule
Reporting Requirements	Timely submission of all reports requested
Maintenance & Work Orders	Preventative Maintenance conducted on a monthly basis All work orders must be in writing and signed by resident Emergency work orders addressed immediately within 24 hours Non-emergency work orders addressed within 48-72 hours
Resident Complaint Responses	Addressed within 10 business days, from receipt to final response
Inspection/Audit Responses	Addressed within the sooner of 15 to 30 days of receipt from Agency in writing or Agency deadline
Unit Inspections	Conducted Semi-annually: March-April and September-October Identified repairs to be addressed within 60 days of inspection

E. Experience

Property Physical Inspections	Conducted daily by resident manager Conducted semi-monthly by regional property supervisor Finding must be in writing with a completion target and signed by both property manager and property supervisor
Move-Outs	Within 5 days of move-out: conduct move-out inspection, assess damage, and complete a Move Out Report. Send to Regional Property Supervisor for review and to Accounting Department for processing
Resident Lease Violations	Issue to tenant within 48 hours of incident. Regional Property Supervisors must review before serving resident.
Compliance	Successfully pass all external audits and inspections, and remain 100% in Compliance at all times. Examples include but are not limited to: <ul style="list-style-type: none"> • TCAC funded properties: achieve No Findings on all inspections and never receive an 8823 • HUD funded properties: achieve a minimum REAC Score of 93 • Achieve a minimum of “Satisfactory” on all Management and Occupancy Reviews

Regional Supervisors work directly with site-based Property Managers to regularly review and report on individual property performance around these KPIs. Property Managers and Regional Supervisors are evaluated on their success in achieving these goals as part of their annual performance evaluations. To further ensure accountability the asset management team reports on the performance of the portfolio to senior management and the Board of Directors on a quarterly and annual basis. Reporting is conducted through the Portfolio Performance Report, which measures each property by the following three Performance Indicators:

- Financial – Economic health is evaluated and scored using a number of economic ratios including: Debt Service Coverage; Net Operating Income Actuals to Budget; and Expenses to Operating Reserve Balance.
- Physical – Physical Health is evaluated through the combination of a Capital Needs to Replacement Reserve Ratio and on-site inspections by the asset management team.
- Compliance – The Compliance Indicator evaluates each property’s findings, if any, as well as flags any conditions that could warrant future findings.

Abode Communities’ Strategic Plan’s Annual Work Plan sets goals for minimum ratings for each of the above indicators. As with the KPIs, these organizational goals are also memorialized and reviewed with each staff member of the asset management and compliance teams as part of their individual performance goals.

A regularly updated Policies and Procedures Manual further ensures consistency of operations across the entire Abode Communities portfolio. The P&P Manual articulates authority and roles across staff, establishes clear decision-making roles and procedures, and incorporates processes to minimize cost inefficiencies and maximize operations. To ensure the P&P Manual remains a living document adhered

E. Experience

to by staff, Peters conducts quarterly portfolio meetings attended by the entire property management team, with agenda items drawn from the P&P Manual, including roll out of new initiatives, soft skills trainings, team building, transmission of information, budget preparation, variance reporting, and compliance.

Finally, Abode Communities develops accountability for its property and asset management services by measuring resident satisfaction. It conducts post-occupancy evaluation with a representative sample of residents within 12 months of every new building lease-up, and it conducts annual resident surveys at all of its properties to identify areas for improvement and to measure and report impact of quality housing on residents' lives.



5. Jurisdictions Similar to El Segundo

Abode Communities has broad experience working in a variety of communities throughout Los Angeles County, many of which share similarities with El Segundo in terms of size, residential scale, and scarcity of developable land.

In the City of Signal Hill, which is similar in size and population to El Segundo, Abode Communities transformed and revitalized the Las Brisas neighborhood with two phases of affordable housing development, as well as a child care center and community park. In this relatively small city with limited land acquisition opportunities, Abode Communities expanded affordable housing opportunities through the Phase I purchase and rehabilitation of 23 four-plex homes and new 0.5-acre public park, followed by the Phase II development of 60 new affordable family homes across the street. This phased approach overcame the challenge of limited land opportunities and resulted in 152 homes that will remain affordable in perpetuity.

Abode Communities also has extensive experience working in the South Bay neighborhood of Wilmington. Similar to El Segundo, Wilmington has a tight-knit, lower-density residential community with adjacent industrial uses. Over a period of 15 years, Abode Communities and its development partner worked collaboratively with the Wilmington community to progressively transform an underutilized public housing development into a mixed-income, mixed-use community. Abode Communities was mindful of keeping the new construction to a scale appropriate to the adjacent single-family neighborhood by incorporating a mix of housing types and architectural styles, all with a lower-density community scale. Abode Communities also conducted extensive and ongoing community outreach to gather and address concerns, as well as build support for the four-phased master planned community.

E. Experience

Although larger than El Segundo in terms of land area and population, the City of Pasadena shares many of the challenges to developing affordable housing, including limited available developable land and high acquisition prices, as well as mixed community support of new development. Abode Communities has successfully developed four projects in the community totaling 236 units through close collaboration with the City of Pasadena to identify and partner on the acquisition of new opportunities. At Hudson Oaks, Abode Communities seized on the opportunity to acquire an abandoned building that had been severely damaged in a fire and stood vacant for several years. Located within a highly engaged historic landmark district, Abode Communities' collaborative approach to community engagement and development was critical in gaining support for the project.

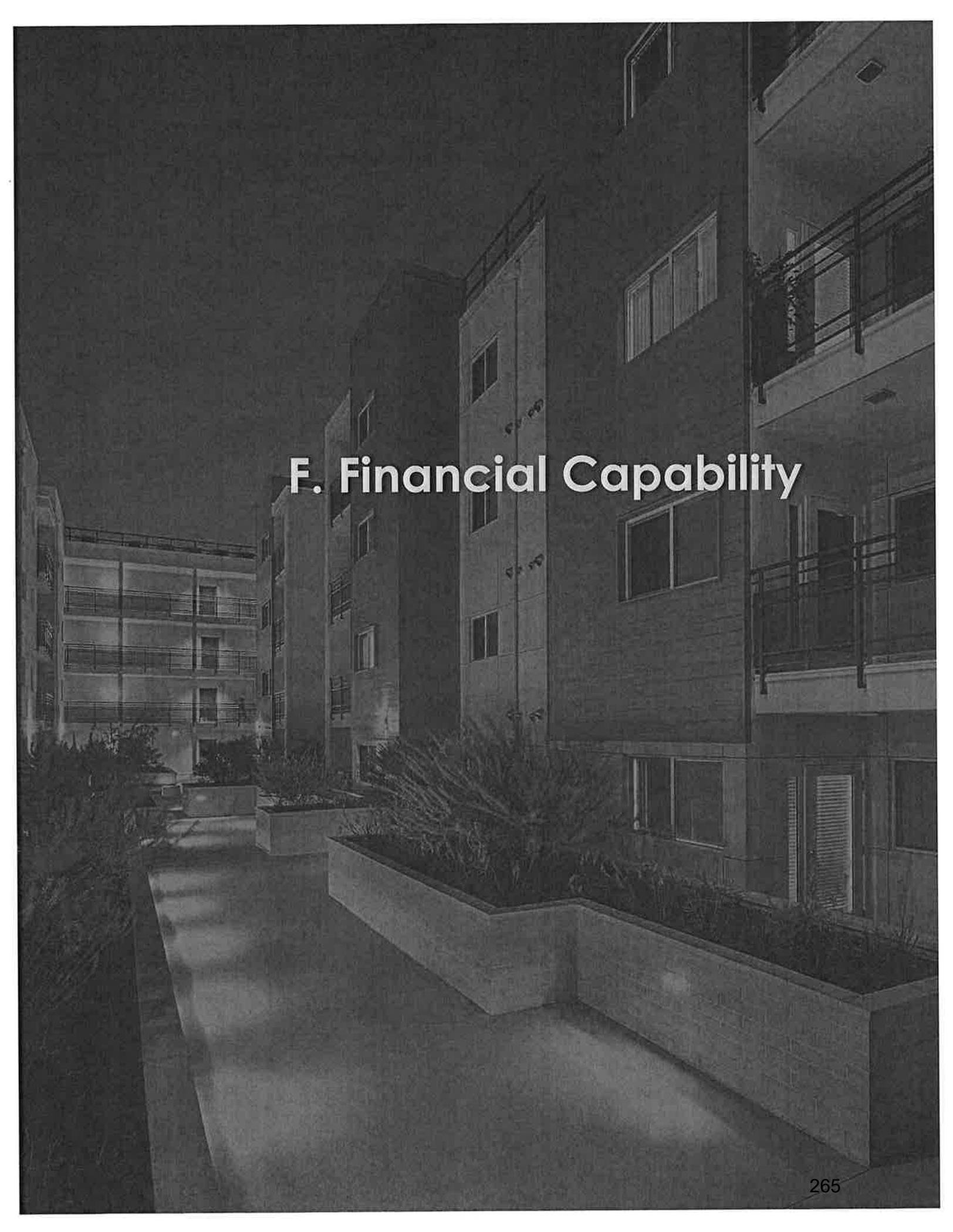
6. Team Information

Abode Communities

Length of time in business:	52 years
Ownership structure:	501(c)(3) nonprofit social enterprise
Location of principal offices:	Los Angeles
Location of office providing services:	Los Angeles

California Housing Partnership

Length of time in business:	32 years
Ownership structure:	501(c)(3) public benefit corporation
Location of principal offices:	San Francisco
Location of office providing services:	Los Angeles



F. Financial Capability

F. Financial Capability

1. Capacity

As one of the largest and most successful developers of affordable housing in Los Angeles County, Abode Communities has the financial skill and capacity to secure the equity and financing required to acquire and develop affordable housing to support the City of El Segundo in meeting its affordable housing goals. Over its more than fifty year history, Abode Communities has leveraged public and private sources to invest more than \$645 million in promoting the social, economic, and physical transformation of underserved communities throughout Los Angeles County.

Both Abode Communities and financial consultant California Housing Partnership are active stakeholders in discussions about public funding priorities and regulations for county and statewide programs. The team will bring the high level of expertise and insight gained from this participation to its strategic planning efforts. Experience with securing specific sources of financing includes the following:

Acquisition & Predevelopment Funding

Abode Communities has long-established relationships with Community Development Financial Institutions (CDFIs) that provide acquisition loan products specifically tailored for affordable housing development, including Century Housing, Low Income Investment Fund, Enterprise, and the Corporation for Supportive Housing. Abode Communities' nonprofit status facilitates access to more favorable loan terms from these lenders' various programs. In the past five years alone, Abode Communities has utilized Golden State Acquisition Fund (GSAF), the Los Angeles County Housing Innovation Fund (LACHIF), Supportive Housing Loan Fund (SHLF), New Generation Fund, and the Metro Affordable Transit Connected Housing (MATCH) program to acquire new properties for rehabilitation or new construction.

Abode Communities further supports its acquisition and predevelopment activities through its own Abode Communities Housing Fund (ACHF). In 2010, 2017, and 2019 Abode Communities received a combined total of \$7.85 million in Capital Magnet Fund (CMF) Grants that were used to establish the ACHF. Since that time these funds have leveraged other enterprise level funds, which collectively have been used to advance the organization's affordable housing pipeline through the provision of acquisition and predevelopment loans on Abode Communities' development projects. Altogether, the ACHF has supported the development or preservation of 930 units of affordable housing over the past 10 years.

Conventional Debt and Equity

Abode Communities has extensive experience securing conventional mortgages to finance construction and permanent operations, with mortgages financing 79% of the housing projects within its current residential portfolio. Abode Communities' banking and investor relationships include Bank of America, Wells Fargo, Citibank, JPMorgan Chase, Union Bank, U.S. Bank, National Equity Fund, and Enterprise Community Partners, among others. These strong relationships have helped Abode Communities consistently weather market uncertainties throughout its history, ensuring the organization's continuing success bringing its development projects to fruition.

F. Financial Capability

Low Income Housing Tax Credits

Abode Communities is a leader in competing for 4% and 9% Low Income Housing Tax Credits (LIHTC). The organization was the first in the County of Los Angeles to procure funding from the LIHTC program more than 30 years ago. Today, the tradition continues with the majority of Abode Communities' housing developments funded through the LIHTC program.

In recent years, the organization has closed on both 4% and 9% LIHTC transactions with Wells Fargo, who provided \$1.16 per credit resulting in nearly \$37.0 million in equity investment for 140 affordable homes in South Los Angeles. In June 2018, just a few months post-tax reform, the organization's Westmont Vista project received a \$1.4 million Federal Tax Credit Award for 39 supportive homes for families and Transition Age Youth in Los Angeles, resulting in a \$13.7 million equity investment at a price of \$1.015 per credit.

Despite the downward trend in the tax credit market post tax reform and further downward pressure due to the current downturn, Abode Communities continues to outperform its conservative underwriting, highlighting the strength of its long-term relationship with key investors. Abode Communities recently received bids ranging from \$0.92 to \$0.96 per credit for a new family development in the Boyle Heights neighborhood of Los Angeles.

Abode Communities has also experienced success securing enhanced state tax credits, a relatively new source of additional equity for affordable housing. In a recent highly competitive tax credit round, Abode Communities secured a total of \$5.2 million in tax credits, including \$2.9 million in enhanced state credits for a senior development expected to begin constructed in late 2020.

Tax Exempt Bond Allocations

In conjunction with its success in obtaining 4% tax credits, Abode Communities has a long history of securing California Debt Limit Allocation Committee (CDLAC) bond allocations, and successfully closing on these transactions with key government partners. The organization has secured bond allocations for projects in a wide range of jurisdictions throughout the County, such as Long Beach, Pasadena, Bell Gardens, City of Los Angeles, and Unincorporated LA County. Despite the increasingly competitive landscape for tax exempt bond allocation, Abode Communities successfully secured two allocations totaling \$66.1 million in 2020, which will support the construction of 88 units of senior housing and 77 units of family housing.

Local Funding

Abode Communities has a long history of partnership with local governments having secured capital funding from the County of Los Angeles as well as numerous cities such as Bell Gardens, Long Beach, Los Angeles, Pasadena, and Signal Hill. Funding sources include a mix of general funds, tax increment funds, in lieu fees and Federal CDBG and HOME funds administered by localities. In LA County funds alone, it has secured funding for 12 residential and mixed-use projects totaling \$35.1 million.

F. Financial Capability

State Funding

Abode Communities has successfully secured funding from a variety of California Department of Housing and Community Development programs including: Affordable Housing & Sustainable Communities; Infill Incentive Grant; Multifamily Housing Program; and Transit Oriented Development. Most recently, in early 2020 Abode Communities was awarded over \$24 million in State MHP funds for two of its projects in Los Angeles County.

Federal Operating Subsidies

In addition to securing federal funding that is administered by local governments, Abode Communities, in partnership with entities like the Housing Authority of the City of Los Angeles, the Los Angeles Communities Development Authority, and the U.S. Department of Housing & Urban Development, manages some 723 units of housing that is publicly subsidized housing through the Project-Based Section 8 (PBV) and Veterans Affairs Supportive Housing (VASH) programs. Abode Communities will soon be adding an additional 38 voucher-supported units at a recently completed supportive housing development and has commitments for an additional 135 PBVs for three projects anticipated to begin construction in 2021.

As turnkey development partner, Abode Communities leveraged its partnerships to secure 283 Project-Based Section 8 Vouchers for the renovation of owner/operator American Gold Star Manor, whose 21.7-acre housing campus featuring 348 affordable homes for seniors and veterans in Long Beach completed in January 2019.

Private and Philanthropic Capital

In addition to its experience in bringing private equity to LIHTC developments, Abode Communities has recently secured commitments for private capital from Facebook for a 110-unit affordable workforce development in Palo Alto in collaboration with Santa Clara County and multiple public school districts. This type of capital will allow the project to provide workforce housing for a mixed-income population serving households up to 120% of area median income. Abode Communities also has deep experience in raising philanthropic capital to invest in affordable housing and community facilities. Most recently, the organization raised and invested just under \$5 million in private foundation capital grants into its mixed-used development, Rolland Curtis Gardens.

