



CITY OF WEST COVINA

CITY COUNCIL/SUCCESSOR AGENCY

**MAY 21, 2024, 7:00 PM
REGULAR MEETING**

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

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

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

AMERICANS WITH DISABILITIES ACT

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

AGENDA MATERIAL

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

NOTICE

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

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

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

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

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

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

RULES OF DECORUM

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

AGENDA

CITY OF WEST COVINA CITY COUNCIL/SUCCESSOR AGENCY

**TUESDAY MAY 21, 2024, 7:00 PM
REGULAR MEETING**

INVOCATION

Led by Michael Lemos, Tribal Member of the Gabrieleño Band of Mission Indians Tribal Government, Kizh Nation

PLEDGE OF ALLEGIANCE

Led by Councilwoman Diaz

ROLL CALL

REPORTING OUT FROM CLOSED SESSION

PRESENTATIONS

- Certificates of Recognition for Students at Orangewood Elementary School.
- Proclamation Recognizing National Public Works Week May 19 - May 25, 2024.
- Proclamation Recognizing Asian American and Pacific Islander Heritage Month.
- Presentation on Licensed and Unlicensed Facilities in Single Family Zone.

CITY MANAGER'S REPORT

City Manager's report on current City projects.

ORAL COMMUNICATIONS - Five (5) minutes per speaker

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

CONSENT CALENDAR

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

APPROVAL OF MEETING MINUTES

- 1) **CONSIDERATION OF APPROVAL OF THE MAY 7, 2024, CITY COUNCIL/SUCCESSOR AGENCY REGULAR SESSION MEETING MINUTES AND THE MAY 7, 2024, CITY COUNCIL/SUCCESSOR AGENCY REGULAR CLOSED SESSION MEETING MINUTES.**

That the Council approve the May 7, 2024, City Council/Successor Agency Regular Session Meeting Minutes and the May 7, 2024, City Council/Successor Agency Regular Closed Session Meeting Minutes.

COMMUNITY DEVELOPMENT

- 2) **CONSIDERATION OF FINAL PARCEL MAP NO. 83155**
LOCATION: 2539 EAST GARVEY AVENUE NORTH
SUBDIVIDER: BENTLEY REAL ESTATE, LLC

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

RESOLUTION NO. 2024-8 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, APPROVING FINAL PARCEL MAP NO. 83155 AT 2539 EAST GARVEY AVENUE NORTH

- 3) **CONSIDERATION OF LIST OF FISCAL YEAR 2024-2025 PROJECTS FUNDED BY SENATE BILL 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017**

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

RESOLUTION NO. 2024-28 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, APPROVING A LIST OF FISCAL YEAR 2024-2025 PROJECTS FUNDED BY SENATE BILL 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017

FINANCE DEPARTMENT

- 4) **CONSIDERATION OF SINGLE AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2023**

It is recommended that City Council receive and file the Single Audit Report on Federal Award Programs for the year ended June 30, 2023.

- 5) **ANNUAL REVIEW OF FINANCIAL POLICIES**

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

RESOLUTION NO. 2024-26 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, APPROVING THE CITY OF WEST COVINA STATEMENT OF INVESTMENT POLICY

RESOLUTION NO. 2024-27– A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, AMENDING THE FUND BALANCE POLICY

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

It is recommended that the City Council approve the following:

1. Exchange of \$3,000,000 in Proposition A Local Return funds for \$2,250,000 in general funds with Foothill Transit; and
2. Authorize the City Manager to execute the Assignment Agreement with Foothill Transit, in substantially the form as attached and in such final form as approved by the City Attorney.

- 7) **CONSIDERATION OF COMMUNITY FEEDBACK REGARDING PROPOSED FISCAL YEAR 2024-25 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGET**

It is recommended that City Council receive and file feedback from the Community Budget Workshops and, if applicable, provide direction regarding any changes to the Proposed Fiscal Year 2024-25 Operating and Capital Improvement Program Budget.

END OF CONSENT CALENDAR

DEPARTMENTAL REGULAR MATTERS

CITY CLERK'S OFFICE

8) CONSIDERATION OF APPOINTMENT TO THE AUDIT COMMITTEE

It is recommended that the City Council appoint one Committee Member to the City's Audit Committee to serve a two-year term.

MAYOR/COUNCILMEMBERS REPORTS

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

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

CITY COUNCIL REQUESTS FOR REPORTS, STUDIES OR INVESTIGATION

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

CITY COUNCIL COMMENTS

ADJOURNMENT

Next Tentative City Council Meeting

Regular Meeting

June 4, 2024

7:00 PM

RULES OF DECORUM

The following are excerpts from the West Covina Municipal Code:

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

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

Sec. 2-50. Decorum--Required.

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

If any subsection, sentence, clause, or phrase or word of this Section 2-50 is for any reason held to be invalid or unconstitutional, such decision

shall not affect the validity of the remaining portions of this Section. The City Council hereby declares that it would have passed this section and each subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more subsections, sentences, clauses, phrases or words had been declared invalid or unconstitutional.

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

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

The following are excerpts from the Penal Code

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

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



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 21, 2024

TO: Mayor and City Council

FROM: Paulina Morales, City Manager

SUBJECT: CONSIDERATION OF APPROVAL OF THE MAY 7, 2024, CITY COUNCIL/SUCCESSOR AGENCY REGULAR SESSION MEETING MINUTES AND THE MAY 7, 2024, CITY COUNCIL/SUCCESSOR AGENCY REGULAR CLOSED SESSION MEETING MINUTES.

RECOMMENDATION:

That the Council approve the May 7, 2024, City Council/Successor Agency Regular Session Meeting Minutes and the May 7, 2024, City Council/Successor Agency Regular Closed Session Meeting Minutes.

BACKGROUND:

That the City Council adopt the attached minutes.

Prepared by: Lisa Sherrick, Assistant City Clerk

Attachments

Attachment No. 1 - 5/7/2024 Closed Session Minutes Draft

Attachment No. 2 - 5/7/2024 Regular Session Minutes Draft

CITY COUNCIL GOALS & OBJECTIVES: Enhance City Image and Effectiveness



CITY OF WEST COVINA

CITY COUNCIL/SUCCESSOR AGENCY

**MAY 7, 2024, 6:00 PM
REGULAR MEETING - CLOSED SESSION**

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

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

MINUTES

CALL TO ORDER

A Regular Session Meeting was called to order by Mayor Calderón Tabatabai on Tuesday, May 7, 2024, at 6:00 p.m., in the Management Resource Center, 1444 West Garvey Avenue South, West Covina, California.

ROLL CALL

Council Members

Present: Council Members Rosario Diaz, Ollie Cantos, Letty Lopez-Viado, Mayor Pro Tem Wu, Mayor Brian Calderón Tabatabai

Absent: None

City Staff: Paulina Morales, Acting City Manager, Thomas Duarte, City Attorney, Stephanie Sikkema, Finance Director and Interim Human Resources and Risk

Management Director, Peter Nguyen , Sr. Labor Relations Consultant, Libert Cassidy Whitmore.

PUBLIC COMMENTS ON ITEMS ON THE AGENDA

None

CLOSED SESSION

1. CONFERENCE WITH REAL PROPERTY NEGOTIATORS - Pursuant to Government Code § 54956.8

1. Property: Plaza West Covina City Property (8474-007-940)

Agency Negotiator: Morales, Duarte, Hildebrand

Negotiating Parties: TXRH West Covina

Under Negotiation: Price and Terms

2. Property: Plaza West Covina City Property (8474-003-915) (8474-003-918) (8474-003-940) (8474-007-928) (8474-007-931) (8474-007-932) (8474-007-934) (8474-007-935) (8474-007-939) (8474-007-940)

Agency Negotiator: Morales, Duarte, Hildebrand

Negotiating Parties: Plaza West Covina

Under Negotiation: Price and Terms

2. PUBLIC EMPLOYEE APPOINTMENT - Pursuant to Government Code §54957(b)(1)

Title: City Manager

3. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code § 54957.6

City Negotiators: Morales, Duarte

Employee Organizations

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

Unrepresented Employee Group

- Department Heads

REPORTING OUT

City Attorney Thomas Duarte reported that no action was taken during the Closed Session Meeting.

ADJOURNMENT

A motion to adjourn the Regular Closed Meeting was made by Mayor Calderón Tabatabai, and the meeting was adjourned at 7:00 p.m. The next regularly scheduled Regular Closed City Council Meeting will be held on Tuesday, May 7, 2024, at 7:00 p.m. in the Management Resource Center 3rd Floor, 1444 West Garvey Avenue South, West Covina, California.

Submitted By:

Lisa Sherrick
Assistant City Clerk

Brian Calderón Tabatabai
Mayor



CITY OF WEST COVINA

CITY COUNCIL/SUCCESSOR AGENCY

**MAY 7, 2024, 7:00 PM
REGULAR MEETING**

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

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

MINUTES

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

CALL TO ORDER

A Regular Session Meeting was called to order by Mayor Brian Calderón Tabatabai on Tuesday, May 7, 2024, at 7:00 p.m., in the Council Chambers, 1444 West Garvey Avenue South, West Covina, California.

INVOCATION

Led by Pastor Matt Chavez from One and All Church

PLEDGE OF ALLEGIANCE

Led by Councilwoman Lopez-Viado

ROLL CALL

Present: Council Members Cantos, Diaz, Lopez-Viado Mayor Pro Tem Wu, Mayor Calderón Tabatabai

Absent: None

REPORTING OUT FROM CLOSED SESSION

City Attorney Thomas Duarte reported that no action was taken during the Closed Session Meeting.

PRESENTATIONS

- Proclamation Honoring National Police Week May 12 - May 18, 2024.
- Proclamation Celebrating the 55th Annual Professional City Clerk Week May 5 - May 11, 2024.

CITY MANAGER'S REPORT

City Manager's report on current City projects.

ORAL COMMUNICATIONS - Five (5) minutes per speaker

Jim Grivich
John Shewmaker
John Carson
Wen Wen Zhang
Mike Morales
R. Robinson
Ronald Castella
Dan Tran
Ray Vargas
Glenn Kennedy

CONSENT CALENDAR

ACTION: Motion by Councilwoman Lopez-Viado and Second by Mayor Pro Tem Wu, 5-0 to: Approve Consent Calendar Items 1-2. (Item 3 was pulled for discussion by Councilman Cantos).

ACTION: Motion by Councilwoman Lopez-Viado and Second by Mayor Pro Tem Wu, 4-1 (No: Cantos): Approve Consent Calendar Item 3 (Item 3 was pulled for discussion by Councilman Cantos).

APPROVAL OF MEETING MINUTES

1) CONSIDERATION OF APPROVAL OF THE APRIL 16, 2024, CITY COUNCIL/SUCCESSOR AGENCY REGULAR SESSION MEETING MINUTES AND THE APRIL 16, 2024, CITY COUNCIL/SUCCESSOR AGENCY REGULAR CLOSED SESSION MEETING MINUTES.

Carried 5-0 to: approve the April 16, 2024, City Council/Successor Agency Regular Session Meeting Minutes and the April 16, 2024, City Council/Successor Agency Regular Closed Session Meeting Minutes.

ORDINANCES FOR ADOPTION - Procedural Waiver.

2) CONSIDERATION OF ADOPTION OF ORDINANCE AMENDING SECTION 5608.2 OF SECTION 10-24 OF THE WEST COVINA MUNICIPAL CODE RELATING TO PUBLIC FIREWORKS DISPLAY REQUIREMENTS AND APPROVAL OF PUBLIC DISPLAYS OF FIREWORKS FOR WEST COVINA UNIFIED SCHOOL DISTRICT AND CITY OF WEST COVINA

Carried 5-0 to: take the following actions:

1. Approve the permit for a public fireworks display for the Mt. SAC Early College Academy Graduation Ceremony on June 4, 2024.
2. Approve the permit for a public fireworks display for the Edgewood High School Graduation Ceremony on June 5, 2024.
3. Approve the permit for a public fireworks display for the West Covina High School Graduation Ceremony on June 6, 2024.
4. Approve the permit for a public fireworks display for the City of West Covina Fourth of July Celebration on July 4, 2024.
5. Adopt the following ordinance:

ORDINANCE NO. 2522 - AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, AMENDING SECTION 5608.2 (PERMIT REQUIRED) OF SECTION 5608 (FIREWORKS DISPLAY) OF CHAPTER 56 (EXPLOSIVES AND FIREWORKS) OF THE 2022 CALIFORNIA FIRE CODE AS SET FORTH IN ARTICLE II (FIRE CODE) OF CHAPTER 10 (FIRE PREVENTION AND PROTECTION) OF THE WEST COVINA MUNICIPAL CODE

COMMUNITY DEVELOPMENT

3) CONSIDERATION OF CONSTRUCTION SERVICES AGREEMENT FOR CORTEZ SENIOR & COMMUNITY CENTER ROOF AND HVAC IMPROVEMENTS - PROJECT NO. 24009

Carried 4-1 to: take the following actions:

1. Reject the bid submitted by MBC Enterprises, Inc. as non-responsive;
2. Award the Construction Services Agreement for the Cortez Park Senior & Community Center Roof and HVAC Improvements Project (Project No. 24009) to AC Pros, Inc. as the lowest responsible bidder;
3. Authorize the City Manager to negotiate and execute an agreement with AC Pros, Inc. for \$1,395,000.00, in such final form as approved by the City Attorney;
4. Authorize the City Manager to negotiate and execute any amendments up to 10% of the awarded agreement amount;
5. Find that the project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15302 (Replacement or Reconstruction).

END OF CONSENT CALENDAR

HEARINGS

PUBLIC HEARINGS

4) CONSIDERATION OF PROPOSED AMENDMENTS TO THE PROGRAM YEAR (PY) 2019 AND PY 2023 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ACTION PLANS

Public Comments in Favor

None

Public Comments Neither in Favor nor Opposed

None

Public Comments in Opposition

None

ACTION: Motion by Mayor Pro Tem Wu and Second by Councilwoman Diaz (Cantos: No), 4-1 to: approve the following:

1. Conduct a Public Hearing regarding the PY 2019 and PY 2023 CDBG Action Plans;
2. Approve the proposed amendment to the PY 2019 CDBG Action Plan;
3. Approve the proposed amendments to the PY 2023 CDBG Action Plan; and
4. Approve the following resolution:

RESOLUTION NO. 2024-07 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, ADOPTING A BUDGET AMENDMENT FOR THE

FISCAL YEAR COMMENCING JULY 1, 2023 AND ENDING JUNE 30, 2024 (PY 2019 AND PY 2023 CDBG AAP AMENDMENTS)

DEPARTMENTAL REGULAR MATTERS

FINANCE DEPARTMENT

5) PROPOSED FISCAL YEAR 2024-25 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGET

ACTION: Motion by Mayor Pro Tem Wu and Second by Councilwoman Lopez-Viado, 5-0 to: approve the following:

1. Receive and file the Proposed Fiscal Year 2024-25 Operating and Capital Improvement Program Budget;
2. Direct that the proposed budget be publicly disseminated, including at community budget workshops on May 8, 2024 and May 13, 2024; and
3. Schedule the budget for consideration at the June 4, 2024 City Council meeting.