F. Financial Capability

2. References - Public Agencies

Housing Authority of the City of Los Angeles	Doug Guthrie, President & CEO	Vista & Camino del Mar	(213) 252-1810 douglas.guthrie@hacla.org
City of Los Angeles Housing & Community Investment Department	Ann Sewill, General Manager	Selma Community Housing	(213) 808-8808 ann.sewill@lacity.org
Los Angeles County Development Authority	Lynn Katano, Director	Hudson Oaks, Terra Bella, Westmont Vista	(626) 586-1806 Lynn.Katano@lacda.org
L.A. Unified School District	Krisztina Tokes, Director	Selma Community Housing	(213) 241-4213 kristzina.tokes@lausd.net
City of Pasadena	William Huang Director	Hudson Oaks	(626) 744-8300 whuang@cityofpasadena.net
CA Housing & Community Development Dept.	Jennifer Seeger Deputy Director	Selma Community Housing, Westmont Vista	(916) 263-6928 jennifer.seeger@hcd.ca.gov

2. References - Debt & Equity

Wells Fargo (Debt)	Ken Sofge Senior VP	Hudson Oaks, Westmont Vista	(213) 614-4018 kenneth.sofge@wellsfargo.com
Wells Fargo (Equity)	Tim McCann	Westmonth Vista	(415) 975-6334 tim.mccann@wellsfargo.com
California Community Reinvestment Corp.	Mary Kaiser, President & CEO	Hudson Oaks, Westmont Vista	(818) 550-9801 mary.kaiser@e-ccrc.org
Citi Community Capital	Richard Gerwitz, Managing Dir.	Vista & Camino del Mar, Terra Bella	(213) 486-7138 richard.gerwitz@citi.com
Union Bank	Perica Bell, VP, SoCal Market	Selma Community Housing, Terra Bella	(310) 551-8964 perica.bell@unionbank.com
U.S. Bank	Sebastian Glowacki	Vista & Camino del Mar	(303) 585-4230 sebastian.glowacki@usbank.com

F. Financial Capability

3. Financial Statements 2019-2018

Annual Financial Statements are included in the Appendix.

4. Loan Default

No member of Abode Communities' team has ever defaulted on its financial obligations, has had developments that were foreclosed upon, or has filed bankruptcy.

5. Legal Action

In the ordinary course of its business as a developer, owner, and manager of multifamily affordable housing projects, within the past five years Abode Communities has been involved in limited legal actions, all of which were covered by insurance and/or resolved without material impact to Abode Communities. The following is a list of ongoing litigation matters:

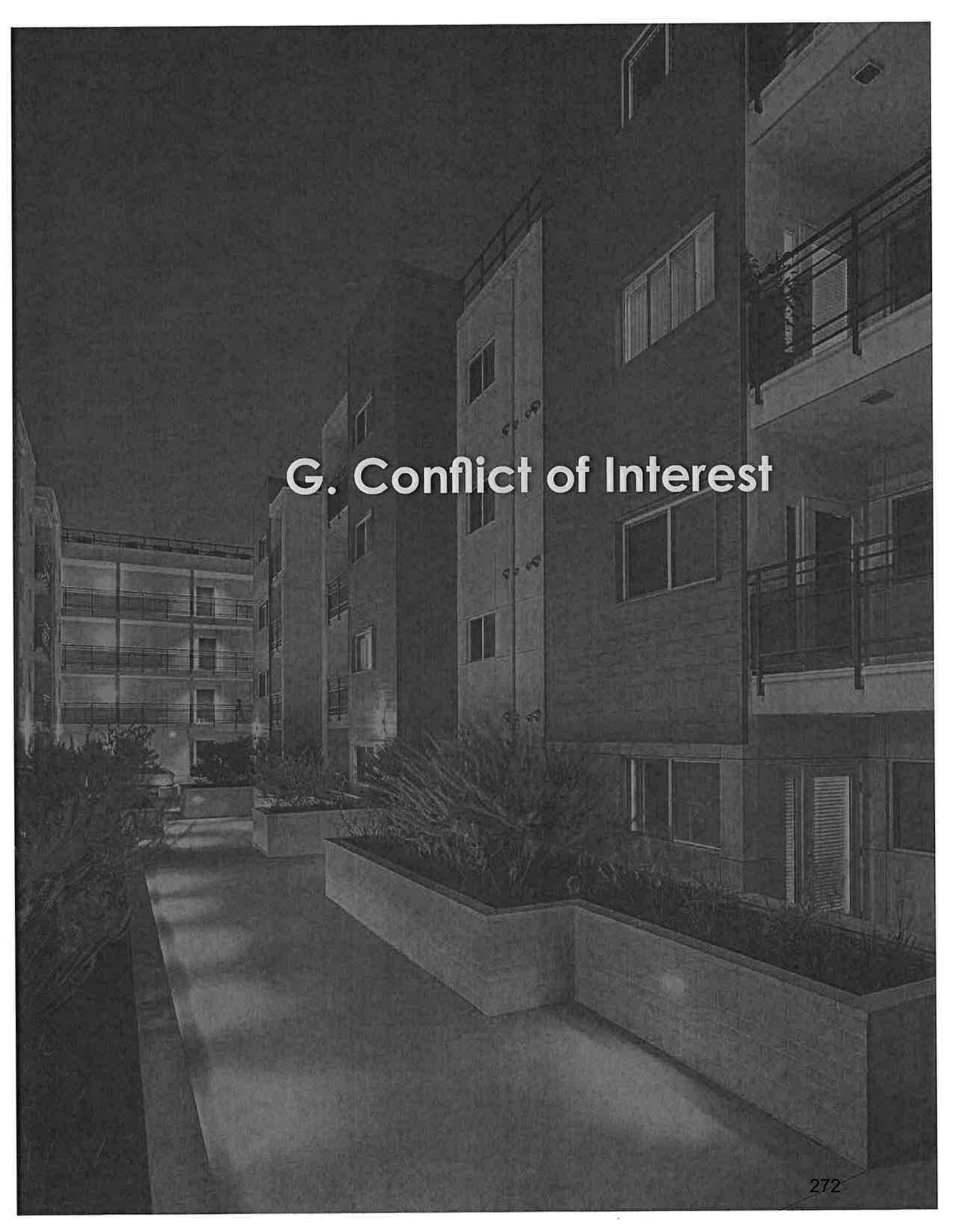
Independent Living Center of Southern California, et al, Plaintiffs, vs. City of Los Angeles. Community Redevelopment Agency of the City of Los Angeles (January 13, 2012), and over 60 other entities that are property owners (three Abode Communities limited partnerships included), Defendants. Case number CV 12-0551 SJO (PJW). US District Court for the Central District of California (Western Division). Three limited partnerships in which Abode Communities is the general partner, as well as over 60 other housing property owners with funding from the Community Redevelopment Agency of the City of Los Angeles (CRA), were listed as nominal defendants in the lawsuit brought against the City of Los Angeles and the Community Redevelopment Agency of the City of Los Angeles by the Plaintiffs: Independent Living Center of Southern California, Fair Housing Council of San Fernando Valley and Communities Actively Living Independent and Free. The complaint alleges that CRA engaged in a pattern and practice of discrimination by failing to ensure apartment complexes that were funded with CRA funds were accessible to people with disabilities. Abode Communities maintains its position of no wrongdoing. Further it does not anticipate any material monetary cost, physical corrections or mitigations.

Ramos, et al vs. Clark Residence Ltd. Partnership, Los Angeles Superior Court. Boilerplate habitability lawsuit filed against Clark Residence, LP on December 22, 2017. A subsequent retaliation lawsuit was filed by the same plaintiffs on June 21, 2018 claiming site staff "retaliated against them" by requesting inspections and standard paperwork. Abode Communities contends that both suits are unwarranted. Defense Counsel is working on a stipulated effort to dismiss the retaliation case and have the claims folded into the habitability case. This matter is covered by insurance and is not expected to have a material financial impact on the organization.

F. Financial Capability

Naima Smith et al v. Abode Communities, Los Angeles County Superior Court. Eight plaintiffs allege they were not offered the opportunity to receive a copy of the consumer report ordered by the company during the application process. Currently, amount and specific basis for damages is unknown. Abode Communities contends the claims are unwarranted and defense for this matter is covered by insurance. This case is not expected to have a material financial impact on the organization.

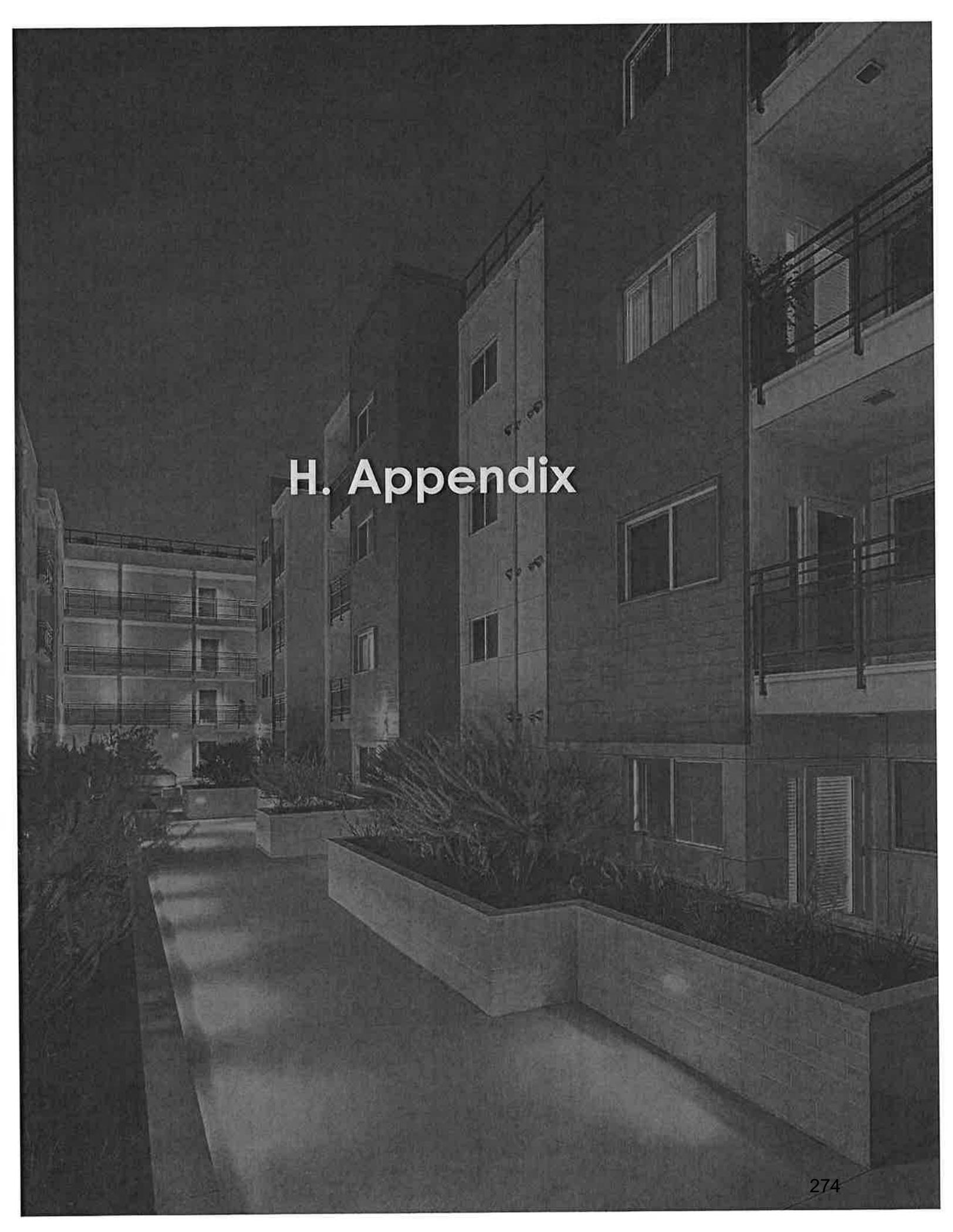
Subcontractor vs. Westport Construction, Imagine Village. A subcontractor filed a claim against general contractor Westport Construction and the Limited Partnership that owns the Imagine Village project. The claim is related to retention that has not yet been paid to the subcontractors. Because the general contractor has not yet submitted the retention pay application to ownership, Abode Communities maintains its position of no wrongdoing. The delay in submission of the retention pay application is due to negotiations between the general contractor and the owner regarding numerous change orders submitted after Certificate of Occupancy was obtained. The claim is expected to be resolved/withdrawn upon payment of retention in the next two months now that the change order negotiations have been completed. The claim will not materially impact Abode Communities.



G. Conflict of Interest

G. Conflict of Interest

Within the past two years, no member of the respondent's team staff, board of directors, or other governing body have been a City of El Segundo employee or consultant; a City of El Segundo Councilperson; or a Board or Commission member who has direct influence on the use of public funding.



H. Appendix

H. Appendix

Please see the following page for Abode Communities' 2019-2018 Audited Financial Statements.

Abode Communities

**Consolidated Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2019 and 2018

Abode Communities

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Independent Auditor's Report

To the Board of Directors
Abode Communities

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Abode Communities, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain Operating Entities included in the consolidated financial statements in which Abode Communities owns an interest. The assets, liabilities, net assets and net loss of such entities are stated at \$270,072,243, \$246,001,256, \$24,070,987 and \$8,219,393, respectively, for 2019. The assets, liabilities, net assets and net loss of such entities are stated at \$242,608,300, \$208,930,849, \$33,677,451 and \$10,143,793, respectively, for 2018. The financial statements of those Operating Entities were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those Operating Entities, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Certain Operating Entities were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Abode Communities as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 42 to 57 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management, was derived from, and relates directly to underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2020, on our consideration of Abode Communities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Abode Communities' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Abode Communities' internal control over financial reporting and compliance.



Sacramento, California
August 19, 2020

Attachment D

Affordable Housing Services Provider Request for Qualifications

CITY OF EL SEGUNDO



**REQUEST FOR QUALIFICATIONS
FOR AN AFFORDABLE HOUSING SERVICES PROVIDER
(INCLUDING DEVELOPMENT AND MANAGEMENT OF AFFORDABLE HOUSING UNITS)**

RFQ Due Date: November 9, 2020 at 3:00 pm

**RFQ Administrator: Paul Samaras, Principal Planner
Email: psamaras@elsegundo.org**

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EXHIBIT

Exhibit A: Notice of Intent to Respond

I. INTRODUCTION

A. BACKGROUND

On June 16, 2020, the El Segundo City Council authorized preparation of a Request for Qualifications (RFQ) seeking an affordable housing services provider to assist in the development and management of affordable housing units and services within the City. The selected respondent will assist the City in fulfilling its affordable housing needs as defined in the State of California's Regional Housing Needs Assessment (RHNA) goals.

For reference purposes, the City's RHNA allocation for the planning period of January 1, 2014 to October 31, 2021 is 69 units. Based on current projections, the City's RHNA goal for the next eight year cycle is anticipated to be in the range of 500 units. In addition to meeting its RHNA affordable housing production goals, the City has established the following five overarching housing goals:

1. Preserve and protect the existing affordable housing stock;
2. Provide sufficient new, affordable housing opportunities in the City to meet the needs of groups with special requirements, including the needs of lower and moderate-income households;
3. Provide opportunities for new housing construction and rehabilitation of existing units in a variety of locations and densities to achieve a diversity of housing;
4. Remove constraints on housing development, as necessary; and
5. Promote equal housing opportunities including ownership and rental housing.

The 2014-2021 Housing Element was adopted in January 2014 and is in compliance with State law. The Housing Element can be found on the City's website:

<https://www.elsegundo.org/Home/ShowDocument?id=348>

B. COMMUNITY PROFILE

Located in the south bay region of Los Angeles County, El Segundo is located approximately 19 miles southwest of Downtown Los Angeles. Incorporated on January 18, 1917, the El Segundo covers a land area of approximately 5.5 square miles. The residential population is 16,700 with a considerably larger daytime population of over 70,000 people due to the robust workforce. El Segundo has a diverse and thriving business base, serving as the headquarters for major aerospace, technology, media, and health care firms. El Segundo benefits from its proximity to the larger southern California economy, and is well served by several major freeways and nearby LAX airport.

Historically, less than 25% of the land within El Segundo has been used for residential development, with remaining land used primarily for a mixture of light and heavy industrial purposes, manufacturing, retail, hotels, and creative office. A total of 335 acres are designated for residential or commercial mixed use development, which affects the supply of land available for housing development. The City's most recent RHNA allocation indicated the need for affordable housing for lower income households, particularly those with special needs including senior citizens, large households, extremely low-income households, households with military personnel, households with persons who have disabilities (including developmental disabilities), and the homeless.

C. DESCRIPTION OF THE OPPORTUNITY

Qualified respondents will have experience developing, managing and operating high quality, affordable rental housing projects. That experience should include a track record of successfully obtaining outside affordable housing assistance funding, and complying with federal, state and local affordable housing occupancy and reporting requirements.

The chosen team will work closely with the City to assist in the following:

1. Developing a strategic plan for producing affordable housing units to assist the City in fulfilling future Regional Housing Needs Assessment (RHNA) goals;
2. Identifying properties with the potential for affordable housing development, and existing rental projects that may be suitable for acquisition, rehabilitation and conversion to deed-restricted affordable housing projects; and
3. Assisting in the ongoing monitoring and administration of affordable housing units that are produced in El Segundo.

The City currently has approximately \$5.3 million in available funding to initiate the affordable housing development process. The City also anticipates receiving additional funding over the next several years from in-lieu fee revenues generated by projects that are subject to Development Agreements. These funds are to be considered the City’s contribution to the project(s), and the respondent would be expected to seek additional gap financing from other federal, state and local programs, banks and/or private investors.

The City owns the 97-unit Park Vista senior citizen housing project, which is restricted to low and moderate income households. The respondents chosen through this RFQ process may be tasked with effectively managing this property, whether in-house or through a qualified third-party property management company. The City may also potentially offer to sell this project to the selected respondents.

D. RFQ TIMELINE

The pertinent actions and due dates related to this RFQ are as follows:

RFQ Release Date	September 8, 2020
Notice of Intent to Respond Form Due Date	October 7, 2020
Deadline for Written Questions	October 15, 2020 at 3:00 pm
Release of Final Responses to Written Questions	October 29, 2020
RFQ Submittal Deadline	November 9, 2020 at 3:00 pm

II. THRESHOLD REQUIREMENTS

The City is inviting respondents committed to providing and operating affordable housing to submit a proposal demonstrating their qualifications and interest in providing affordable housing in El Segundo. Respondents that can demonstrate the experience, capability, and creativity to successfully undertake this opportunity are invited to respond to this RFQ by outlining their:

1. Relevant experience in the development and management of affordable housing, with preference given to teams who have experience working in Southern California;

2. Financial capabilities, including experience in application to and participation in federal, state, regional, and/or local affordable housing funding programs;
3. Experience and capacity to conduct income verification and screening of tenants to ensure ongoing compliance with income and affordability restrictions; and
4. Any other information that will enhance the City's ability to evaluate the respondent.

Eligible applicants under this RFQ may include one entity or a team of several entities, including any of the following: for profit housing developers; nonprofit housing developers; joint ventures; and limited or general partnerships. Applicants that include several entities must identify a lead entity that has demonstrated experience and capacity in the development, management and administration of affordable housing projects.

III. SUBMISSION REQUIREMENTS

The RFQ is the City's first step in evaluating respondents' interest in the opportunity to develop, manage and administer affordable housing in El Segundo. The RFQ response should express the respondent's interest, vision, and capability to produce affordable housing units and to assist in administering the City's affordable housing assets. Concise and focused responses are encouraged. Responses to this RFQ must not exceed a total of 30 pages using a minimum 11 point font size.

The submittal must include each of the following elements:

A. SUBMITTAL COVER SHEET

The submittal cover must include the following information:

1. RFQ title;
2. Submittal due date; and
3. Identification of the respondent including the name, address, telephone number, and email address of the principal contact for the respondent.

B. TABLE OF CONTENTS

A table of contents must be provided that includes corresponding headings and page number to allow for easy reference by the City's evaluation committee.

C. COVER LETTER

The cover letter should be brief, and it must clearly identify the respondent's principal contact, including physical address, email address, and telephone number. The cover letter must include a statement verifying that the respondent will agree to adhere to the minimum income and affordability standards identified in this RFQ. The signatory must be an individual with legal authority to bind the respondent.

D. HOUSING SERVICES PROVIDER

1. Identify the lead entity that would enter into an agreement with the City, and any other known team members. Indicate the form of legal entity of the proposed ownership (e.g. limited partnership, nonprofit corporation, general partnership, joint venture, for profit corporation) and any relationship the development organization(s) may have with a parent corporation, joint ventures or other entities.
2. For each firm included in the respondent's team, briefly describe its role, relevant experience, and specialization. Highlight each firm's experience providing services in Southern California.
3. Identify the project manager and personnel that will be implementing development concepts through day-to-day management, and their level of experience and responsibility.
4. Provide resumes for each of the project managers and key staff members that will be providing services to the City.

E. DEVELOPMENT & MANAGEMENT EXPERIENCE

1. Provide information for no fewer than three and no more than five recently completed affordable housing projects. The City prefers examples of projects that are underway or were completed within the past ten years. Provide the following information for each project:

- a. Project description and location;
 - b. Project scope, including size and number of units;
 - c. Project completion date and length of time to complete;
 - d. Population(s) served;
 - e. Management and tenant services arrangements;
 - f. Project amenities and services;
 - g. Level of affordability; and
 - h. Description of financing sources
2. Describe any projects currently in the development pipeline, including project description, completion date, population(s) served, level of affordability and financing sources.
 3. Describe the respondent's property management and affordability compliance experience with Low Income Housing Tax Credits, regulatory agreements, and other applicable state and federal rules and regulations. Provide a description of the current asset management structure, staffing and portfolio.
 4. Outline the respondent's process that will be applied to ensure high quality property management and project operations throughout a project's income and affordability covenant period.
 5. Indicate if the respondent(s) has/ have experience working on projects in jurisdictions similar to El Segundo.
 6. Provide additional information regarding each firm in the respondent's team including:
 - a. The length of time in business;
 - b. The firm's ownership structure;
 - c. The location of the principal offices; and
 - d. The identification of the office that would undertake the proposed services.

F. FINANCIAL CAPABILITY

1. Provide a narrative that identifies the respondent's capacity and financial strength to secure the equity and financing required to develop affordable housing projects.
2. Provide contact information for the debt, equity, and public financial assistance sources that were used to fund the costs associated with affordable housing projects identified in the previous section of this RFQ (Section E).
3. Provide financial statements for the lead entity for the past two years that were independently prepared in accordance with generally accepted accounting principles.¹
4. Disclose if any member of the respondent's team has ever defaulted on its financial obligations, has had developments that were foreclosed upon, or if bankruptcy has ever been filed.
5. Identify any legal actions taken against any member of the respondent's team in the past five years, including fair housing violations.

G. POTENTIAL CONFLICTS OF INTEREST

Disclose if any member(s) of the respondent's team staff, board of directors, or other governing body is or has been any of the following within the past two years:

1. A City of El Segundo employee or consultant.
2. A City of El Segundo Councilperson.
3. A Board or Commission member who has direct influence on the use of public funding.

IV. RFQ SUBMITTAL & QUESTIONS

Unless otherwise indicated in this RFQ, the point of contact for the City is

Paul Samaras at: psamaras@elsegundo.org

¹ The financial statements can be submitted to the City Attorney under separate cover. The financial statements do not count towards the page limit imposed by this RFQ.

Respondents must submit one electronic version (pdf format) via email to: psamaras@elsegundo.org no later than 3 p.m., MONDAY, NOVEMBER 9, 2020. Responses to this RFQ must not exceed a total of 30 pages using a minimum 11 point font size.

The submissions must have the following description in the subject line of the email:

***City of El Segundo Request for Qualifications
Affordable Housing Services***

Incomplete submittals, incorrect information, or late submittals shall be cause for disqualification. **Responses in any form other than a pdf submitted via email will not be accepted.**

Questions regarding this RFQ must be submitted by email prior to 3:00 pm on October 15, 2020. Please submit all questions via email to Tina Gall at tgall@elsegundo.org. For questions submitted before the deadline, the City will provide final written responses by October 29, 2020 to all parties that have timely filled out and submitted the Notice of Intent to Respond form attached as Exhibit A to this RFQ.

V. SELECTION PROCESS & CRITERIA

Respondents will be evaluated on the strength and experience of the respondent’s team, the team’s capability to manage and operate the City’s existing assets, and capacity to create new affordable housing while meeting the City’s regional housing goals. The City has assigned the following point system to the specific evaluation criteria:

Criteria	Maximum Points
Development Experience	40
Financial Capability	30
Management & Administration Experience	30
Total	100

The City’s selection process will consist of two phases. The first phase will involve the identification of a shortlist of respondents based on the identified selection criteria. The second phase will involve

interviews, if necessary, of each of the shortlisted teams with the City's evaluation committee. At the discretion of the City, and due to current conditions, the City may conduct interviews virtually. At the completion of the interview process, the City staff intends to recommend a finalist respondent to the City Council for consideration and direction.

If the City makes a selection, the next step in the process is for the City and the respondent to enter into an Exclusive Negotiating Agreement (ENA) with a term of up to six (6) months. Any extensions to that term will be subject to City Council approval at their sole discretion. If the negotiations are successful, the City staff will bring forward a development and administrative services agreement to the City Council for consideration and action.

VI. CAVEATS

A. RIGHTS AND UNDERSTANDINGS

The City reserves the following rights to take the following actions with respect to the RFQ:

1. Accept or reject any submittals received in response to this RFQ.
2. Accept, reject, or negotiate modifications to any of the submissions received in response to the RFQ.
3. Issue additional solicitations for submissions and/or addenda to the RFQ.
4. Negotiate with one or more the respondents.
5. Select any submission as the basis for negotiations, and to negotiate with respondents for amendments or other modifications to their submissions.
6. Waive any irregularities in any submission.
7. Conduct investigations with respect to the qualifications of each respondent, and/or to obtain additional information deemed necessary to evaluate the respondent's experience and financial capabilities.

B. COST LIABILITY

The City is not liable to pay or reimburse any costs incurred by the respondents in the RFQ process. This includes any of the costs that may be incurred by the respondent by undertaking the following activities:

1. The preparation of its response to the RFQ.
2. The response to any request for information made by the City during the selection process.
3. Negotiations with the City on any issue related to the RFQ.
4. Participation in interviews associated with the developer selection process.
5. Negotiations with the City related to the preparation of an ENA.
6. Negotiations with the City related to the preparation of an affordable housing services provider agreement.

C. AMENDMENTS

Any amendments to the RFQ will be issued by the City. The City will not be bound by any oral statements or modifications. If the RFQ is amended, all terms and conditions that are not modified will remain unchanged. Respondents shall acknowledge receipt of each amendment to the RFQ in writing by including a statement to such effect in its submission.

All respondents should note that the award of any contract pursuant to this solicitation is dependent upon the recommendation of the City staff and the approval of the City Council.

EXHIBIT A

NOTICE OF INTENT TO RESPOND REQUEST FOR QUALIFICATIONS AFFORDABLE HOUSING SERVICES PROVIDER (INCLUDING DEVELOPMENT AND MANAGEMENT OF AFFORDABLE HOUSING UNITS)

**NOTICE OF INTENT TO RESPOND
REQUEST FOR QUALIFICATIONS
AFFORDABLE HOUSING SERVICES PROVIDER (INCLUDING DEVELOPMENT
AND MANAGEMENT OF AFFORDABLE HOUSING UNITS)
CITY OF EL SEGUNDO**

The purpose of the Notice of Intent to Respond is to assist the City in managing information and to ensure that communications regarding this Request for Qualifications reach the intended recipients. Answers to questions raised during the Request for Qualifications process will only be sent to respondents that complete and return a Notice of Intent to Respond. Completing and submitting this Notice does not bind the undersigned to submit a response to the Request for Qualifications.

The authorized representative identified in the Notice of Intent to Respond will serve as the single point of contact with the City throughout the Request for Qualifications process. All communications to the respondent will be addressed to the authorized representative. No other methods will be used to respond to any questions received by the City during the Request for Qualifications process.

The Notice of Intent to Respond must be returned via email by **October 7, 2020 by 3 p.m.**, to Tina Gall, at: tgall@elsegundo.org. Questions related to the Request for Qualifications must be submitted via email by **October 15, 2020 at 3 p.m.**, to Tina Gall at: tgall@elsegundo.org. The City will provide final written responses via email to questions by **October 29, 2020** to all parties that timely submit the Notice of Intent to Respond.

Organization/Team Name: _____

Authorized Representative: _____

Street Address: _____

City: _____ State: _____ Zip code: _____

Telephone #: _____ Email Address: _____

TITLE:

Fiscal Year 2019-2020 Citywide Budget Year-End Report.

RECOMMENDATION:

Receive and File.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this informational report. Each fund ended FY 2019-2020 with sufficient revenues, and/or use of reserves, to cover recurring operating expenditures/expenses and on-time capital improvement expenditures/expenses. Some funds (such as the General Fund and Wastewater Fund) continue to face structural budget challenges which will be closely monitored through the end of FY 2020-2021 and will be addressed via the Proposed FY 2021-2022 Citywide Budget.

BACKGROUND:

When the Fiscal Year (FY) 2019-2020 Citywide Budget was adopted on September 18, 2019, it was unknown that a global pandemic and social justice protests were on the horizon which would significantly impact City revenues starting in March 2020. On February 18, 2020, City Council was provided with a FY 2019-2020 First Quarter Budget Update which reflected a strong outlook for all funds, due to a very healthy and diverse local economy. In fact, early indications were that General Fund revenues would end the fiscal year with a greater than originally estimated outcome. The future of the City was robust and positive.

Shortly after the First Quarter Budget Update, the unanticipated effects of COVID-19 started to work their way into California. By mid-March, federal, state, and local governments issued a series of emergency declarations, proclamations, and administrative orders to protect residents and businesses. This resulted in a sudden drop in General Fund revenues which then triggered the City's decision to shut down a variety of municipal services, including: recreation programs, library services, and cultural programs. Most City facilities were shut down as well.

Due to the unanticipated effects of two simultaneous national and local "State of Emergency" situations (the global COVID-19 pandemic which became more pronounced in March 2020 and social justice protests starting in May 2020), the local El Segundo economy experienced considerable impacts throughout the remainder of FY 2019-2020. This translated into significant reductions to City revenues and funding available to support City services.

General Fund Budget Impact

By April 21, 2020, staff analyzed three different scenarios based on the timing of the virus' anticipated peak and beginning of a local economic recovery. Each scenario assumed a time separation of three months as follows:

- **Scenario One - COVID peaking in 5/20 & Economic Recovery starting in 7/20**

In this scenario, the General Fund was projected to experience a \$9.6 million (or 12%) FY 2019-2020 revenue loss.

- **Scenario Two - COVID peaking in 8/20 & Economic Recovery starting in 10/20**

In this scenario, the General Fund was projected to experience a \$15.2 million (or 20%) FY 2019-2020 revenue loss.

- **Scenario Three - COVID peaking in 12/20 & Economic Recovery starting in 1/21**

In this scenario, the General Fund was projected to experience a \$16.1 million (or 21%) FY 2019-2020 revenue loss and starting FY 2020-2021 (October 1, 2020) with a much lower base than the previous year.

With each scenario, the level of offsetting budget appropriation reductions, position reductions, and service impacts were anticipated to be more pronounced. On May 5, 2020, City Council approved using Economic Recovery Scenario One as part of the FY 2019-2020 mid-year budget revisions. In response, revenues were reduced by \$9.6 million, appropriations were reduced by \$6.2 million, and \$3.4 million in General Fund carryover balance from the prior fiscal year was used to balance the budget. Over 30 full-time vacant positions and approximately 125 part-time positions were frozen (kept vacant), several maintenance projects were deferred, and a few capital improvement projects were either canceled or deferred.

As the City approached June 30, 2020, it became clear that the COVID-19 virus would peak much later than July 2020 and the economic recovery would be delayed. During the City's Strategic Planning Session on July 22, 2020, staff advised City Council that the City was shifting to Economic Recovery Scenario Two. At the time, it was anticipated that COVID might peak in September and the economic recovery would begin in October 2020. In reality, COVID likely peaked in January 2021 and the economy recovery may have started in late 2020 or early 2021. The actual dates will not be known for a few more months.

DISCUSSION:

GENERAL FUND

FY 2019-2020 General Fund Revenue Estimates

The table below displays the Adopted FY 2019-2020 General Fund Budget revenue estimate (\$76,710,208), mid-year revenue estimate based on Economic Scenario One (\$67,107,993), and revised year-end estimate (\$71,645,275). The mid-year estimate reflects a \$9.6 million (-12.6%) decrease. The estimated year-end estimate reflects a \$5.1 million (-6.7%) decrease. While this is an improvement from the revisions made during the mid-year review, the year-end revenue loss is significant and concerning.