6) CONSIDERATION OF CITY MANAGER EMPLOYMENT AGREEMENT WITH PAULINA MORALES

ACTION: Motion by Councilwoman Diaz and Second by Councilwoman Lopez-Viado, 5-0 to: approve the following:

1. Appoint Paulina Morales as the City Manager.
2. Approve the City Manager Employment Agreement with Paulina Morales.

MAYOR/COUNCILMEMBERS REPORTS

None

CITY COUNCIL REQUESTS FOR REPORTS, STUDIES OR INVESTIGATION

- Councilman Cantos requests to agenize the Brightview contract to the next meeting. Second by Councilwoman Diaz – no objection
- Councilman Cantos requests staff to work with businesses to return to opening condition. A report/presentation from staff on the efforts made to work with business, concerns business have and the next steps if business do not take care of the property – presentation by Code Enforcement. Second by Mayor Calderón Tabatabai – no objection
- Councilman Cantos requests a full RFP to manage the Sportsplex. Second by Mayor Calderón Tabatabai – A substitute motion by Mayor Pro Tem Wu – Postpone the RFP to have a presentation from new Deputy Director of Community Services within 3 months of hire on the status of the Sportsplex - Second by Councilwoman Diaz – No objection.

CITY COUNCIL COMMENTS

- Councilwoman Diaz wanted to thank staff for responding to request made regarding graffiti.

ADJOURNMENT

A motion to adjourn the Regular Meeting was made by Councilman, and the meeting was adjourned at 9:17 p.m. The next regularly scheduled Regular City Council Meeting will be held on Tuesday, May 21, 2024, at 7:00 p.m. in the Council Chambers, 1444 West Garvey Avenue South, West Covina, California.

Submitted by:

Lisa Sherrick
Assistant City Clerk

Brian Calderón Tabatabai
Mayor



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 21, 2024

TO: Mayor and City Council

FROM: Paulina Morales, City Manager

SUBJECT: CONSIDERATION OF FINAL PARCEL MAP NO. 83155
LOCATION: 2539 EAST GARVEY AVENUE NORTH
SUBDIVIDER: BENTLEY REAL ESTATE, LLC

RECOMMENDATION:

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

RESOLUTION NO. 2024-8 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, APPROVING FINAL PARCEL MAP NO. 83155 AT 2539 EAST GARVEY AVENUE NORTH

BACKGROUND:

On November 24, 2020, the Planning Commission adopted Resolution No. 20-6050 approving Tentative Parcel Map No. 20-04 (83155) (Attachment No. 3). Pursuant to the Subdivision Map Act and the City's Subdivision Regulations, a tentative map expires 24 months after its approval. The City's Subdivision Regulations permit up to three two-year extensions of time, provided that the application for an extension is filed prior to the expiration of the tentative map. The applicant/property owner did not file an application for an extension prior to the expiration of the 24-month period. Therefore, the tentative map expired on November 24, 2022.

The applicant resubmitted the tentative parcel map application on April 15, 2024. Tentative Parcel Map No. 24-01 was approved administratively. The approval letter is included as Attachment No. 4.

DISCUSSION:

The parcel map merges two parcels into one parcel as part of a new shopping center. The lot merger will be consistent with the General Plan Commercial land use designation as there are no changes to the nature of the existing proposed commercial use on site.

The owner has satisfied the conditions for approval of the parcel map. The map was reviewed by the City's Engineering Division and determined to comply with State law and to be technically correct. In accordance with Section 66458 of the California Government Code, the final map must now be approved or disapproved at the first City Council meeting at which it is received or at the next regular meeting. If no action is taken by the next regular meeting of the City Council, the map shall be deemed approved.

The recordation of the final map is dependent on the developer's actions. The developer needs to

arrange with Los Angeles County to pay for all present property taxes and bond for future property tax encumbrance.

LEGAL REVIEW:

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

Prepared by: Okan Demirci, PE, QSD/P

Fiscal Impact

FISCAL IMPACT:

The merging of two parcels into one parcel will create a suitable site for a proposed new shopping center. The new development will increase property values and ultimately increase property tax revenue for the City. The construction of this new development will also generate building permit revenue.

Attachments

Attachment No. 1 - Resolution No. 2024-8

Attachment No. 2 - Final Map No 83155

Attachment No. 3 - Resolution No. 20-6050

Attachment No. 4 - Tentative Parcel Map No. 24-01 Approval Letter

CITY COUNCIL GOALS & OBJECTIVES: A Well-Planned Community

RESOLUTION NO. 2024-8

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
WEST COVINA, CALIFORNIA, APPROVING FINAL
PARCEL MAP NO. 83155 LOCATED AT 2529 EAST
GARVEY AVENUE NORTH**

The City Council of the City of West Covina hereby finds and declares as follows:

WHEREAS, on April 29, 2024, the Deputy Community Development Director approved Tentative Parcel Map No. 83155; and

WHEREAS, the owner and subdivider has submitted to the City Council final Parcel Map No. 83155, which has been approved by the City Engineer.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WEST COVINA DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That the final lot merger map of Parcel Map No. 83155 has been submitted to the City Council and the same is hereby approved.

SECTION 2. That the proper officers of the City of West Covina are hereby authorized and instructed to execute said final map on behalf of the City.

SECTION 3. That Parcel Map No. 83155 is consistent with the General Plan of the City of West Covina.

SECTION 4. That Parcel Map No. 83155 will not unreasonably interfere with the free and complete exercise of public utilities.

SECTION 5. That the City Clerk shall certify to the adoption of this resolution.

SECTION 6. That the City Clerk shall transmit a certified copy of this resolution to utility companies.

APPROVED AND ADOPTED this 21st day of May, 2024.

Brian Calderón Tabatabai
Mayor

APPROVED AS TO FORM

ATTEST

Thomas P. Duarte
City Attorney

Lisa Sherrick
Assistant City Clerk

I, LISA SHERRICK, Assistant City Clerk of the City of West Covina, California, do hereby certify that the foregoing Resolution No. 2024-8 was duly adopted by the City Council of the City of West Covina, California, at a regular meeting thereof held on the 21st day of May, 2024, by the following vote of the City Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lisa Sherrick
Assistant City Clerk

1 PARCEL
3.68 ACRES

SHEET 1 OF 3 SHEETS

PARCEL MAP NO. 83155

IN THE CITY OF WEST COVINA
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

BEING A SUBDIVISION OF A PORTION OF LOT 8, BLOCK 27 OF THE PHILIPS TRACT, AS
PER MAP RECORDED IN BOOK 9, PAGES 3 AND 4 OF MISCELLANEOUS RECORDS,
TOGETHER WITH PARCEL 1 OF PARCEL MAP NO. 3924, FILED IN BOOK 45, PAGE 66,
OF PARCEL MAPS, BOTH IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.
PBLA SURVEYING, INC. MAY 2022

SUBDIVIDER'S STATEMENT

WE HEREBY STATE THAT WE ARE THE SUBDIVIDERS OF OR ARE INTERESTED IN THE LANDS
INCLUDED WITHIN THE SUBDIVISION SHOWN ON THIS MAP WITHIN THE DISTINCTIVE BORDER
LINES, AND WE CONSENT TO THE PREPARATION AND FILING OF SAID MAP AND
SUBDIVISION.

DIAMOND CITY SHOPPING CENTER LLC, A SINGLE MEMBER A CALIFORNIA LIMITED
LIABILITY COMPANY (SUBDIVIDERS)

BY: [Signature]
NAME: MOHAMMED TARIQ ALJASSEN
ITS: MANAGER

THE SIGNATURE OF FIRST CREDIT BANK, A CALIFORNIA BANKING CORPORATION, AS
BENEFICIARY UNDER A DEED OF TRUST RECORDED SEPTEMBER 14, 2021 AS INSTRUMENT
NO. 20211404529, OF OFFICIAL RECORDS.

BY: [Signature]
NAME: Mohammed Ghassemich
TITLE: The President
DATE: December 19, 2023

BY: _____
NAME: _____
TITLE: _____
DATE: _____

NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF
THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE
TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT

STATE OF CALIFORNIA }
COUNTY OF _____ }

ON December 15, 2023, BEFORE ME Kareem T. Alhassein, a
NOTARY PUBLIC, PERSONALLY APPEARED Mohammed Tariq
Aljassen

WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S)
WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME
THAT HE/SHE/IT/they EXECUTED THE SAME IN HIS/HER/their AUTHORIZED CAPACITY(IES), AND
THAT BY HIS/HER/their SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY
UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT
THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND AND OFFICIAL SEAL:

SIGNATURE [Signature]
NAME Kareem T. Alhassein

MY PRINCIPAL PLACE OF BUSINESS IS IN Los Angeles COUNTY
MY COMMISSION NO. 2431940
MY COMMISSION EXPIRES December 31, 2026

NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF
THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE
TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA }
COUNTY OF _____ }

ON December 15, 2023, BEFORE ME Kareem T. Alhassein, a
NOTARY PUBLIC, PERSONALLY APPEARED Kambiz Ghassemich

WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S)
WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME
THAT HE/SHE/IT/they EXECUTED THE SAME IN HIS/HER/their AUTHORIZED CAPACITY(IES), AND
THAT BY HIS/HER/their SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY
UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT
THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND AND OFFICIAL SEAL:

SIGNATURE [Signature]
NAME Kareem T. Alhassein

MY PRINCIPAL PLACE OF BUSINESS IS IN Los Angeles COUNTY
MY COMMISSION NO. 2431940
MY COMMISSION EXPIRES December 31, 2026

SIGNATURE OMISSIONS

THE SIGNATURES OF THE PARTIES NAMED HEREINAFTER AS OWNERS OF THE INTEREST SET
FORTH, HAVE BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436 (a)(3)(A)(i)-(viii) OF
THE SUBDIVISION MAP ACT AS THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE
AND SAID SIGNATURE IS NOT REQUIRED BY THE LOCAL AGENCY.

HEPNER WATER COMPANY, A CORPORATION, HOLDER OF AN EASEMENT FOR WATER CONDUITS
AND INCIDENTAL PURPOSES, RECORDED MARCH 19, 1914 IN BOOK 5715, PAGE 205, OF
DEEDS.

THE STATE OF CALIFORNIA, HOLDER OF AN EASEMENT FOR THE MAINTENANCE OF SLOPES,
CUTS, FALLS, DRAINAGE STRUCTURES, AND INCIDENTAL PURPOSES, RECORDED MAY 27, 1941 IN
BOOK 18392, PAGE 363, OF OFFICIAL RECORDS.

[THE EXACT LOCATION OF SAID EASEMENT CANNOT BE DETERMINED FROM SAID DOCUMENT]

AN EASEMENT IN FAVOR OF SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, FOR
PUBLIC UTILITIES AND INCIDENTAL PURPOSES, RECORDED FEBRUARY 16, 1968 AS INSTRUMENT
NO. 3093, OF OFFICIAL RECORDS.

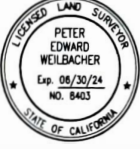
AN EASEMENT IN FAVOR OF GENERAL TELEPHONE COMPANY OF CALIFORNIA, A CORPORATION,
FOR PUBLIC UTILITIES AND INCIDENTAL PURPOSES, RECORDED FEBRUARY 26, 1968 AS
INSTRUMENT NO. 2262, OF OFFICIAL RECORDS.

AN EASEMENT IN FAVOR OF SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, FOR
PUBLIC UTILITIES AND INCIDENTAL PURPOSES, RECORDED AUGUST 23, 2021 AS INSTRUMENT
NO. 20211289383, OF OFFICIAL RECORDS.

SURVEYOR'S STATEMENT

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD
SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND
LOCAL ORDINANCE AT THE REQUEST OF DIAMOND CITY SHOPPING CENTER LLC, IN
MAY, 2022. I HEREBY STATE THAT THIS PARCEL MAP SUBSTANTIALLY CONFORMS TO THE
APPROVED OR CONDITIONALLY APPROVED TENTATIVE MAP THAT THE MONUMENTS ARE OF
THE CHARACTER AND OCCUPY THE POSITIONS SHOWN HEREON ARE IN PLACE. THAT SAID
MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED.

BY: [Signature] 12/04/2023
PETER E. WEILBACHER
P.L.S. NO. 8403
MY REGISTRATION EXPIRES 06/30/24



BASIS OF BEARINGS

THE BEARING OF NORTH 00°30'18" WEST, BEING THE CENTERLINE OF CITRUS STREET, AS SHOWN
ON PARCEL MAP NO. 15312, FILED IN BOOK 155, PAGES 66 AND 67, OF PARCEL MAPS,
RECORDS OF LOS ANGELES COUNTY, STATE OF CALIFORNIA, WAS USED AS THE BASIS OF
BEARINGS FOR THIS MAP.

CITY ENGINEER'S STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THIS MAP AND THAT IT CONFORMS SUBSTANTIALLY
TO THE TENTATIVE MAP AND ALL APPROVED ALTERATIONS THEREOF; THAT ALL THE
PROVISIONS OF LOCAL SUBDIVISION ORDINANCES OF THE CITY OF WEST COVINA
APPLICABLE AT THE TIME OF APPROVAL OF THE TENTATIVE MAP, HAVE BEEN COMPLIED
WITH, AND THAT ALL PROVISIONS OF THE SUBDIVISION MAP ACT 66442(a)(1)(2) AND (3)
HAVE BEEN COMPLIED WITH, AND THAT I AM SATISFIED THAT THIS MAP IS TECHNICALLY
CORRECT WITH RESPECT TO CITY RECORDS.

BY: [Signature] 12/21/23
DAVID B. RAGLAND, L.S. 5173
ON BEHALF OF THE CITY ENGINEER



CITY CLERK'S CERTIFICATE

I HEREBY CERTIFY THAT THE CITY COUNCIL OF THE CITY OF WEST COVINA, AT A MEETING
HELD ON THE _____ DAY OF _____, 202__, APPROVED THE ATTACHED MAP.

DATED THIS _____ DAY OF _____, 202__.

CITY CLERK, CITY OF WEST COVINA

SPECIAL ASSESSMENT CERTIFICATE

I HEREBY STATE THAT ALL SPECIAL ASSESSMENTS LEVIED UNDER THE JURISDICTION OF THE
CITY OF VERNON, TO WHICH THE LAND INCLUDED IN THE WITHIN SUBDIVISION OR ANY PART
THEREON IS SUBJECT, AND MAY BE PAID IN FULL, HAVE BEEN PAID IN FULL.

DATED THIS _____ DAY OF _____, 202__.

CITY TREASURER, CITY OF WEST COVINA

I HEREBY CERTIFY THAT ALL CERTIFICATIONS HAVE BEEN FILED AND DEPOSITS
HAVE BEEN MADE THAT ARE REQUIRED UNDER THE PROVISIONS OF
SECTIONS 66492 AND 66493 OF THE SUBDIVISION MAP ACT.