No.	General Fund Revenue	FY 2019-2020 Adopted Revenue	FY 2019-2020 Mid-year Estimate	FY 2019-2020 Year-End Estimate
1	TOT	\$15,200,000	\$9,059,660	\$8,283,596
2	Business License Tax	12,510,000	12,260,000	12,405,000
3	Sales Tax	11,500,000	10,676,000	12,006,731
4	Property Tax	8,816,500	8,599,500	9,184,049
5	Utility Users Tax	6,450,000	5,992,062	6,559,666
6	Chevron Tax Reso Agreement	5,600,000	5,902,063	5,902,063
7	Charges for Service	5,902,063	3,798,844	3,798,844
8	Other Revenues	3,798,844	3,018,995	3,350,323
9	Franchise Tax	3,200,000	3,200,000	3,251,747
10	Intergovernmental Revenues	1,851,490	1,926,490	1,948,609
11	License & Permits	1,688,358	1,538,358	1,829,701
12	Interest & Rentals	824,000	804,000	1,949,486
13	Fines & Forfeitures	412,020	192,020	273,427
14	Transfers In	140,000	140,000	140,000
15	FEMA COVID-19 Reimb.	0	0	513,482
	Total	\$76,710,208	\$67,107,993	\$71,645,275
	\$ Diff. from Adopted Revenue	\$0	(\$9,602,215)	(\$5,064,933)
	% Diff. from Adopted Revenue	0%	(12.6%)	(6.7%)

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The following table displays the dollar and percentage changes from the Adopted FY 2019-2020 General Fund Budget revenue estimate to the year-end revenue estimate:

No.	General Fund Revenue	FY 2019-2020 Adopted Rev	FY 2019-2020 Year-end Est.	Dollar Change	% Received
1	TOT	\$15,200,000	\$8,283,596	(\$6,916,404)	54%
2	Business License Tax	12,510,000	12,405,300	(104,700)	99%
3	Sales Tax	11,500,000	12,006,731	506,731	104%
4	Property Tax	8,816,500	9,184,049	367,549	104%
5	Utility Users Tax	6,450,000	6,559,666	302,063	102%
6	Chevron Tax Reso Agreement	5,600,000	5,902,063	5,902,063	105%
7	Charges for Service	5,298,845	4,047,095	(1,251,750)	76%
8	Other Revenues	3,218,995	3,350,323	131,328	104%
9	Franchise Tax	3,200,000	3,251,747	51,747	102%
10	Intergovernmental Revenues	1,851,490	1,948,609	97,119	105%
11	License & Permits	1,688,358	1,829,701	141,343	108%
12	Interest & Rentals	824,000	1,949,486	1,125,486	237%
13	Fines & Forfeitures	412,020	273,427	(138,593)	66%
14	Transfers In	140,000	140,000	\$0	100%
15	FEMA COVID-19 Reimb.	0	513,482	513,482	N/A
	Total	\$76,710,208	\$71,645,275	(\$5,064,933)	93%

FY 2019-2020 General Fund Revenue Analysis

As illustrated in the table above, three revenue sources experienced significant reductions due to the impact of COVID-19: Transient Occupancy Tax (TOT), Charges for Services, and Fines & Forfeitures. As noted below, TOT revenues were hit the hardest, down by nearly \$7 million. Charges for Service dropped by just over \$1.25 million, although this was mitigated by offsetting expenditure savings. Fines and Forfeitures fell by nearly \$139,000 due primarily to the Police Department not issuing parking citations during the throes of the pandemic. Other than these three revenue sources, the General Fund's revenues ended the year as anticipated, with some revenue sources coming in higher than estimated. See below for more specific information about each of the General Fund's 15 revenue categories.

1. Transient Occupancy Tax

Year-end revenue estimate was down by \$6,916,404 (46%) due to COVID-19. This revenue source is driven by two factors: hotel occupancy rates and room charges. Immediately after COVID-19 hit, the City's occupancy rates at 15 hotels fell from an average of 90% to below 50%. Occupancy rates in some hotels slid to below 10% during March and April. Hotel occupancy rates are now rising; however, occupancy rates are still well below 90%. The actual hotel room rates have also dropped and remain lower than pre COVID-19 rates.

2. Business License Tax

Year-end revenue estimates were down by just \$104,700 (1%) due to a slight reduction in new business openings in the City that were projected in the adopted budget. Since this revenue source reflects the number of jobs in placed at the beginning of the fiscal year, it is possible that the impact of COVID-19 (reduced number of jobs within the City limits) may not be reflected until the later part of FY 2020-2021. As a result, the actual Business License Tax is a “lagging indicator” and staff will continue to track its activity over the next couple years.

3. Sales & Use Tax

Year-end revenue estimates were up by \$506,731 (4%) as a result of the City receiving an increased share of the Statewide and Countywide COVID-19 sales tax pool due and the increase of online sales transactions. In addition, it is possible that there were localized increased onsite sales tax increases due to construction and other unique development activities.

4. Property Tax

Year-end revenue estimates were up by \$367,549 (4%) due to rising property values and a very low delinquency rate.

5. Utility User Tax

Year-end revenue estimates were up by \$109,666 (2%) due to increased electricity rates and sales.

6. Chevron Tax Resolution Agreement (TRA)

Year-end revenue estimates were up by \$302,063 (5%) due to this year’s payment was based on the prior year’s actual tax revenue received from Chevron and a “true-up” payment to be paid the following fiscal year once the actual tax revenues have been reconciled. There is an established annual tax ceiling for Chevron that is increased each year by the applicable Consumer Price Index (CPI).

7. Charges for Services

Year-end revenue estimates were down by \$1,251,750 (24%) due to COVID-19 restrictions leading to the cancellation of a variety of recreational, library, and cultural programming. However, this was offset by an equal reduction to the Community Services Department expenditures.

8. Other Revenue

Year-end revenue was up by \$131,328 (4%) due to an increase in billing for reimbursement of staff time used by third party entities (fully burdened rate used) and an increase in SB90 State mandated reimbursements received.

9. Franchise Tax

Year-end revenue was up by \$51,747 (2%) primarily due to increased electrical revenues from Southern California Edison (SCE) and increased natural gas revenues from Southern California Gas Company.

10. Intergovernmental Revenue

Year-end revenue was up by \$97,119 (5%) due to an increase in assessed property tax valuations. This revenue increase is in line with the Property Tax percentage increase. Vehicle License Fee (VLF) revenue was part of the State's reorganization of VLF and Property Tax revenues to municipalities in the late 1990s, also referred to as triple flip, which tied VLF to Property Tax valuations. In 2004, the CA State Legislature permanently reduced the VLF tax rate and eliminated State General Fund backfill to cities and counties. Instead, cities and counties now receive additional transfers of Property Tax revenues in lieu of VLF.

11. Licenses and Permits

Year-end revenue was up by \$141,343 (8%) due to an increase in building permits. This reflected an increase in local development activity.

12. Interest Earnings & Rental Income

Year-end revenue was up by \$1,125,486 (137%) due to budget assumptions for interest income not yet determined as originally anticipated. Interest rates for U.S. Treasuries, Federal Agencies, municipal bonds, and CDs were on the rise when the original budget was assembled. The City made strategic investments during this timeframe capturing higher yields. The City also had higher cash balances than what was anticipated in the budget, in part due to the cancellation and delay of some capital improvement projects. All of this resulted in an increase in year-end investment earnings.

13. Fines & Forfeitures

Year-end revenue was down by \$138,593 (34%) mainly due to a decrease in Parking Fines which were not issued during a portion of the COVID-19 pandemic.

14. Transfers-in

Year-end revenue came in as originally budgeted. The main transfer-in item is revenue from the Traffic Safety Fund that is used to mitigate traffic safety expenditures in the General Fund.

15. FEMA: COVID-19 Reimbursement

The Federal Emergency Management Agency (FEMA) reimbursed the City \$513,482 for a portion of the \$1,167,750 in expenditures incurred in FY 2019-2020 due to COVID-19. As of September 30, 2020, FEMA reimbursed the City 44% of the cost incurred with this nationally declared disaster.

Since the Federal government still has an active emergency declaration for this pandemic, the remaining cost incurred by the City for COVID-19 related operations and response will continue into FY 2020-21, as will prior year reimbursements. The original FEMA orders were to reimburse cities 75% of eligible COVID expenditures. The 75% reimbursement threshold will allow the City to be reimbursed up to \$875,812 of the \$1,167,750 in expenditures incurred during FY 2019-20. The State of California is anticipated to reimburse the City for 75% of the remaining 25% share. However, it is now possible that the federal government will reimburse cities for the full 100%.

FY 2019-2020 General Fund Expenditure Estimates

The table below displays the Adopted FY 2019-2020 General Fund Budget total appropriation (\$80,782,540), mid-year expenditure estimate based on Economic Scenario One (\$75,151,891) and estimated year-end expenditure (\$76,388,384). The mid-year estimate reflects a \$5.6 million decrease (7%) from the adopted budget. The year-end estimate reflects a \$4.4 million decrease (5%) from the adopted budget.

No.	Department	FY 2019-2020 Adopted Budget	FY 2019-2020 Mid-year Estimate	FY 2019-2020 Year-end Est.
1	Police	\$ 23,175,793	\$ 22,252,793	\$ 22,873,284
2	Fire	17,015,860	16,282,650	17,388,393
3	Community Services	9,680,013	8,960,261	7,737,698
4	Public Works	8,098,326	7,878,343	7,226,520
5	Non-Departmental	5,743,964	5,593,704	5,969,635
6	Developmental Services	3,192,691	3,033,854	2,886,362
7	Information Technology	2,774,264	2,592,636	2,569,352
8	Finance & Treasury	2,767,940	2,523,267	2,431,946
9	Transfers Out (CIP)	2,749,000	1,249,000	1,249,000
10	City Manager	2,526,032	2,093,831	2,068,147
11	Human Resources	1,430,937	1,163,432	1,011,218
12	City Clerk	722,838	634,238	534,170
13	City Attorney	585,450	585,450	753,433
14	City Council	319,432	308,432	308,625
15	COVID-19 Response	0	0	1,167,750
16	Social Justice Protests	0	0	212,851
Total		\$80,782,540	\$75,151,891	\$76,388,384
Difference		\$0	(\$5,630,649)	(\$4,394,156)

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The following table displays the dollar and percentage changes from the Adopted FY 2019-2020 General Fund Budget appropriation to the year-end expenditure estimate:

No.	Department	General Fund Appropriations		Variance	% of Budget Used
		FY 2019-2020 Adopted Budget	FY 2019-2020 Year-end Estimate		
1	Police	\$ 23,175,793	\$ 22,873,284	(\$302,509)	99%
2	Fire	17,015,860	17,388,393	372,533	102%
3	Community Services	9,680,013	7,737,698	(1,942,315)	80%
4	Public Works	8,098,326	7,226,520	(871,806)	89%
5	Non-Departmental	5,743,964	5,969,635	225,671	104%
6	Developmental Services	3,192,691	2,886,362	(306,329)	90%
7	Information Technology	2,774,264	2,569,352	(204,912)	93%
8	Finance & Treasury	2,767,940	2,431,946	(335,994)	88%
9	Transfers Out (CIP)	2,749,000	1,249,000	(1,500,000)	45%
10	City Manager	2,526,032	2,068,147	(457,885)	82%
11	Human Resources	1,430,937	1,011,218	(419,719)	71%
12	City Clerk	722,838	534,170	(188,668)	74%
13	City Attorney	585,450	753,433	167,983	129%
14	City Council	319,432	308,625	(10,807)	97%
15	COVID-19 Response	0	1,167,750	1,167,750	N/A
16	Social Justice Protests	0	212,851	212,851	N/A
Total		\$80,782,540	\$76,388,384	\$(4,394,156)	95%

FY 2019-2020 General Fund Expenditure Analysis

As illustrated in the above table, most departments stayed within their initial adopted budgets by freezing over 30 vacant full-time positions, 125 part-time positions, deferring maintenance projects, and cancelling/deferring capital improvement projects. However, a few departments did spend more than their adopted budgets due to the impacts of COVID-19 and social justice protests. As a reminder, most COVID-19 related expenditures will be reimbursed by FEMA and the State of California. See below for more specific information about each of the General Fund’s 14 departments and offices.

1. Police
 Year-end expenditures were within \$302,509 (1%) of the adopted budget. COVID-19 and social justice protests resulted in increased overtime expenditures.

2. Fire
 Year-end expenditures were \$372,533 (2%) over the adopted budget. The Fire Department budget was higher due a rising number of personnel placed on injury reserve and minimum staffing levels being met through overtime. COVID-19 also resulted in increased overtime expenditures.

3. Community Services

Year-end expenditures were \$1,942,315 (20%) below the adopted budget. This reflects a drop in programming for recreation, library, and cultural services due to COVID-19. Revenues to pay for a significant portion of these programs did not materialize as a result.

4. Public Works

Year-end expenditures were \$871,806 (11%) below the adopted budget. This reflects the freezing of several vacant positions throughout the year, as well as a reduction in contractual services deferring some capital improvement projects into FY 2020-21.

5. Non-departmental

Year-end expenditures were \$225,671 (4%) over the adopted budget largely due to COVID-19 impacts, early retirement incentives, unemployment compensation claims, and related costs.

6. Development Services

Year-end expenditures were \$306,329 (10%) below the adopted budget due to COVID-19 impacts and the freezing of several staff vacancies.

7. Information Technology Services

Year-end expenditures were \$204,912 (7%) below the adopted budget primarily due to staff vacancies.

8. Finance & Treasury

Year-end expenditures were \$335,994 (12%) below the adopted budget due to two vacant staff positions and a reduction in several operational budget line items, including: travel and training costs due to COVID-19, printing costs due to implementing virtual operations, and supplies.

9. Transfers Out (Capital Improvement Program)

Year-end expenditures were \$1,500,00 (45%) below the adopted budget due to deferral of several capital improvement projects per City Council direction during the May 5, 2020 mid-year budget review meeting. The following capital improvement projects were unappropriated and/or deferred to FY 2020-2021:

- Teen Center & Skate Park Upgrades: \$800,000
- City Hall Windows Replacement: \$450,000
- Fiber Vault Lids Replacement: \$150,000
- Fitness Trail at Memory Row: \$100,000

10. City Manager's Office

Year-end expenditures were \$457,885 (18%) below the adopted budget due to COVID-19, freezing marketing efforts, and maintaining one vacant position.

11. Human Resources

Year-end expenditures were \$419,719 (29%) below the adopted budget due to a manager position being vacant, little use of the employee engagement funds due to COVID-19, and a reduction in costs associated with onboarding new full-time and part-time staff.

12. City Clerk's Office

Year-end expenditures were \$188,668 (26%) below the adopted budget primarily due to the March 2020 election costs coming in significantly less than projected.

13. City Attorney's Office

Year-end expenditures were \$167,983 (29%) above the adopted budget due to increased COVID-19 costs, increased employment related claims/lawsuits, and an increase in development activity and related issues.

14. City Council Office

Year-end expenditures were \$10,807 (3%) below the adopted budget due to reduced travel, training, and other COVID-19 expenditures.

15. COVID-19 Response

Year-end expenditures specifically associated with the City’s COVID-19 response, not included in each department’s budget, totaled \$1,167,750. These costs were tracked separately in order to claim reimbursement from FEMA for COVID related activities. This activity was not budgeted for; however, the City has filed several claims with FEMA with the expectation of being reimbursed up to 75% from the federal government. The total gross costs in FY 2019-20 were \$1,167,750, with \$513,482 already reimbursed by FEMA. The remaining \$654,268 in costs will be eligible for a 75% reimbursement (\$490,700). The Biden Administration has proposed changing the 75% reimbursement to a 100% reimburse retroactive to the beginning of the pandemic.

The State of California normally covers up to 75% of the remaining 25% not reimbursed by the federal government for this type of national emergency. This may come into play if the federal government does not provide a full 100% reimbursement.

16. Social Justice Protests:

Year-end expenditures specifically associated to the City’s response were not included in each department’s budget totaled \$212,851. These costs were tracked separately in the event FEMA may decide to reimburse municipalities for the social justice protests that occurred during the summer of 2020. The federal government has decided to disallow claims associated with social justice unrest. Therefore, the expenditures related to the social justice protests will not be eligible for either FEMA or State of California reimbursement.

Estimated Fund Balance for General Fund

When City Council adopted the FY 2019-2020 General Fund Budget on September 17, 2019, the projected ending fund balance for September 30, 2020 was \$13.1 million. Based on staff’s analysis, this amount is now projected to be \$18.2 million, a net increase of approximately \$5.1 million. This is primarily due to maintaining vacant positions and the deferral of maintenance and capital improvement projects during the fiscal year.

As a reminder, “fund balance” is defined as the difference between assets and liabilities and may be categorized into reserved, unreserved, assigned, unassigned, and other categories. City policy is to set the General Fund reserve levels at 20% of appropriations. Based on the estimated revenues and adopted appropriations for FY 2020-2021, staff projects the ending General Fund balance at June 30, 2021 to be at \$18.2 million. The table below represents the General Fund’s estimated fund balance and reserves for

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FY 2019-2020. The fund balance is the amount of financial resources immediately available for use. The additional fund balance that is not assigned toward the required 20% reserve is referred to as “unassigned” fund balance. These unassigned funds may be used at the discretion of City Council.

Revised General Fund “Fund Balance” for Fiscal Year 2019-2020

Description	Adopted	Year-end Est.	\$ Change	% Change
Beginning Unassigned Fund Balance on October 1, 2019	\$22,928,953	\$22,928,953	\$0	0%
FY 2019-20 Revenues	76,710,208	71,645,275	(5,064,933)	-7%
FY 2019-20 Expenditures One-time expenditures:				
• CIP: \$2.7M	(80,782,540)	(76,388,384)	4,394,156	-5%
• Pension Trust: \$1.6M				
• Employee Prgm: \$.2M				
Ending Fund Balance (September 30, 2020)	18,856,621	18,185,844	(670,777)	-4%
20% Reserve Requirement	16,156,508	15,277,677	(878,831)	-5%
Unassigned Reserves	\$2,700,113	\$2,908,167	\$208,054	8%

The following table represents the General Fund’s projected “fund balance” and reserves for FY 2020-2021:

Projected General Fund “Fund Balance” for Fiscal Year 2020-2021

Description	Adopted	Estimated	\$ Change	% Change
Beginning Unassigned Fund Balance on October 1, 2020	\$18,856,621	\$18,185,844	(670,777)	-4%
FY 2020-21 Revenues	59,051,732	59,051,732	0	0%
FY 2020-21 Expenditures One-time expenditures:				
• CIP: \$1,249,000	(59,051,732)	(59,051,732)	0	0%
Ending Fund Balance (June 30, 2021)	18,856,621	18,185,844	(670,777)	-4%
20% Reserve Requirement (based on 12-month budget)	15,747,129	15,747,129	0	0%
Unassigned Reserves	\$3,109,492	\$2,438,715	(610,777)	-20%

General Fund Reserves

Maintaining a General Fund reserve of at least 20% is considered a “Best Management Practice” (BMP) by municipal financial advisory firms and bond rating agencies, especially given the current COVID-19 pandemic (and rise in natural disasters over the past decade, including: fires, floods, and earthquakes throughout California). In addition, the possibility of another economic recession, or a “double dip” economic decline during the COVID-19 recovery, continues to raise its head. Further, the City has significant financial exposure associated with its aging and deteriorating public infrastructure which will require unexpected one-time infusions of capital investment. Moreover, the reduction in reserve balances also equates to a reduction in interest earnings revenue for the General Fund. The reserve level for FY 2020-21 (based on a nine-month budget cycle) at 20% of expenditures is \$11.8 million. In order to maintain a 20% reserve for the traditional 12-month cycle, which will be the case for the upcoming FY 2021-2022 budget cycle, the City will need to maintain a General Fund reserve of at least \$15.7 million.

As an additional policy, the City maintains an Economic Uncertainty Reserve which requires a balance of at least \$2 million. However, about \$984,000 of this amount was used to fund CIP projects in FY 2020-21. Going forward, this reserve balance will need to be restored to \$2 million starting with the FY 2021-22 Budget. The City also maintains a Section 115 Pension Trust balance of \$4.5 million for FY 2020-21. As part of the upcoming FY 2021-2022 budget preparation process, staff will be recommending to City Council to revisit the City’s reserve policies, including adjusting the General Fund reserve amount to over 20%, after a COVID-19 vaccine is developed and the economy begins to stabilize. If the City learned anything as a result of the COVID-19 pandemic and social justice protests, it is the value and importance of maintaining healthy “rainy day” reserves.

DEBT SERVICE FUND

The Debt Service Fund records the City’s lease payments for the Douglas Street Gap Closure capital improvement project. In September 2005, the City entered into a facility lease agreement with California Infrastructure and Economic Development Bank (CIEDB) whereby CIEDB issued \$10,000,000 in bonds to finance the Douglas Street Gap Closure Project. The City makes semi-annual lease payments over a 30-year period from Traffic Impact Mitigation Fees which began in February 2006. The General Fund does not fund the debt service.

Debt Service Fund	Revenues	Expenditures
FY 2019-20 Budget	\$183,600	\$545,000
FY 2019-20 Year-end Estimate	354,024	532,173
Difference	\$170,424	\$(12,827)

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Year-end revenue estimate was \$170,424 higher than the adopted budget as a result of an increase in projects that are assessed in the traffic impact mitigation fee. The Traffic Impact Mitigation Fee (TIMF) program allows local government agencies to collect fees to fund roadway improvements in the Regional Road Network to alleviate roadway congestion and improve the flow of traffic through bottlenecks in the system. Any project that generates new traffic must pay a TIMF.

ENTERPRISE FUNDS

Water Fund:

Year-end revenue estimates were down due to the sale of water being down because of COVID-19 and some businesses being closed. Expenses were down compared to the budget due to decreased water purchase by \$2.8 million, \$1.9 million in pending capital projects, and \$.5 million in salary and benefit savings due to vacancies.

Water Fund	Revenues	Expenses
FY 2019-20 Budget	\$31,281,360	\$29,812,873
FY 2019-20 Estimate	28,847,206	24,307,459
Difference	\$(2,434,154)	\$(5,505,414)

Wastewater Fund:

Year-end revenue estimates were up by \$357,018 primarily due to one-time connection fees from new developments. Expenses, while greater than revenue, were down compared to the budget due to pending capital projects: delayed AMR Meter installation, and the wastewater pump station rehabilitation capital improvement project totaling \$940,000.

Wastewater Fund	Revenues	Expenses
FY 2019-20 Budget	\$3,886,200	\$5,306,636
FY 2019-20 Estimate	4,243,218	4,586,327
Difference	\$357,018	\$(720,309)

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GOLF FUND

Year-end revenue estimates were up by \$34,179 over the adopted revenue. This is attributable to a strong demand for golf since the outbreak of COVID-19. It is one of the few recreational activities permitted via the Los Angeles County Public Health Department Administrative Order. Expenses were slightly above budget due to an increase in operational costs associated increased demand at the golf course and driving range. FY 2019-20 ended with a net operating loss of \$68,315. This is a vast improvement over the average annual shortfall of \$260,000.

Topgolf assumed possession and management of the golf course and driving range on February 15, 2021 and will begin construction shortly. Construction is anticipated to be completed by Spring 2022. Once this project is up and running:

Golf Fund	Revenues	Expenses
FY 2019-20 Adopted Budget	\$1,450,667	\$1,417,800
FY 2019-20 Estimate	1,484,846	1,553,161
Difference	\$34,179	\$135,361

OTHER FUNDS

The Adopted FY 2019-2020 Citywide Budget also includes a number of other Special Revenue Funds and Proprietary Funds not included in this year-end update. These funds will be included in the City’s official FY 2019-2020 Comprehensive Annual Financial Report (“CAFR”) which will be presented to City Council by April 20, 2021.

CONCLUSION:

Balancing the FY 2019-2020 was a major challenge since the fiscal year ended under a radically different scenario than when it started. While the organization was able to make the necessary adjustments to ensure that each fund ended the year in the black, considerable financial difficulties remain as the cost of providing services rise and the effects of COVID-19 continue to impact the local economy. The City will continue to focus its efforts on keeping local residents and businesses safe during an unprecedented global pandemic. Expenditures on employee retirement benefits will continue to rise as CalPERS phases in increased City contributions over the next decade before rates start to levels and eventually decrease. Medical insurance premiums are also expected to rise. As the vaccinations progress and the local economy moves forward, there will be continued financial pressure to reduce City service levels and staffing. As a built-out urban city, El Segundo will continue to be impacted by a variety of limitations.

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The current FY 2020-2021 Citywide Budget reflects a General Fund that continues to subsidize other funds, such as the Solid Waste Fund and CIP Fund. This will place a further strain on the ability to provide traditional local government services, including public safety (Police and Fire). Looking forward, progress is being made to ensure long-term financial sustainability of the Water and Wastewater Funds. The recurring General Fund subsidy of the Solid Waste Fund will need to be addressed in the near future.

As explained during the September 2020 FY 2020-2021 Budget Public Hearing, corrective measures will need to be taken to resolve the General Fund's structural budget challenge. In the years ahead, the City will continue to grapple with the challenges of being a full-service City faced with rising costs and an aging local public infrastructure system. For example, the City's street and sidewalk infrastructure requires millions of dollars annually in capital and maintenance expenditures in order to maintain existing levels of service. The City's buildings require a minimum of \$2 million in annual contributions for basic capital and maintenance expenditures.

Potential FY 2021-2022 Budget Balancing Options

Due to the short nine-month cycle for the current FY 2020-2021 Budget, staff began working on the FY 2021-2022 Budget in December 2020. As the impacts of COVID-19 continue, staff will explore additional budget balancing options, including:

- Review of existing labor contracts and/or changes to future labor contracts
- Use of furloughs (including winter holidays furlough)
- Further position reductions
- Increased use of private contracts/privatization of services
- Regionalization of services
- Across-the-board appropriation cuts
- Continued deferred maintenance
- Sale of City property and assets
- End of General Fund subsidies
- Use of General Fund Reserves

- Revenue enhancements
- Additional service reductions
- Further reorganization of departments

Future Opportunities

Despite numerous challenges facing the City, there are also incredible opportunities. For example, an estimated \$1 billion in new construction is taking place within El Segundo. There are a number of exciting new large-scale developments in the works that are scheduled to come on-line in FY 2021-2022, such as the new world headquarters for Beyond Meat which will house 1,000 employees at 888 North Douglas and the new Topgolf \$40 million nine-hole golf course and driving range renovation development at The Lakes at El Segundo on Pacific Coast Highway. These type of major investments reflect the private sector's optimistic view of the local economy beyond COVID-19.

On August 18, 2020, City Council approved soliciting proposals from planning firms to update the 2000 Downtown Specific Plan and to request qualifications from developers to redevelop the Civic Center site to revitalize and reimagine the future of Downtown El Segundo. There has been considerable interest to simultaneously maintain the existing historic charm of downtown while introducing an exciting series of opportunities to allow local businesses to be ready to thrive in the post COVID-19 economy. This is another example of how the local economy will be poised for future success.

On balance, the glass is more half full than half empty. A lot will depend on future belt-tightening by the City organization, duration of the Coronavirus, and strength of the national economic recovery.

Long-Term Financial Strategic Planning

Staff has begun work to develop a comprehensive Ten-Year Long-Term Financial Strategic Plan. This Plan will help the City remain fiscally prudent and be prepared for economic downturns, rising pension costs, and other conditions which may result in unanticipated fiscal challenges. The first draft is near completion and will be presented to the City Manager in March 2021. Staff will then incorporate feedback from the City Manager and present to City Council for review and adoption prior to the start of FY 2021-2021.

Biennial Budget Format

After FY 2020-2021, staff will pursue converting from an “Annual Budget” format to a two year “Biennial Budget” format to reduce internal costs and inefficiencies associated with preparing a budget every year. In addition to saving money associated with the budget preparation costs, this format forces cities to look further down the road and beyond just the next 12 months. Biennial budgeting has proven to be an effective forward-thinking financial planning tool in other cities, and it will have the same benefits here in El Segundo.

NEXT STEPS:

FY 2019-2020 Budget

After receiving and filing this year-end report, staff will continue to work with the outside financial auditor to complete the City’s official FY 2019-2020 Comprehensive Annual Financial Report (“CAFR”) for all City funds. This will be presented to City Council by April 20, 2021.

FY 2020-2021 Budget

Staff is scheduled to present the FY 2020-2021 Citywide Budget Mid-Year Report to City Council on March 16, 2021.

FY 2021-2022 Budget

A series of presentations will be made to City Council on the Proposed FY 2021-2022 Citywide Budget, including the following:

- Strategic Planning Study Session (Sometime in April 2021)
- Proposed FY 2021-2022 Budget Study Session (April or May 2021)
- Proposed FY 2021-2022 Budget Public Hearing and Adoption (June 15, 2021)

CITY STRATEGIC PLAN COMPLIANCE:

Goal 5: Champion Economic Development and Fiscal Sustainability:

Objective B: El Segundo approaches its work in a financially strategic and responsible way.

PREPARED BY: Joseph Lillio, Chief Financial Officer

APPROVED BY: Scott Mitnick, City Manager



ATTACHED SUPPORTING DOCUMENTS: None

TITLE:

Update Model Floodplain Management Ordinance

RECOMMENDATION:

Introduce a proposed ordinance amending City's Model Floodplain Management Ordinance and place on the March 2, 2021 City Council agenda for second reading and adoption.

FISCAL IMPACT:

No direct fiscal impact to the City for updating the City's Floodplain Management Ordinance. However, there are indirect financial benefits to the City, local residents, and businesses to ensure federal flood insurance protection that would not be provided without updating this ordinance.

ENVIRONMENTL CONSIDERATION:

This Ordinance is categorically exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 21000, et seq., "CEQA") and the regulations promulgated thereunder (14 California Code of Regulations §§ 15000, et seq., the "CEQA Guidelines") because it consists of an action taken by the City to ensure the maintenance and protection of the environment. Accordingly, the Ordinance constitutes a Class 8 exemption pursuant to CEQA Guidelines § 15308.

BACKGROUND:

The National Flood Insurance Program ("NFIP") is a federal program which was enacted to mitigate flood losses through national community enforced building and zoning requirements. NFIP provides federally-backed flood insurance protection for property owners in communities, such as the City of El Segundo, that participate in the NFIP. The NFIP is administered by the Federal Emergency Management Agency ("FEMA").

In 2009, the City Council adopted floodplain management regulations via Ordinance No. 1427. Floodplain management regulations that comply with federal regulations must be adopted by the local city governing board for local residents and businesses to be eligible to purchase federally-subsidized flood insurance.

DISCUSSION:

On December 9, 2020, FEMA staff reviewed the City's Floodplain Management Ordinance and determined that it must be amended to comply with current federal

Updated Model Floodplain Management Ordinance
February 16, 2021
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requirements. FEMA has advised the City that the updated ordinance must be adopted by April 20, 2021. If the ordinance is not adopted by the deadline, the City will be placed into the NFIP "suspension status" and removed from the program.

CONCLUSION:

As a result of current circumstances and FEMA's requirements, it is recommended that City Council adopt the updated ordinance which makes one technical amendment to add the following section:

Section 1.05 - STATUTORY AUTHORIZATION.

The Legislature of the State of California has in Government Code Sections 65302, 65560, and 65800 conferred upon local governments the authority to adopt regulations designed to promote the public health, safety, and general welfare of its citizenry. Therefore, the City of El Segundo of Los Angeles County does hereby adopt the floodplain management regulations."

NEXT STEPS:

If the first reading of the amended ordinance is approved, the proposed updated Model Floodplain Management Ordinance will be placed on the March 2, 2021 City Council agenda for second reading and adoption. If approved on March 2nd, the updated ordinance will go into effect by FEMA's April 20, 2021 deadline.

PREPARED BY: Elias Sassoon, Public Works Director 

APPROVED BY: Barbara Voss, Deputy City Manager 

ATTACHMENTS:

1. Amended Model Floodplain Management Ordinance
2. Ordinance No. 1427 (adopted March 3, 2009)

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE MODEL FLOODPLAIN MANAGEMENT ORDINANCE FOR SPECIAL FLOOD HAZARDS WITHIN THE CITY IN ORDER TO MAINTAIN ELIGIBILITY WITH THE NATIONAL FLOOD INSURANCE PROGRAM (ENVIRONMENTAL ASSESSMENT NO. 812)

The City Council of the City of El Segundo does ordain as follows:

SECTION 1. The City Council finds and determines as follows:

- A. The special flood hazard areas of El Segundo are subject to periodic inundation which results in life and property, health and safety hazards, disruption of commerce and government services, extraordinary public expenditures for flood protection and relief, and impairment of the tax base, all of which adversely affect the public health, safety and general welfare;
- B. These flood losses are caused by uses that are inadequately elevated, floodproofed, or protected from flood damage. The cumulative effect of obstructions in areas of special flood hazards which increase flood heights and velocities also contributes to flood losses;
- C. The National Flood Insurance Program ("NFIP") is a Federal program which was enacted to mitigate flood losses through national community enforced building and zoning requirements. The NFIP provides federally-backed flood insurance protection for property owners in communities, such as the City of El Segundo, that participate in the NFIP. The NFIP is administered by the Federal Emergency Management Agency ("FEMA");
- D. In order for City residents to be eligible to purchase federally-subsidized flood insurance, cities must adopt floodplain management regulations which meet or exceed the requirements set forth in Title 44, Part 60 of the Code of Federal Regulations;
- E. In March 2009, the City Council adopted floodplain management regulations via Ordinance No. 1427;
- F. On December 9, 2020, FEMA reviewed the City's floodplain management ordinance and determined that it must be amended to comply with the minimum requirements of the NFIP;
- G. To ensure that City residents remain eligible to purchase federally-subsidized flood insurance, the City Council desires to adopt this ordinance.

SECTION 2. *Environmental Assessment.* The City Council determines that this ordinance is categorically exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 21000, et seq., "CEQA") and the regulations

promulgated thereunder (14 California Code of Regulations §§ 15000, et seq., the “CEQA Guidelines”) because it consists of an action taken by the City to ensure the maintenance and protection of the environment. Accordingly, the Ordinance constitutes a Class 8 exemption pursuant to CEQA Guidelines § 15308.

SECTION 3. The City of El Segundo’s Floodplain Management Regulations, attached as “Exhibit A” to Ordinance No. 1427, are amended to add the following section:

“1.05 STATUTORY AUTHORIZATION.

The Legislature of the State of California has in Government Code Sections 65302, 65560, and 65800 conferred upon local governments the authority to adopt regulations designed to promote the public health, safety, and general welfare of its citizenry. Therefore, the City of El Segundo of Los Angeles County does hereby adopt the following floodplain management regulations.”

SECTION 4. The City Manager is authorized to promulgate such administrative policies and procedures that may be required to implement this ordinance.

SECTION 5. *Validity of Previous Code Sections.* If the entire Ordinance or its application is deemed invalid by a court of competent jurisdiction, any repeal of the ESMC or other regulation by this Ordinance will be rendered void and cause such ESMC provision or other regulation to remain in full force and effect for all purposes.

SECTION 6. *Enforceability.* Repeal or amendment of any previous Code Sections does not affect any penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before this Ordinance’s effective date. Any such repealed part will remain in full force and effect for sustaining action or prosecuting violations occurring before the effective date of this Ordinance.