EXECUTIVE OFFICER, BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

BY _____ DEPUTY _____ DATE _____

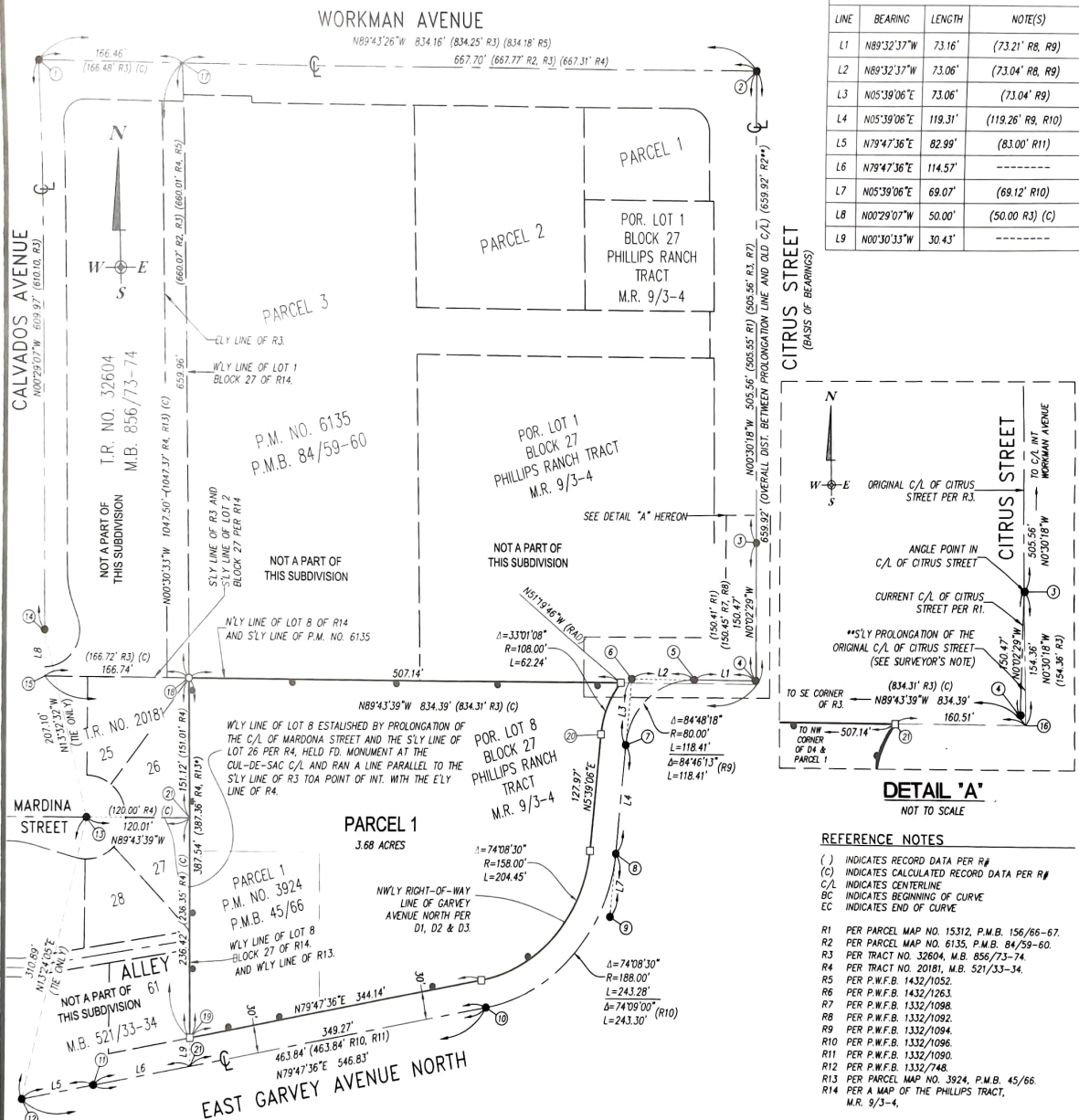
I HEREBY CERTIFY THAT SECURITY IN THE AMOUNT OF _____
HAS BEEN FILED WITH THE EXECUTIVE OFFICER, BOARD OF SUPERVISORS
OF THE COUNTY OF LOS ANGELES AS SECURITY FOR THE PAYMENT OF
TAXES AND SPECIAL ASSESSMENTS COLLECTED AS TAXES ON THE LAND
SHOWN ON MAP OF PARCEL NO. 83466 AS REQUIRED BY LAW.

EXECUTIVE OFFICER, BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

BY _____ DEPUTY _____ DATE _____

PARCEL MAP NO. 83155

IN THE CITY OF WEST COVINA
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA



LEGEND

- MONUMENT FOUND AS NOTED.
- 1" IRON PIPE WITH TAG "P.L.S. 8403" TO BE SET, 6" DOWN.
- LEAD AND TACK WITH TAG STAMPED "P.L.S. 8403" TO BE SET IN CONCRETE.

MONUMENT AND ESTABLISHMENT NOTES:

- FOUND NAIL FLUSH IN ASPHALT, ACCEPTED AS THE C/L INTERSECTION PER R5.
- FOUND SANITARY SEWER MANHOLE RIM WITH FOUR (4) PUNCHES AND TIES, ACCEPTED AS THE C/L INTERSECTION PER R6.
- FOUND GEAR SPIKE AND WASHER STAMPED "CALTRANS" FLUSH IN ASPHALT, ACCEPTED AS THE ANGLE POINT IN THE C/L OF CITRUS STREET PER R7 AND R8.
- FOUND GEAR SPIKE AND WASHER STAMPED "CALTRANS" FLUSH IN ASPHALT, ACCEPTED AS THE C/L INTERSECTION PER R7 AND R8.
- FOUND GEAR SPIKE AND WASHER STAMPED "CALTRANS" FLUSH IN ASPHALT, ACCEPTED AS THE BC/EC C/L PER R8 AND R9.
- FOUND LEAD TACK AND TAG STAMPED "CALTRANS" FLUSH IN CONCRETE, ACCEPTED AS THE P.I. C/L PER R9.
- FOUND GEAR SPIKE AND WASHER STAMPED "CALTRANS" FLUSH IN ASPHALT, ACCEPTED AS THE BC/EC C/L PER R9.
- FOUND GEAR SPIKE AND WASHER STAMPED "CALTRANS" FLUSH IN ASPHALT, ACCEPTED AS THE BC/EC C/L PER R10.
- FOUND LEAD TACK AND TAG STAMPED "LA CO DPW" FLUSH IN CURB, ACCEPTED AS A POINT ON THE SW'LY PROLONGATION OF THE TANGENT LINE PER R10.
- FOUND GEAR SPIKE AND WASHER STAMPED "CALTRANS" FLUSH IN ASPHALT, ACCEPTED AS THE BC/EC C/L PER R10.

MONUMENT AND ESTABLISHMENT NOTES:

- FOUND GEAR SPIKE AND WASHER STAMPED "CALTRANS" FLUSH IN ASPHALT ACCEPTED AS THE BC/EC C/L PER R11.
- FOUND GEAR SPIKE AND WASHER STAMPED "CALTRANS" FLUSH IN ASPHALT, ACCEPTED AS THE P.I. C/L PER R11.
- FOUND SPIKE WITH NO TAG, DOWN 0.2' IN ASPHALT, ACCEPTED AS THE CUL-DE-SAC C/L OF MARDINA STREET PER R12.
- FOUND SPIKE AND WASHER "R.C.E. 21687" FLUSH IN ASPHALT, ACCEPTED AS THE CUL-DE-SAC C/L OF CALVADOS AVENUE PER R3.
- NOTHING FOUND, POINT ON THE S'LY LINE ESTAB. BY A S'LY PROLONGATION OF THE C/L OF CALVADOS AVENUE BY AN OVERALL DISTANCE OF 50.00 FT. (40.00 FT. RECORD DISTANCE FOR THE CUL-DE-SAC RADIUS + 10.00 FT. RECORD DISTANCE FOR THE W'LY LINE OF LOT 12) PER R3, NOTHING SET.
- NOTHING FOUND, POSITION ESTABLISHED BY A S'LY PROLONGATION OF THE C/L OF CITRUS STREET (BETWEEN MONUMENT NOS. 2 AND 3) AT A RECORD LENGTH OF 154.36 FT. PER R3, NOTHING SET.
- NW CORNER OF LOT 1, BLOCK 27 OF R13, NOTHING FOUND, ESTABLISHED BY PROLONGATION ALONG THE C/L OF WORKMAN STREET (BETWEEN MONUMENT NOS. 1 AND 2) PER R3.
- NW CORNER OF LOT 8, BLOCK 27 OF R13 AND D4, NOTHING FOUND, ESTABLISHED BY PROLONGATION BETWEEN MONUMENT NOS. 15 AND 16 PER R3, SET MONUMENT AS NOTED.
- SW CORNER OF R14 AND D4, NOTHING FOUND, ESTABLISHED BY INTERSECTION BETWEEN THE S'LY PROLONGATION OF THE W'LY LINE OF LOT 1, BLOCK 27 OF THE PHILLIPS TRACT WITH THE NW'LY LINE OF E. GARVEY AVENUE NORTH (FRONTAGE ROAD PER R11), SET MONUMENT AS NOTED.
- FOUND LEAD TACK AND TAG "P.L.S. 8956" FLUSH IN CURB, NO REFERENCE, S77°25'53"E 0.82' FROM THE BC/EC RIGHT-OF-WAY LINE PER D1, NOT HELD, ESTABLISHED BY RECORD DISTANCE OF 127.97 FT. PER D1, SET MONUMENT AS NOTED.
- NOTHING FOUND, ESTABLISHED BY INTERSECTION.

- PER A GRANT DEED TO THE STATE OF CALIFORNIA REC. 05/27/1941 IN BOOK 18392 PAGE 363, O.R.
- PER A DIRECTOR'S DEED REC. 06/06/1973 AS INST. NO. 2153, O.R.
- PER A GRANT DEED TO THE STATE OF CALIFORNIA REC. 01/17/1955 IN BOOK 16655 PAGE 344, O.R.
- PER A GRANT DEED REC. 08/05/2021 AS INST. NO. 20211300980, O.R.

EXISTING EASEMENTS

SEE SHEET 3.

SURVEYOR'S NOTE

- PARCEL MAP NO. 3924 HAS AN ERRONEOUS CALL OF 864.50 FT. BETWEEN THE NW CORNER OF PARCEL 1 AND THE NW CORNER OF LOT 1. THE NUMBER APPEARS TO BE INVERTED. IT IS THE SURVEYOR'S BELIEF THAT THE ACTUAL CALL SHOULD BE 846.50 FT., WHICH HARMONIZES WITH THE OVERALL DISTANCE OF 1047.37 FT. PER R4 AND R13 (846.50 FT. + 200.87 FT. = 1047.37 FT.).

** THE CENTERLINE OF CITRUS STREET WENT THROUGH A REALIGNMENT WHICH CREATED AN ANGLE POINT IN SAID CENTERLINE (SEE DETAIL "A"). THE PREVIOUS MAPS (R2 THROUGH R4) SHOW THE CENTERLINE AS A STRAIGHT LINE BETWEEN THE CENTERLINE INT. OF WORKMAN AVENUE AND THE E'LY PROLONGATION OF THE S'LY LINES OF LOT 1 AND R3. FOR THE PURPOSES OF REESTABLISHMENT OF SAID S'LY LINES, WE USED THE BEARING (ESTAB. BETWEEN MONUMENT NOS. 2 AND 3) AND RAN A S'LY PROLONGATION FROM SAID ANGLE POINT AT RECORD DISTANCE OF 154.36 FT. (SEE DETAIL "A") PER R3.

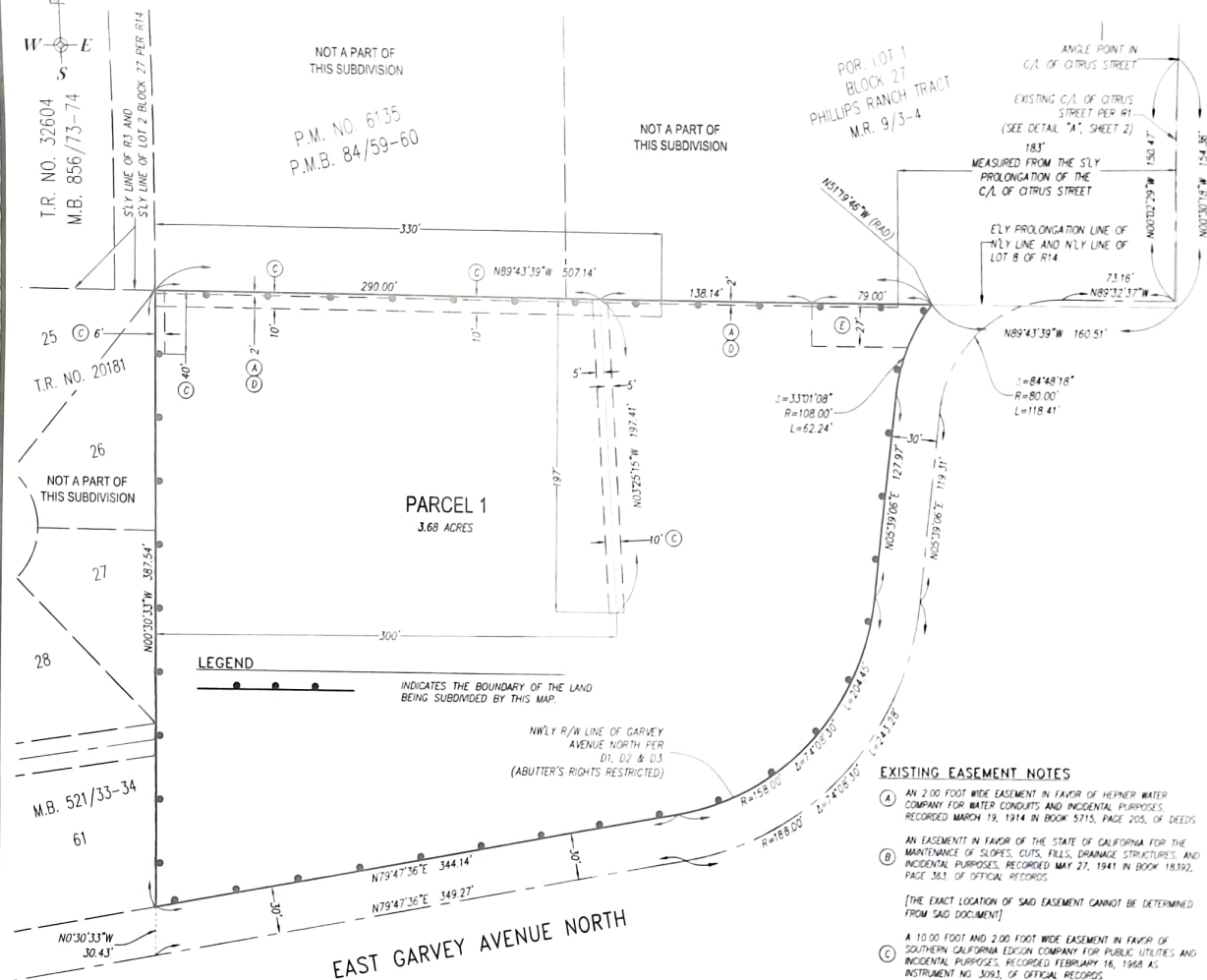
SCALE: 1" = 50'

PARCEL MAP NO. 83155

SHEET 3 OF 3 SHEETS

IN THE CITY OF WEST COVINA
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

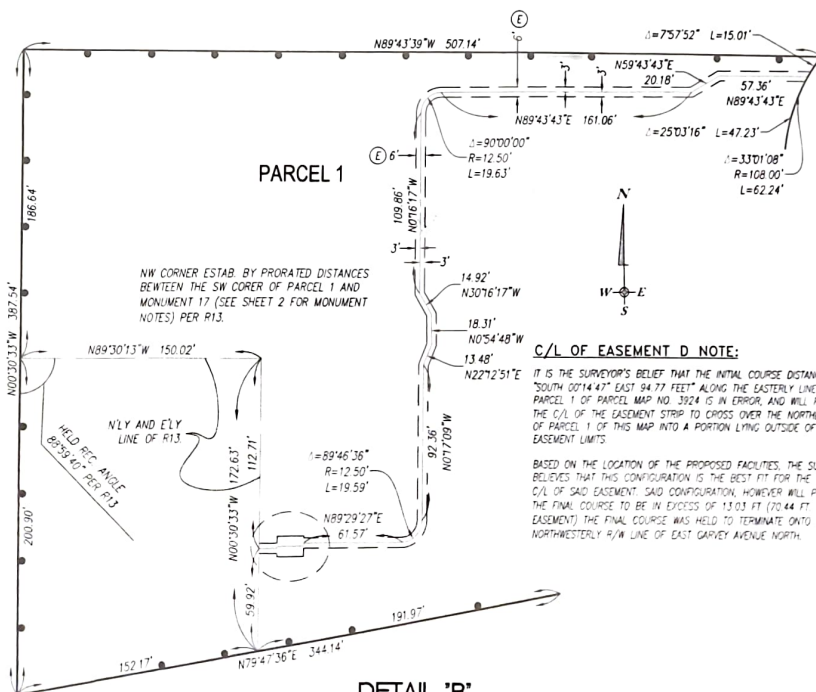
EXISTING EASEMENTS



EXISTING EASEMENT NOTES

- (A) AN 8.00 FOOT WIDE EASEMENT IN FAVOR OF HETNER WATER COMPANY FOR WATER CONDUITS AND INCIDENTAL PURPOSES, RECORDED MARCH 19, 1914 IN BOOK 5715, PAGE 205, OF DEEDS.
- (B) AN EASEMENT IN FAVOR OF THE STATE OF CALIFORNIA FOR THE MAINTENANCE OF SLOPES, CUTS, FILLS, DRAINAGE STRUCTURES AND INCIDENTAL PURPOSES, RECORDED MAY 27, 1941 IN BOOK 18392, PAGE 363, OF OFFICIAL RECORDS.
- (C) [THE EXACT LOCATION OF SAID EASEMENT CANNOT BE DETERMINED FROM SAID DOCUMENT]
- (D) A 10.00 FOOT AND 2.00 FOOT WIDE EASEMENT IN FAVOR OF SOUTHERN CALIFORNIA EDISON COMPANY FOR PUBLIC UTILITIES AND INCIDENTAL PURPOSES, RECORDED FEBRUARY 16, 1968 AS INSTRUMENT NO. 3093, OF OFFICIAL RECORDS.
- (E) A 2.00 FOOT WIDE EASEMENT IN FAVOR OF GENERAL TELEPHONE COMPANY OF CALIFORNIA FOR PUBLIC UTILITIES AND INCIDENTAL PURPOSES, RECORDED FEBRUARY 26, 1968 AS INSTRUMENT NO. 2262, OF OFFICIAL RECORDS.
- (F) A 27.00 FOOT, 6.00 FOOT AND 12.00 FOOT WIDE EASEMENT IN FAVOR OF SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, FOR PUBLIC UTILITIES AND INCIDENTAL PURPOSES, RECORDED AUGUST 23, 2021 AS INSTRUMENT NO. 20211289363, OF OFFICIAL RECORDS.

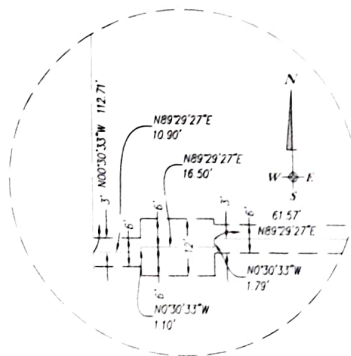
[SEE DETAILS "B" AND "C" FOR THE ESTABLISHMENT OF THE 6.00 FOOT AND 12.00 FOOT WIDE EASEMENT HEREON]



C/L OF EASEMENT D NOTE:

IT IS THE SURVEYOR'S BELIEF THAT THE INITIAL COURSE DISTANCE OF "SOUTH 02°14'47" EAST 94.77 FEET" ALONG THE EASTERLY LINE OF PARCEL 1 OF PARCEL MAP NO. 3924 IS IN ERROR AND WILL RESULT IN THE C/L OF THE EASEMENT STRIP TO CROSS OVER THE NORTHERLY LINE OF PARCEL 1 OF THIS MAP INTO A PORTION LYING OUTSIDE OF THE EASEMENT LIMITS.

BASED ON THE LOCATION OF THE PROPOSED FACILITIES, THE SURVEYOR BELIEVES THAT THIS CONFIGURATION IS THE BEST FIT FOR THE EXISTING C/L OF SAID EASEMENT. SAID CONFIGURATION, HOWEVER, WILL PLACE THE FINAL COURSE TO BE IN EXCESS OF 13.03 FT (70.44 FT. PER SAID EASEMENT). THE FINAL COURSE WAS HELD TO TERMINATE ONTO THE NORTHWESTERLY R/W LINE OF EAST GARVEY AVENUE NORTH.



PLANNING COMMISSION

RESOLUTION NO. 20-6050

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF WEST COVINA,
CALIFORNIA, APPROVING TENTATIVE PARCEL MAP NO. 20-04**

TENTATIVE PARCEL MAP NO. 20-04 (83155)

MITIGATED NEGATIVE DECLARATION OF ENVIRONMENTAL IMPACT

APPLICANT: Jeff Tuck for Bentley Real Estate LLC

LOCATION: 2505/2539 E Garvey Avenue North

WHEREAS, there was filed with this City, a verified application on the forms prescribed in Chapter 26, Article VI of the West Covina Municipal Code, requesting approval of a Tentative Parcel Map to:

Merge two existing parcels into one parcel on that certain property described as:

Assessor's Parcel No. 8453-015-030, and 8453-015-020 in the records of the Los Angeles County Assessor; and

WHEREAS, the Planning Commission upon giving the required notice did on the 2nd day of November 2020, conduct a duly advertised public hearing as prescribed by law to consider said application.

WHEREAS, a Tentative Parcel Map to merge two parcels into one parcel; and

WHEREAS, studies and investigations made by this Commission and in its behalf reveal the following facts:

1. The applicant is requesting approval of a Tentative Parcel Map to allow for the merging of two parcels into one parcel as part of a new shopping center.
2. Appropriate findings for approval of a Tentative Parcel Map are as follows:
 - a. That the proposed map is consistent with the general and any applicable adopted specific plans.

- b. That the design or improvement of the proposed subdivision is consistent with the general and applicable adopted specific plans.
 - c. That the site is physically suitable for the type of development.
 - d. That the site is physically suitable for the proposed density of development.
 - e. That the design of the subdivision or the proposed improvements are not likely to cause substantial environmental damage or substantially and avoidably injure fish, wildlife or their habitat.
 - f. Neither the design of the subdivision nor the type of improvements are likely to cause serious public health problems.
 - g. The design of the subdivision or the type of improvements will either (i) not conflict with recorded or adjudged easements, acquired by the public at large, for access through or use of, property within the proposed subdivision; or (ii) alternate easements, for access or for use, will be provided, and these will be substantially equivalent to ones previously acquired by the public.
3. Pursuant to the requirements of the California Environmental Quality Act (CEQA) of 1970, a MITIGATED NEGATIVE DECLARATION OF ENVIRONMENTAL IMPACT has been prepared indicating that although the project could have a significant effect on the environment, there will not be a significant effect due to mitigating measures.

NOW, THEREFORE, the Planning Commission of the City of West Covina does resolve as follows:

- 1. On the basis of the evidence presented, both oral and documentary, the Planning Commission makes the following findings:
 - a. The proposed map is consistent with the "Commercial" land use designation of the West Covina General Plan. The proposed subdivision will not change the commercial use of the site.
 - b. The project site is not located within any specific plan. The parcel map would join two lots into one. The lot merger will be consistent with the General Plan Commercial land use designation as there are no changes to the nature of the existing proposed commercial use on site.
 - c. The lot merger would create a suitable site for the proposed shopping center. The proposed shopping center would comply with all applicable development standards of the West Covina Municipal Code.

- d. The density of the development will increase and further environmental review has determined that the site is suitable for the 47,000 square foot commercial center.
 - e. The site consists of two parcels. Parcel 1 is 131,598 square feet and Parcel 2 is 28,726 square feet in size. Both parcels have been developed previously and there are no known endangered, threatened or rare species or habitats, or designated natural communities, wetlands habitat, or wildlife dispersal or mitigation corridors on site. Any potential environmental factors have been reviewed and mitigated through a Mitigated Negative Declaration.
 - f. The lot will have access to public sanitary sewer system for the removal and disposal of wastewater, and to other necessary utility services. The site will be developed in accordance with the standards of the Engineering Division, the West Covina Municipal Code, and other applicable requirements.
 - g. There are no known easements on the property that would be affected by implementation of the proposed project.
2. That pursuant to all of the evidence presented, both oral and documentary, and further based on the findings above, Tentative Parcel Map No. 20-04 is approved subject to the provisions of the West Covina Municipal Code, provided that the physical development of the herein described property shall conform to said plan and the conditions set forth herein which, except as otherwise expressly indicated, shall be fully performed and completed or shall be secured by bank or cash deposit satisfactory to the Planning Director, before the use or occupancy of the property is commenced and before the Certificate of Occupancy is issued.
3. That the Tentative Parcel Map shall not be effective for any purpose until the applicant (or a duly authorized representative) has filed at the office of the Planning Director, his affidavit stating he is aware of, and accepts, all conditions of this Tentative Parcel Map as set forth below. Additionally, no permits shall be issued until the applicant (or a duly authorized representative) pays all costs associated with the processing of this application pursuant to City Council Resolution No. 8690.
4. The costs and expenses of any enforcement activities, including, but not limited to attorneys' fees, caused by the applicant's violation of any condition imposed by this approval or any provision of the West Covina Municipal Code shall be paid by the applicant.
5. That the approval of the Tentative Parcel Map is subject to the following conditions:

Planning Division

- a) Comply with tentative parcel map reviewed by the Planning Commission on November 24, 2020.

- b) These conditions of approval shall be printed on or attached to the working drawings submitted to the Building Division and Engineering Division for approval.
- c) That the project complies with all requirements of the “Commercial” Zone and all other applicable standards of the West Covina Municipal Code.
- d) That any proposed change to the approved tentative parcel map shall be reviewed by the Planning, Public Works, Fire and Police Departments, and the written authorization of the Community Development Director shall be obtained prior to implementation.
- e) Recordation of Final Parcel Map with the Los Angeles County Recorder shall be required prior to issuance of building permits.
- f) The proposed subdivision shall conform to West Covina Municipal Code Chapter 20 - Subdivisions.
- g) The applicant shall sign an affidavit accepting all conditions of this approval.
- h) This Tentative Parcel Map approval shall become null and void if the Final Map is not recorded within two (2) years of the date of this approval.
- i) All outstanding fees and any required development impact fees shall be paid prior to the issuance of a building permit.

BUILDING DIVISION

- a) All Conditions of Approval as approved by the Planning Commission shall appear as notes on the plans submitted for building plan check and permits.
- b) Building design shall comply with the 2020 County of Los Angeles Building Codes and 2019 California Energy and Green Building Standards Codes. Plans shall be submitted for plan check and required permits shall be obtained from the Building & Safety Division prior to start of construction.
- c) Separate application(s), plan check(s), and permit(s) is/are required for:
 - a. Tenant Improvements
 - b. Grading (*see Engineering Division for requirements*)
 - c. Demolition work
 - d. Retaining walls (*see Engineering Division for requirements*)
 - e. Required masonry or concrete perimeter walls or trash enclosures
 - f. Signs
 - g. Fire sprinkler/Alarm systems (*see Fire Department Prevention Bureau for requirements*)
 - h. Plumbing
 - i. Mechanical
 - j. Electrical

- d) Separate plumbing, mechanical and electrical plan check will be required.
- e) A soils and geology report is required to address the potential for and the mitigation measures of any seismic induced landslide/liquefaction. Soils report shall address foundation design and site preparation requirements.
- f) All new on-site utility service lines shall be placed underground. All relocated on-site utility service lines shall be underground when the cost or square footage of an addition or alteration exceeds 50% of the existing value or area. WCMC 23-273.
- g) The building sanitary system shall be connected to a public sewer. A separate permit shall be obtained from the Engineering Division for any work within the public right-of-way.
- h) Proof of payment of Sanitation District connection fee or waiver is required. Please contact (562) 699-7411, Ext 2727 for additional information.
- i) Proof of payment of School Development Fees required prior to permit issuance.
- j) Los Angeles County Health Department approval is required for restaurant/kitchen/other food services. - Phone (626) 430-5560.
- k) Sanitation District Industrial Waste approval is required for all food related establishments. Please contact (562) 699-7411, Ext 2900 for additional information.
- l) Grease interceptor will be required for restaurant/commercial kitchen establishments.
- m) Type 1 grease hood required for commercial kitchens.
- n) Compliance with the State of California Accessibility regulations is required.
- o) West Covina Municipal Code requires fire sprinklers for the projects listed below except for open garages as defined by the California Building Code. WCMC § 7-18.13.
 - a. In all new buildings with floor areas of 5,000 S/F or more. WCMC § 7-18.13.1.
- p) Total plumbing fixtures required shall be determined by the 2020 Los Angeles County Plumbing Code (CPC).
- q) New construction, alteration or repair to required masonry or concrete perimeter walls or trash enclosures shall be completed with a valid building permit.
- r) A Prior to issuance of building permits, the applicant shall submit and obtain approval for a Waste Management Plan (WMP) for Construction and Demolition providing:
 - a. Estimated volume or weight of materials that can be reused or recycled.
 - b. Estimated maximum volume or weight of materials that can be reused or recycled
 - c. Identify the vendor or facility that the applicant proposes to use to collect and receive the materials.

- d. Estimated volume of waste materials that will be landfilled.
 - e. Identify any special or specific activities that will be used to comply with the Recycling and Disposal requirements.
 - f. Submit Security Deposit.
- s) Prior to final inspection and approvals, the applicant shall submit documentation and obtain approval from the WMP Compliance Official showing that the Waste Diversion Requirement has been met, and shall include the following information:
- a. Receipts from the vendor and/or facility that collected and received each material, showing the actual volume or weight of that material.
 - b. A copy of the previously approved WMP for the project adding the actual volume or weight of each material diverted or disposed of at a landfill.
 - c. Security Deposit will not be returned until this has been accomplished
 - d. Any additional information the applicant believes is relevant to assist in making the determination that the necessary efforts to comply have been achieved.
- t) All work shall be completed with a valid permit and in accordance with applicable Building Regulations. Final building inspection and approvals shall be completed prior to the occupancy of the building.

DESIGN CONSIDERATIONS

- 1. Accessible path of travel to all proposed buildings on the site is required.
- 2. Plan shows 11 accessible parking spaces. A minimum of 2 van accessible spaces will be required. (Ratio is 1 per 6 accessible spaces) See CBC 11B-208.2.4 & Table 11B-208.2
- 3. Clean air designated parking spaces and Electric Vehicle charging station spaces are required per 2019 California Green Building Standards Code (Section 5.106.5.2 and Table 5.106.5.2
- 4. Long-term and short-term bicycle parking facilities will be required per 2019 California Green Building Standards Code (Section 5.106.4)

ENGINEERING DIVISION

- a) Sanitary sewers shall be provided to each "lot" in compliance with Municipal Code Chapter 23, Article 2, and to the satisfaction of the City Engineer.
- b) The required street improvements shall include that portion of Garvey Avenue North contiguous to subject property.
 - a) All existing concrete driveway approaches and wheelchair ramps shall be removed (if required) and reconstructed to meet current ADA requirements.