SECTION 7. *Severability.* If any part of this Ordinance or its application is deemed invalid by a court of competent jurisdiction, the City Council intends that such invalidity will not affect the effectiveness of the remaining provision or application and, to this end, the provisions of this Ordinance are severable.

SECTION 8. The City Clerk, or her duly appointed deputy, is directed to certify the passage and adoption of this Ordinance; cause it to be entered into the City of El Segundo’s book of original ordinances; make a note of the passage and adoption in the records of this meeting; and, within fifteen (15) days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law.

SECTION 9. *Effective Date.* This Ordinance will become effective on the 31st day following its passage and adoption.

PASSED AND ADOPTED this ___ day of _____, 2021.

Drew Boyles, Mayor

ATTEST:

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF EL SEGUNDO)

I, Tracy Weaver, City Clerk of the City of El Segundo, California, do hereby certify that the whole number of members of the City Council of said City is five; that the foregoing Ordinance No. ____ was duly introduced by said City Council at a regular meeting held on the ____ day of _____, 2021, and was duly passed and adopted by said City Council, approved and signed by the Mayor, and attested to by the City Clerk, all at a regular meeting of said Council held on the ____ day of _____, 2021, and the same was so passed and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tracy Weaver, City Clerk

APPROVED AS TO FORM:

Mark D. Hensley, City Attorney

Exhibit A

ORDINANCE NO. 1427

AN ORDINANCE ADOPTING THE MODEL FLOODPLAIN MANAGEMENT ORDINANCE FOR SPECIAL FLOOD HAZARDS WITHIN THE CITY IN ORDER TO MAINTAIN ELIGIBILITY WITHIN THE NATIONAL FLOOD INSURANCE PROGRAM (ENVIRONMENTAL ASSESSMENT NO. 812).

The City Council of the City of El Segundo does ordain as follows:

SECTION 1: The City Council finds and declares that:

- A. The special flood hazard areas of El Segundo are subject to periodic inundation which results in loss of life and property, health and safety hazards, disruption of commerce and governmental services, extraordinary public expenditures for flood protection and relief, and impairment of the tax base, all of which adversely affect the public health, safety, and general welfare;
- B. These flood losses are caused by uses that are inadequately elevated, floodproofed, or protected from flood damage. The cumulative effect of obstructions in areas of special flood hazards which increase flood heights and velocities also contributes to flood losses;
- C. In order for City residents to be eligible to purchase federally-subsidized flood insurance, cities must adopt floodplain management regulations which meet or exceed the requirements set forth in Title 44, Part 60 of the Code of Federal Regulations;
- D. On December 12, 2008 the City of El Segundo filed an application for an Environmental Assessment (EA-812) for Floodplain Management Regulations for areas of special flood hazards within the City of El Segundo;
- E. The City reviewed the project's environmental impacts under the California Environmental Quality Act (Public Resources Code §§ 21000, *et seq.*, "CEQA"), the regulations promulgated thereunder (14 Cal. Code of Regulations §§15000, *et seq.*, the "CEQA Guidelines"), and the City's Environmental Guidelines (City Council Resolution No. 3805, adopted March 16, 1993);
- F. On February 17, 2009, the City Council held a public hearing regarding the Ordinance for Floodplain Management Regulations. Based on the evidence submitted during the City Council public hearing, staff recommendations, and Council deliberations, it is in the public interest to

adopt this Ordinance;

- G. The adoption of this Ordinance will allow residents of the City of El Segundo to remain eligible to purchase flood insurance through the National Flood Insurance Program. The Ordinance meets the minimum standards set forth in Title 44, Section 60.3 of the Code of Federal Regulations;

SECTION 2: General Plan Consistency. The Floodplain Management Ordinance is consistent with General Plan Goals, Objectives and Policies related to the Public Safety Element of the General Plan. Specifically, the amendment is consistent with Public Safety Element Goals, Objectives and Policies that include: Goal PS2, Policy PS2-1.4 "Identify potential high-risk inundation coastal areas and manage them to reduce risk." and Goal PS5, Objective PS5-1 "It is the Objective of the City of El Segundo that the City improve flood control systems and provide adequate protection in areas subject to inundation." The Floodplain Management Ordinance complies with PS2 in that the Floodplain Ordinance regulates construction in order to protect human life and health and minimize damage to structures in special flood hazard areas identified and mapped by the Federal Emergency Management Agency (FEMA). The Floodplain Management Ordinance complies with PS5 in that it requires that new construction in areas vulnerable to floods be protected against flood damage.

SECTION 3: Coastal Plan Consistency. The City of El Segundo coastal zone consists of an area of approximately 50 acres in area. The linear extent of beach frontage is slightly less than one mile and the coastal zone in this area is approximately 200 yards in width. The special flood hazard area appears to be roughly contiguous with the portion of the City's coastal zone designated as "shoreline" area within the City's Local Coastal Program (LCP). The Floodplain Management Ordinance does not conflict with the City's adopted LCP policies regarding development in that no additional uses or change to the uses allowed within the shoreline area of the coastal zone will result from the adoption of the Ordinance. The LCP allows for the construction of beach facilities, such as lifeguard towers and rest room facilities and allows for above or below grade facilities required as part of the operation of coastal dependant energy facilities. The Floodplain Management Ordinance's effect is limited to requiring that any new construction or substantial improvement to existing structures will have to comply with the "standards of construction" identified in the Ordinance.

SECTION 4: Environmental Assessment. The City Council determines that this Ordinance is Categorically Exempt from review under the California Environmental Quality Act (California Public Resources Code §§21000, *et seq.*, "CEQA") and the regulations promulgated thereunder (14 California Code of Regulations §§15000, *et seq.*, the "CEQA Guidelines") because it consists of an action taken the City to ensure the maintenance and protection of the environment. Accordingly, the Ordinance constitutes a Class 8 exemption pursuant to CEQA Guidelines § 15308.

SECTION 5: The Model Ordinance for Floodplain Management, attached as Exhibit "A,"

and incorporated by reference, is adopted. The City Manager is authorized to promulgate such administrative policies and procedures that may be required to implement this Ordinance.

SECTION 6: If any part of this Ordinance or its application is deemed invalid by a court of competent jurisdiction, the city council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end; the provisions of this Ordinance are severable.

SECTION 7: *Limitations.* The City Council's analysis and evaluation of the project is based on the best information currently available. It is inevitable that in evaluating a project that absolute and perfect knowledge of all possible aspects of the project will not exist. One of the major limitations on analysis of the project is the City Council's lack of knowledge of future events. In all instances, best efforts have been made to form accurate assumptions. Somewhat related to this are the limitations on the City's ability to solve what are in effect regional, state, and national problems and issues. The City must work within the political framework within which it exists and with the limitations inherent in that framework.

SECTION 8: Repeal or amendment of any provision of the ESMC will not affect any penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before this Ordinance's effective date. Any such repealed part will remain in full force and effect for sustaining action or prosecuting violations occurring before the effective date of this Ordinance.

SECTION 9: If this entire Ordinance or its application is deemed invalid by a court of competent jurisdiction, any repeal of the ESMC or other City Ordinance by this Ordinance will be rendered void and cause such ESMC provision or other the city ordinance to remain in full force and effect for all purposes.

SECTION 10: The City Clerk is directed to certify the passage and adoption of this Ordinance; cause it to be entered into the City of El Segundo's book of original ordinances; make a note of the passage and adoption in the records of this meeting; and, within fifteen (15) days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law.

SECTION 11: This Ordinance will become effective on the thirty-first (31st) day following its passage and adoption.

PASSED AND ADOPTED this 3rd day of March 2009.



Kelly McDowell, Mayor

ATTEST:

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF EL SEGUNDO)

I, Cindy Mortesen, City Clerk of the City of El Segundo, California, do hereby certify that the whole number of members of the City Council of said City is five; that the foregoing Ordinance No. 1427 was duly introduced by said City Council at a regular meeting held on the 17th day of February, 2009, and was duly passed and adopted by said City Council, approved and signed by the Mayor, and attested to by the City Clerk, all at a regular meeting of said Council held on the 3rd day of March, 2009, and the same was so passed and adopted by the following vote:

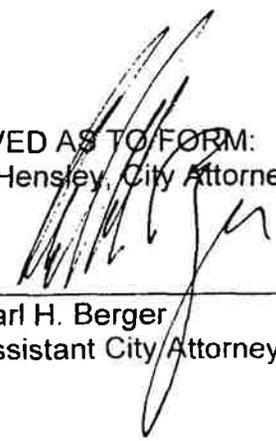
AYES: **McDowell, Busch, Brann, Fisher, Jacobson**
NOES: **None**
ABSENT: **None**
ABSTAIN: **None**



Cindy Mortesen, City Clerk

APPROVED AS TO FORM:
Mark D. Hensley, City Attorney

By:



Karl H. Berger
Assistant City Attorney

EXHIBIT "A"
FLOODPLAIN MANAGEMENT REGULATIONS

SECTION 1.0
PURPOSE AND METHODS

1.1 STATEMENT OF PURPOSE.

It is the purpose of this ordinance to promote the public health, safety, and general welfare, and to minimize public and private losses due to flood conditions in specific areas by legally enforceable regulations applied uniformly throughout the community to all publicly and privately owned land within flood prone, mudslide [i.e. mudflow] or flood related erosion areas. These regulations are designed to:

- A. Protect human life and health;
- B. Minimize expenditure of public money for costly flood control projects;
- C. Minimize the need for rescue and relief efforts associated with flooding and generally undertaken at the expense of the general public;
- D. Minimize prolonged business interruptions;
- E. Minimize damage to public facilities and utilities such as water and gas mains; electric, telephone and sewer lines; and streets and bridges located in areas of special flood hazard;
- F. Help maintain a stable tax base by providing for the sound use and development of areas of special flood hazard so as to minimize future blighted areas caused by flood damage;
- G. Ensure that potential buyers are notified that property is in an area of special flood hazard; and
- H. Ensure that those who occupy the areas of special flood hazard assume responsibility for their actions.

1.2 METHODS OF REDUCING FLOOD LOSSES.

In order to accomplish its purposes, this ordinance includes regulations to:

- A. Restrict or prohibit uses which are dangerous to health, safety, and property due to water or erosion hazards, or which result in damaging increases in erosion or flood heights or velocities;
- B. Require that uses vulnerable to floods, including facilities which serve such uses, be protected against flood damage at the time of initial construction;
- C. Control the alteration of natural floodplains, stream channels, and natural protective barriers, which help accommodate or channel floodwaters;
- D. Control filling, grading, dredging, and other development which may increase flood damage; and
- E. Prevent or regulate the construction of flood barriers which will unnaturally divert floodwaters or which may increase flood hazards in other areas.

SECTION 2.0 DEFINITIONS

Unless specifically defined below, words or phrases used in this ordinance shall be interpreted so as to give them the meaning they have in common usage and to give this ordinance its most reasonable application.

"A zone" - see **"Special flood hazard area"**

"Accessory structure" means a structure that is either:

1. Solely for the parking of no more than 2 cars; or
2. A small, low cost shed for limited storage, less than 150 square feet and \$1,500 in value.

"Accessory use" means a use which is incidental and subordinate to the principal use of the parcel of land on which it is located.

"Alluvial fan" means a geomorphologic feature characterized by a cone or fan-shaped deposit of boulders, gravel, and fine sediments that have been eroded from mountain slopes, transported by flood flows, and then deposited on the valley floors, and which is subject to flash flooding, high velocity flows, debris flows, erosion, sediment movement and deposition, and channel migration.

"Apex" means a point on an alluvial fan or similar landform below which the flow path of the major stream that formed the fan becomes unpredictable and alluvial fan flooding can occur.

"Appeal" means a request for a review of the Floodplain Administrator's interpretation of any provision of this ordinance.

"Area of shallow flooding" means a designated AO or AH Zone on the Flood Insurance Rate Map (FIRM). The base flood depths range from one to three feet; a clearly defined channel does not exist; the path of flooding is unpredictable and indeterminate; and velocity flow may be evident. Such flooding is characterized by ponding or sheet flow.

"Area of special flood hazard" - See "Special flood hazard area."

"Base flood" means a flood which has a one percent chance of being equaled or exceeded in any given year (also called the "100-year flood"). Base flood is the term used throughout this ordinance.

"Base flood elevation" (BFE) means the elevation shown on the Flood Insurance Rate Map for Zones AE, AH, A1-30, VE and V1-V30 that indicates the water surface elevation resulting from a flood that has a 1-percent or greater chance of being equaled or exceeded in any given year.

"Basement" means any area of the building having its floor subgrade - i.e., below ground level - on all sides.

"**Breakaway walls**" are any type of walls, whether solid or lattice, and whether constructed of concrete, masonry, wood, metal, plastic or any other suitable building material which is not part of the structural support of the building and which is designed to break away under abnormally high tides or wave action without causing any damage to the structural integrity of the building on which they are used or any buildings to which they might be carried by flood waters. A breakaway wall shall have a safe design loading resistance of not less than 10 and no more than 20 pounds per square foot. Use of breakaway walls must be certified by a registered engineer or architect and shall meet the following conditions:

1. Breakaway wall collapse shall result from a water load less than that which would occur during the base flood; and
2. The elevated portion of the building shall not incur any structural damage due to the effects of wind and water loads acting simultaneously in the event of the base flood.

"**Building**" - see "**Structure**"

"**Coastal high hazard area**" means an area of special flood hazard extending from offshore to the inland limit of a primary frontal dune along an open coast and any other area subject to high velocity wave action from storms or seismic sources. It is an area subject to high velocity waters, including coastal and tidal inundation or tsunamis. The area is designated on a Flood Insurance Rate Map (FIRM) as Zone V1-V30, VE, or V.

"**Development**" means any man-made change to improved or unimproved real estate, including but not limited to buildings or other structures, mining, dredging, filling, grading, paving, excavation or drilling operations or storage of equipment or materials.

"**Encroachment**" means the advance or infringement of uses, plant growth, fill, excavation, buildings, permanent structures or development into a floodplain which may impede or alter the flow capacity of a floodplain.

"**Existing manufactured home park or subdivision**" means a manufactured home park or subdivision for which the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including, at a minimum, the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads) is completed before September 26, 2008

"**Expansion to an existing manufactured home park or subdivision**" means the preparation of additional sites by the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads).

"**Flood, flooding, or flood water**" means:

1. A general and temporary condition of partial or complete inundation of normally dry land areas from the overflow of inland or tidal waters; the unusual and rapid accumulation or runoff of surface waters from any source; and/or mudslides (i.e., mudflows); and
2. The condition resulting from flood-related erosion.

"**Flood Boundary and Floodway Map (FBFM)**" means the official map on which the Federal Emergency Management Agency or Federal Insurance Administration has delineated both the areas of special flood hazards and the floodway.

"**Flood Insurance Rate Map (FIRM)**" means the official map on which the Federal Emergency Management Agency or Federal Insurance Administration has delineated both the areas of special flood hazards and the risk premium zones applicable to the community.

"**Flood Insurance Study**" means the official report provided by the Federal Insurance Administration that includes flood profiles, the Flood Insurance Rate Map, the Flood Boundary and Floodway Map, and the water surface elevation of the base flood.

"**Floodplain or flood-prone area**" means any land area susceptible to being inundated by water from any source - see "Flooding."

"**Floodplain Administrator**" is the community official designated by title to administer and enforce the floodplain management regulations.

"**Floodplain management**" means the operation of an overall program of corrective and preventive measures for reducing flood damage and preserving and enhancing, where possible, natural resources in the floodplain, including but not limited to emergency preparedness plans, flood control works, floodplain management regulations, and open space plans.

"**Floodplain management regulations**" means this ordinance and other zoning ordinances, subdivision regulations, building codes, health regulations, special purpose ordinances (such as grading and erosion control) and other application of police power which control development in flood-prone areas. This term describes federal, state or local regulations in any combination thereof which provide standards for preventing and reducing flood loss and damage.

"**Floodproofing**" means any combination of structural and nonstructural additions, changes, or adjustments to structures which reduce or eliminate flood damage to real estate or improved real property, water and sanitary facilities, structures, and their contents. For guidelines on dry and wet floodproofing, see the applicable FEMA Technical Bulletins TB-1, TB-3 and TB-7.

"**Floodway**" means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than one foot. Also referred to as "Regulatory Floodway."

"**Floodway fringe**" is that area of the floodplain on either side of the "Regulatory Floodway" where encroachment may be permitted.

"**Fraud and victimization**" as related to Section 6.0, means that the variance granted must not cause fraud on or victimization of the public. In examining this requirement, the City Council will consider the fact that every newly constructed building adds to government responsibilities and remains a part of the community for fifty to one-hundred years. Buildings that are permitted to be constructed below the base flood elevation are subject during all those years to increased risk of damage from floods, while future owners of the property and the community as a whole are subject to all the costs, inconvenience, danger, and suffering that those increased flood damages bring. In addition, future owners may purchase the property, unaware that it is subject to potential flood damage, and can be insured only at very high flood insurance rates.