- b) All damaged concrete curbs, gutters, sidewalk, etc., shall be removed and reconstruct per City standard.
- c) The developer shall either pay an in-lieu fee of \$25,000 prior to the issuance of building permits or provide street rehabilitation (grind 2" of existing pavement and pave) work up to centerline of all streets contiguous to subject property.
- d) Full-width sidewalks shall be maintained along Garvey Avenue North adjacent to curb and new street trees with tree well shall be installed adjacent to curb with irrigation.
- e) Adequate provision shall be made for acceptance and disposal of surface drainage entering the property from adjacent areas.
- f) Parking lot and driveway improvements on private property for this use shall comply with Planning Commission Resolution No. 2513 and be constructed to the City of West Covina Standards.
- g) Water service facilities shall be constructed to at least meet the requirements for fire flow established by the City's Fire Department and the requirements of the subsequent water purveyor/owner of the facilities.
- h) Prior to issuance of Building Permit, all of the following requirements shall be satisfied:
 - a) A final grading and drainage plan showing existing and proposed elevations and drainage structures (and showing existing and proposed on-site and off-site improvements) shall be submitted to and approved by the Planning Department and Engineering Division.
 - b) A parking lot lighting plan showing electrolier types and locations, average illumination levels, points of minimum illumination and photometric data in conformance with Planning Commission Resolution No. 2513 and as requested shall be submitted to and approved by the City Engineer.
 - c) An itemized cost estimate for all on-site and off-site improvements to be constructed (except buildings) shall be submitted to the Engineering Division for approval. Based upon the approved cost estimates, required fees shall be paid and improvement securities for all on-site and off-site improvements (except buildings) and 100% labor/material securities for all off-site improvements, shall be posted prior to final approval of the plans.
 - d) A soil erosion and sediment control plan shall be submitted to and approved by the Planning Department and Engineering Division.
- i) Comply with all regulations of the Los Angeles Regional Water Quality Control Board and Article II of Chapter 9 of the West Covina Municipal Code concerning Stormwater/Urban Run-off Pollution control.

- j) Any development over one acre of disturbed land shall file a Notice of Intent (NOI) and obtain a permit from the State Regional Water Quality Board.
- k) Provide detailed Standard Urban Stormwater Mitigation Plan (SUSMP) to incorporate any best management practices to prevent pollution, trash, Litter, etc. from entering any storm drain, channel, or waterway.
- l) Parcel merger may be required. It appears that a proposed structure is over a lot line. The proposed subdivision shall conform to West Covina Municipal Code Chapter 20 - Subdivisions.
- m) Conduct sewer capacity study of existing sewer facilities to serve proposed development.

POLICE DEPARTMENT

1. A CCTV System would assist the Police Department in identifying suspects. The recommended minimum requirement are as follows:
 - a. 960H (960 x 480) recording resolution
 - b. H.264 video compression
 - c. Real-time recording 30 fbs per channel @ 960 resolution
 - d. 2048-bit rate
 - e. 1 TB hard disk drive at a minimum and larger if the number of cameras require more storage to meet the 30-day storage minimum
 - f. Fixed cameras with complete coverage of areas that do not infringe on the privacy of patrons, PTZ (pan, tilt, zoom) optional
 - g. Recordings preserved for a minimum of 30 days (30-day loop minimum)
 - h. DVR must contain a USB port for police department personnel to easily access system and download video

FIRE DEPARTMENT

1. NFPA 13D/13R/13 Fire Sprinkler System
2. NFPA 72 – Fire Alarm/Fire Sprinkler Monitoring System
3. NFPA 17/17A Dry/Wet Chemical Extinguishing System
4. NFPA 10 – Portable Fire Extinguishers
5. New Fire Flow Test Required
6. Required Fire Flow
 - Required Fire Flow based on Type V-B construction:
 - 7,500 SF Building (If detached or separate system)
 - 1000 GPM @ 20 PSI for 2 hours

- 35,000 SF Building (If detached or separate system)
- 1250 GPM @ 20 PSI for 2 hours
- 42,500 SF Building (If both units under one system)
- 1500 GPM @ 20 PSI for 2 hours
- 4,500 SF Building (detached)
- 1000 GPM @ 20 PSI for 2 hours

7. Ensure 1 fire hydrant within 250 feet of the property line.

8. Provide 20-foot Fire Apparatus Access Road

NOTE: **Additional Fire Department Requirements may be set upon future review of a full set of architectural plans.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Planning Commission of the City of West Covina, at a regular meeting held on the 24th day of November, 2020, by the following vote:

AYES: HOLTZ, KENNEDY, JAQUEZ, REDHOLTZ

NOES: HENG

ABSENT: NONE

ABSTAIN: NONE

DATE: November 24, 2020

EXPIRATION DATE: November 24, 2022 if not used.


Shenna Heng, Chairperson
Planning Commission


Mark Persico, Secretary
Planning Commission



April 29, 2024

Jeff Tuck
1900 E. Garvey Avenue South
West Covina CA 91791

**RE: Approval of Tentative Parcel Map No. 24-01 (083155)
2539 E. Garvey Avenue North**

Dear Mr. Tuck:

The West Covina Planning Division has reviewed your application for Tentative Parcel Map No. 24-01, to merge two existing parcels into one parcel. The project is considered to be categorically exempt, pursuant to Section 15315 (Class 15, Minor Land Divisions) of the California Environmental Quality Act (CEQA), as the project involves land division resulting in four (4) or fewer lots, the site was not previously subdivided from a larger lot within the last two-years, the average slope of the lot does not exceed 20-percent, the site is accessible from a public street, the site has access to utility services, and the development of the site complies with the General Plan and Zoning Code. In accordance with the Subdivision Map Act, the Community Development Director has approved Tentative Parcel Map No. 24-01 (083155), subject to the following conditions:

- a. The project shall comply with the plans reviewed and approved by the Community Development Director on April 29, 2024.
- b. The project shall comply with all requirements of the "Commercial" Zone and all other applicable standards of the West Covina Municipal Code.
- c. The conditions of approval shall be printed on or attached to the working plans submitted to the Building and Engineering Divisions for approval.
- d. The approved use shall not create a public nuisance as defined under Section 15-200 of the West Covina Municipal Code.
- e. Any proposed changes to the approved Tentative Parcel Map shall be reviewed by the Planning Division, Building Division, Engineering Division and the Fire Department, and the written authorization of the Community Development Director shall be obtained prior to implementation.
- f. Recordation of the Final Parcel Map with the Los Angeles County Recorder's office shall be required prior to final approval.

- g. The proposed subdivision shall conform to the West Covina Municipal Code Chapter 26, Article VIII – Subdivision Regulations.
- h. Any future development(s) to either lot shall comply with the current West Covina Municipal Code standards.
- i. The applicant shall sign an affidavit accepting all conditions of approval.
- j. This approval shall become null and void if the Final Map is not recorded within two (2) years of the date of this approval, unless an extension is granted.

ENGINEERING DIVISION:

The following are Public Works conditions and shall be incorporated into submittal plans, show the conditions on site plans and on grading plans (No handwritten notes, stickers, etc. shall be accepted):

- a. Sanitary sewers shall be provided to each "lot" in compliance with Municipal Code Chapter 23, Article 2, and to the satisfaction of the City Engineer.
- b. The required street improvements shall include that portion of Garvey Avenue North contiguous to subject property.
 - i. All existing concrete driveway approaches and wheelchair ramps shall be removed (if required) and reconstructed to meet current ADA requirements.
 - ii. All damaged concrete curbs, gutters, sidewalk, etc., shall be removed and reconstruct per City standard.
- c. The developer shall either pay an in-lieu fee of \$25,000 prior to the issuance of building permits or provide street rehabilitation (grind 2" of existing pavement and pave) work up to centerline of all streets contiguous to subject property.
- d. Full-width sidewalks shall be maintained along Garvey Avenue North adjacent to curb and new street trees with tree well shall be installed adjacent to curb with irrigation.
- e. Adequate provision shall be made for acceptance and disposal of surface drainage entering the property from adjacent areas.
- f. Parking lot and driveway improvements on private property for this use shall comply with Planning Commission Resolution No. 2513 and be constructed to the City of West Covina Standards.
- g. Water service facilities shall be constructed to at least meet the requirements for fire flow established by the City's Fire Department and the requirements of the subsequent water purveyor/owner of the facilities.
- h. Prior to issuance of Building Permit, all of the following requirements shall be satisfied:

- i. A final grading and drainage plan showing existing and proposed elevations and drainage structures (and showing existing and proposed on-site and off-site improvements) shall be submitted to and approved by the Planning Department and Engineering Division.
 - ii. A parking lot lighting plan showing electrolier types and locations, average illumination levels, points of minimum illumination and photometric data in conformance with Planning Commission Resolution No. 2513 and as requested shall be submitted to and approved by the City Engineer.
 - iii. An itemized cost estimate for all on-site and off-site improvements to be constructed (except buildings) shall be submitted to the Engineering Division for approval. Based upon the approved cost estimates, required fees shall be paid and improvement securities for all on-site and off-site improvements (except buildings) and 100% labor/material securities for all off-site improvements, shall be posted prior to final approval of the plans.
 - iv. A soil erosion and sediment control plan shall be submitted to and approved by the Planning Department and Engineering Division.
- i. Comply with all regulations of the Los Angeles Regional Water Quality Control Board and Article II of Chapter 9 of the West Covina Municipal Code concerning Stormwater/Urban Run-off Pollution control.
 - j. Any development over one acre of disturbed land shall file a Notice of Intent (NOI) and obtain a permit from the State Regional Water Quality Board.
 - k. Provide detailed Standard Urban Stormwater Mitigation Plan (SUSMP) to incorporate any best management practices to prevent pollution, trash, Litter, etc. from entering any storm drain, channel, or waterway.
 - l. Parcel merger may be required. It appears that a proposed structure is over a lot line. The proposed subdivision shall conform to West Covina Municipal Code Chapter 20 - Subdivisions.
 - m. Conduct sewer capacity study of existing sewer facilities to serve proposed development.

FIRE DEPARTMENT:

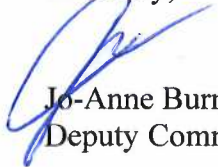
Based on the preliminary information received, the Fire Department requirements* for the above-noted projects are as follows:

- a. NFPA 13D/13R/13 Fire Sprinkler System
- b. NFPA 72 – Fire Alarm/Fire Sprinkler Monitoring System
- c. NFPA 17/17A Dry/Wet Chemical Extinguishing System
- d. NFPA 10 – Portable Fire Extinguishers

- e. New Fire Flow Test Required
- f. Required Fire Flow. Required Fire Flow based on Type V-B construction:
 - i. 7,500 SF Building (If detached or separate system)
 - ii. 1000 GPM @ 20 PSI for 2 hours
 - iii. 35,000 SF Building (If detached or separate system)
 - iv. 1250 GPM @ 20 PSI for 2 hours
 - v. 2,500 SF Building (If both units under one system)
 - vi. 1500 GPM @ 20 PSI for 2 hours
 - vii. 4,500 SF Building (detached)
 - viii. 1000 GPM @ 20 PSI for 2 hours
- g. Ensure 1 fire hydrant within 250 feet of the property line.
- h. Provide 20-foot Fire Apparatus Access Road
- i. Additional Fire Department requirements may be set upon future review of a full set of architectural plans.

If you have any questions regarding your approval, please do not hesitate to contact me at (626) 939-8422 or via e-mail at jburns@westcovina.org. Thank you for your cooperation.

Sincerely,



Jo-Anne Burns
Deputy Community Development Director

AS THE APPLICANT AND/OR PROPERTY OWNER, I HAVE REVIEWED THE
CONDITIONS SET FORTH AND AGREE TO CONFORM FULLY THERETO.

DATE: _____ BY: _____



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 21, 2024

TO: Mayor and City Council

FROM: Paulina Morales, City Manager

**SUBJECT: CONSIDERATION OF LIST OF FISCAL YEAR 2024-2025 PROJECTS FUNDED BY
SENATE BILL 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017**

RECOMMENDATION:

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

**RESOLUTION NO. 2024-28 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST
COVINA, CALIFORNIA, APPROVING A LIST OF FISCAL YEAR 2024-2025 PROJECTS
FUNDED BY SENATE BILL 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017**

BACKGROUND:

On April 28, 2017, Governor Brown signed Senate Bill 1 (SB1), which is known as the Road Repair and Accountability Act of 2017, to address basic road maintenance, rehabilitation and critical safety needs on both State highways and local streets. SB1 increased per gallon fuel excise taxes; increased diesel fuel sales taxes and vehicle registration fees; and provides for inflationary adjustments to tax rates in future years.

Since November 1, 2017, the State Controller has deposited various portions of this new funding into the newly created Road Maintenance and Rehabilitation Account (RMRA). A percentage of this new RMRA funding was apportioned by a formula to eligible cities pursuant to Streets and Highways Code (SHC) Section 2032(h) for basic road maintenance, rehabilitation, and critical safety projects on local streets and roads.

Cities receiving RMRA funds must comply with all relevant Federal and State laws, regulations, policies, and procedures. In order to receive RMRA funds, the City is required to annually expend for street, road, and highway purposes an amount not less than the annual average of its expenditures from its General Fund during the 2009-10 (\$655,146), 2010-11 (\$446,279), and 2011-12 (\$600,020) fiscal years. The average of this three-year period was \$567,148 and is the minimum Maintenance of Effort (MOE) required to receive SB1 funding. This amount was calculated by the State Controller Office (SCO) based on information provided by the Finance Department during base years.

DISCUSSION:

The City of West Covina will receive an estimated \$2,805,101 in RMRA funding for Fiscal Year 2024-25. The City is proposing that the FY 2024-25 RMRA funding be allocated to the Annual Residential Streets Rehabilitation Program for FY 2024-25. This project includes asphalt rehabilitation and maintenance including cold-mill and overlay and slurry seal construction at various locations Citywide, as identified on the City's Pavement Management Program.

LEGAL REVIEW:

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

OPTIONS:

The City Council has the following options:

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

Prepared by: Okan Demirci, PE, QSD/P

Fiscal Impact

FISCAL IMPACT:

In order to receive RMRA funds, the City must meet a MOE requirement using discretionary funding from the General Fund. The City's MOE requirement is \$567,148, which has been included in the FY2024-2025 proposed budget as a transfer from the General Fund to SB1 Road Maintenance Rehab (Fund 237). The expected RMRA allocation for FY 24-25 will be \$2,805,101.

Attachments

Attachment No. 1 - Resolution No. 2024-28

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

RESOLUTION NO. 2024-28

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
WEST COVINA, CALIFORNIA, APPROVING A LIST OF
FISCAL YEAR 2024-2025 PROJECTS FUNDED BY
SENATE BILL 1: THE ROAD REPAIR AND
ACCOUNTABILITY ACT OF 2017**

The City Council of the City of West Covina hereby finds and declares as follows:

WHEREAS, the Governor signed Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 into law in April 2017 to address the significant multi-modal transportation funding shortfalls statewide; and

WHEREAS, SB 1 includes accountability and transparency provisions that will ensure the residents of the City are aware of the projects proposed for funding in the community and which projects have been completed each fiscal year; and

WHEREAS, the City must adopt by resolution a list of projects proposed to receive funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB 1, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement; and

WHEREAS, the City will receive an estimated \$2,805,101 in RMRA funding in Fiscal Year 2024-25 from SB 1; and

WHEREAS, the SB 1 funding will enable the City to continue essential road maintenance and rehabilitation projects, safety improvements, and increasing access and mobility options for the traveling public that would not have otherwise been possible without SB 1; and

WHEREAS, the City used a Pavement Management System (StreetSaver) to develop the SB 1 project list to ensure revenues are being used on the most high-priority and cost-effective projects that also meet the community's priorities for transportation investment; and

WHEREAS, the funding from SB 1 will help the City maintain and rehabilitate the local streets identified in this resolution throughout the City; and

WHEREAS, the 2021 California Statewide Local Streets and Roads Needs Assessment found that the City's streets and roads are in "at-risk" condition and this revenue will help the City increase the overall quality of its road system and over the next decade will bring the City's streets and roads into a better condition; and

WHEREAS, the SB 1 project list and overall investment in our local streets and roads infrastructure with a focus on basic maintenance and safety, investing in complete streets infrastructure, and using cutting-edge technology, materials and practices, will have significant positive co-benefits statewide.

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

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. The following proposed project will be funded in-part or solely with Fiscal Year 2024-25 Road Maintenance and Rehabilitation Account revenues:

Project Title: Annual Residential Streets Rehabilitation Program, FY 24/25 (Maintenance Zone 12)

Project Description: Asphalt rehabilitation and maintenance including cold-mill & overlay and slurry seal construction at various locations Citywide, as identified on the City's Pavement Management Program.

Project Location: Residential streets within City of West Covina, east of Nogales St, west of Flemington Dr./Forecastle Ave. (City limits), north of Valley Blvd. (City limits), and south of Sentous Ave. and La Puente Rd.

Estimated Project Schedule: Start (01/2025) – Completion (12/2025)

Estimated Project Useful Life: 10-15 years

SECTION 3. The following previously proposed and adopted project may utilize Fiscal Year 2024-25 Road Maintenance and Rehabilitation Account revenues in its delivery. With the relisting of this project in the adopted fiscal year resolution, the City is reaffirming to the public and the State its intent to fund these projects with Road Maintenance and Rehabilitation Account revenues:

Project Title: Annual Residential Streets Rehabilitation Program, FY 23/24 (Maintenance Zone 6)

Project Description: Asphalt rehabilitation and maintenance including cold-mill & overlay and slurry seal construction at various locations Citywide, as identified on the City's Pavement Management Program.

Project Location: Residential streets within City of West Covina, east of Glendora Ave., west of Lark Ellen Ave., north of Francisquito Ave. (City limits), and south of I-10 freeway.

Estimated Project Schedule: Start (04/2024) – Completion (12/2024)

Estimated Project Useful Life: 10-15 years

APPROVED AND ADOPTED this 21st day of May, 2024.

Brian Calderón Tabatabai
Mayor

APPROVED AS TO FORM

ATTEST

Thomas P. Duarte
City Attorney

Lisa Sherrick
Assistant City Clerk

I, LISA SHERRICK, Assistant City Clerk of the City of West Covina, California, do hereby certify that the foregoing Resolution No. 2024-28 was duly adopted by the City Council of the City of West Covina, California, at a regular meeting thereof held on the 21th day of May, 2024, by the following vote of the City Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lisa Sherrick
Assistant City Clerk



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 21, 2024

TO: Mayor and City Council

FROM: Paulina Morales, City Manager

SUBJECT: CONSIDERATION OF SINGLE AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2023

RECOMMENDATION:

It is recommended that City Council receive and file the Single Audit Report on Federal Award Programs for the year ended June 30, 2023.

BACKGROUND:

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

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

DISCUSSION:

Single Audit Report on Federal Awards

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

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

- 5. Schedule of Findings and Questioned Costs; and
- 6. Summary Schedule of Prior Audit Findings.

Internal Control Over Financial Reporting

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

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

There are no reported deficiencies in internal control over financial reporting that the auditors considered to be a material weakness nor significant deficiency for the year ended June 30, 2023. There were no auditor findings to be reported in accordance with Uniform Guidance.

The Single Audit Report was reviewed by the Audit Committee on April 24, 2024.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report.

Prepared by: Maria-Luisa Olea, Assistant Finance Director

Additional Approval: Stephanie Sikkema, Finance Director

Fiscal Impact

FISCAL IMPACT:

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

Attachments

Attachment No. 1 - West Covina Final Single Audit Report FY 2023

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

CITY OF WEST COVINA

**Single Audit Report on
Federal Award Programs**

June 30, 2023

CITY OF WEST COVINA
SINGLE AUDIT REPORT ON FEDERAL AWARD PROGRAMS
Year Ended June 30, 2023

TABLE OF CONTENTS

	Page
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8
Summary Schedule of Prior Audit Findings	11



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

City Council
City of West Covina
West Covina, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of West Covina (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 22, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Van Lant & Fankhanel, LLP

29970 Technology Drive, Suite 105 A
Murrieta, CA 92563
909.856.6879

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Van Lant & Fankhaenel, LLP

January 22, 2024



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

City Council
City of West Covina
West Covina, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of West Covina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of West Covina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Van Lant & Fankhanel, LLP

29970 Technology Drive, Suite 105 A
Murrieta, CA 92563
909.856.6879

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, of the City of West Covina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 22, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Van Lant & Fankhaenel, LLP

March 26, 2024

CITY OF WEST COVINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN Number	Program Identification Number	Program Expend- itures	Provided to Sub- Recipients
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Assistance:</i>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grant	14.218	B-13-MC-06-0532	\$ 27,970	\$ 9,487
Community Development Block Grant	14.218	B-14-MC-06-0532	3,729	3,729
Community Development Block Grant	14.218	B-15-MC-06-0532	4,292	4,292
Community Development Block Grant	14.218	B-19-MC-06-0532	55,107	20,000
Community Development Block Grant	14.218	B-20-MC-06-0532	74,361	-
Community Development Block Grant	14.218	B-21-MC-06-0532	78,196	46,848
COVID-19 - Community Development Block Grant	14.218	B-20-MW-06-0532	151,258	45,000
Community Development Block Grant	14.218	B-22-MC-06-0532	45,491	23,116
Total - CDBG Entitlement Grants Cluster			440,404	152,472
Total Department of Housing and Urban Development			440,404	152,472
<u>U.S Department of Justice</u>				
<i>Direct Assistance:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-02727-JAGX	19,375	-
Equitable Sharing Program	16.922	CA1975	1,797,610	-
Total Department of Justice			1,816,985	-
<u>U.S Department of Transportation</u>				
<i>Passed through the California Department of Transportation</i>				
<i>Office of Traffic Safety:</i>				
Highway Safety Cluster				
State and Community Highway Safety	20.600	402PT-23	20,106	-
<i>Passed through the California Department of Transportation</i>				
<i>Office of Traffic Safety:</i>				
Minimum Penalties for Repeat Offenders for Driving				
While Intoxicated	20.608	164 AL-23	19,079	-
Total Department of Transportation			39,185	-
<u>U.S Department of Treasury</u>				
<i>Direct Assistance:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-0271	1,931,560 *	-
Total Department of Treasury			1,931,560	-
<u>U.S Department of Health and Human Services</u>				
<i>Passed Through the County of Los Angeles:</i>				
Aging Cluster				
Special Programs for the Aging, Title III, Part C	93.045	ENP202111	257,466	-
Nutrition Services Incentives Program	93.053	ENP202111	28,829	-
Total Aging Cluster			286,295	-
Total Department of Health and Human Services			286,295	-
<u>U.S Department of Homeland Security</u>				
<i>Passed Through the State of California, Office of Emergency Services:</i>				
Homeland Security Grant	97.067	037-00000	56,736	-
Total Department of Health and Human Services			56,736	-
Total Expenditures of Federal Awards			\$ 4,571,165	\$ 152,472

* = Major Program

CITY OF WEST COVINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of West Covina (the City) under programs of the federal government as well as federal financial assistance passed through other government agencies for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial statements of the City. The City's reporting entity is defined in Note 1 of the notes to the City's financial statements.

2) Summary of Significant Accounting Policies

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

3) Outstanding Loans

The City has made several housing rehabilitation loans to qualified applicants using Community Development Block Grants/Entitlement Grants (CFDA No. 14.218) funding. These loans bear interest up to 5% and are repaid when title to the property changes. The outstanding balance of these loans at June 30, 2023 is \$3,251,506.

4) Subrecipient Expenditures

During the fiscal year ended June 30, 2023, the City made payments to subrecipients which consisted of the following:

YWCA - Senior Citizen Assistance Program	\$ 10,972
Action Food Pantry	20,000
Project 29:11	15,000
Housing Rights Center	10,000
Coalition for the Homeless	10,000
Assistance League of Covina Valley	16,500
La Cada	60,000
Shepherd's Pantry	10,000
Total Subrecipients	<u>\$ 152,472</u>

5) Major Programs

The City had one major program for the year ended June 30, 2023, consisting of the Coronavirus State and Local Fiscal Recovery Funds which had total disbursements of \$1,931,560. This amount calculates to 42% of the total disbursements from federal awards.

CITY OF WEST COVINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Federal Awards

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

Identification of Major Programs:

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>21.027</u>	<u>Coronavirus State and Local Fiscal Recovery Funds</u>

Dollar Threshold used to Distinguish Between Type A And Type B Programs:	<u>\$ 750,000</u>
---	-------------------

Auditee Qualified as Low-Risk Auditee?	No
--	----

CITY OF WEST COVINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

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

CITY OF WEST COVINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

CITY OF WEST COVINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 21, 2024

TO: Mayor and City Council

FROM: Paulina Morales, City Manager

SUBJECT: ANNUAL REVIEW OF FINANCIAL POLICIES

RECOMMENDATION:

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

RESOLUTION NO. 2024-26 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, APPROVING THE CITY OF WEST COVINA STATEMENT OF INVESTMENT POLICY

RESOLUTION NO. 2024-27– A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA, CALIFORNIA, AMENDING THE FUND BALANCE POLICY

BACKGROUND:

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

Budget Policy

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

Debt Management Policy

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

Fund Balance Policy

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

Pension Funding Policy

This policy provides guidance in making annual budget decisions; demonstrates prudent financial management practices; creates sustainable and affordable budgets for pensions; and reassures bond rating agencies. Section III.F. of this policy requires the City to review the policy at least once

every two years. (Attachment No. 4)

Investment Policy

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

DISCUSSION:

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

Staff has reviewed these policies and is proposing an amendment to the Fund Balance Policy. The current policy states that at the end of the fiscal year, the annual excess revenue over expenditures in the City's General Fund will be automatically allocated as follows, unless the transfer is overridden by an action of the City Council: 25% stays in the General Fund Balance reserves, 40% is transferred to the Capital Projects Fund, 10% is transferred to the Vehicle Replacement Fund, and 25% goes to pay down the City's Other Post Employment Benefit (OPEB) liability. Staff recommends lowering the percentage transferred to the Capital Projects Fund to 25% and adding a 15% transfer to the Self-Insurance Funds - General Liability and Workers' Compensation Funds (Attachment No. 7).

No changes are proposed at this time to the Budget, Debt, Pension or Investment Policies. However, the Investment Policy must be approved annually. In accordance with Section XX of the Statement of Investment Policy, staff recommends that the City Council adopt the proposed resolution to approve the Statement of Investment Policy, as previously approved by the City Council, through the adoption of Resolution No. 2024-26 (Attachment No. 6).

LEGAL REVIEW:

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

Prepared by: Maria-Luisa Olea, Assistant Finance Director

Additional Approval: Stephanie Sikkema, Finance Director

Fiscal Impact

FISCAL IMPACT:

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

Attachments

Attachment No. 1 - Budget Policy

Attachment No. 2 - Debt Management Policy

Attachment No. 3 - Fund Balance Policy

Attachment No. 4 - Pension Funding Policy

Attachment No. 5 - Investment Policy

Attachment No. 6 - Resolution No. 2024-26 (Approving Investment Policy)

Attachment No. 7 - Resolution No. 2024-27 (Approving Amended Fund Balance Policy)

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



City of West Covina

Budget Policy

Updated – May 19, 2020

INTRODUCTION

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

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

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

POLICY PURPOSE

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

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

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

2. *Develop Approaches to Achieve Goals*

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

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

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

4. *Evaluate Performance and Make Adjustments*

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

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

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

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

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

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

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

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

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

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

iii. Develop and Disseminate Broad Goals

A. Identify Broad Goals

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

B. Disseminate Goals and Review with Stakeholders

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

Goal # 2 - Develop Approaches to Achieve Goals

i. Adopt and Review Financial Policies

A. Develop Policy on Stabilization Funds

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

B. Develop Policy on Fees and Charges³

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

C. Develop Policy on Debt Issuance and Management

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

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

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

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

D. Evaluate the Use of Unpredictable Revenues

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

E. Develop Policy on Balancing the Operating Budget

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

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

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

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

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

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

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

D. Develop Performance Measures

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

iii. Develop Management Strategies

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

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

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

B. Develop Mechanisms for Budgetary Compliance

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

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

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

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

i. Develop a Process for Preparing and Adopting a Budget

A. Develop a Budget Calendar

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

B. Develop Budget Guidelines and Instructions

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

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

C. Develop Mechanisms for Coordinating Budget Preparation and Review

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

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

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

E. Identify Opportunities for Stakeholder Input

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

ii. Make Choices Necessary to Adopt a Budget

A. Prepare and Present a Recommended Budget

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

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

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

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

C. Adopt the Budget

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

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

Goal# 4 - Evaluate Performance and Make Adjustments

i. Monitor, Measure, and Evaluate Performance

A. Monitor, Measure, and Evaluate Program Performance

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

B. Monitor, Measure, and Evaluate Budgetary Performance

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

C. Monitor, Measure, and Evaluate Financial Conditions

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

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

D. Monitor, Measure, and Evaluate External Factors

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

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

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

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

- The City will monitor quality compliance and financial performance.

ii. Make Adjustments as Needed

A. Adjust the Budget

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

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

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

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

C. Adjust Broad Goals, if Appropriate

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



City of West Covina

Debt Management Policy

Adopted – May 19, 2020

CITY OF WEST COVINA DEBT MANAGEMENT POLICY

Section 1 – Introduction

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

Debt Issuance Priorities:

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

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

Section 2 – Responsibilities

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

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

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

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

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

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

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

Section 3 – Debt Considerations

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

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

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

B. Factors favoring debt financing include:

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

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

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

Section 4 – Debt Term

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

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

Section 5 – Debt Issuance

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

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

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

Section 6 - Debt Structure

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

Section 7 – Private Activity Use Limitations on Tax Exempt Debt

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

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

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

Section 8 – Interfund Borrowings

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

Section 9 – Debt Administration

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

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

Section 10 – Arbitrage Compliance

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

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

Section 11 – Disclosure Policy

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

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

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

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

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

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

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

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

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

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

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

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



Dario Castellanos
Mayor

APPROVED AS TO FORM



Thomas P. Duarte
City Attorney

ATTEST



Lisa Sherrick
Assistant City Clerk

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

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

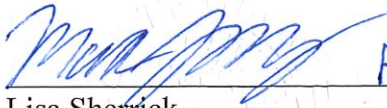
 For: _____
Lisa Sherrick
Assistant City Clerk

EXHIBIT A

FUND BALANCE POLICY

CITY OF WEST COVINA FUND BALANCE POLICY

POLICY

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

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

PROCEDURES

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

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

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

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

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

COMMITTED FUND BALANCE

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

ASSIGNED FUND BALANCE

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

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

UNASSIGNED FUND BALANCE

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

RESERVE POLICIES

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

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

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

FUND BALANCE CLASSIFICATION

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

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



City of West Covina

Pension Funding Policy

Adopted – May 19, 2020

I. PURPOSE

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

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

II. BACKGROUND

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

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

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

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

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

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

III. POLICY

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

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

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

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

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

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

RESOLUTION NO. 2022-48

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

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

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

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

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

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

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

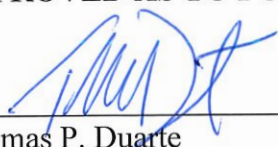
SECTION 2. The City Clerk shall certify to the adoption of this resolution and shall enter the same in the book of original resolutions and it shall become effective immediately.