"**Functionally dependent use**" means a use which cannot perform its intended purpose unless it is located or carried out in close proximity to water. The term includes only docking facilities, port facilities that are necessary for the loading and unloading of cargo or passengers, and ship building and ship repair facilities, and does not include long-term storage or related manufacturing facilities.

"**Governing body**" is the local governing unit, i.e. county or municipality, that is empowered to adopt and implement regulations to provide for the public health, safety and general welfare of its citizenry.

"Hardship" as related to **Section 6** means the exceptional hardship that would result from a failure to grant the requested variance. The City Council requires that the variance be exceptional, unusual, and peculiar to the property involved. Mere economic or financial hardship alone is not exceptional. Inconvenience, aesthetic considerations, physical handicaps, personal preferences, or the disapproval of one's neighbors likewise cannot, as a rule, qualify as an exceptional hardship. All of these problems can be resolved through other means without granting a variance, even if the alternative is more expensive, or requires the property owner to build elsewhere or put the parcel to a different use than originally intended.

"Highest adjacent grade" means the highest natural elevation of the ground surface prior to construction next to the proposed walls of a structure.

"Historic structure" means any structure that is:

1. Listed individually in the National Register of Historic Places (a listing maintained by the Department of Interior) or preliminarily determined by the Secretary of the Interior as meeting the requirements for individual listing on the National Register;
2. Certified or preliminarily determined by the Secretary of the Interior as contributing to the historical significance of a registered historic district or a district preliminarily determined by the Secretary to qualify as a registered historic district;
3. Individually listed on a state inventory of historic places in states with historic preservation programs which have been approved by the Secretary of Interior; or
4. Individually listed on a local inventory of historic places in communities with historic preservation programs that have been certified either by an approved state program as determined by the Secretary of the Interior or directly by the Secretary of the Interior in states without approved programs.

"Levee" means a man-made structure, usually an earthen embankment, designed and constructed in accordance with sound engineering practices to contain, control or divert the flow of water so as to provide protection from temporary flooding.

"Levee system" means a flood protection system which consists of a levee, or levees, and associated structures, such as closure and drainage devices, which are constructed and operated in accord with sound engineering practices.

"Lowest floor" means the lowest floor of the lowest enclosed area, including basement (see "**Basement**" definition).

1. An unfinished or flood resistant enclosure below the lowest floor that is usable solely for parking of vehicles, building access or storage in an area other than a basement area, is not considered a building's lowest floor provided it conforms to applicable non-elevation design requirements, including, but not limited to:
 - a. The flood openings standard in **Section 5.1.C.3**;
 - b. The anchoring standards in **Section 5.1.A**;
 - c. The construction materials and methods standards in **Section 5.1.B**; and
 - d. The standards for utilities in **Section 5.2**.
2. For residential structures, all subgrade enclosed areas are prohibited as they are considered to be basements (see "**Basement**" definition). This prohibition includes below-grade garages and storage areas.

"Manufactured home" means a structure, transportable in one or more sections, which is built on a permanent

chassis and is designed for use with or without a permanent foundation when attached to the required utilities. The term "manufactured home" does not include a "recreational vehicle".

"Manufactured home park or subdivision" means a parcel (or contiguous parcels) of land divided into two or more manufactured home lots for rent or sale.

"Market value" is defined in the City of El Segundo substantial damage/improvement procedures. See Section 4.2.B.1.

"Mean sea level" means, for purposes of the National Flood Insurance Program, the National Geodetic Vertical Datum (NGVD) of 1929, North American Vertical Datum (NAVD) of 1988, or other datum, to which base flood elevations shown on a community's Flood Insurance Rate Map are referenced.

"New construction", for floodplain management purposes, means structures for which the "start of construction" commenced on or after September 26, 2008, and includes any subsequent improvements to such structures.

"New manufactured home park or subdivision" means a manufactured home park or subdivision for which the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including at a minimum, the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads) is completed on or after September 26, 2008.

"Obstruction" includes, but is not limited to, any dam, wall, wharf, embankment, levee, dike, pile, abutment, protection, excavation, channelization, bridge, conduit, culvert, building, wire, fence, rock, gravel, refuse, fill, structure, vegetation or other material in, along, across or projecting into any watercourse which may alter, impede, retard or change the direction and/or velocity of the flow of water, or due to its location, its propensity to snare or collect debris carried by the flow of water, or its likelihood of being carried downstream.

"One-hundred-year flood" or "100-year flood" - see **"Base flood"**.

"Primary frontal dune" means a continuous or nearly continuous mound or ridge of sand with relatively steep seaward and landward slopes immediately landward and adjacent to the beach and subject to erosion and overtopping from high tides and waves during major coastal storms. The inland limit of the primary frontal dune occurs at the point where there is a distinct change from a relatively mild slope.

"Program deficiency" means a defect in a community's floodplain management regulations or administrative procedures that impairs effective implementation of those floodplain management regulations.

"Public safety and nuisance" as related to Section 6, means that the granting of a variance must not result in anything which is injurious to safety or health of an entire community or neighborhood, or any considerable number of persons, or unlawfully obstructs the free passage or use, in the customary manner, of any navigable lake, or river, bay, stream, canal, or basin.

"Recreational vehicle" means a vehicle which is:

1. Built on a single chassis;
2. 400 square feet or less when measured at the largest horizontal projection;
3. Designed to be self-propelled or permanently towable by a light-duty truck; and
4. Designed primarily not for use as a permanent dwelling but as temporary living quarters for recreational, camping, travel, or seasonal use.

"Regulatory floodway" means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than one foot.

"Remedy a violation" means to bring the structure or other development into compliance with State or local floodplain management regulations, or if this is not possible, to reduce the impacts of its noncompliance. Ways that impacts may be reduced include protecting the structure or other affected development from flood damages, implementing the enforcement provisions of the ordinance or otherwise deterring future similar violations, or reducing State or Federal financial exposure with regard to the structure or other development.

"Riverine" means relating to, formed by, or resembling a river (including tributaries), stream, brook, etc.

"Sand dunes" mean naturally occurring accumulations of sand in ridges or mounds landward of the beach.

"Sheet flow area" - see **"Area of shallow flooding"**

"Special flood hazard area (SFHA)" means an area in the floodplain subject to a 1 percent or greater chance of flooding in any given year. It is shown on an FHBM or FIRM as Zone A, AO, A1-A30, AE, A99, AH, V1-V30, VE or V.

"Start of construction" includes substantial improvement and other proposed new development and means the date the building permit was issued, provided the actual start of construction, repair, reconstruction, rehabilitation, addition, placement, or other improvement was within 180 days from the date of the permit. The actual start means either the first placement of permanent construction of a structure on a site, such as the pouring of slab or footings, the installation of piles, the construction of columns, or any work beyond the stage of excavation; or the placement of a manufacture home on a foundation. Permanent construction does not include land preparation, such as clearing, grading, and filling; nor does it include the installation of streets and/or walkways; nor does it include excavation for a basement, footings, piers, or foundations or the erection of temporary forms; nor does it include the installation on the property of accessory buildings, such as garages or sheds not occupied as dwelling units or not part of the main structure. For a substantial improvement, the actual start of construction means the first alteration of any wall, ceiling, floor, or other structural part of a building, whether or not that alteration affects the external dimensions of the building.

"Structure" means a walled and roofed building that is principally above ground; this includes a gas or liquid storage tank or a manufactured home.

"Substantial damage" means damage of any origin sustained by a structure whereby the cost of restoring the structure to its before damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred.

"Substantial improvement" means any reconstruction, rehabilitation, addition, or other improvement of a structure, the cost of which equals or exceeds 50 percent of the market value of the structure before the "start of construction" of the improvement. This term includes structures which have incurred "substantial damage", regardless of the actual repair work performed. The term does not, however, include either:

1. Any project for improvement of a structure to correct existing violations or state or local health, sanitary, or safety code specifications which have been identified by the local code enforcement official and which are the minimum necessary to assure safe living conditions; or
2. Any alteration of a "historic structure," provided that the alteration will not preclude the structure's continued designation as a "historic structure."

"V zone" - see **"Coastal high hazard area."**

"Variance" means a grant of relief from the requirements of this ordinance which permits construction in a manner that would otherwise be prohibited by this ordinance.

"Violation" means the failure of a structure or other development to be fully compliant with this ordinance. A structure or other development without the elevation certificate, other certifications, or other evidence of compliance required in this ordinance is presumed to be in violation until such time as that documentation is provided.

"Water surface elevation" means the height, in relation to the National Geodetic Vertical Datum (NGVD) of 1929, North American Vertical Datum (NAVD) of 1988, or other datum, of floods of various magnitudes and frequencies in the floodplains of coastal or riverine areas.

"Watercourse" means a lake, river, creek, stream, wash, arroyo, channel or other topographic feature on or over which waters flow at least periodically. Watercourse includes specifically designated areas in which substantial flood damage may occur.

**SECTION 3.0
GENERAL PROVISIONS**

3.1 LANDS TO WHICH THIS ORDINANCE APPLIES.

This ordinance shall apply to all areas of special flood hazards within the jurisdiction of the City of El Segundo.

3.2 BASIS FOR ESTABLISHING THE AREAS OF SPECIAL FLOOD HAZARD

The areas of special flood hazard identified by the Federal Emergency Management Agency (FEMA) in the "Flood Insurance Study (FIS) for Los Angeles County, California and Incorporated Areas" dated September 26, 2008, with accompanying Flood Insurance Rate Maps (FIRM's) and Flood Boundary and Floodway Maps (FBFM's), dated September 26, 2008, and all subsequent amendments and/or revisions, are hereby adopted by reference and declared to be a part of this ordinance. This FIS and attendant mapping is the minimum area of applicability of this ordinance and may be supplemented by studies for other areas which allow implementation of this ordinance and which are recommended to the City Council by the Floodplain Administrator. The study, FIRM's and FBFM's are on file at the Department of Planning and Building Safety, 350 Main Street, El Segundo, CA.

3.3 COMPLIANCE.

No structure or land shall hereafter be constructed, located, extended, converted, or altered without full compliance with the terms of this ordinance and other applicable regulations. Violation of the requirements (including violations of conditions and safeguards) shall constitute a misdemeanor. Nothing herein shall prevent the City Council from taking such lawful action as is necessary to prevent or remedy any violation.

3.4 ABROGATION AND GREATER RESTRICTIONS.

This ordinance is not intended to repeal, abrogate, or impair any existing easements, covenants, or deed restrictions. However, where this ordinance and another ordinance, easement, covenant, or deed restriction conflict or overlap, whichever imposes the more stringent restrictions shall prevail.

3.5 INTERPRETATION.

In the interpretation and application of this ordinance, all provisions shall be:

- A. Considered as minimum requirements;
- B. Liberally construed in favor of the governing body; and
- C. Deemed neither to limit nor repeal any other powers granted under state statutes.

3.6 WARNING AND DISCLAIMER OF LIABILITY.

The degree of flood protection required by this ordinance is considered reasonable for regulatory purposes and is based on scientific and engineering considerations. Larger floods can and will occur on rare occasions. Flood heights may be increased by man-made or natural causes. This ordinance does not imply that land outside the areas of special flood hazards or uses permitted within such areas will be free from flooding or flood damages. This ordinance shall not create liability on the part of the City of El Segundo, any officer or employee thereof, the State of California, or the Federal Emergency Management Agency, for any flood damages that result from reliance on this ordinance or any administrative decision lawfully made hereunder.

3.7 SEVERABILITY.

This ordinance and the various parts thereof are hereby declared to be severable. Should any section of this ordinance be declared by the courts to be unconstitutional or invalid, such decision shall not affect the validity of the ordinance as a whole, or any portion thereof other than the section so declared to be unconstitutional or invalid.

**SECTION 4.0
ADMINISTRATION**

4.1 DESIGNATION OF THE FLOODPLAIN ADMINISTRATOR.

The City Manager or his/her authorized designee is hereby appointed to administer, implement, and enforce this ordinance by granting or denying development permits in accord with its provisions.

4.2 DUTIES AND RESPONSIBILITIES OF THE FLOODPLAIN ADMINISTRATOR.

The duties and responsibilities of the Floodplain Administrator shall include, but not be limited to the following:

A. Permit Review.

Review all development permits to determine:

1. Permit requirements of this ordinance have been satisfied, including determination of substantial improvement and substantial damage of existing structures;
2. All other required state and federal permits have been obtained;
3. The site is reasonably safe from flooding;
4. The proposed development does not adversely affect the carrying capacity of areas where base flood elevations have been determined but a floodway has not been designated. This means that the cumulative effect of the proposed development when combined with all other existing and anticipated development will not increase the water surface elevation of the base flood more than 1 foot at any point within the City of El Segundo; and
5. All Letters of Map Revision (LOMR's) for flood control projects are approved prior to the issuance of building permits. Building Permits must not be issued based on Conditional Letters of Map Revision (CLOMR's). Approved CLOMR's allow construction of the proposed flood control project and land preparation as specified in the "start of construction" definition.

B. Development of Substantial Improvement and Substantial Damage Procedures.

1. Using FEMA publication FEMA 213, "Answers to Questions About Substantially Damaged Buildings," develop detailed procedures for identifying and administering requirements for substantial improvement and substantial damage, to include defining "Market Value."
2. Assure procedures are coordinated with other departments/divisions and implemented by community staff.

C. Review, Use and Development of Other Base Flood Data.

When base flood elevation data has not been provided in accordance with Section 3.2, the Floodplain Administrator shall obtain, review, and reasonably utilize any base flood elevation and floodway data available from a federal or state agency, or other source, in order to administer Section 5.

NOTE: A base flood elevation may be obtained using one of two methods from the FEMA publication, FEMA 265, "Managing Floodplain Development in Approximate Zone A Areas – A Guide for Obtaining and Developing Base (100-year) Flood Elevations"

D. Notification of Other Agencies.

1. Alteration or relocation of a watercourse:
 - a. Notify adjacent communities and the California Department of Water Resources prior to alteration or relocation;
 - b. Submit evidence of such notification to the Federal Emergency Management Agency; and
 - c. Assure that the flood carrying capacity within the altered or relocated portion of said watercourse is maintained.
2. Base Flood Elevation changes due to physical alterations:
 - a. Within 6 months of information becoming available or project completion, whichever comes first, the floodplain administrator shall submit or assure that the permit applicant submits technical or scientific data to FEMA for a Letter of Map Revision (LOMR).
 - b. All LOMR's for flood control projects are approved prior to the issuance of building permits. Building Permits must not be issued based on Conditional Letters of Map Revision (CLOMR's). Approved CLOMR's allow construction of the proposed flood control project and land preparation as specified in the "start of construction" definition.

Such submissions are necessary so that upon confirmation of those physical changes affecting flooding conditions, risk premium rates and floodplain management requirements are based on current data.

3. Changes in corporate boundaries

Notify FEMA in writing whenever the corporate boundaries have been modified by annexation or other means and include a copy of a map of the community clearly delineating the new corporate limits.

E. Documentation of Floodplain Development.

Obtain and maintain for public inspection and make available as needed the following:

1. Certification required by Section 5.1.C.1 and Section 5.4 (lowest floor elevations);
2. Certification required by Section 5.1.C.2 (elevation or floodproofing of nonresidential structures);
3. Certification required by Sections 5.1.C.3 (wet floodproofing standard);
4. Certification of elevation required by Section 5.3.A.3 (subdivisions and other proposed development standards);
5. Certification required by Section 5.6.B (floodway encroachments);
6. Information required by Section 5.7.F (coastal construction standards); and
7. Maintain a record of all variance actions, including justification for their issuance, and report such variances issued in its biennial report submitted to the Federal Emergency Management Agency.

F. Map Determination.

Make interpretations where needed, as to the exact location of the boundaries of the areas of special

flood hazard, where there appears to be a conflict between a mapped boundary and actual field conditions. The person contesting the location of the boundary shall be given a reasonable opportunity to appeal the interpretation as provided in Section 4.4.

F. Remedial Action.

Take action to remedy violations of this ordinance as specified in Section 3.3.

G. Biennial Report.

Complete and submit Biennial Report to FEMA.

H. Planning.

Assure community's General Plan is consistent with floodplain management objectives herein.

4.3 DEVELOPMENT PERMIT

A development permit shall be obtained before any construction or other development, including manufactured homes, within any area of special flood hazard established in Section 3.2. Application for a development permit shall be made on forms furnished by the City of El Segundo. The applicant shall provide the following minimum information:

A. Plans in duplicate, drawn to scale, showing:

1. Location, dimensions, and elevation of the area in question, existing or proposed structures, storage of materials and equipment and their location;
2. Proposed locations of water supply, sanitary sewer, and other utilities;
3. Grading information showing existing and proposed contours, any proposed fill, and drainage facilities;
4. Location of the regulatory floodway when applicable;
5. Base flood elevation information as specified in Section 3.2 or Section 4.2.C;
6. Proposed elevation in relation to mean sea level, of the lowest floor (including basement) of all structures; and
7. Proposed elevation in relation to mean sea level to which any nonresidential structure will be floodproofed, as required in Section 5.1.C.2 of this ordinance and detailed in FEMA Technical Bulletin TB 3-93.