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



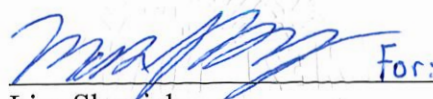
Dario Castellanos
Mayor

APPROVED AS TO FORM



Thomas P. Duarte
City Attorney

ATTEST



Lisa Sherrick
Assistant City Clerk

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

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

 For: _____
Lisa Sherrick
Assistant City Clerk

EXHIBIT A
STATEMENT OF INVESTMENT POLICY

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

I. POLICY

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

II. SCOPE

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

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

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

III. PRUDENCE

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

IV. **OBJECTIVE**

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

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

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

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

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

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

V. **DELEGATION OF AUTHORITY**

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

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

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

VI. ETHICS AND CONFLICTS OF INTEREST

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

VII. DIVERSIFICATION AND RISK MANAGEMENT

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

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

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

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

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

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

VIII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

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

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

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

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

IX. AUTHORIZED AND SUITABLE INVESTMENTS

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

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

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

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

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

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

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

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

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

X. PROHIBITED INVESTMENTS

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

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

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

XI. COLLATERALIZATION

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

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

XII. INVESTMENT POOLS/MUTUAL FUNDS

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

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

XIII. SAFEKEEPING AND CUSTODY

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

XIV. MAXIMUM MATURITIES

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

XV. INTERNAL CONTROL

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

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

XVI. MINIMUM PERFORMANCE STANDARDS

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

XVII. REPORTING

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

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

presence in the portfolio and a timetable for resolution.

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

XVIII. LEGISLATIVE CHANGES

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

XIX. INTEREST EARNINGS

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

XX. INVESTMENT POLICY ADOPTION

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

GLOSSARY

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

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

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

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

BID: The price offered for securities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LIQUIDITY: The ability to convert investments to cash.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RESOLUTION NO. 2024-26

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

The City Council of the City of West Covina hereby finds and declares as follows:

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

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

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

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

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

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

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

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

APPROVED AND ADOPTED this 21st day of May, 2024.

Brian Calderón Tabatabai
Mayor

APPROVED AS TO FORM

ATTEST

Thomas P. Duarte
City Attorney

Lisa Sherrick
Assistant City Clerk

I, LISA SHERRICK, ASSISTANT CITY CLERK of the City of West Covina, California, do hereby certify that the foregoing Resolution No. 2024-26 was duly adopted by the City Council of the City of West Covina, California, at a regular meeting thereof held on the 21st day of May, 2024, by the following vote of the City Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lisa Sherrick
Assistant City Clerk

RESOLUTION NO. 2024-27

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
WEST COVINA, CALIFORNIA, AMENDING THE FUND
BALANCE POLICY**

The City Council of the City of West Covina hereby finds and declares as follows:

WHEREAS, in an effort to become more financially secure, the City Council adopted a Fund Balance Policy on July 7, 2015 through the adoption of Resolution No. 2015-52; and

WHEREAS, the City Council amended the Fund Balance Policy on March 1, 2016 through the adoption of Resolution No. 2016-18; on June 21, 2016 through the adoption of Resolution No. 2016-60; on June 5, 2018 through the adoption of Resolution No. 2018-64; and on May 17, 2022 through the adoption of Resolution No. 2022-47; and

WHEREAS, pursuant to the Fund Balance Policy, the City is required to maintain a minimum unassigned fund balance of at least 17% of the General Fund operating expenditures. If the reserve level falls below 17%, the City is required to amend the Fund Balance Policy, including a plan to rebuild the fund within three years. At the end of the fiscal year, the annual excess revenue over expenditures in the City's General Fund will be automatically allocated as follows, unless the transfer is overridden by an action of the City Council: 25% stays in the General Fund balance reserves, 40% is transferred to the City's Capital Projects Fund, 10% is transferred to the Vehicle Replacement Fund, and 25% goes to pay down the City's Other Post Employment Benefit (OPEB) liability; and

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

WHEREAS, the City Council desires to amend the Fund Balance Policy to amend the allocations of annual excess revenues over expenditures as follows: 25% will stay in General Fund balance reserves, 25% will be transferred to the Capital Projects Fund, 10% will be transferred to the Vehicle Replacement Fund, 25% will go to pay down the City's Other Post Employment Benefit (OPEB) liability, and 15% will be transferred to the Self-Insurance Funds – General Liability and Workers' Compensation Funds.

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

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

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

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

APPROVED AND ADOPTED this 21st day of May, 2024.

Brian Calderón Tabatabai
Mayor

APPROVED AS TO FORM

ATTEST

Thomas P. Duarte
City Attorney

Lisa Sherrick
Assistant City Clerk

I, LISA SHERRICK, ASSISTANT CITY CLERK of the City of West Covina, California, do hereby certify that the foregoing Resolution No. 2024-27 was duly adopted by the City Council of the City of West Covina, California, at a regular meeting thereof held on the 21st day of May, 2024, by the following vote of the City Council:

AYES:
NOES:
ABSENT:
ABSTAIN:

Lisa Sherrick
Assistant City Clerk

EXHIBIT A
FUND BALANCE POLICY

CITY OF WEST COVINA FUND BALANCE POLICY

POLICY

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

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

PROCEDURES

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

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

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

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

COMMITTED FUND BALANCE

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

ASSIGNED FUND BALANCE

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

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

UNASSIGNED FUND BALANCE

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

RESERVE POLICIES

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

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

At the end of the fiscal year, the annual excess revenue over expenditures in the City's General Fund will be automatically allocated as follows, unless the transfer is overridden by an action of City Council: 25% will stay in the General Fund Balance reserves, 25% will be transferred to the Capital Projects Fund, 15% will be transferred to the Self-Insurance Funds – General Liability and Workers Compensation Funds, 10% will be transferred to the Vehicle Replacement Fund and 25% will go to pay down the City's Other Post Employment Benefit (OPEB) liability.

FUND BALANCE CLASSIFICATION

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

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



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 21, 2024

TO: Mayor and City Council

FROM: Paulina Morales, City Manager

SUBJECT: CONSIDERATION OF PROPOSITION A EXCHANGE WITH FOOTHILL TRANSIT

RECOMMENDATION:

It is recommended that the City Council approve the following:

1. Exchange of \$3,000,000 in Proposition A Local Return funds for \$2,250,000 in general funds with Foothill Transit; and
2. Authorize the City Manager to execute the Assignment Agreement with Foothill Transit, in substantially the form as attached and in such final form as approved by the City Attorney.

BACKGROUND:

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

These exchanges are allowed under the guidelines for this revenue source and provide benefits for both parties. The buyer gets discounted transportation dollars and West Covina receives additional General Fund dollars. The exchange rate is a matter of supply and demand. According to the Los Angeles County Metropolitan Transportation Authority, the exchange rate has been at 70 to 75 cents on the dollar for the last 20 years. The City has exchanged its Prop A funds with Foothill Transit the past few years at an exchange rate of 75 cents on the dollar.

The City utilizes the funding exchanged to offset general fund expenditures. Proposition A Local Return Funds are just one of the five Metro revenue sources available for transportation projects. In fiscal year 2022-23, the other four funds (Proposition C, Measure R, Measure M, and Transportation Development Act) had a combined revenue of over \$6 million.

DISCUSSION:

The City has \$3 million in Prop A funds available to sell. Foothill Transit has agreed to purchase the \$3 million at 75 cents on the dollar, or \$2,250,000 in general funds. Staff recommends City Council authorize the exchange with Foothill Transit at 75 cents on the dollar and authorize the City Manager to execute the Assignment Agreement with Foothill Transit, in such final form as approved by the City Attorney.

LEGAL REVIEW:

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

Prepared by: Stephanie Sikkema, Finance Director

Fiscal Impact**FISCAL IMPACT:**

The Assignment Agreement for the Prop A exchange with Foothill Transit will generate \$2,250,000 in General Fund revenue which is slightly under the FY2023-24 Budget of \$2,346,000.

Table 1. Revenue and Expenditure Summary

Account No.	Account Name	FY2023-24 Budget	Amount Requested	Under/ -Over Budget
Revenue				
110.409.00.00.00.00.45.45800.	PROP A EXCHANGE	2,346,000	2,250,000	96,000
Expenditures				
121.504.61.10.00.00.65.65200.	PROP A EXCHANGE	3,000,000	3,000,000	\$0

Attachments

Attachment No. 1 - Assignment Agreement

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

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

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

RECITALS

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

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

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

1. Exchange. The City of West Covina agrees to assign a total of \$3,000,000 of its Proposition A Local Return funding authority to Foothill Transit from the Fiscal Year 2023-2024 allocation. In return, Foothill Transit agrees to assign \$2,250,000 of its general use funds (non-formula allocation funds) to the City of West Covina.
2. Consideration. The City of West Covina shall assign the agreed upon Proposition A Local Return funds to Foothill Transit in one lump-sum payment. Foothill Transit shall assign the agreed upon general use funds to the City of West Covina in one lump-sum payment. Each payment shall be due within 30 days of the first date that both of the following have occurred: (a) execution of this Agreement, and (b) approval by Los Angeles County Metropolitan Transportation Authority (LACMTA) of the Foothill Transit’s project description.
3. Term. This Agreement is effective on the Effective Date and will continue for such time as is necessary for both parties to complete their mutual obligations under this Agreement.
4. Termination. Termination of this Agreement may be made by either party so long as both of the following are correct: (a) written notice of intent to terminate is given to the other party at least five (5) days prior to the termination and (b) the effective date of the termination is before the date LACMTA approves the Foothill Transit project description.

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

- A. Paulina Morales
City Manager
City of West Covina
1444 West Garvey Avenue South
West Covina, CA 91790
- B. Doran J. Barnes
Chief Executive Officer
Foothill Transit Administrative Office
100 South Vincent Avenue, Suite 200
West Covina, CA 91790

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

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

6. Assurances

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

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

7. Authorization. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by doing so the parties hereto are formally bound to the provisions of this Agreement.

8. Counterparts and Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and may be executed by electronic signatures. All counterparts shall be construed together and shall constitute one agreement. Delivery of an executed counterpart of this Agreement by a .pdf data file or other scanned executed counterpart by email shall be equally as effective as delivery of a manually executed counterpart of this Agreement. Each duplicate and counterpart shall be equally admissible in evidence, and each shall fully bind each party who has executed it. The parties waive all right to

challenge the admissibility or authenticity of this Agreement in a court of law based solely on the absence of an original signature.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers, duly authorized, by the Foothill Transit Governing Board on May 31, 2024, and by the City of West Covina City Council on May 21, 2024.

CITY OF WEST COVINA

FOOTHILL TRANSIT

BY: _____
Paulina Morales, City Manager

BY: _____
Doran J. Barnes, Chief Executive Officer

BY: _____
Stephanie Sikkema, Finance Director

BY: _____
Joyce Rooney, Director of Finance

ATTEST:

ATTEST:

BY: _____
Lisa Sherrick, Assistant City Clerk

BY: _____
Christina Lopez, Board Secretary

APPROVED AS TO FORM:

BY: _____
Thomas P. Duarte, City Attorney



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 21, 2024

TO: Mayor and City Council

FROM: Paulina Morales, City Manager

SUBJECT: CONSIDERATION OF COMMUNITY FEEDBACK REGARDING PROPOSED FISCAL YEAR 2024-25 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGET

RECOMMENDATION:

It is recommended that City Council receive and file feedback from the Community Budget Workshops and, if applicable, provide direction regarding any changes to the Proposed Fiscal Year 2024-25 Operating and Capital Improvement Program Budget.

BACKGROUND:

On May 7, 2024, the City Council took the following actions regarding the Proposed Fiscal Year 2024-25 Operating and Capital Improvement Program Budget:

- Received and filed the budget document;
- Directed that the proposed budget be publicly disseminated, including at community budget workshops on May 8, 2024 and May 13, 2024; and
- Scheduled the budget for consideration at the June 4, 2024 City Council meeting.

DISCUSSION:

Staff hosted two Community Budget Workshops on May 8, 2024 and May 13, 2024. A total of 8 residents and Councilman Ollie Cantos attended the May 8th meeting. A total of 10 residents attended the May 13th meeting. During the second workshop, it was requested by some attendees that Council consider delaying approval of the budget to hold an additional workshop that is broadcast.

Below is information regarding the items discussed during the workshops.

Police

There appeared to be a consensus that there is a need for more police officers. The average total cost for salary and benefits for a Police Officer is about \$182,000 annually. This does not include the cost of training, uniforms, or equipment. The Proposed Budget for FY 2024-25 has only \$1,300 in General Fund revenue less expenditures. If new officers are added, something will need to be cut to sustain these new salaries and benefits long-term.

There was also discussion regarding the history of the number of authorized police officers. Below is the number of budgeted positions back to Fiscal Year 2016-2017.

Position	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	Proposed FYE 2025
Police Chief	1	1	1	1	1	1	1	1	1
Police Captain	2	2	2	2	2	2	2	2	2
Sergeant	13	13	13	13	13	13	13	13	13
Corporal	17	17	17	17	17	17	17	17	17
Lieutenant	6	6	6	6	6	6	6	6	6
Police Officer	62	64	57.25	58	51	54	54	58	58
Police Officer Recruit	3	3	3	3	2	9	9	5	5
Grand Total	104	106	99.25	100	92	102	102	102	102

Park Funding and Acquisition Funds

There was discussion regarding the funding sources for Gingrich park projects (Basketball Courts and Tot Lot). The basketball court was funded out of impact fees for the specific park. The Tot Lot is proposed to be funded by Measure A. Under Measure A, the City receives a portion of a 1.5 cent per square foot parcel tax levied in Los Angeles County to help fund new parks and maintain existing ones. The City uses Measure A Funds for certain capital projects related to parks, such as rebuilding restrooms, updating park parking lots, and the purchase of new playground equipment.

It was asked if the city has any funds for park acquisition. The City has a Park Acquisition Fund with a current balance of over \$2 million. The funds paid into this fund are to be utilized for new park land acquisition and the development of new park land.

Balanced Budget

There were questions regarding a structurally balanced budget, where recurring revenues are equal to recurring expenditures in the adopted budget. Essentially, the City is investing applicable fund balances that have accumulated in special revenue funds back into city assets.

An example of this is the Equitable Sharing-Treasury Fund. This Federal program does not allow the City to budget for revenue from the Treasury. However, the fund is estimated to have an ending fund balance of over \$2.9 million by the end of this fiscal year. The Treasury allows for this fund balance to be appropriated and thus staff has proposed expenditures of \$675,000. While budgeted revenue will be less than budgeted expenditures, the ending fund balance is projected to be over \$2.2 million.

Summary of Proposed Budget for FY 2024-25 Equitable Sharing-Treasury Fund:

Estimated Beginning Fund Balance	2,904,350
Revenues Less Expenditures	-632,900
Estimated Beginning Fund Balance	2,271,450

These funds are restricted to uses that enhance police programs. Salaries, except for overtime, Drug Abuse Resistance Education (DARE) officer, or School Resource Officer (SRO), are prohibited.

Health Department

Attendees asked about expenditures to-date and if there is an estimate for operational costs for a new health department. As of May 15, 2024, the City had expended \$406,232 on establishing a health department. The total contract for establishment and implementation is \$598,190 and is proposed to be funded by the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds. Included in the scope of services is the development of an initial fee schedule, identification of additional revenue sources, development of operating revenue and expense forecast, and development of estimated startup costs. These services are pending direction from the state on what programs the City may pursue.

The new agreement with Long Beach was also discussed. There was scrutiny into how this agreement could be entered without an estimate for expenditures. The agreement includes a fee schedule for various services. An estimated quantity for these services has not yet been established.

Sportsplex

There was discussion regarding the Sportsplex. A resident asked if the City had issued a Request for Proposals (RFP) for the total operations of the Sportsplex. The City is currently evaluating proposals in response to an RFP for restaurant operations but has not issued an RFP for all operations at the Sportsplex. It was asked how revenues and expenditures at the Sportsplex compare to other park facilities. Below are revenues less expenditures by facility for last fiscal year, 2022-23.

Facility	Charges for Service Revenue	Expenditures	Revenue Less Expenditures
Cameron Community Center	594,151	554,148	40,003
Palmview Center	4,136	27,417	-23,281
Park Maintenance	0	1,732,086	-1,732,086
Shadow Oak Recreation Classes	89,140	189,565	-100,425
Senior Citizen Center	197,753	334,439	-136,686
Vine Afterschool Program	192,902	175,527	17,375
Wescove Afterschool Program	0	6,024	-6,024
Sportsplex	212,293	722,978	-510,685
Total	1,290,375	3,742,184	-2,451,809

2020 Lease Revenue Bonds

The City Council authorized an aggregate principal amount not to exceed \$205 Million. However, a total of \$204,095,000 was actually issued. A total of \$204,095,000 was deposited in the City's Debt Service Fund:

- \$1,094,357.16 was expended as part of the issuance;
- \$1,000,000 was transferred to CIP Fund;
- \$185,582,239.54 was transferred to the General Fund; and
- \$16,418,403 was held in the Debt Service Fund as reserves.

A total of \$185,582,239.54 was expended across all funds to CalPERS. Of this, \$184,566,106.54 came out of the General Fund in FY2020-2021. Additionally, \$1,086,844.75 was expended out of the General Fund in FY2021-2022 to CalPERS for that year's PERS UAL payment.

Separate bond reserves are required for each bond issuance. These reserves are accounted for in the Debt Service Fund and held by a fiscal agent. Below are the reserve balances as of June 30, 2024.

Bond Series	Reserve Amount as of 6/30/2023
2006	1,071,000.00
2018	902,300.37
2020	16,729,494.80
Total	18,702,795.17

American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

The question was asked if ARPA funds could be utilized for outdoor dining. The Treasury's Frequently Asked Questions include the following Question and Answer that may be applicable.

Would investments in improving outdoor spaces (e.g., parks) be an eligible use of funds as a response to the public health emergency and/or its negative economic impacts?

There are multiple ways that investments in improving outdoor spaces could qualify as eligible uses; several are highlighted below, though there may be other ways that a specific investment in outdoor spaces would meet eligible use criteria.

First, in recognition of the disproportionate negative economic impacts on certain communities and populations, the 2022 final rule includes enumerated eligible uses in disproportionately impacted communities for developing neighborhood features that promote improved health and safety outcomes, such as parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase 21 access to healthy foods, streetlights, neighborhood cleanup, and other projects to revitalize public spaces.

Second, recipients may provide assistance to disproportionately impacted small businesses. The 2022 final rule included rehabilitation of commercial properties, storefront improvements, and façade improvements as enumerated eligible assistance to these small businesses.

Third, recipients can assist small businesses, nonprofits, or other entities to create or enhance outdoor spaces to mitigate the spread of COVID-19 (e.g., restaurant patios).

Below is the broad list of allowable program uses with the amount the City has allocated. All funding has been previously allocated to specific projects.

Activity	Amount
Respond to the public health and negative economic impacts of the pandemic, by supporting the health of communities, and helping households, small businesses, impacted industries, and the public sector recover from economic impacts of the pandemic.	\$8,764,575
Replace lost public sector revenue to provide government services, recipients may use this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic	\$10,000,00
Under the Final Rule, recipients can elect a one-time "standard allowance" of 10\$ million (not to exceed the recipient's award amount) to spend on the "provision of government services" during the period of performance.	
Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and	\$801,453
Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.	\$0
Total	\$19,566,027

CalPERS Unfunded Accrued Liability (UAL)

There were questions and discussion regarding the City's UAL payment and how it is calculated.

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration (board) adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution requirements as needed. This valuation is based on an investment return assumption of 6.8%, which was adopted by the board in November 2021.

Links to the full CalPERS Actuarial Valuation Reports may be found on the City's website:

[calpers-actuarials](#)

Overtime

Fire overtime was discussed in regard to the amount per employee. If overtime were evenly distributed by the number of sworn personnel eligible for overtime, the following would be the average for employee within the Proposed FY 2024-25 budget. It is important to note this does include any non-sworn employees that may also be eligible for overtime.

Type of Overtime	Fire	Police
FLSA (built-in) Overtime	309,685	
Mutual Aid Overtime	288,900	
Overtime Salaries	2,964,750	3,726,430
Grand Total	\$3,563,335	\$3,726,430
Average OT per Sworn Non-Exempt Personnel	\$51,643	\$40,069

Overtime from the General Fund versus other funds was discussed. The table below outlines overtime by Department and Fund.

Fund No.-Fund Name	Other	Comm. Dev.	Comm. Svcs.	Fire	Police	Public Works	Grand Total
110-General Fund	12,760	1,850	143,580	3,563,335	3,507,150	11,860	7,240,535
117-Equitable Sharing-USDOJ					38,010		38,010
122-Prop C		10	0				10
124-Gasoline Tax		10				73,320	73,330
129-AB 939						820	820
131-Community Dev. Block Grant					100		100
146-Senior Meals Program			520				520
153-Public Safety Augmentation					103,410		103,410
155-COPS/SLESF					7,310		7,310
181-Maintenance District #1						100	100
184-Maintenance District #4						10	10
188-Citywide Maintenance District		10				0	10
189-Sewer Maintenance		20				37,290	37,310
233-Taskforce Reg. Autotheft Prev.					27,600		27,600
242-Sportsplex			87,200				87,200
365-Fleet Management						310	310
820-Successor Housing Agency					42,850		42,850
Grand Total	12,760	1,900	231,300	3,563,335	3,726,430	123,710	7,659,435
Total Other Funds	0	50	87,720	0	219,280	111,850	418,900

Fiscal Impact

FISCAL IMPACT:

Table 1. City-Wide Summary

	FY 2021-22 Actual	FY2022-23 Actual	Original Budget FY2023-24	Estimated FY2023-24	Proposed Budget FY2024-25	Increase/ (Decrease)
Revenue						
Property Tax	37,402,663	40,591,209	37,936,044	40,117,652	41,810,644	3,874,600
Sales Tax	23,180,793	23,331,254	23,750,000	23,750,000	23,837,000	87,000
Other Taxes	22,748,250	21,376,260	20,682,894	21,301,531	21,384,702	701,808
Charges For Service	16,284,587	15,866,233	15,888,139	16,808,238	16,774,310	886,171
From Other Agencies	23,603,856	14,777,151	12,027,431	28,673,115	11,699,071	(1,128,360)
Interdept Charges	6,790,357	6,825,303	7,407,139	7,407,139	10,203,341	2,796,202
Use of Money & Property	108,869	3,742,855	3,138,340	4,069,617	4,189,100	1,008,760
Licenses & Permits	4,493,925	5,514,873	3,092,000	3,092,478	3,874,200	782,200
Fines & Forfeitures	910,120	1,190,038	1,090,720	986,100	1,136,000	45,280
Sales	916,416	686,731	647,200	647,200	743,600	96,400
Other Revenues	4,988,190	2,400,498	319,430	795,856	331,800	12,370
Capital Assets	25,564	171,358	171,400	171,400	171,400	-
Fees	95,585	191,244	67,100	67,100	98,100	31,000
Revenue Total	141,549,175	136,665,007	126,217,837	147,887,425	136,253,268	9,193,431
Expenditures						
Salaries & Benefits	52,935,591	57,753,742	58,046,675	57,527,115	64,069,110	6,011,515
Materials & Services	41,074,721	43,137,517	40,065,410	41,357,553	45,780,258	5,714,848
Capital Assets	24,815,912	12,682,879	46,932,124	46,450,479	21,478,400	(25,453,724)
Debt Service	21,220,694	21,953,236	16,899,697	16,990,400	17,184,669	284,972
Allocated Costs	4,659,919	4,582,528	5,427,402	5,461,220	7,079,031	1,651,629
Expenditures Total	144,706,837	140,109,902	167,371,308	167,786,767	155,591,468	(11,790,760)
The City-Wide budget is structurally balanced, as recurring revenues equal or exceed recurring expenditures:						
Recurring Revenue	141,523,611	136,493,649	126,046,437	147,716,025	136,081,868	
Recurring Expenses	119,890,925	127,427,023	120,439,184	121,336,288	134,113,068	
Revenue Less Exp.	21,632,686	9,066,626	5,607,253	26,379,738	1,968,800	

Table 2. General Fund Summary

	FY2021-22 Actual	FY2022-23 Actual	Original Budget FY2023-24	Estimated FY2023-24	Proposed Budget FY2024-25	Increase/ (Decrease)
Revenue						
Property Tax	30,687,088	33,401,085	32,710,100	34,891,708	36,219,000	3,508,900
Sales Tax	23,180,793	23,331,254	23,750,000	23,750,000	23,837,000	87,000
Other Taxes	9,773,175	10,074,971	9,758,500	10,377,137	10,740,400	981,900
Charges For Service	8,512,897	7,879,356	7,792,729	8,497,999	8,788,500	995,771
Licenses & Permits	4,476,096	5,514,665	3,091,800	3,092,278	3,874,200	782,400
From Other Agencies	4,406,517	2,895,485	3,394,700	3,506,194	3,443,795	49,095
Use of Money & Property	(1,156,959)	1,123,527	1,813,500	1,837,100	1,900,000	86,500
Interdept Charges	1,188,500	1,188,500	1,196,200	1,196,200	1,196,200	-
Fines & Forfeitures	910,120	1,190,038	1,090,720	986,100	1,136,000	45,280
Other Revenues	94,169	133,879	194,030	90,925	143,500	(50,530)
Revenue Total	82,072,396	86,732,760	84,792,279	88,225,641	91,278,595	6,486,316
Expenditures						
Salaries	23,250,393	25,592,782	28,398,502	28,444,514	29,962,312	1,563,810
Benefits	15,854,190	16,204,221	15,954,392	16,169,473	19,226,607	3,261,415
Materials & Services	10,720,931	11,619,314	10,116,950	10,241,494	11,120,863	1,003,913
Overtime	6,555,765	7,805,797	7,423,200	6,645,305	6,951,635	(471,665)
Allocated Costs	2,600,859	2,542,903	3,238,442	3,255,060	4,553,787	1,315,345
PERS UAL Payment	1,086,848	1,712,960	-	-	1,700,110	1,700,110
Utilities	1,347,334	1,409,575	1,390,000	1,445,000	1,471,900	81,900
Fuel	603,180	707,868	788,470	707,475	711,747	(76,723)
Mutual Aid Overtime	968,421	192,002	267,600	267,600	288,900	21,300
Maintenance & Repairs	120,663	109,562	192,500	192,536	171,500	(21,000)
Expenditures Total	63,108,584	67,896,984	67,770,056	67,368,457	76,159,361	8,378,405
Revenues Less Expenditures	18,963,812	18,835,776	17,022,223	20,857,184	15,119,234	
Net Transfers	(20,293,009)	(21,965,914)	(19,641,613)	(21,360,222)	(15,117,899)	
Net Change in Fund Balance	(1,329,197)	(3,130,138)	(2,619,390)	(503,038)	1,335	
Beginning Fund Balance	25,488,077	24,158,880	21,028,742	21,028,742	20,525,704	
Ending Fund Balance	24,158,880	21,028,742	18,409,352	20,525,704	20,527,039	
Reserve Requirement (17%)	14,178,271	15,276,693	14,859,984	15,083,875	15,517,134	

CITY COUNCIL GOALS & OBJECTIVES: Protect Public Safety
Achieve Fiscal Sustainability and Financial Stability
Address Homeless Issues
A Creative and Active Community
A Well-Planned Community
Maintain Good Intergovernmental Relations
Expand Economic Development Opportunities
Enhance City Image and Effectiveness
An Accessible Community



AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: May 21, 2024

TO: Mayor and City Council

FROM: Paulina Morales, City Manager

SUBJECT: CONSIDERATION OF APPOINTMENT TO THE AUDIT COMMITTEE

RECOMMENDATION:

It is recommended that the City Council appoint one Committee Member to the City's Audit Committee to serve a two-year term.

BACKGROUND:

On October 6, 2015, the City Council adopted Resolution No. 2015-73, which established the Audit Committee, consisting of the City Manager, the Finance Director, the City Treasurer, two City Council Members, and two members of the public, and established the procedures, rules and regulations of the Audit Committee.

On May 17, 2016, the City Council adopted Resolution No. 2016-40, removing the City Manager and Finance Director from the Audit Committee since they prepare the reports that are presented to the Committee.

On May 15, 2018, the City Council adopted Resolution No. 2018-60, adding two additional community members to the Audit Committee, such that membership increased from five members to seven members to consist of the City Treasurer, two Council Members, and four members of the public.

On May 7, 2019, the City Council adopted Resolution No. 2019-31, renaming the previously established Audit Committee as the Finance & Audit Committee and amending the duties of the Finance & Audit Committee.

On May 4, 2021, the City Council adopted Resolution 2021-33, renaming the Finance & Audit Committee as the Audit Committee, amending the duties of the Audit Committee, increasing the number of members of the public on the Committee from four to five members, and providing that the two City Council Members and City Treasurer will serve as ex-officio non-voting members of the Committee.

DISCUSSION:

There is currently one (1) vacancy on the Audit Committee. The City advertised the vacancy and accepted applications in the manner required by law.

City staff provided the applications received to the Council for consideration of appointment to the Audit Committee. Below are the names of the individuals that have applied to be on the Audit Committee:

- Rafael Castellon
- Jazlyn Rodriguez
- Eileen Arellano
- Unique Nocolé Rojas

OPTIONS:

The City Council has the following options:

1. Appoint one Committee Member to the City's Audit Committee; or
2. Reopen the application period for an additional recruitment period.

Prepared by: Lisa Sherrick; Assistant City Clerk

CITY COUNCIL GOALS & OBJECTIVES: Enhance City Image and Effectiveness