B. Certification from a registered civil engineer or architect that the nonresidential floodproofed building meets the floodproofing criteria in Section 5.1.C.2.

C. For a crawl-space foundation, location and total net area of foundation openings as required in Section 5.1.C.3 of this ordinance and detailed in FEMA Technical Bulletins 1 and 7.

D. Description of the extent to which any watercourse will be altered or relocated as a result of proposed development.

E. All appropriate certifications listed in Section 4.2.E of this ordinance.

4.4 APPEALS.

The City Council of the City of El Segundo shall hear and decide appeals when it is alleged there is an error in any requirement, decision, or determination made by the Floodplain Administrator in the enforcement or administration of this ordinance.

**SECTION 5.0
PROVISIONS FOR FLOOD HAZARD REDUCTION**

5.1 STANDARDS OF CONSTRUCTION.

In all areas of special flood hazards the following standards are required:

A. Anchoring.

All new construction and substantial improvements of structures, including manufactured homes, shall be adequately anchored to prevent flotation, collapse or lateral movement of the structure resulting from hydrodynamic and hydrostatic loads, including the effects of buoyancy.

B. Construction Materials and Methods.

All new construction and substantial improvements of structures, including manufactured homes, shall be constructed:

1. With flood resistant materials, and utility equipment resistant to flood damage for areas below the base flood elevation;
2. Using methods and practices that minimize flood damage;
3. With electrical, heating, ventilation, plumbing and air conditioning equipment and other service facilities that are designed and/or located so as to prevent water from entering or accumulating within the components during conditions of flooding; and
4. Within Zones AH or AO, so that there are adequate drainage paths around structures on slopes to guide flood waters around and away from proposed structures.

C. Elevation and Floodproofing.

1. Residential construction.

All new construction or substantial improvements of residential structures shall have the lowest floor, including basement:

- a. In AE, AH, A1-30 Zones, elevated to or above the base flood elevation.
- b. In an AO zone, elevated above the highest adjacent grade to a height equal to or exceeding the depth number specified in feet on the FIRM, or elevated at least 2 feet above the highest adjacent grade if no depth number is specified.
- c. In an A zone, without BFE's specified on the FIRM [unnumbered A zone], elevated to or above the base flood elevation; as determined under **Section 4.2.C.**

Upon the completion of the structure, the elevation of the lowest floor, including basement, shall be certified by a registered civil engineer or licensed land surveyor, and verified by the community building inspector to be properly elevated. Such certification and verification shall be provided to the Floodplain Administrator.

2. **Nonresidential construction.**

All new construction or substantial improvements of nonresidential structures shall either be elevated to conform with **Section 5.1.C.1** or:

- a. Be floodproofed, together with attendant utility and sanitary facilities, below the elevation recommended under **Section 5.1.C.1**, so that the structure is watertight with walls substantially impermeable to the passage of water;
- b. Have structural components capable of resisting hydrostatic and hydrodynamic loads and effects of buoyancy; and
- c. Be certified by a registered civil engineer or architect that the standards of **Section 5.1 C.2.a & b** are satisfied. Such certification shall be provided to the Floodplain Administrator.

3. **Flood openings.**

All new construction and substantial improvements of structures with fully enclosed areas below the lowest floor (excluding basements) that are usable solely for parking of vehicles, building access or storage, and which are subject to flooding, shall be designed to automatically equalize hydrostatic flood forces on exterior walls by allowing for the entry and exit of floodwater. Designs for meeting this requirement must meet the following minimum criteria:

- a. For non-engineered openings:
 1. Have a minimum of two openings on different sides having a total net area of not less than one square inch for every square foot of enclosed area subject to flooding;
 2. The bottom of all openings shall be no higher than one foot above grade;
 3. Openings may be equipped with screens, louvers, valves or other coverings or devices provided that they permit the automatic entry and exit of floodwater; and
 4. Buildings with more than one enclosed area must have openings on exterior walls for each area to allow flood water to directly enter; or
- b. Be certified by a registered civil engineer or architect.

4. **Manufactured homes**

- a. See **Section 5.4**.

5. Garages and low cost accessory structures.

a. Attached garages.

1. A garage attached to a residential structure, constructed with the garage floor slab below the BFE, must be designed to allow for the automatic entry of flood waters. See Section 5.1.C.3. Areas of the garage below the BFE must be constructed with flood resistant materials. See Section 5.1.B.
2. A garage attached to a nonresidential structure must meet the above requirements or be dry floodproofed. For guidance on below grade parking areas, see FEMA Technical Bulletin TB-6.

b. Detached garages and accessory structures.

1. "Accessory structures" used solely for parking (2 car detached garages or smaller) or limited storage (small, low-cost sheds), as defined in Section 2, may be constructed such that its floor is below the base flood elevation (BFE), provided the structure is designed and constructed in accordance with the following requirements:
 - a) Use of the accessory structure must be limited to parking or limited storage;
 - b) The portions of the accessory structure located below the BFE must be built using flood-resistant materials;
 - c) The accessory structure must be adequately anchored to prevent flotation, collapse and lateral movement;
 - d) Any mechanical and utility equipment in the accessory structure must be elevated or floodproofed to or above the BFE;
 - e) The accessory structure must comply with floodplain encroachment provisions in Section 5.6; and
 - f) The accessory structure must be designed to allow for the automatic entry of flood waters in accordance with Section 5.1.C.3.
2. Detached garages and accessory structures not meeting the above standards must be constructed in accordance with all applicable standards in Section 5.1.

5.2 STANDARDS FOR UTILITIES.

- A. All new and replacement water supply and sanitary sewage systems shall be designed to minimize or eliminate:
 1. Infiltration of flood waters into the systems; and
 2. Discharge from the systems into flood waters.
- B. On-site waste disposal systems shall be located to avoid impairment to them, or contamination from them during flooding.

5.3 STANDARDS FOR SUBDIVISIONS AND OTHER PROPOSED DEVELOPMENT.

- A. All new subdivisions proposals and other proposed development, including proposals for manufactured home parks and subdivisions, greater than 50 lots or 5 acres, whichever is the lesser, shall:
 - 1. Identify the Special Flood Hazard Areas (SFHA) and Base Flood Elevations (BFE).
 - 2. Identify the elevations of lowest floors of all proposed structures and pads on the final plans.
 - 3. If the site is filled above the base flood elevation, the following as-built information for each structure shall be certified by a registered civil engineer or licensed land surveyor and provided as part of an application for a Letter of Map Revision based on Fill (LOMR-F) to the Floodplain Administrator:
 - a. Lowest floor elevation.
 - b. Pad elevation
 - c. Lowest adjacent grade.
- B. All subdivision proposals and other proposed development shall be consistent with the need to minimize flood damage.
- C. All subdivision proposals and other proposed development shall have public utilities and facilities such as sewer, gas, electrical and water systems located and constructed to minimize flood damage.
- D. All subdivisions and other proposed development shall provide adequate drainage to reduce exposure to flood hazards.

5.4 STANDARDS FOR MANUFACTURED HOMES.

- A. All manufactured homes that are placed or substantially improved, on sites located: (1) outside of a manufactured home park or subdivision; (2) in a new manufactured home park or subdivision; (3) in an expansion to an existing manufactured home park or subdivision; or (4) in an existing manufactured home park or subdivision upon which a manufactured home has incurred "substantial damage" as the result of a flood, shall:
 - 1. Within Zones A1-30, AH, and AE on the community's Flood Insurance Rate Map, be elevated on a permanent foundation such that the lowest floor of the manufactured home is elevated to or above the base flood elevation and be securely fastened to an adequately anchored foundation system to resist flotation, collapse, and lateral movement.
 - 2. Within Zones V1-30, V, and VE on the community's Flood Insurance Rate Map, meet the requirements of Section 5.7.
- B. All manufactured homes to be placed or substantially improved on sites in an existing manufactured home park or subdivision within Zones A1-30, AH, AE, V1-30, V, and VE on the community's Flood Insurance Rate Map that are not subject to the provisions of Section 5.4.A will be securely fastened to an adequately anchored foundation system to resist flotation, collapse, and lateral movement, and be elevated so that either the:
 - 1. Lowest floor of the manufactured home is at or above the base flood elevation; or
 - 2. Manufactured home chassis is supported by reinforced piers or other foundation elements of at least equivalent strength that are no less than 36 inches in height above grade.

Upon the completion of the structure, the elevation of the lowest floor including basement shall be certified by a registered civil engineer or licensed land surveyor, and verified by the community building inspector to be properly elevated. Such certification and verification shall be provided to the Floodplain Administrator.

5.5 STANDARDS FOR RECREATIONAL VEHICLES.

- A. All recreational vehicles placed in Zones A1-30, AH, AE, V1-30 and VE will either:
 - 1. Be on the site for fewer than 180 consecutive days; or
 - 2. Be fully licensed and ready for highway use. A recreational vehicle is ready for highway use if it is on its wheels or jacking system, is attached to the site only by quick disconnect type utilities and security devices, and has no permanently attached additions; or
 - 3. Meet the permit requirements of Section 4.3 of this ordinance and the elevation and anchoring requirements for manufactured homes in Section 5.4.
- B. Recreational vehicles placed on sites within Zones V1-30, V, and VE on the community's Flood Insurance Rate Map will meet the requirements of Section 5.5.A and Section 5.7.

5.6 FLOODWAYS.

Since floodways are an extremely hazardous area due to the velocity of flood waters which carry debris, potential projectiles, and erosion potential, the following provisions apply:

- A. Until a regulatory floodway is adopted, no new construction, substantial development, or other development (including fill) shall be permitted within Zones A1-30 and AE, unless it is demonstrated that the cumulative effect of the proposed development, when combined with all other development, will not increase the water surface elevation of the base flood more than 1 foot at any point within the City of El Segundo.
- B. Within an adopted regulatory floodway, the City of El Segundo shall prohibit encroachments, including fill, new construction, substantial improvements, and other development, unless certification by a registered civil engineer is provided demonstrating that the proposed encroachment shall not result in any increase in flood levels during the occurrence of the base flood discharge.
- C. If Sections 5.6.A & B are satisfied, all new construction, substantial improvement, and other proposed new development shall comply with all other applicable flood hazard reduction provisions of Section 5.

5.7 COASTAL HIGH HAZARD AREAS

Within coastal high hazard areas, Zones V, V1-30, and VE, as established under Section 3.2, the following standards shall apply:

- A. All new residential and non-residential construction, including substantial improvement/damage, shall be elevated on adequately anchored pilings or columns and securely anchored to such pilings or columns so that the bottom of the lowest horizontal structural member of the lowest floor (excluding the pilings or columns) is elevated to or above the base flood level. The pile or column foundation and structure attached thereto is anchored to resist flotation, collapse, and lateral movement due to the effects of wind and water loads acting simultaneously on all building components. Water loading values used shall be those associated with the base flood. Wind loading values used shall be those required by applicable state or local building standards.
- B. All new construction and other development shall be located on the landward side of the reach of mean high tide.
- C. All new construction and substantial improvement shall have the space below the lowest floor free of obstructions or constructed with breakaway walls as defined in Section 2 of this ordinance. Such enclosed space shall not be used for human habitation and will be usable solely for parking of vehicles, building access or storage.
- D. Fill shall not be used for structural support of buildings.
- E. Man-made alteration of sand dunes which would increase potential flood damage is prohibited.
- F. The Floodplain Administrator shall obtain and maintain the following records:
 - 1. Certification by a registered engineer or architect that a proposed structure complies with Section 5.7.A; and
 - 2. The elevation (in relation to mean sea level) of the bottom of the lowest horizontal structural member of the lowest floor (excluding pilings or columns) of all new and substantially improved structures, and whether such structures contain a basement.

**SECTION 6.0
VARIANCE PROCEDURE**

6.1 NATURE OF VARIANCES.

The issuance of a variance is for floodplain management purposes only. Insurance premium rates are determined by statute according to actuarial risk and will not be modified by the granting of a variance.

The variance criteria set forth in this section of the ordinance are based on the general principle of zoning law that variances pertain to a piece of property and are not personal in nature. A variance may be granted for a parcel of property with physical characteristics so unusual that complying with the requirements of this ordinance would create an exceptional hardship to the applicant or the surrounding property owners. The characteristics must be unique to the property and not be shared by adjacent parcels. The unique characteristic must pertain to the land itself, not to the structure, its inhabitants, or the property owners.

It is the duty of the City Council of the City of El Segundo to help protect its citizens from flooding. This need is so compelling and the implications of the cost of insuring a structure built below flood level are so serious that variances from the flood elevation or from other requirements in the flood ordinance are quite rare. The long term goal of preventing and reducing flood loss and damage can only be met if variances are strictly limited. Therefore, the variance guidelines provided in this ordinance are more detailed and contain multiple provisions that must be met before a variance can be properly granted. The criteria are designed to screen out those situations in which alternatives other than a variance are more appropriate.

6.2 CONDITIONS FOR VARIANCES.

- A. Generally, variances may be issued for new construction, substantial improvement, and other proposed new development to be erected on a lot of one-half acre or less in size contiguous to and surrounded by lots with existing structures constructed below the base flood level, providing that the procedures of Sections 4 and 5 of this ordinance have been fully considered. As the lot size increases beyond one-half acre, the technical justification required for issuing the variance increases.
- B. Variances may be issued for the repair or rehabilitation of "historic structures" (as defined in Section 2 of this ordinance) upon a determination that the proposed repair or rehabilitation will not preclude the structure's continued designation as an historic structure and the variance is the minimum necessary to preserve the historic character and design of the structure.
- C. Variances shall not be issued within any mapped regulatory floodway if any increase in flood levels during the base flood discharge would result.
- D. Variances shall only be issued upon a determination that the variance is the "minimum necessary" considering the flood hazard, to afford relief. "Minimum necessary" means to afford relief with a minimum of deviation from the requirements of this ordinance. For example, in the case of variances to an elevation requirement, this means the City Council need not grant permission for the applicant to build at grade, or even to whatever elevation the applicant proposes, but only to that elevation which the City Council believes will both provide relief and preserve the integrity of the local ordinance.

- E. Any applicant to whom a variance is granted shall be given written notice over the signature of a community official that:
 - 1. The issuance of a variance to construct a structure below the base flood level will result in increased premium rates for flood insurance up to amounts as high as \$25 for \$100 of insurance coverage, and
 - 2. Such construction below the base flood level increases risks to life and property. It is recommended that a copy of the notice shall be recorded by the Floodplain Administrator in the Office of the Los Angeles County Recorder and shall be recorded in a manner so that it appears in the chain of title of the affected parcel of land.
- F. The Floodplain Administrator will maintain a record of all variance actions, including justification for their issuance, and report such variances issued in its biennial report submitted to the Federal Emergency Management Agency.

6.3 APPEAL BOARD.

- A. In passing upon requests for variances, the City Council shall consider all technical evaluations, all relevant factors, standards specified in other sections of this ordinance, and the:
 - 1. Danger that materials may be swept onto other lands to the injury of others;
 - 2. Danger of life and property due to flooding or erosion damage;
 - 3. Susceptibility of the proposed facility and its contents to flood damage and the effect of such damage on the existing individual owner and future owners of the property;
 - 4. Importance of the services provided by the proposed facility to the community;
 - 5. Necessity to the facility of a waterfront location, where applicable;
 - 6. Availability of alternative locations for the proposed use which are not subject to flooding or erosion damage;
 - 7. Compatibility of the proposed use with existing and anticipated development;
 - 8. Relationship of the proposed use to the comprehensive plan and floodplain management program for that area;
 - 9. Safety of access to the property in time of flood for ordinary and emergency vehicles;
 - 10. Expected heights, velocity, duration, rate of rise, and sediment transport of the flood waters expected at the site; and
 - 11. Costs of providing governmental services during and after flood conditions, including maintenance and repair of public utilities and facilities such as sewer, gas, electrical, and water system, and streets and bridges.

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- B. Variances shall only be issued upon a
1. Showing of good and sufficient cause;
 2. Determination that failure to grant the variance would result in exceptional **"hardship"** to the applicant; and
 3. Determination that the granting of a variance will not result in increased flood heights, additional threats to public safety, or extraordinary public expense, create a nuisance (see **"Public safety and nuisance"**), cause **"fraud and victimization"** of the public, or conflict with existing local laws or ordinances.
- C. Variances may be issued for new construction, substantial improvement, and other proposed new development necessary for the conduct of a functionally dependent use provided that the provisions of **Sections 6.3.A through 6.3.D** are satisfied and that the structure or other development is protected by methods that minimize flood damages during the base flood and does not result in additional threats to public safety and does not create a public nuisance.
- D. Upon consideration of the factors of **Section 6.2.A** and the purposes of this ordinance, the City Council may attach such conditions to the granting of variances as it deems necessary to further the purposes of this ordinance.